

TWINNING CONTRACT

BA 12 IB ST 01

Support to the State and Entity Statistical Institutions, phase VI



MISSION REPORT

on

Activity 2.2.3

Integrating entrepreneurs in the SBS survey

Mission carried out by
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List of Abbreviations

<i>BHAS</i>	<i>Agency for Statistics of Bosnia and Herzegovina</i>
<i>BiH</i>	<i>Bosnia and Herzegovina</i>
<i>CBBH</i>	<i>Central Bank of Bosnia and Herzegovina</i>
<i>EC</i>	<i>European Commission</i>
<i>EU</i>	<i>European Union</i>
<i>FBiH</i>	<i>Federation of Bosnia and Herzegovina</i>
<i>FIS</i>	<i>Institute for Statistics of Federation of Bosnia and Herzegovina</i>
<i>MS</i>	<i>EU Member State</i>
<i>RSIS</i>	<i>Institute for Statistics of Republika Srpska</i>
<i>RTA</i>	<i>Resident Twinning Adviser</i>
<i>TOR</i>	<i>Terms of Reference</i>
<i>NP</i>	<i>Natural person</i>
<i>SBS</i>	<i>Structural business statistics</i>
<i>TA</i>	<i>Tax authority</i>
<i>AD</i>	<i>Administrative data</i>

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1. General comments

This mission report was prepared within the Twinning Project "Support to the State and Entity Statistical Institutions, phase VI". It was the first mission devoted to integrating entrepreneurs in the SBS survey within Component 2.2. on Structural Business Statistics of the project.

The purposes of the mission were:

- To present good practices for estimation of SBS variables on entrepreneurs;
- To overview the available administrative data on entrepreneurs in BiH and discuss the possible way of production SBS data on entrepreneurs.

The consultants would like to express their thanks to all officials and individuals met for the kind support and valuable information which they received during the stay in Bosnia-Herzegovina and which highly facilitated the work of the consultants.

This views and observations stated in this report are those of the consultant and do not necessarily correspond to the views of EU, BHAS, FIS, RSIS or Statistics Lithuania.

2. Assessment and results

The list of activities defined in the ToR for the mission includes:

- Presentation and discussions of current situation of production of SBS data in BiH
- Presentation of good practices for estimation SBS variables on entrepreneurs
- Presentation of available administrative data for entrepreneurs in BiH and discussion on possible way of production SBS data on entrepreneurs
- Preparation a list of activities that have be done before the next mission
- Preparation a list of topics for the next mission

The expected output of the mission:

- Accepted and agreed methods for production of SBS variables on entrepreneurs
- Mission report – summarized and detailed version completed
- General and detailed activity plans and draft ToR for the next mission prepared and agreed by all partners (BHAS-DB, FIS, RSIS participants, experts and RTA)

Presentation and discussions of current situation of production of SBS data in BiH

During the first day of the mission the current situation of the SBS in BiH was analysed. In BiH the SBS survey is carried out from the year 2008. For reference years 2007 and 2009 pilot surveys were conducted. SBS surveys with not full coverage of NACE rev.2 were carried out for reference years 2010 and 2011. Starting from reference year 2012 survey with full coverage of the NACE Rev.2 required by SBS Regulation 295/2008 – Annexes I to IV and private enterprises of section P and Q has been performed.

Survey population covers enterprises - legal persons, but natural persons (entrepreneurs) are not included. Survey is based on the SBR. The sample is designed according to the registration place by entities (Federation of BiH, Republika Srpska and Brcko District), NACE rev.2 code by 2 or 3 digit levels, size classes according to number of persons employed. The sampling method is used for all enterprises with 0-19 persons employed, while the census (full coverage) is used for the remaining enterprises.

Data quality checks are performed during the primary data collection process by entities. The secondary data control is performed for 8 SBS indicators/ratios (turnover/number of persons employed, costs/number of persons employed, value added/ production value and etc.). Majority of quality checks rules, included in the Eurostat Edit tool, are integrated in the data control system.

SBS data series are prepared and provided to Eurostat with some delay. The primary and secondary confidentiality is ensured using the special program developed and supported by IT specialist. The set of the SBS data series is not complete: the preliminary data series, some annual and multiannual data series are missing. The lack of IT support has been named as main reason for the delay and incompleteness of SBS data series.

In order to improve the efficiency of the SBS data production, to minimise the dependence on the IT support and to ensure the high quality of the data could be we recommended:

- before the data is transmitted to Eurostat, to use the EDIT tool (software for checking the data comparability and consistency) for final data quality checking;
- to use the τ -ARGUS software for primary and secondary confidentiality.

Presentation of good practices for estimation SBS variables on entrepreneurs in Lithuania

It was clarified that entrepreneurs mean natural persons (NP) who are engaged in an economic activity for their own right.

SBS data production methodology practiced in Lithuania was presented for BC representatives. The focus on the methodology related to the natural persons' integration into the SBS survey and calculation of the SBS variables was made. In Lithuania it is assumed that NP do not have employees. Estimation of the SBS indicators on NP is performed on the basis of available administrative data (AD) on turnover. For the part of NP population working period during the year is available. Treatment of owners' paid state social insurance, health insurance and personal income taxes was presented in more detailed level. They are treated as contributions related to labour factor input and are eliminated from the value added at factor costs when gross operating surplus variable is calculated.

BiH presented current situation related to the natural persons. They have explained that natural persons who intend to carry out economic activity are registered in the Direct Tax Authority according to the entities and receive unique ID code. Part of them (turnover exceeds 50.000 KM per year) are registered on the state level in the Indirect Tax Authority. Data on the number of persons employed are declared to the entities Tax Authorities (TA) and are available for statistical institutes. Data on turnover are submitted to entities TA, but they are not processed in electronic form and are used for statistics. SBR contains common information about NP: Tax ID No, title, address, municipality, NACE Rev.2, number of persons employed (only on entity level) and size class according to the persons employed. NP is treated as active if the number of persons employed is more than 0. TA keeps monthly data on the number of persons employed, wages and salaries and etc., while entities receive only data on persons employed. Agency of BiH receives quarterly data from entities.

Presentation of available administrative data on entrepreneurs in BiH and discussion on possible way for production of the SBS data on entrepreneurs

Representatives from BiH presented the method for the estimation of the SBS variables (12110, 12120, 12130, 13110, 12150, 12170, 13310) for natural persons. Estimation is done by size classes and NACE Rev.2 breakdown at 3 digit level on the basis of companies' (legal persons) survey data. Estimation method is based on the coefficient, which is calculated as ratio of number of persons employed of natural persons to total number of persons employed of companies' data in the same size classes. Such method is used as only one variable - number of persons employed is available for natural persons. This coefficient is used to estimate the above mentioned SBS variables. It is important that the same estimation method would be applied to all entities.

Experts consider that such estimation method might be used in principle, but it might cause some bias, i.e. overestimation of natural persons. Based on Lithuania's practise financial data on natural persons might differ companies in the same size class due to differences of these legal forms (companies has more financial resources and/or of intangible assets used for production that might affect higher turnover, wages and salaries and value added). Besides, correlation between the turnover and the number of persons employed in many size classes is not so strong enough (less than 0.7).

Representatives from BiH clarified that national accounts (NA) have some data (production value, intermediate consumption, value added and mixed income) on NP. It was agreed that the suggested method might be used and results compared with data of NA. In case of significant differences analysis has be done and the method improved.

In the long term perspective it is recommended to continue collaboration with the TA in order to receive all available data on NP for the more accurate SBS data estimation.

Additionally, many cells exists at NACE rev.2 3 digit level and size class where number of the enterprises is smaller than 5 and this not ensure good basis for estimation because of outliers. In those cases, the possibilities to use higher level (division or section level of NACE rev.2 breakdown) have to be analysed. The list of estimated SBS variables has to be supplemented by the variables related to employees (13310, 13320, 16130, 16140, 16150).

During the mission the following output have been achieved:

- The current situation of the SBS in BiH was discussed, analysed and recommendations provided.
- The current situation on the natural persons and possible methods for their estimation and integration into the SBS survey as well as related problems in BiH was discussed in detailed level.
- General recommendations for the production of the SBS data on entrepreneurs were provided.
- It was agreed do not to prepare a Draft ToR for the next mission now, because it was the only one mission on entrepreneurs. The ToR for the next mission for the SBS component will be prepared after the next mission of SBR.

3. Conclusions and recommendations

In order to improve the efficiency of the SBS data production, to minimise the dependence on the IT support and ensure high quality of the data we recommend:

- before the data transmission to Eurostat, to use the EDIT tool (software for checking the data comparability and consistency) for final data quality checking;
- to use the τ -ARGUS software for primary and secondary confidentiality.

For the production of SBS data on entrepreneurs the following activities have to be carried out:

- to consult with sampling and NA staff for checking the possible estimation methods to be used;
- to prepare the list of the SBS variables to be estimated for NP;
- to test at least two methods (taking into account the problems discussed above) and to provide for entities for finding the final common solution.
- to continue cooperation with the TA for receiving all available data on NP for better SBS data estimation.

Annex 1. Terms of Reference

EU Twinning Project BA-12-IB-ST-01

Terms of Reference

Component: 2.2.Structural Business Statistics

2.-6. February 2015

Institute for Statistics of Federation of BiH

Sarajevo, Zelenih beretki 26, first floor

2.2.3. Activity

Integrating entrepreneurs into SBS survey

Benchmarks

- Methodology for Business Services developed by 8th project quarter
- Methodology for Business Demography developed by 8th project quarter
- New SBS variable on Business Services compiled and available by 8th project quarter
- New SBS variable on Business Demography compiled and available by 8th project quarter

Purpose of activity

The expected activities are:

- Presentation and discussions of current situation of production of SBS data in BiH
- Presentation of good practices for estimation SBS variables for entrepreneurs
- Presentation of available administrative data for entrepreneurs in BiH and discussion of possible way of production SBS data for entrepreneurs
- Preparation of list of activities that should be done before the next mission
- Preparation of list of topics for the next mission

Expected output

- Accepted and agreed methods of production SBS variables for entrepreneurs
- Mission report – summarized and detailed version completed
- General and detailed activity plans and draft ToR for the next mission prepared and agreed by all partners (BHAS-DB, FIS, RSIS participants, experts and RTA)

List of participants

Expert

Antanina Valiulienė (LT),
Renata Tumėnienė (LT)

Agency for Statistics of BiH

Tima Karačić, Head of Department for Structural Business Statistics,
Bojana Cicović, Senior Official for Structural Business Statistics,

Institute for Statistics of Federation of BiH (FIS)

Aida Ljuca, Senior Official for Structural Business Statistics,

Institute for Statistics of Republika Srpska (RSIS)

Danica Babić, Specialist for Structural Business Statistics

Twining Project Administration

Soren Leth-Sorensen, RTA
Djemka Sahinpašić, RTA Assistant

Agenda Location: Sarajevo, Institute for Statistics of Federation of BiH, Zelenih beretki 26, first floor				
Time	Day	Place	Event	Purpose / Detail of event
10:00-11:30	Monday, morning		MC expert briefing with the RTA	To discuss the mission, discuss previous experience
12:30-15:30	Monday, afternoon		Workshop with BC Experts	Clarified of the current situation of the SBS in BiH and compliance with the EU Regulation 295/2008 - presentation current status of production SBS data – BC staff. Discussion of current issues of production SBS data.
9:00-15:30	Tuesday, morning		Workshop with BC Experts	Presentation of good practices for estimation SBS variables for entrepreneurs – IPA expert
	Tuesday, afternoon		Workshop with BC Experts	Presentation of good practices for estimation SBS variables for entrepreneurs in Lithuania – IPA expert
9:00-15:30	Wednesday, morning		Workshop with BC Experts	Presentation of available administrative data for entrepreneurs in BiH and discussion of possible way of production SBS data for entrepreneurs
	Wednesday, afternoon		Workshop with BC Experts	Presentation of available administrative data for entrepreneurs in BiH and discussion of possible way of production SBS data for entrepreneurs
9:00-15:30	Thursday, morning		Workshop with BC Experts	Practical work on the estimation of SBS variables for entrepreneurs on the basis of available data with solutions to overcome possible problems
	Thursday, afternoon		Workshop with BC Experts	Evaluation activities done on the mission and preparing activities for the next mission.
8:30-13:00	Friday, morning		Meeting with BC Experts	Presentation of results, agreement on mission report, implications for the next activities

Annex 2. Persons met

BHAS:

Tima Karačić, Head of Department for Structural Business Statistics,
Bojana Cicović, Senior Official for Structural Business Statistics,

FIS:

Aida Ljuca, Senior Official for Structural Business Statistics,

RSIS:

Danica Babić, Specialist for Structural Business Statistics

RTA Team:

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