

TWINNING CONTRACT

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Support to the reform of the statistics system in Bosnia and Herzegovina



STUDY VISIT REPORT

on

Improving quality by increasing use of administrative data
Activity no. 2.B.1

Study visit to Denmark

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Table of contents

| | |
|---|---|
| 1. General comments..... | 3 |
| 2. Lessons Learned..... | 3 |
| 3. Conclusions and recommendations..... | 5 |
| Annex 1. Programme..... | 7 |
| Annex 2. Persons met..... | 8 |

List of Abbreviations

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| BHAS | Agency for Statistics of Bosnia and Herzegovina |
| BiH | Bosnia and Herzegovina |
| CBBH | Central Bank of Bosnia and Herzegovina |
| EC | European Commission |
| EU | European Union |
| FBiH | Federation of Bosnia and Herzegovina |
| FIS | Institute for Statistics of Federation of Bosnia and Herzegovina |
| MS | EU Member State |
| RSIS | Institute for Statistics of Republika Srpska |
| RTA | Resident Twinning Adviser |
| ToR | Terms of Reference |

1. General comments

This study visit report was prepared within the EU Twinning Project "Support to the reform of the statistics system in Bosnia and Herzegovina" and organised under component no.2, activity no.2.B.1

The purpose of the study visit was to gain the knowledge about the use of administrative sources in production of statistics. Since Statistics Denmark has long experience in the use of various administrative sources and is consider the leader in this area, it means, BH participants had opportunity to hear and learn from the best.

The staff of BHAS, RSIS and CBBH 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 Denmark and which highly facilitated the work.

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, CBBH, Statistics Denmark, INSEE, Statistics Finland and Croatian Bureau of Statistics.

2. Lessons Learned

Before the visit, participants from BiH were invited to express interest for the topics that are related to the use of administrative sources and could be presented according to the Denmark experience. The group from BiH was consists from management members of three institutions (two statistical offices and CBBH) but also statisticians and other relevant staff. Therefore, the topics presented and discussed at the study visit were dedicated to heterogeneous group.

After welcome words, introduction about Danish statistics and its development was made by DK Project Leader. We heard about new Law adopted in 2018 and strategy for development of statistics. In last four years quite big changes were introduced in Denmark with main idea is to be more present and visible in public ("*We are at the forefront of new data reporting solutions and data sources*"). Thus, dissemination and data interpretation are very much in focus – statistics should reach different users' groups. Next presentation was by Director General who also welcomed participants and presented Danish register model and use of administrative data. The presentation was very clear and provided basic information about functioning of Danish system and links between three main administrative sources (population, dwelling and housing and business registers) and Statistics Denmark. Use of administrative data is very important feature for DK statistics and allows delivering cheap and very granular statistics of high quality. As mentioned, this system was built for many years and registers are valuable asset (treasure) for statistics. That is why in Denmark last traditional Population Census was conducted in 1970 and nowadays data on population can be obtained every week if needed. Production of almost all social statistics in DK is based on registers. But it is important to mention, fifty years was needed to build this register system to enable production of statistics based on administrative sources. Many times during presentations of Danish staff was mentioned that preconditions to have this system is to ensure data protection and have a trust of public. Also, proper legislation needs to be in place to enable access to administrative data by statistical institution. Of course the willingness to share administrative data and cooperation between

all partners is needed as well. In the past Statistics Denmark typically used registers based on gentleman agreement. To ensure feasibility regardless to changes data exchange (i.e. transfer from registers) is presently mostly regulated by special agreements - MoU are signed with data owners to regulate content and conditions. Due to the systematic use of unique identifiers in administrative procedures it is possible to link different registers. So, as conclusion, for good functioning of this system is necessary to have good relations with other public authorities, access to registers guaranteed by respected law, formal agreements (MoU) to define responsibility and tasks and ongoing dialogue since changes are introduced over the time. Establishing good IT infrastructure is of course one more precondition. Therefore, for all this work requires time and patience as well full support for statistical activities throughout the government. In continuation we had presentation about new Danish Law on Statistics. It was introduced recently as a result of changes in working environment and needs to be harmonized with EU legislation. At the end of the first day we had very interesting presentation about benefits but also some challenges in using administrative data. A very experienced statistician explained how valuable input is use of administrative data in production of official statistics. Many benefits are mentioned: efficient public administration and better service for citizens and enterprises, low costs, high quality. Still, some challenges, to be considered carefully, were mentioned as well: first of all - privacy concerns, risks associated with data security breaches, covering only data available in administrative registers, vulnerability regarding changes in administrative procedures, need for extensive IT support. It is clear that benefits are much bigger and most important preconditions is to secure public trust about data confidentiality. Data protection is done carefully (respective legislation and data security rules existing and used regularly). In Denmark no info about individual persons or enterprises is sent back to data owners ('one way traffic of individual data').

Second day we had presentations on using administrative data for employment statistics and sector accounts. Use of "elIncome" register in production of short term and structural employment statistics was explained. This register provides important input to other statistics as well (social, economic and business statistics and business register). While social statistics are based on administrative data, production of business statistics is based on combining administrative data with survey data. Presentation on sector accounts explained how administrative data are used for compilation of government accounts (and GFS statistics). Statistics Denmark have unlimited access to budgetary data (over 80.000 data annually) from different government units and have extensive collaboration with Ministry of Finance and others about content and changes in data reporting. Final statistics are regularly transmitted to Eurostat. All data flows and transformations for this purpose are automatized and statistician devote much of their time to analytical and methodological issues, Last presentation on second day was about use of big data for production of price statistics. It was very interesting and informative to BH participant since explained new approach in collecting data on consumer prices. This was clear example how big data can be used in production of regular official statistics. Many questions were raised during this presentation.

Third day started with use of administrative data for population statistics. All participants were impressed by administrative data sources in Denmark that are used for this purpose. In 1981 the world's first totally register based census was done in Denmark and afterwards only administrative sources are used for this purpose. The Central Population Register (CPR) in use is explained in

details. Population and housing censuses are fully derived from already compiled data from high quality administrative registers. Last two presentations were about analysis unit (what they do) and IT aspect in using administrative data. Both were interesting. In October 2015 a dedicated section (analysis unit) was created to support analysis throughout the organization. The basic idea was to add value and promote official statistics. Internally, it helped to increase collaboration across different parts of the organization. Staff members are three consultants, one Ph.D. candidate and two 2 students. The mission is *“to provide impartial statistics on society as a basis for democracy and the economy”*. It was explained that work is done for various audience depending on the problem that is the subject of analysis (ordinary citizens, politicians, journalists, government organizations, NGOs, business corporations, academic researchers, teachers...). It was said: *“We can produce more value for the users by analyzing in depth or by cutting across our different areas of expertise.”*

In all presentations were stressed that dissemination and users’ needs are in focus of DK statistics. All data could be found on www.statbank.dk.

Every day work was concluded by reflection on lessons learned and possible application in BiH. The questions were: *What could be to implement in BiH – short, medium and/or long-term? What inspired you? Anything that surprised you?* Last day it was also discussed what could be next steps for BiH. The work was concluded by participations’ evaluation of the study visit.

3. Conclusions and recommendations

The study visit was a very good opportunity for the participants to obtain knowledge about use of administrative sources and experiences and practices of Statistics Denmark (the leader in this area).

Use of administrative data provides a lot of benefits for statistical production. In order to use all available administrative sources the most important is to secure public trust.

The access to registers has to be guaranteed by respected laws on all levels. Still, formal agreements (Memorandum of Understanding) are needed to be signed to define responsibility and tasks of involved partners.

For good functioning of the system is necessary to have good relations with other public authorities and ongoing dialogue is important since changes are introduced over the time.

Establishing of IT infrastructure is precondition.

Data protection has to be regulated by respective legislation and data security rules must be in place. BH participants recognized a huge potential for use of administrative data for statistics in Bosnia and Herzegovina. Many existing sources are available, but still not fully exploited and more intensive institutional collaboration is still missing.

For all this work time and patience are needed.

Process is long, going slowly but has to be started and initiated by statistics but of course, strong support by respective government and policy makers is needed.

Actions needed for moving forward

1. The use of administrative data sources for production of official statistics in BiH should be defined as one of the highest priorities. It should be defined as strategic goal for future development of statistics in our country.
2. The statistical institutions and CBBiH could make formal agreement to move forward and start systematic using of administrative data sources.
3. Support of policy makers has to be asked by management of statistical institutions in BiH and CBBiH
4. During current IPA 2015 Twinning project Danish expert could provide support for preparation of action plan for the use of administrative sources in BiH (to define all steps and work to be done).
5. Data suppliers (other public institution) should also learn about their role and responsibilities in compilation of official statistics. Much closer cooperation is necessary for both data standardization and administrative data structure.

Precondition: Strong commitment by management of all four institutions is needed.

Annex 1. Programme

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| | <u>Tuesday 4 December 2018</u> | <i><u>Venue: Bergsøe 1</u></i> |
| 09.30 - 10.30 | Welcome and introduction to Statistics Denmark | Charlotte Juul Hansen |
| 10.30 - 12.00 | The register model and strategic aspects on administrative data | Jørgen Elmeskov |
| 12.00 - 13.00 | <i>Lunch</i> | |
| 13.00 - 14.00 | The new Law on Danish Statistics – what is says and the process | Bo Johansen |
| 14.00 - 15.00 | The pros and cons on using administrative data | Carsten Zangenberg |
| 15.00 - 15.30 | Reflection on lessons learned and application in BiH | Beneficiary institutions & Charlotte Juul Hansen |
| | <u>Wednesday 5 December 2018</u> | <i><u>Venue: Bergsøe 1</u></i> |
| 08.30 - 10.00 | Tour of Copenhagen | Lobby at Hotel WakeUp |
| 10.30 - 11.30 | Using administrative data for employment statistics | Pernille Stender |
| 11.30 - 12.30 | Using administrative data for sector accounts | Thomas Bie & Thomas Olsen |
| 12.30 – 13.30 | <i>Lunch</i> | |
| 13.30 - 14.30 | Combining administrative data with survey data for producing business statistics | Jesper Moltrup-Nielsen / Charlotte Hansen |
| 14.30 – 15.30 | Using big data for statistics – the experience from price statistics | Thomas Hjorth Jacobsen & Martin Birger Larsen |
| 15.30 - 16.00 | Reflection on lessons learned and application in BiH | Beneficiary institutions & Charlotte Juul Hansen |
| | <u>Thursday 6 December 2018</u> | <i><u>Venue: Bergsøe 1</u></i> |
| 09.30 - 11.00 | Using administrative data for population statistics | Annika Klintefelt |
| 11.00 – 12.00 | Analysis unit – what they do | Laust Hvas Mortensen |
| 12.00 - 13.00 | <i>Lunch</i> | |
| 13:00 - 14:30 | IT considerations when using administrative data | Bo Guldager |
| 14.30 - 15.15 | Reflection on lessons learned and application in BiH, next steps, evaluation of the study visit | Beneficiary institutions & Charlotte Juul Hansen |

Annex 2. Persons met

Agency for Statistics of Bosnia-Herzegovina

Mr Velimir Jukić, Director

Mr Fadil Fatić, Deputy Director

Mr Miljan Popić, Deputy Director

Ms Jasna Samardžić, Head of International Cooperation and European Integration Department

Institute for Statistics of Republika Srpska

Mr Radosav Savanović, Deputy Director

Ms Jelena Đokić, Assistant Director

Ms Biljana Tešić, Senior Statistician for HBS and EU SILC

Mr Rajko Vranješ, Senior Statistician for censuses and projections of population

Central Bank of Bosnia-Herzegovina

Ms Želimira Raspudić, Vice-governor

Mr Amir Hadžiomerađić, Head of Statistics Department and Publication

Twinning Project

Svjetlana Pavičić, Interpreter

Hosting institution - Statistics Denmark

Ms Charlotte Juul Hansen