

TWINNING CONTRACT

BA 15 IPA SR 01 17

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



MISSION REPORT

Activity 1.9: EU standards for quality reporting for Regional Accounts

Component 1: National Accounts

Mission carried out by

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List of Abbreviations

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 mission report was prepared within the EU Twinning Project "Support to the reform of the statistics system in Bosnia and Herzegovina". It was the 8th mission (activity 1.9) to be devoted to setting up the regional accounts within Component 1 National Accounts of the project.

The purposes of the mission were:

- Follow up from the previous mission with regards to
 - Methodology document provided by the BC experts
 - Status on investment and employment compilations delivered by BC experts
- Introduction to EU standards on quality of statistics
- Introduction to EU standards for quality reporting and its template
- Specific work on first input to a draft quality report on National/Regional Accounts

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.

The views and observations stated in this report are those of the consultants and do not necessarily correspond to the views of EU, BHAS, FIS, RSIS, Statistics Denmark.

2. Assessment and results

2.1 Methodology document

The methodology document was still in draft and could not be finalized in time for this mission. RSIS delivered their comments and additional parts to the methodology document after the deadline. They stated that they had not been able to allocate enough resources to finalize their contribution within the deadline. FIS delivered their comments and additional parts to the methodology document within the deadline. Taking into account that the methodology document was not ready for discussion at this mission, everyone would need to reinvest their efforts. It was concluded to focus on the content of investment and employment in this mission.

2.2 Status on investments

At the previous mission, BC experts were in agreement that the provided table of the regional compilation of P.51g on NACE rev.2 A-S that was of such high quality and consistency to the rest of regional accounts that double counting was not an issue and therefore could be considered as a final version. A discrepancy of the total investments of BiH in the BHAS compilation of the national accounts and a sum of the entities' compilation of the regional accounts have been addressed by BHAS at this mission. Different data sources, coverage and methodology was itemised by the BC experts from BHAS and the MS expert suggested practical approaches to overcome the inconsistency, e.g. proportional distribution of differences using relevant regional information. MS expert also reminded that any revision of the compilation of investments (if it would happen in the future) should be incorporated in GVA in the regional accounts framework from previous missions. The MS expert invited the BC experts to use this mission to share further details, data and attempt experimental

compilations together on the topic in order to rule out hypotheses and to find a way forward. The BC experts agreed that it was not relevant for this mission.

2.2 Status on labour input

With regards to the deliverance of labour input data (employment, compensation of employees and hours worked), BC experts presented their data deliverances. FIS delivered the data in accordance with the agreement on the previous mission. Employment data from RSIS were delivered after the deadline and data was from labour statistics not national accounts. BHAS wanted the MS expert's opinion on data and how to move forward. The MS expert emphasized that the parties involved must share more background information on their sources and compilations. They should engage in analysing and understanding the differences, since the differences in data sources requires extra attention to double counting. Which sources/methods to choose in order to achieve exhaustiveness and consistent allocation of labour input in the regional accounts depends on their shared background information. The BC experts agreed that it could not be completed at this mission, but has been added in the action plan before the next mission.

During this mission, BC experts noted that the delivered data concerning employment and hours worked were compiled without the inclusion of labour input in the grey economy still within the production boundary (presently it is included in the production value and compensation of employees). The MS expert recommended that corresponding estimates of employment and hours worked must be included due to the exhaustiveness principles of ESA2010. After this mission, the BC experts will make a joint decision on whether or not to include the estimates within the scope of the project.

2.3 Quality

With regards to quality the purpose of the mission was:

- Introduction to EU standards on quality of statistics
- Introduction to EU standards for quality reporting and its template
- Specific work on first input to a draft quality report on National/Regional Accounts

The MS expert gave an introduction to EU standards for quality of statistics and quality reporting. The background for the quality reporting structure of SIMS (Single Integrated Metadata Structure) and the connection between SIMS and the production of statistics was explained. The connection between the ESS quality reporting structure of SIMS and the templates for quality reporting for statistical surveys of BHAS was also explained.

The BC experts were encouraged to express wishes for some of the elements of SIMS to be explained in more detail. This was done for *S6.2 Data sharing*, *S7 Confidentiality*, *S10.4 Micro data access*, *S13 Accuracy and reliability* and *S18 Statistical processing*.

The plan for day 3 was to do specific work on the first input to a draft quality report on National/Regional Accounts. We started out with statistical presentation and talked about what and how to write about data sources in *S18.1 Source data*. We then talked about how to fill in information in *S18.4 Data validation*. The MS expert pointed out, that the intention is to describe what is done within the production of National/Regional Accounts to validate data. The validation of the primary statistics, going into the production of National/Regional Accounts, should be described by the producers of the primary statistics. In *S18.5 Data compilation* the MS expert pointed out that there should be a description of what is done in

the production from the point when the source data is retrieved to the point when the National/Regional Accounts statistics product is ready to be disseminated. This includes the merging of data sources, and all imputation and estimation done to reach the final product. This is with no doubt a complex matter to describe.

The discussion of further details for the specific work on the first input to a draft quality report was not continued after the discussion on *SI8.5 Data compilation*. At this point the MS expert presented the idea of pursuing the goal of completing a draft quality report for the National/regional Accounts for BiH within this component. The BC experts explained that they are not ready to complete a first draft quality report for the National/Regional Accounts at this point in time. The MS expert pointed out that it is important to keep in mind that a draft does not have to be perfect and that the BC experts already have much of the information that is needed in the work they have already done in the first draft Methodological guidelines for Regional Accounts for Bosnia and Herzegovina that was introduced to the MS expert during this mission.

The BC experts expressed content with the presentation that they had been given on the ESS standards for quality report for the National/Regional Accounts. They explained that the presentation also had made them realize that it would be complex to complete the quality reports and that even if it means that they will not fully meet the benchmark for this component they feel that they cannot, with the recourses at hand, complete quality reports in a professional way at present. The MS expert will however emphasize that even if the quality reports will not be in place within this component, much of the basis for quality reports is already in place with the draft Methodological guidelines for Regional Accounts for Bosnia and Herzegovina.

3. Conclusions and recommendations

During the 8th mission, MS experts gave their recommendations on different topics.

The MS experts advocated that data and knowledge sharing and intensive communication is needed between all included parties on aspects of compilation process of investments and labour input in Regional Accounts in order to achieve exhaustiveness.

The BC experts found that it would be complex to complete the quality reports and that even if it means that they will not fully meet the benchmark for this component they feel that they cannot, with the recourses at hand, complete quality reports in a professional way at present, hence no further work will be done on quality reports during this project. The MS expert will however emphasize that even if the quality reports will not be in place within this component, much of the basis for quality reports is already in place with the draft Methodological guidelines for Regional Accounts for Bosnia and Herzegovina.

Action	Deadline	Responsible person
RSIS will deliver data on employees and self-employed from the NA according to the production allocation made in the regional accounts at NUTS II level, for NACE rev.2 A-S	December 16, 2019	Brana Taraba-BHAS
RSIS will deliver data on hours	December 16, 2019	Brana Taraba-BHAS

worked of employees and self-employed from the NA according to the production allocation made in the regional accounts at NUTS II level, for NACE rev.2 A-S		
If BC experts decide to include grey economy, all institutions will redeliver data on employees and self-employed from the NA according to the production allocation made in the regional accounts at NUTS II level, for NACE rev.2 A-S	December 16, 2019	Brana Taraba-BHAS
If BC experts decide to include grey economy, all institutions will redeliver data on hours worked of employees and self-employed from the NA according to the production allocation made in the regional accounts at NUTS II level, for NACE rev.2 A-S	December 16, 2019	Brana Taraba-BHAS
BC experts will write an updated version of the methodology document	January 31, 2020	Brana Taraba-BHAS

Annex 1. Terms of Reference

Terms of Reference

EU Twinning Project BA 15 IPA ST 01 17

Component 1: National Accounts

26-29 November 2019

Hosting Institution: BHAS, Zelenih beretki 26, Sarajevo

Activity 1.9: EU standards for quality reporting for Regional Accounts

1. Mandatory results and benchmarks for the component

Mandatory result:

- Regional accounts, as a subsystem of national accounts, introduced and regional indicators at NUTS 2 level produced in line with EU standards by 8th project quarter

Benchmarks:

- Data sources identified and adjusted for regional accounts by 5th project quarter
- First test version of regional accounts at NUTS 2 level produced by 8th project quarter
- First version of basic regional indicators produced by 8th project quarter (Gross value added, Gross domestic product, Gross fixed capital formation, Employment data, Compensation of employees data)
- Quality report for regional accounts developed by 8th project quarter

2. Purpose of the activity

- Follow up:
 - Methodological document
 - Investment and employment status
- Introduction to EU standards on quality of statistics
- Introduction to EU standards for quality reporting and its template
- Specific work on first input to a draft quality report on National/Regional Accounts

3. Expected output of the activity

- Knowledge on EU standards of quality and quality reporting gained
- Procedure for filling in quality reports defined
- Participants comfortable with the EU template of quality report
- First input to a draft quality report on national accounts/regional accounts
- Input provided to the ToR of next activity

4. Participants

Agency for Statistics of BiH (BHAS)

- Dijana Mlikota- Assistant Director for Macroeconomic Statistics
- Edina Kozić- Head of National Accounts Department
- Senija Fačić - Head of the Branch Office Brcko
- Brana Taraba- Senior Adviser for Regional Accounts

Institute for Statistics of Federation of BiH (FIS)

- Nermina Ibrišević-Ademović, Head of Department
- Danijela Bujak-Buzuk, Senior Adviser for National Accounts
- Šejla Šehović-Karšić, Senior Adviser for Investment of fixed assets
- Belma Karadža, Senior Adviser for National Accounts
- Almira Muraspahić, Senior Adviser for National Accounts
- Sanjin Čengić, Senior Associate for National Accounts

Institute for Statistics of Republika Srpska (RSIS)

- Rada Radanović, Head of National Accounts Department
- Dragana Kunovac, Senior Associate for State and Financial Sector - Project Component Coordinator for Regional Accounts
- Dijana Maleš, Senior Advisor for Investments, National Assets and Fixed Capital Consumption
- Žana Alagić, Senior Associate for the Nonfinancial Sector

MS Experts

- Karin Blix, Statistics Denmark
- Kathrine Lindeskov Johansen, Statistics Denmark

Twinning Project Administration

- Katja Møller Hjelvang, RTA
- Đemka Šahinpašić, RTA Assistant
- Edita Halep, Interpreter

Signatures

For the approval of the contents of this report, representatives from BHAS, FIS and RSIS as well as MS experts and the RTA sign here:

Date: 29th of November 2019

Component leader, BHAS

Component leader, FIS

Component leader, RSIS

RTA

MS Expert

MS Expert