TWINNING CONTRACT

BA 15 IPA SR 01 17

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

MISSION REPORT

Activity 1.6: Setting up Regional Accounts I

Component 1: National Accounts

Mission carried out by
Natalija Krunić, Croatian Bureau of Statistics
Jelena Kelebuh Arambašić, Croatian Bureau of Statistics

05-08 February 2019

Version: Final

STATISTICS DENMARK

Institut national de la statistique et des études économiques
Insee
Mesurer pour comprendre

Statistics Finland

CROATIAN BUREAU OF STATISTICS

Expert contact information

Natalija Krunić
Croatian Bureau of Statistics
Zagreb, Croatia
Email: krunicn@dzs.hr

Jelena Kelebuh Arambašić
Croatian Bureau of Statistics
Zagreb, Croatia
Email: kelebuharambasicj@dzs.hr

Table of contents

List of Abbreviations

BC expert	Beneficiary Country expert
BD	Brcko District
BHAS	Agency for Statistics of Bosnia and Herzegovina
BiH	Bosnia and Herzegovina
CoE	Compensation of Employees
EU	European Union
FBiH	Federation of Bosnia and Herzegovina
FIS	Institute for Statistics of Federation of Bosnia and Herzegovina
FISIM	Financial Intermediation Services Indirected Measured
GFCF	Gross Fixed Capital Formation
GVA	Gross Value Added
INSEE	Institut national de la statistique et des etudes economiques
LFS	Labour Force Survey
MS expert	Member State expert
NACE	Nomenclature statistique des Activites economiques dans la Communaute Europeenne
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 fifth mission in the project and it was devoted to setting up the regional accounts within Component 1 National accounts.

The purposes of the mission were:

o   Discuss a list with number of multiregional business entities which have LKAU on the territory of other entity or BD for NACE A – (incl.) F and list of multiregional bus.entities of common interest in the BiH which belongs to NACE O and are compiled by BHAS. Inputs for those business entities were delivered to MS experts before the mission started.

o   Setting up an experimental compilation of the regional accounts at NUTS II level for following activities NACE A – (incl.) F and for NACE O. After the reviewing of all available data sources, MS experts recommended one of the method for regionalisation.

o   Experimental compilation was conducted applying recommended method on multiregional business entities which belongs to above mentioned NACE activities

o   Reviewing and analysis of the results from experimental compilation for mentioned NACE activities

Expected output of activity:
- Recommendations for establishing regional accounts made
- Test set of regional accounts for specific NACE activities made
- Input provided to the ToR of next activity

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

These 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, INSEE, Statistics Finland and Croatian Bureau of Statistics.

2. Assesment

The fifth mission of the project was held in Sarajevo and was attended by the BC experts from all the statistical offices (BHAS, BD, RSIS and FIS) together with MS experts. The main aim was to set up experimental regional calculation of certain NACE activities (from A to F and O).

2.1 Reviewing of delivered inputs to MS experts

One of the conclusions from the last mission was sending specific data to MS experts. Current data of calculated output, intermediate consumption and gross value added for years 2015 and 2016 from national accounts were delivered to MS experts. MS experts received mentioned categories by the FIS, RSIS and BD and total economy on 2.digit NACE level.

Furthermore, for NACE divisions A to (incl.) F all parties provided data for individual multiregional units that have their LKAU on the territory different that main activity is registered (on the territory of other entity and BD) (output, intermediate consumption, gross value added, number of employees, number of LKAU and number of employees in LKAU). Mentioned data were sent with some delay and were not unified in one document as previously agreed. During the mission some minor inconsistencies were noticed in the data MS experts received. Number of employees in LKAU was missing for some multiregional units. The agreement is to examine mentioned inconsistencies for the units with 5 and more employees in total and to send updated data with additional comments.

2.2 Setting up an experimental compilation of regional accounts

After the reviewing of all available data sources, MS experts recommended one of the method for regionalisation. According to the Manual on Regional Accounts methods, MS experts proposed method which has characteristics of pseudo-bottom-up and mixed method. The regionalisation of multiregional units is made using regional indicators per multiregional unit applied to P1, P2 and GVA. As a regional indicator, number of employees in LKAU is used. That indicator is applied due to the fact that it is only available data source acceptable for the regional accounts purposes which could be provided at all NUTS II levels.

During the mission experimental calculation of regional accounts for the NACE activities A was shown by MS experts. Following those principals, BC experts conducted experimental compilation for P1, P2 and GVA (for multiregional units) at NUTS II level, for NACE B to (incl.) F. MS experts made one common document with integrated experimental calculation data on categories on the NUTS II and mentioned NACE section level. This document was presented to all the participants and it is agreed that MS experts will deliver document to BC experts by 11th of February 2019.

Proposed method of the regional allocation was also planned to be conducted for the NACE O – for common institutions (multiregional units) at the level of BiH. During the mission MS experts findings were that more comprehensive data are needed to continue with experimental calculation for NACE O of regional accounts. Therefore, it was agreed that additional set of data for all units (not just for multiregional ones) that belongs to NACE O with current data of national accounts by FIS, RSIS, BD and BHAS will be delivered to MS experts for years 2015 and 2016. BC experts from RSIS express their concerning regarding the proposed method in a way that number of employees according to place of work is not appropriate indicator for regional allocation for the common

institutions at the level of BIH. Recommendation from the MS experts side is that they express their opinion on this topic via official canals.

3. Recommendations and conclusions

After the fifth mission has been carried out, MS experts recommended following steps:

1. BC experts have to examine inconsistencies noticed in the number of employees in LKAU (5 and more employees in total for the NACE A – (incl.) F - individual data with 2.-digit NACE code and update the list with additional comments (add 2.-digit NACE codes for all multiregional business units) if needed. Conducted exercise from this mission should be updated with a new set of data and delivered to MS experts by 15th of February.

2. As input for the following mission it is recommended that BC experts deliver individual data on multiregional companies for 2015 and 2016 (ID number, NACE code (2.-digit), P1, P2, GVA, total number of employees, number of LKAU and number of employees in LKAU), NACE G - NACE U until 12th of April 2019.

3. Above mentioned inputs (point 2.) should be used in experimental compilation prepared by FIS, RSIS and BD- adjustments for P1, P2 and GVA on the level on business entity (NACE G – (incl.) U and sent to MS experts by the 1st of May 2019. For the NACEs where common institutions are included, all institutions (BHAS, FIS, RSIS and BD) need to deliver data for their part of the total activity (P1, P2 and GVA).

4. For the following mission BHAS should also deliver current data from NA (2015 and 2016) for all common institutions at the level of BIH for which compilation is made by them and for which data are provided to entities and BD- individual data on all (uniregional and multiregional) companies (ID number, NACE code (2.-digit), P1, P2, GVA, total number of employees, number of employees in each entity and BD). Inputs should be sent to MS experts by 12th of April 2019.

5. Experimental compilation will be prepared by BHAS for common institutions at the level of BIH (uniregional and multiregional), P1, P2 and GVA on the level on business entity (NACE G – (incl.) U and sent to MS experts by 1st of May 2019.

RTA is informed about the agreements made.

Deliverables:

Action	Deadline	Responsible person for delivery to MS experts/ project coordinator

Experimental compilation shown at the mission with adjustments made for P1, P2 and GVA (for multiregional b.entities) between entities and BD - regionalisation at NUTS II level, for NACE A to (incl.) F	11. February 2019	Natalija Krunić Jelena Kelebuh Arambašić
Updated list of multiregional business entities which have LKAU on the territory of other entity (FBIH OR RS) or BD) for NACE A – (incl.) F - individual data on 2.-digit NACE level; (P1, P2, GVA, total number of employees, number of LKAU and number of employees in LKAU)	15. February 2019	Brana Taraba-BHAS
Updated experimental compilation for regional GVA (NACE A – (incl.) F for each entity and BD. Number of employees in LKAU should be updated along with P1, P2 and GVA values for multiregional business entities	15. February 2019	Brana Taraba-BHAS
Deliver current data for entities and BD from NA (2015 and 2016)- individual data on multiregional companies (ID number, NACE code (2.-digit), P1, P2, GVA, total number of employees, number of LKAU and number of employees in LKAU), NACE G - NACE U	12. April 2019	Brana Taraba-BHAS
Experimental compilation prepared by entities and BD, adjustments for P1, P2 and GVA on the level on business entity (NACE G – (incl.) U	1. May 2019	Brana Taraba-BHAS
Deliver current data from NA (2015 and 2016) for all common institutions at the level of BIH for which compilation is made by BHAS and for which data are provided to entities and BD- individual data on all (uniregional and multiregional) companies (ID number, NACE	12. April 2019	Brana Taraba-BHAS

code (2.-digit), P1, P2, GVA, total number of employees, number of employees in each entity and BD		
Experimental compilation prepared by BHAS for common institutions at the level of BIH (uniregional and multiregional), P1, P2 and GVA on the level on business entity (NACE G – (incl.) U	1. May 2019	Brana Taraba-BHAS

4. Other

To avoid different communication issues, all parties concluded that the way of communication with MS experts is as follows: All prepared and collected materials from entity statistical institutions should be delivered to regional project coordinator from BHAS. Regional project coordinator from BHAS is in charge of forwarding of mentioned materials to MS experts with RTA and other parties (RSIS, FIS and BD) in copy.

Annex I: Term of Reference

Terms of Reference

EU Twinning Project BA 15 IPA ST 01 17

Component 1: National Accounts
05-08 February 2019
Hosting Institution: FIS, Zelenih beretki 26, Sarajevo

Activity 1.6: Setting up Regional Account I

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 from the previous mission
- Update the overview table of all presented sources by NACE activity (BHAS, RSIS, FIS and BD). Deliver the table to MS experts
- Prepare a list with number of business entities (total and multiregional which have LKAU on the territory of RSIS or BD) for NACE A – (incl.) F for FIS entity
- Deliver current data on P1, P2 and GVA for entities and Agency from NA (2015 and 2016) at division level + individual data on multiregional companies (P1, P2, GVA, number of employees, number of LKAU), NACE A-(incl.) F and NACE O
- Send all available sources regarding employment to Danish MS expert
- Send GFCF data by NACE activity and type of asset to Danish MS expert
- Setting up regional accounts with a selection of data sources
- Development of methodology

3. Expected output of the activity

- Recommendations for establishing regional accounts made
- Test set of regional accounts made
- Input to methodology made
- Input provided to the ToR of next activity

Annex 2: Persons met

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 Advisor for Regional Accounts

Institute for Statistics of Federation of BiH (FIS)
- Nermina Ibrišević-Ademović, Head of Department
- Danijela Bujak-Buzuk, Senior Advisor for National Accounts
- Šejla Šehović-Karšić, Senior Advisor for Investment of fixed assets
- Belma Karadža, Senior Advisor for National Accounts
- Almira Muraspahić, Senior Advisor for National Accounts

Institute for Statistics of Republika Srpska (RSIS)
- Dragana Kunovac, Senior Associate for State and Financial Sector - Project Component Coordinator for Regional Accounts
- Žana Alagić, Senior Associate for the Nonfinancial Sector

MS Experts
- Natalija Krunić, Croatian Bureau of Statistics
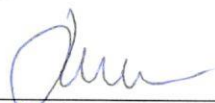- Jelena Kelebuh Arambasić, Croatian Bureau of Statistics
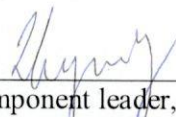
Twinning Project Administration
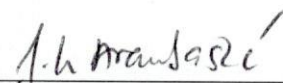- Katja Møller Hjelvang, RTA
- Đemka Šahinpašić, RTA Assistant

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:
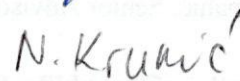
Date: 8th of February 2019

_____   _____
Component leader, BHAS   Component leader, FIS

_____   _____
Component leader, RSIS   RTA

_____   _____
MS Expert   MS Expert