

TWINNING CONTRACT

BA 15 IPA SR 01 17

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



MISSION REPORT

Activity 2.B.9: Follow-up on achievements and recommendations for the future. Further work on introduction of VAT data in statistical production process

Component 2: Business Statistics

Mission carried out by
Jasna Pugar, Croatian Bureau of Statistics

03-06 March 2020

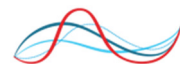
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Table of contents

Executive Summary 4

1. General comments 4

2. Main findings 5

3. Conclusions and recommendations 6

List of Abbreviations

BHAS	Agency for Statistics of Bosnia and Herzegovina
BiH	Bosnia and Herzegovina
CBBH	Central Bank of Bosnia and Herzegovina
ITA BiH	Indirect Taxation Authority 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

Executive Summary

The purpose of the forth mission was to discuss main findings of performed analysis of the results obtained from pilot calculation of Turnover indices from available admin VAT data following method applied for Turnover survey data in Bosnia and Herzegovina. Analysis of available turnover data for BiH was presented by BC counterpart and main findings were discussed. MS expert's recommendation is that this kind of analysis should be continued regularly during 2020 in BiH as follow up work on introduction of admin VAT data. Main focus should be on comparison of growth rates between these two sources on aggregated NACE levels following top-down approach. It is important for BC counterpart that only in case of significant discrepancies between STS indices calculated on the basis of these two different sources on higher NACE levels (publishing levels), BC experts should contact reporting units in order to check the reasons behind observed discrepancies. Usually, significant influence means (+/- 0.5%) influence on total NACE publishing levels under observation.

Also, the new FRIBS requirements for STS package, particularly implementation of Kind-of-activity (KAU) units for all STS domains were discussed with the view of defining/delineating significant KAUs for each STS domain following EU operational rules. Expert recommended that these work should be done in collaboration with SBR staff since defining KAUs is primarily SBR task coming from FRIBS requirements. This work should be focused on large and medium size enterprise engaged in different NACE activities which will be able to split into more than one KAU. The most influential KAUs for each STS domain should be kept under survey observation while other KAU (1:1 relation) should be taken from administrative sources. Main purpose of this activity is to define the strategy for future STS compilation by combing survey and admin data for the purpose of STS production.

Finally, open issue from previous mission regarding getting access to VAT data on entities level for the purpose of production STS indicators in BiH was still not resolved although initial efforts were done on BC management level by contacting the Indirect Taxation Authority of BiH (ITA BiH) for regular delivery of VAT data to entities. MS expert repeated recommendation from previous mission that this issue should be resolved urgently as precondition for further analysis of the quality of admin data for STS production and later their comparison with survey data with the aim of defining strategy for introduction of admin data for STS production.

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*.

The specific objectives of the forth mission were:

- Follow up from the previous activity
- Discussion on development of common IT solution for use of administrative VAT data in production of STS turnover in BiH;
- Agreement on detailed plan of activities with timetable, resources needed, responsible persons etc. for implementation of VAT turnover data in BiH;

- Preparation of Guidelines for use of administrative VAT data in production of STS turnover indicators in BiH;
- Clarification of outstanding issues;
- Identification and sustainability of achievements and project results
- Identification of needs for additional support
- Discussions and recommendations for future work.

The consultant would like to express her thanks to all officials and individuals met for the kind support and valuable information provided during the stay in Bosnia and Herzegovina which highly facilitated the work of the consultant.

The views and observations stated in this report are those of the consultant and do not necessarily correspond to the views of Croatian Bureau of Statistics, EU, BHAS, FIS, RSIS, CBBH, Statistics Denmark, INSEE and Statistics Finland.

2. Main findings

The focus of this mission was to perform further analysis of available administrative data on VAT and to come to agreement between the three institutions on how to proceed using the administrative data sources for STS production according to current EU STS Regulation taking into account future FRIBS requirements.

Main findings from comparative analysis carried out between the results obtained from available VAT data and survey turnover data in all three statistical institutions are that, in general, annual data from two different sources (VAT and SBS) shows similar figures on the higher level of aggregation (2-digits NACE). Some discrepancies appeared on the figures for specific enterprises which need to be further investigating. The comparison made on monthly figures from VAT database and STS related surveys data shows promising coherence on the monthly growth rates levels. However, the data referring to the period from January to March shows deferent patterns in comparison with data for other month of the same year. This should be further investigated to find reasons behind these discrepancies. This kind of comparison work should be continued in future focusing more on calculation of growth rates (indices) on the basis of admin VAT data and STS survey data on aggregated NACE levels (publishing levels) to be able to detect only those which significantly influence on STS results.

Another important issue discussed was defining of KAUs for all STS domains in line with FRIBS requirements. In the view of BC experts in STS industry domain the most important KAUs have being already covered in the turnover based surveys. However, further defining/delineation of KAUs is needed for other STS domains. MS expert recommended that further analysis of this issue have to be done in order to identify additional KAUs for the most influential enterprises in BiH in close cooperation with SBR staff by using all available sources. The delineation of KAUs is needed in order to implement new FRIBS requirements for both, SBR and STS and also to avoid double counting of turnover in trade, other services and industry.

Delineation of KAUs is considered to be the first step in the selection of the sub-set of observation units which will be collected through a “classical” statistical survey while other

sub-set of observation units will be selected from administrative VAT turnover data as the main data source. The compilation strategy for STS turnover data has to be agreed by all three statistical institution in BiH for the purpose of defining the common procedure for the selection of observed units and after for drafting the Guidelines for use of administrative VAT data in production of STS turnover indicators in BiH.

Discussion was raised during the mission on the further BiH work on introduction of admin VAT data for the purpose of compilation of STS turnover indicators in addition to STS survey data which resulted in draft plan of activities with timetable and responsible statistical institutions for coming years.

The common IT solution to be developing for the use of administrative VAT turnover data in production of STS turnover indices in BiH was also deeply discussed during the mission. However, procedures for development of appropriate IT solution will be possible to define after the strategy for development of STS turnover indices following combine sources (admin and survey data) is agreed by all responsible statistical institutions in BiH.

In the view of MS expert, additional support will be needs for development of common IT solution for the use of administrative VAT data for production of STS turnover data as well as for their combining with STS survey turnover data, and computing turnover indices on the BiH and entities level.

3. Conclusions and recommendations

During the mission, a number of important topics were discussed. The main findings of performed analysis of available turnover data from administrative VAT database and surveys have been discussed. It was concluded that the discrepancies found between VAT and monthly survey data should be further investigated. This should be especially done on the level of the growth rates after indices become available for longer period on entities level in addition to BiH level.

Work on defining KAUs using all available data (STS, SBS, SBR, PRODCOM, etc.) should be continued in collaboration with SBR staff. Only important KAUs which falls within STS domains coverage should be investigate on entity levels. Special attention should be also put on quality of NACE main activity code.

Revised plan of activities to be conducted towards introduction of administrative VAT data sources for STS production in BiH was discussed and agreed during the mission by all statistical institutions. It should be reviewed due time (at least annually) and revised if needed. The successful implementation of presented plan depends on stability of human and other resources needed for its implementation.

Procedures for IT solution regarding integration of admin data with statistical surveys data should be defined as soon as strategy for STS data production by combining admin and survey data will be agreed by all statistical institutions in BiH.

MS expert will provide further explanations on methodological approaches for the production of STS indicators by combining sources use (administrative and survey data) according to MS good practice as a part of the final report.

Further work on introduction of VAT data in statistical production process

Action	Deadline	Responsible person
Regular analysis of administrative data on VAT and its comparison with statistical data	Continuously	BHAS, FIS, RSIS
Continue with collaboration with the SBR on assigning appropriate NACE activity code for KAUs under coverage of STS	Continuously	BHAS, FIS, RSIS
Identification of potential KAUs in line with FRIBS requirements (in coordination with SBR staff)	July 2021	BHAS, FIS, RSIS
Revising of methodology for production of STS due to inclusion of selected admin data	September 2021	BHAS, FIS, RSIS
Defining procedures for development of appropriate IT solution for the use of administrative VAT data in production of STS turnover in BiH	December 2021	BHAS, FIS, RSIS
Comparison analyses of STS turnover indices originating from two different sources	2021/2022	BHAS, FIS, RSIS
Development of common IT solution for use of administrative VAT data in production of STS turnover in BiH according to agreed procedure	December 2022	BHAS, FIS, RSIS
Start with production of STS turnover data by combining admin and survey data	From 2023 reference year	BHAS, FIS, RSIS

Outstanding issues

- Sharing VAT and statistical data between BHAS and entities for the purpose of production STS indicators in BiH need to be further negotiate and solution found
- Main features for IT solution for use of administrative VAT data in production of STS turnover in BiH should be agreed between BHAS and entities.

Follow-up on achievements and recommendations for the future will be the part of more detailed final report.

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: 6 of March 2020

Component leader, BHAS

Component leader, FIS

Component leader, RSIS

RTA

MS Expert

Annex 1. Terms of Reference

Terms of Reference**EU Twinning Project BA 15 IPA ST 01 17****Component 2: Business Statistics****03-06 March 2020****FIS – Zelenih beretki 26, Sarajevo****Activity 2.B.9:****Follow-up on achievements and recommendations for the future.****Further work on introduction of VAT data in statistical production process****1. Result for the activity**

- Analysis of administrative data on VAT and agreements between the three institutions on how to proceed using the administrative data sources for STS production

2. Purpose of the activity

- Follow up from the previous activity
- Discussion on development of common IT solution for use of administrative VAT data in production of STS turnover in BiH;
- Agreement on detailed plan of activities with timetable, resources needed, responsible persons etc. for implementation of VAT turnover data in BiH;
- Preparation of Guidelines for use of administrative VAT data in production of STS turnover indicators in BiH;
- Clarification of outstanding issues;
- Identification and sustainability of achievements and project results
- Identification of needs for additional support
- Discussions and recommendations for future work.

3. Expected output of the activity

- Proposal of common IT solution for use of administrative VAT data in production of STS turnover in BiH with main features agreed;
- Detailed activity plan with timetable adopted;
- Final version of Guidelines developed;
- Outstanding issues discussed;
- Recommendations for future work made.
- Achieved results of the respective component analysed and assessed
- Sustainability of the achievements
- Identification of needs for additional support

4. Participants

Agency for Statistics of BiH (BHAS)

- Alen Bajramović, Head of Department for Services Statistics
- Fahir Kanlić, Head of Department for Industry and Construction Statistics
- Radomir Mutabdzija, Senior Official in Department for Industry and Construction Statistics
- Bojana Cicović, Senior Statistician for Structural Business Statistics

Institute for Statistics of Federation of BiH (FIS)

- Merima Beganović, Senior Advisor for Business Services
- Damir Omanović, Senior Associate for Industry Statistics

Institute for Statistics of Republika Srpska (RSIS)

- Jelena Glamočika, Head of Services Statistics Department
- Danica Babić, Senior Statistician for Structural Business Statistics
- Biljana Đukić, Head of Production statistics department

MS Experts

- Jasna Pugar, Croatian Bureau of Statistics

Twinning Project Administration

- Katja Møller Hjeltvang, RTA
- Đemka Šahinpašić, RTA Assistant

Agenda

Location: BHAS, Zelenih beretki 26, Sarajevo

Time	Day	Place	Event	Purpose / Details
09:00-12:00	03 March Tuesday	Hotel	MS expert	Preparation for the activity
13:00-15:30	03 March Tuesday	BHAS	Meeting with BC Experts	Follow up from the previous mission
9:00-12:00	04 March Wednesday	BHAS	Meeting with BC Experts	<ul style="list-style-type: none"> • Follow up from the previous activity • Discussion on development of common IT solution for use of administrative VAT data in production of STS turnover in BiH;
13:00-15:30	04 March Wednesday	BHAS	Meeting with BC Experts	<ul style="list-style-type: none"> • Agreement on detailed plan of activities with timetable, resources needed, responsible persons etc. for implementation of VAT turnover data in BiH; • Preparation of Guidelines for use of administrative VAT data in production of STS turnover indicators in BiH;
9:00-12:00	05 March Thursday	BHAS	Meeting with BC Experts	<ul style="list-style-type: none"> • Clarification of outstanding issues; • Identification and sustainability of achievements and project results
13:00-15:30	05 March Thursday	BHAS	Meeting with BC Experts	<ul style="list-style-type: none"> • Identification of needs for additional support • Discussions and recommendations for future work.
09:00-12:00	06 March Friday	BHAS	Meeting with BC Experts	<p>Agreement on summary mission report</p> <p>Conclusions and next steps</p>