

TWINNING CONTRACT

BA 15 IPA SR 01 17

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



MISSION REPORT

Activity 3.2:
Draft quality report for Balance of Payment

Component 3: Balance of Payment and IIPs

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 second mission to be devoted to Balance of Payments within Component 3 of the project.

The purposes of the mission were:

- Draft the BPM6-based quality report
- Assessment of the requirements for the transmissions to Eurostat according to the Vademecum.

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

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. Assessment and results

Regarding the quality report

The mission agenda was delivered a few days in advance, and preparations and coordination were done. Everything was ready for the activity 3.2 in the CBBH.

The CBBH Balance of Payments (BoP) staff presented the work and the gained achievements. The CBBH BoP data was modified in the tables, which could be used as an input for the Eurostat Quality Report excel-templates (Annex1. – Annex4.). The accounting of the Quality Report tables where proceeded as agreed in the previous activity (3.1) and a draft quality report was ready to be analysed.

Chapter 1 – Relevancy (*refers to the degree to which statistics meet current and potential users' needs*)

In the first chapter, it is examined whether all required statistics are produced. The chapter partly considers monthly figures, which are not produced in the CBBH, hence this will not be a part of the final draft quality report.

CBBH observed, that it could be possible to provide the cells according to BoP regulation on quarterly bases, at least in the case study. The continuous statistical production would need some improvements for the excel-based accounting system.

It was agreed that CBBH will work on the completeness table for QBoP ignoring the fact that data is not distributed by country. In addition to this CBBH will make comments to accommodate this chapter.

Chapter 2 – Accuracy (*refers to the closeness of the estimates to the unknown true values*)

- 2.1.1 – Quantitative assessment of revisions
The quarter-based tables was produced and results were analysed and commented.
- 2.1.2 – Directional reliability
All the tables produced and results were analysed and commented.
- 2.1.3 – Vintage analysis

- All the agreed tables produced and results were analysed and commented.
- 2.2.1 – Use of residual geographical and activity codes
The share of unallocated geographical activity codes were presented and the results were analysed and commented.

Chapter 3- Timeliness and Punctuality

- 3.1 Punctuality – Quarterly analysis done (Info: more than expected in the mission plan)

Chapter 4 Accessibility and Clarity (*refers to the conditions by which users can obtain, use and interpret data and metadata*)

- 4.1 Accessibility
The questionnaire according to the accessibility was completed. Section 4.1.2 where changed to compare annual and quarterly data instead of quarterly and monthly data.
- 4.2 Clarity - Completed and no further actions needed
The questionnaire according to the clarity was completed (changed from month to quarter).

Chapter.5 Comparability (*refers to the measurement of the impact of differences in applied statistical concepts etc.*)

The BoP Quality Report has a methodology description part under the chapter 5. It shall be required only in the future, and is intended to be an update of the information included in the inventories. The CBBH has descriptions on the source data, applied statistical concepts and metadata, which could be joint together as a draft of the inventory.

The asymmetries are regarded as a mirror comparison in the bilateral economic activity. The comparison can be proceeded only if the geographical mirror data exists. In the BoP Quality Report Eurostat has performed the comparisons and since no partner country data is available it is not possible to construct the asymmetry analysis for services.

- 5.3.2 Asymmetries regarding FDI. – Done (Austria, Croatia and Serbia)
Some data was possible to get for the comparison.

Chapter. 6 Coherence (*refers to the adequacy of the data to be reliably combined in different ways and for various uses*)

- 6.1.1 Consistency with integrity rules.
Done (more than expected)
- 6.1.2 Consistency between annual and Quarterly data
This section will be changed to compare the current quarterly and annual published data. As annual data is calculated using the quarterly compilations the result should show zero differences.
- 6.1.4 Consistency between BoP and IIP – Done what was possible
Some clarification is needed on the data and accounting rules:
 - Revaluations due to exchange rates,
 - Revaluations due to other price changes, and
 - Other changes in the volume of assets/liabilities
 - Net (by functional category and instrument)
 - F-F7-Fin. Derivatives and ESOs.
 The tables related to IIP could be investigated with coming IIP Actions.
- 6.1.5 Errors and Omissions are replicated.
All the agreed tables produced and results were analysed and commented.
- 6.2.2 Directional Consistency
Some unclarity exists on how to calculate this indicator. This could be investigated with coming IIP Actions.

Overall CBBH has done a very good job on the first draft of the quality report, and the drafted version covers more topics than agreed on in the previous action and in the Mission Plan. In practice all the content, which is relevant the Eurostat BPM6 Quality Report is covered. The CBBH quarterly

release calendar is very close to Eurostat calendar, and the data transmission to Eurostat should be possible on time. Two minor issues considering IIP-tables need still more investigation with IIP experts. The CBBH Balance of Payments Staff is skilful using Excel-based data. The accounting of the Quality Report need more than 20 different tables.

The above-mentioned adjustments are minor adjustments and it was agreed that CBBH will adjust and send the final report to the MS experts for commenting. When these adjustments are made CBBH have a full quality report resembling the one Eurostat makes for EU member states, with the known limitations of not having monthly and geographical distributed data.

Assessment of the requirements for the deliveries to Eurostat according to the Vademecum

The requirements of monthly data and geographical distributed data were thoroughly discussed. A detailed examination of each source to compile the BoP were conducted and an assessment of the requirements for the deliveries based on the Vademecum were discussed. Below is a short assessment of the possibility for CBBH to produce monthly and geographical figures in accordance to the requirements in the Vademecum:

Goods – The main source is the statistical dataset on import c.i.f/export f.o.b based on custom declarations (compiled by BH Agency for statistics), which could be compiled on a monthly. Also the country dimension is available.

Services –The sources for travel and the ITRS could provide monthly figures, but it requires additional work that are currently not being conducted. The other sources are either on quarterly or annual basis, and would be unfeasible to conduct monthly. For the geographical distribution, most of the sources have information on country level. For the sources not on country level, it would be possible to estimate. Also alternative sources were discussed and here payment card data came up as an additional source. This source could provide additional information about the country distribution and information on many different service items related to private transactions.

Primary Income – Compensation of employees is model based and could be produced monthly, but this would require some extra effort. The other part of primary income would be more demanding to do monthly.

Secondary income – The main source for this is ITRS, which is conducted monthly. But monthly compilation of secondary income would require extra resources and it is undoubtedly necessary to strengthen the IT-systems to minimize the compilation time and secure a proper data structure.

The requirements for the monthly reporting following Vademecum are not so detailed with regard to items required and geographical distribution. The current monthly sources could be used as indicators for more demanding accounting methods. For example, the Denton method, recommended by Eurostat, would be a possible method to divide quarterly data into monthly estimates by using a monthly indicator. The conclusion from the examination is that it would require additional resources to follow the monthly and geographical requirements in Vademecum as well as the need to strengthen the IT-systems. However, with current sources it would, in theory, be possible to make monthly and geographical figures.

The requirements for quarterly Eurostat reporting is much more detailed in economic and geographical distributions. It would be possible to estimate the geographical distribution, but with the current system adding countries to the tables would be very difficult.

To follow the Vademecum with respect to QIIP requirements will be assessed in the latter missions planned.

The current system in CBBH can produce the required data and transmit data to Eurostat in SDMX format, but it is a very time-consuming task which would be impossible to do monthly. Therefore, it is recommended to design and build a new type of IT-system, which would be organized as a data warehouse. The purpose of this is to make the data transmission more automated and have a place to store the many new data and tables that are required by the Vademecum.

There was lot of discussion on how Balance of Payments statistics are organized in Denmark and in Finland. Denmark has around 20 people working on the current account and goods statistics and in Finland round 15. The organisations have specialized people for data collection and IT-systems and IT-support. It was also discussed how Denmark has one online survey for the services, with additional questions on goods not covered by the goods statistics (382 monthly respondents and 1201 annual). However, it is not necessarily the way to go for BH as the main activities are covered by specialized surveys on specific areas.

3. Conclusions and recommendations

The CBBH Balance of Payments met the requirements for the first mission (3.1) and even did some additional work almost to make a full draft of the BPM6-based quality report. Preparing data was successfully done and was stored in one Excel-file system, which included more than twenty excel-tables.

The first draft version of the quality report for BH where created based on the available data, with the known limitations of not having monthly and geographical distributed data. The CBBH BoP staff analysed and commented the findings in the first draft of the Quality Report. It has been a considerable examination of the requirements of Eurostat BoP production.

The CBBH has sufficient data sources to produce almost all the data transmission tables required by the Vademecum. However to produce and transmit these numbers monthly and quarterly in a reliable way to Eurostat, would require more from the IT-system and more resources since it is an considerable increase of new or extended statistics. MS experts would recommend to design and implement a data warehouse based IT-system, which would have a more automated data transmission procedure and other features to replace manual work.

The compiling of the Balance of Payments is based on BPM6 in the CBBH. The descriptions on the applied statistical concepts, data sources and procedures, are in web pages and for IMF data delivery. It is recommended to put all together and make a drafted inventory for Eurostat.

Next step following to the mission

Action	Deadline	Responsible person
Finalize the draft Quality report	End of August 2019	CBBH
Drafted inventory on the BoP	End of March 2019	CBBH

Annex 1. Terms of Reference

Terms of Reference

EU Twinning Project BA 15 IPA ST 01 17

**Component 3: Balance of Payment and IIPs
17-20 April 2018**

Activity 3.2: Draft quality report for Balance of Payment

1. Mandatory results and benchmarks for the component

Mandatory results:

- Quality criteria and quality reporting on balance payments statistics produced by 8th project quarter
- Quarterly international investment position statistics developed by 8th project quarter

Benchmarks:

- Quality criteria of balance of payment defined by 1st project quarter
- Draft quality report for balance of payment developed by 3rd project quarter
- Available data sources for quarterly international investment positions statistics identified by 4th project quarter
- Final quality report for balance of payment developed by 7th project quarter
- Methodological document for quarterly international investment positions statistics developed by 8th project quarter
- Consistency between quarterly and annual IIP performed by 8th project quarter
- First data on quarterly international investment position for selected years published by 8th project quarter

2. Purpose of the activity

- Follow up from the last mission
 - CBBH presents the work done on gathering data, calculating indicators and preparing the draft template for the quality report
- Eurostat requirements
 - Assessment of the possibilities to produce the monthly BoP figures
 - Assessment of the possibilities to distribute BoP figures on geography
 - Assessment of the requirements for the deliveries to Eurostat according to the Vademecum (Results should be noted in Chapter 1 of the quality report)

- Discussion on the creation of an inventory for Balance of Payments and FDI (Optional)
- Discussion and adjustment on the first draft of Quality Report
- Draft Quality Report

3. Expected output of the activity

- Draft quality report for BoP made
- Input provided to the ToR of next activity

Annex 2. Persons met

Central Bank of Bosnia and Herzegovina (CBBH)

- Amir Hadziomeragic, Head of Statistics and Publications Department
- Vedran Milisav, Head of BoP statistics section
- Danica Lučić
- Naida Hadžimuratović
- Aida Kalčo
- Jelena Obradović

MS Experts

- Jonas Khalili, Statistics Denmark
- Juha Martikainen, Statistics Finland

Twinning Project Administration

- Katja Møller Hjeltvang, RTA
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