

# **TWINNING CONTRACT**

**BA 12 IB ST 01**

**Support to the State and Entity Statistical Institutions, phase VI**



## **MISSION REPORT**

**on**

### **Activity 2.2.1**

**Assessment and status check since last Twinning project.  
Integrating business services into SBS survey**

Mission carried out by  
Željko Jelovečki, Croatian Bureau of Statistics  
15-19. December 2014.

Version: Final



Expert contact information

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**List of Abbreviations**

|            |   |
|------------|---|
| BHAS       | Agency for Statistics of Bosnia and Herzegovina                             |
| BiH        | Bosnia and Herzegovina  |
| CPA        | Statistical classification of products by activity                          |
| 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   |
| NACE Rev.2 | Statistical classification of economic activities in the European Community |
| RSIS       | Institute for Statistics of Republika Srpska                                |
| RTA        | Resident Twinning Adviser   |
| SBS        | Structural Business Statistics  |

ToR            Terms of Reference

## **1. General comments**

This mission report was prepared within the Twinning Project "Support to the State and Entity Statistical Institutions, phase VI". It was the first mission to be dedicated to an assessment of the results of the previous SBS surveys and integrating Business Services into SBS survey within Component 2.2. of the project.

The purposes of the mission were:

- To assess present situation of SBS in BiH and check status since last Twinning project
- To prepare actions for integrating business services into existing SBS survey

The consultant would like to express his thanks to all officials and individuals met for the kind support and valuable information which he received during the stay in Bosnia-Herzegovina and 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 EU, BHAS, FIS, RSIS or Croatian Bureau of Statistics.

## **2. Assessment and results**

The list of activities defined in the ToR for the first mission includes:

- Presentation and discussions of present situation of SBS in BiH
- Presentation of SBS Regulation requirements – Annex VIII – Business Services (coverage, characteristics, reference year)
- Evaluation of content appendix of questionnaires for Annex I of SBS survey 2014 in terms of SBS Regulation requirements– Annex VIII
- Preparation appendix of questionnaires for Annex I of SBS survey for 2014 as reference year
- Preparation of list of activities that should be done before the next mission
- Preparation of list of topics for the next mission

During the mission the following outputs have been produced:

- The current situation of the SBS in BiH and compliance with the EU Regulation 295/2008 was discussed and clarified.
- Draft appendix of questionnaire for Business Services prepared
- General and detailed activity plans for the next mission prepared
- Draft ToR for the next mission prepared and agreed by all partners (BHAS-DB, FIS, RSIS participants, experts and RTA)
- Mission report – summarized version completed

## **Assessment and status check since last Twinning project**

As a part of the EU Twinning Project BA-12-IB-ST-01, Component 2.2. Structural Business Statistics, the first action was to clarify the current situation of the BiH SBS in general with

regards to compliance with the EU Regulations and clarify the status since last Twinning project.

The production of SBS variables defined in Annexes I-IV of the SBS Regulation was developed during the previous Twinning project. SBS datasets for the year 2011 as a first reference year have been produced and transmitted to Eurostat for the first time on a voluntary basis.

SBS data for the 2012 reference year has been produced and transmitted to Eurostat, and data production for 2013 reference year is in progress. The Eurostat Quality report on SBS Annexes I-IV has not been filed and transmitted to Eurostat yet. The expert was presented content of the Eurostat Quality report and suggested filling it in for actual reference year.

BiH has built up and introduced a sustainable SBS compilation system in regular production. The data collection system in order to comply with SBS requirement uses the statistical survey (full scope survey for enterprises with 20 and more persons employed, and sample surveys carried on enterprises with less than 20 persons employed). The survey population and sample frame are based on the Statistical Business Register. The criterion for determining the principal activity is the largest share in the total value added of an enterprise. If it is not possible to obtain the accurate information on the value added, the activity classification has to be determined by using substitute criteria such as income and/or number of persons employed.

Regarding the relation between reporting units and the legal units / enterprise (statistical unit), BiH stated that the legal units is the reporting unit, and they apply the methods that legal units=enterprise. The expert informed the BiH experts that Eurostat insists on complete implementation of the definition of statistical unit “enterprise” such as is defined in Regulation No 696/93.

The activity coverage includes all active enterprises – legal entities (without natural persons) that are classified to sections B – J and L – N as well as to division 95 of section S, according to their main activity. This means that activity coverage was fully compliance with SBS requirements.

In terms of coverage, only data on natural persons (crafts) is out-of-scope and at the moment they are not included in BiH SBS figures. Thus, the coverage of natural persons (crafts) is still a problem, and the expert recommended to make an additional sample of natural persons or to estimate the variables for natural persons by using the information on the number of employees for each natural person from the SBR.

At present the completeness of the data series available compared with the requirements is only partly. Not all the needed data series are produced. All preliminary data series are missing (1P, 2P, 3P and 4P), as well as some regular annual and multiannual data series. Missing data series are not produced mainly due to a lack of IT support. The expert recommends an additional effort to program the missing data series since the needed data are mainly collected and exist in the database.

The most important achievement since the last Twinning project is the implementation of secondary confidentiality treatment. This has been done for the 2012 reference year. BiH has developed its own program for the secondary encryption. This is a satisfying solution if it is sustainable, given that program depends exclusively on one expert.

During the mission the expert presented the new SBS requirements because in mid-2014 two new SBS regulations were adopted (Commission Regulation (EU) No 446/2014 and Commission Implementing Regulation (EU) No 439/2014). These regulations impose additional requirements for SBS Annexes 1 to 4. Part of the characteristics of the financial Annexes 5-7 allocated to the two series of general Annex 1, and collection will be continues to be collected on annually basis.

Development activities on IFATS have begun and estimation of IFATS for 2012 is made. BiH is still not able to produce OFATS. The expert suggested that the production of OFATS should be organized by the Central Bank.

There is currently no existing production of SBS Annex VIII Business Services and SBS Annex IX Business Demography and all of work in this area will start from the very beginning.

Also, during the mission some Croatian experiences regarding the SBS production was presented, and possible different solutions were discussed.

### **Integration of business services into SBS survey**

As a part of the EU Twinning Project BA-12-IB-ST-01, Component 2.2. Structural Business Statistics, the second action was to integrate business services into the SBS survey.

Currently, there is no existing production of SBS Annex VIII Business Services, and work in this area will start from the very beginning. The EU regulations relevant for Business Services are the following:

- Regulation (EC) No 295/2008 of the European Parliament and of the Council of 11 March 2009 concerning Structural Business Statistics (recast).
- Commission Regulation (EC) No 250/2009 (as regards the definitions of characteristics, the technical format for the transmission of data, and derogations to be granted for Structural Business Statistics)
- Commission Regulation (EC) No 251/2009 (as regards the series of data to be produced for Structural Business Statistics and the adaptations necessary after the revision of the statistical classification of products by activity (CPA)).

Content and obligations (coverage, characteristics, reference year) derived from mentioned regulations are presented by the expert. During the mission different approaches and possible models for data collection were discussed. Possible questionnaires for data collection and draft instructions for respondents were prepared and presented by the expert.

Finally, draft appendixes of the questionnaire for Annex I of the SBS survey were prepared and the content of the appendixes was discussed and basically agreed. Draft instructions for respondents were prepared and basically agreed, also.

### **3. Conclusions and recommendations**

**Recommendations regarding assessment and status check since last Twinning project**

Recommendations related to assessment and status check since the last Twinning project are in correlation to the assessment of the current situation in BiH concerning availability of data for SBS Annexes from one side and EU regulations and requirements from the other side. The following recommendations are presented by the expert:

- Inclusion of natural persons (crafts) into SBS coverage as soon as possible
  - through estimation or adding them to SBS sample.
- Production and programming the missing data series
  - preliminary data series need to be produced and transmitted to Eurostat as the priority.
  - missing annual and multiannual data series need to be produced and transmitted.
  - two new series of general Annex I need to be produced and transmitted.
- Development and implementation of other SBS domains
  - Business Demography needs to be developed and produced as the priority.
  - Business Services need to be developed and produced.
  - OFATS should be organized and produced by the Central Bank.
- Use of existing statistical and administrative data as a basis for production of parts of SBS
  - firstly, existing Investment survey as potential statistical source needs to be analysed
- Improvement of the data quality

**Conclusions regarding integrating business services into SBS survey**

There are three entities within Bosnia and three institutions responsible for producing statistics. All three institutions will be engaged in producing of SBS Annex VIII - Business Services. Therefore, the following conclusions are together discussed and agreed:

- Data collection for business services will be integrated into the existing SBS questionnaire for Annex I.
- Final annual appendixes of questionnaires for Annex I of the SBS survey have to be prepared for the following NACE activities:
  - Computer services (NACE Rev.2 division 62 and groups 58.2 and 63.1)
  - Advertising (NACE Rev.2 group 73.1)
  - Employment activities (NACE Rev.2 division 78)
- Final biannual appendixes of questionnaires for Annex I of the SBS survey have to be prepared for the following NACE activities:
  - Legal services (NACE Rev.2 group 69.1)
  - Accounting, bookkeeping and auditing activities; tax consultancy (NACE Rev.2 group 69.2)
  - Management consultancy activities (NACE Rev.2 group 70.2)
- For selected questionnaires final instructions for completing and methodological instructions have to be prepared.
- Survey will include all enterprises with 20 or more persons employed only.



- First business services survey for the selected NACE activities will be carried out within the SBS survey for 2014 reference year.

### **Actions needed for moving forward as well as for preparing the next mission**

| <b>Action</b>   | <b>Deadline</b>       | <b>Responsible person</b> |
|---|-----------------------|---------------------------|
| Preparation of final annual appendixes of questionnaires for Annex I of SBS survey for 2014 for the selected NACE activities. | End of January 2015   | BHAS, FIS and RSIS        |
| Preparation of final instructions for competing of the selected appendixes.   | End of January 2015   | BHAS, FIS and RSIS        |
| Testing draft questionnaires by contacting the relevant companies and associations.   | If it necessary       | BHAS, FIS and RSIS        |
| Selection of statistical units and creation of the address book   | End of February 2015  | BHAS, FIS and RSIS        |
| Carrying out of first business services survey for the selected NACE activities   | End of September 2015 | BHAS, FIS and RSIS        |

**Annex 1. Terms of Reference****EU Twinning Project BA-12-IB-ST-01****Terms of Reference****Component: 2.2.Structural Business Statistics****15.-19. December 2014****Agency for Statistics of Bosnia and Herzegovina,  
Sarajevo, Ferhadija 11, fifth floor****2.2.1. Activity****Assesment and status check since last Twinning project. Integrating business services into SBS survey****Benchmarks**

- Methodology for Business Services developed by 8th project quarter
- Methodology for Business Demography developed by 8th project quarter
- New SBS variable on Business Services compiled and available by 8th project quarter
- New SBS variable on Business Demography compiled and available by 8th project quarter

**Purpose of activity**The expected activities are:

- Presentation and discussions of present situation of SBS in BiH
- Presentation of requirements SBS Regulation – Annex VIII – Business Services (coverage, characteristics, reference year)
- Evaluation of content appendix of questionnaires for Annex I of SBS survey 2014 in terms of requirements SBS Regulation – Annex VIII
- Preparation appendix of questionnaires for Annex I of SBS survey for 2014 as reference year
- Preparation of list of activities that should be done before the next mission
- Preparation of list of topics for the next mission

**Expected output**

- Clarified of the current situation of the SBS in BiH and compliance with the EU Regulation 295/2008
- Prepared appendix of questionare for business services
- Mission report – summarized and detailed version completed
- General and detailed activity plans and draft ToR for the next mission prepared and agreed by all partners (BHAS-DB, FIS, RSIS participants, experts and RTA)

|                             |
|-----------------------------|
| <b>List of participants</b> |
|-----------------------------|

**Expert**

Željko Jelovečki, Head of Department for Structural Business Statistics in Croatian Office of Statistics

**Agency for Statistics of BiH**

Tima Karačić, Head of Department for Structural Business Statistics,  
Bojana Cicović, Senior Official for Structural Business Statistics,  
Azur Đapo, Senior Official for services

**Institute for Statistics of Federation of BiH (FIS)**

Aida Ljuca, Senior Official for Structural Business Statistics,

**Institute for Statistics of Republika Srpska (RSIS)**

Danica Babić, Specialist for Structural Business Statistics

**Twining Project Administration**

Soren Leth-Sorensen, RTA  
Djemka Sahinpašić, RTA Assistant

| <b>Agenda</b>   |                      |              |                                 |   |
|---|----------------------|--------------|---------------------------------|---|
| <b>Location: Sarajevo, Agency for Statistics of BiH, Ferhadija 11. fourth floor</b> |                      |              |                                 |   |
| <b>Time</b>   | <b>Day</b>           | <b>Place</b> | <b>Event</b>                    | <b>Purpose / Detail of event</b>  |
| <b>10:00-11:30</b>  | Monday, morning      |              | BC expert briefing with the RTA | To discuss the mission, discuss previous experience   |
| <b>12:30-15:30</b>  | Monday, afternoon    |              | Workshop with BC Experts        | Clarified of the current situation of the SBS in BiH and compliance with the EU Regulation 295/2008 - presentation current status of production SBS data – BC staff. Discussion of current issues of production SBS data. |
| <b>9:00-15:30</b>   | Tuesday, morning     |              | Workshop with BC Experts        | Presentation of requirements SBS Regulation – Annex VIII – Business Services (coverage, variables, reference year) – IPA expert   |
|   | Tuesday, afternoon   |              | Workshop with BC Experts        | Consideration of the prepared appendix of questionnaire for Annex I of SBS survey 2014 in relation to the requirements of the SBS Regulation.   |
| <b>9:00-15:30</b>   | Wednesday, morning   |              | Workshop with BC Experts        | Preparation appendix of questionnaires for Annex I of SBS survey for 2014 as reference year   |
|   | Wednesday, afternoon |              | Workshop with BC Experts        | Final agreement on the appendix and preparation instruction for filling. Discussion of production and dissemination variables of Annex VIII   |
| <b>9:00-15:30</b>   | Thursday, morning    |              | Workshop with BC Experts        | Evaluation activities done on the mission and preparing activities for the next mission.  |
|   | Thursday, afternoon  |              | Workshop with BC Experts        | Homework for the next mission for business services.  |
| <b>8:30-13:00</b>   | Friday, morning      |              | Meeting with BC Experts         | Presentation of results, agreement on mission report, homework for the next mission, implications for the next activities   |

## **Annex 2. Persons met**

### Experts:

Željko Jelovečki, Croatian Bureau of Statistics

### BHAS:

Tima Karačić, Head of Department for Structural Business Statistics,  
Bojana Cicović, Senior Official for Structural Business Statistics,  
Azur Đapo, Senior Official for services

### FIS:

Aida Ljuca, Senior Official for Structural Business Statistics,

### RSIS:

Danica Babić, Specialist for Structural Business Statistics

### RTA Team:

Søren Leth-Sørensen  
Djemka Sahinpasic