

TWINNING CONTRACT

BA 12 IB ST 01

Support to the State and Entity Statistical Institutions, phase VI



MISSION REPORT

on

Activity 4.5 Developing ESSPROS

Mission carried out by
Lene Jendresen, Statistics Denmark
Mario Vljajcevic, Croatian Bureau of Statistics

7 - 11 March 2016

Version: Final



Expert contact information

*Lene Jendresen
Statistics Denmark
Sejrøgade 11
DK-2100 Copenhagen Ø
Denmark
Tel: 0045-39173461
Email: len@dst.dk*

*Mario Vlajčević
Croatian Bureau of Statistics
Ilica 3
10000 Zagreb
Republic of Croatia
phone: (+385 1) 48 06 111
Email: vlajcevicm@dzs.hr*

:

Table of contents

Executive Summary	4
1. General comments.....	4
2. Assessment and results.....	4
3. Conclusions and recommendations.....	8
Annex 1. Terms of Reference	9
Annex 2. Persons met.....	10

List of Abbreviations

BD	Brcko District of Bosnia and Herzegovina
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

Executive Summary

The main purpose of this mission was the following activities in connection with the second pilot project data collection of ESSPROS in BiH:

- Review of quality of the pilot survey results
- Data processing and analysis of the pilot survey results
- Discussion on how to improve the survey

1. General comments

FIS and RSIS representatives presented their achievements since the last mission. Both entities have managed to get comprehensive qualitative information on all benefits including for instance legislation in use on the different levels of administration (entity level and cantons) and knowledge on the more practical administration of the legislation. FIS has almost finished a methodological paper documenting the social welfare system in the Federation in details, and RSIS and BD are about to produce the same documentation.

The representatives from the entities have in general gained a very good insight into the social welfare system of their respective entities and they seem to have a good overview of where there might still be missing quantitative or qualitative data as well as where there are borderline issues where decisions have to be taken.

2. Assessment and results

The quality of the quantitative pilot survey results seems to be generally good. Data coverage is good. It was concluded during the pilot survey that it would be necessary to include some of missing benefits from local governance units in RS in the future. The experts have not had the opportunity to see the latest data because of the pending issues still left after the previous mission. In line with the instructions from the previous mission, FIS, RS and BHAS have made appropriate re-checks with the reporting units. Certain amendments are still to be inserted in the Quantitative (and, consequently, in Qualitative) data questionnaires.

BHAS representatives have merged current Qualitative information into a single, comprehensive questionnaire.

The experts will receive both the quantitative and the qualitative questionnaires at least one week before the final mission.

Application of the accrual accounting has been advised by experts for use whenever possible. In case this is not possible, then the harmonisation of the balance has been suggested, by simply increasing corresponding item or items on the receipts side (as is the case with the GDP aggregates, which are harmonised on the most general level).

There is a problem concerning a possible underfunding of the Pension Insurance Fund in the data received in the entities. As recommended during the previous mission, the representatives of FIS and RSIS contacted the pension and disability funds in the entities and data from their financial reports are harmonised with submitted data, which is confirmed by an independent auditors report.

In addition to pensions acquired under general conditions, Pension insurance scheme includes several groups of beneficiaries who acquired their pensions solely under special regulations or in combination with general conditions.

Accordingly, the description of the Scheme should at least include the information on categories of beneficiaries under special regulations, which are also included in this scheme. Also, a separate footnote informing users on this is welcomed.

As pension under special regulations could have distinct elements of either conditions for pension acquisition (most notable being the age condition) or for pension calculation (e.g. different valuation points), there could be a potential for separate pension schemes. As it was already mentioned in the Mission report for the activity 4.4, this will not be feasible within the time frame of this project, but it is advisable to add proper metadata in order to inform potential users.

Also with regard to Pension insurance scheme, it should be mentioned that the data for the anticipated old-age pension currently form an indispensable part of an item for full old-age pensions. As the pension system allows early retirement under general conditions, the data for these pensions are to be extracted from the item in which they are currently located into item 1131112. As the information on the exact amount of these pensions does not exist in the pension and disability insurance funds, a clear explanation should be provided in the Qualitative questionnaire, and also a footnote in Quantitative questionnaire would be advisable.

The BC was in general advised to make use of the footnotes-possibility in the questionnaires and to include all relevant information in the qualitative information. At the same time it is clear, that the qualitative information must be kept as brief and precise as possible, as information included here is to be updated each year, but nothing is to be deleted.

The experts mentioned the validation process led by Eurostat that take place after each reporting. This validation process is by the experts seen as very useful for the countries as it points out where there are inconsistencies, typing errors and the like. Also it gives an opportunity to have another opinion in cases where the reporting country might be uncertain about the correct reporting.

A result of the mission in November 2015 was a request by the experts that the beneficiary country should present a list of unsolved and pending questions to the experts before the next mission.

The questions were all discussed and solutions were either decided on by the participants, or the discussion provided input for the BHAS, FIS and RSIS to make a decision in common.

The questions and suggestions discussed were the following (see questions in attachment):

1. Cash transfers to non-profit organisations: It was decided to postpone the inclusion of the non-profit organisations until better data are available. A separate scheme for the non-profit organisations was suggested as well as to make more schemes when possible.
2. Personal disability cash benefits: As the benefits are described by characteristics, they are disability pensions according to the ESSPROS methodology, as they are periodic cash benefits for disabled people and without a time limit. The experts looked for similar cases in a few other countries and found that they in some of these cases might be treated differently. The experts mentioned the impact of the fact that the number of pension beneficiaries will increase substantially when the personal disability cash benefit as well as the survivors disability cash benefit are treated as pensions.
3. Survivors disability cash benefit: As it is periodic cash benefits to survivors of a family member, the experts find that they are best classified as a survivors pension according to the ESSPROS methodology.
4. Active employment measures: The active employment measures in BiH consists of
 - a. benefits paid directly to unemployed people in order to help them start their own business, and
 - b. cash benefits paid to employers primarily to cover the costs of social contributions they are obliged to pay for trainees sent to them by the jobcentres as part of the implementation of different programs and projects with the purpose of helping different categories of unemployed people into the labour market. In some cases also transportations costs and a very small salary are covered, but these are also paid to the unemployed persons via the employers.

With a reference to the manual (7.2.1 § 70) the benefits paid directly to unemployed people can be included in ESSPROS (as other cash benefits) together with an explanation in footnotes.

Regarding cash benefits paid to employers the experts looked for similar cases in the qualitative information from countries close to BiH.

The manual (7.1 § 64) states that expenditures, that are not a direct advantage to households in the sense that it raises their disposable income by cash transfers or the provision of goods and services, are not within the scope of social protection in the core system of ESSPROS. Examples are wage subsidies, exemptions from paying employers' social contributions and similar measures aimed at business with the purpose of combating unemployment. A common characteristic of these measures is that they help both business and the unemployed.

The cash benefits paid to the employers in BiH to cover the payment of (both employers' and employees') social contributions could as well have been paid by the jobcentres on behalf of the unemployed persons sent to the firms for job training. And the coverage of transportation costs could as well have been paid directly to the unemployed persons.

So it can be argued that the payment of the benefits to the employers are nothing but an administrative arrangement and that the firms involved are not receiving a support for their own business. In the context with the fact that the programs and projects are intended only for the groups having the biggest difficulties in getting jobs on ordinary terms, and who generally probably need this on the job training before they are more than an extra cost to the employers, this speaks for that these benefits could be included in ESSPROS, though they are paid to the employers.

As a result of this discussion, and since this is the only way it is chosen by BiH to make these people more competitive on the labour market, it is chosen to include these benefits this time, but at the same time draw the attention to this decision in the footnotes and in the qualitative information (and in this way indirectly ask Eurostat for their opinion on this).

5. The transfers to the Economic-Social Council of FBiH: This is not within the scope of ESSPROS.

6. Benefits like "Foster placement": it was explained to the experts that this concerns both adults and children who are placed in foster care of different reasons. It was decided to register this as accommodation under the relevant functions (family/children or social exclusion).

7. Expenditures like insurance, payment services etc.: these types of expenditures are included in administration costs.

8. Capital expenditures: capital expenditures were discussed but no clear guidelines could be provided. If possible the experts will provide better help in the detailed mission report or later.

9. Aggregation of child protection scheme: It was decided that BHAS extract the amounts connected with child protection from the welfare scheme, so these can be included in the child protection scheme for all entities.

10. Solidarity Fund in RS: it was not discussed at the meeting

The possible improvements of the survey were discussed in between other discussions.

BHAS presented their draft of the methodological document and the draft was discussed in headlines. The prevailing opinion was that it should be a document describing the national methodology, and with three annexes (for two entities and for BD) describing the methodology in the entities in details. FIS presented their detailed methodological document and it was found that the same table of content can be used by the RSIS and BD.

3. Conclusions and recommendations

What to do before the next mission for the BC Counterpart and Experts

1. RSIS and BD: provide written methodology to BHAS
2. FIS: send methodology to BHAS
3. BHAS: finalize methodology document. Collect final questionnaires from the entities and send to experts at least one week before the next mission.
4. Experts: provide better guidelines for capital expenditures if possible. Look at the questionnaires to try to discover obvious errors.

Topics for the next mission

To be submitted in TOR before the next mission.

Review of survey results

Review of methodology

Inputs for further improvement of ESSPROS

Annex 1. Terms of Reference

EU Twinning Project BA-12-IB-ST-01

Terms of Reference

Component 4: ESSPROS

7-11 March 2016

Institute for Statistics of Federation of Bosnia and Herzegovina,
Sarajevo, Zelenih beretki 26 – Conference room, I floor

Activity

4.5 Developing ESSPROS

Benchmarks

- Analysis of local settings conducted and links with national accounts statistics defined by 2nd project quarter
- More data for developing ESSPROS available by 5th project quarter
- ESSPROS methodology available by 8th project quarter
- Results of pilot survey available by 8th project quarter

Purpose of activity

The expected activities are:

- Review of quality of the pilot survey results
- Data processing and analysis of the pilot survey results
- Discussion on how to improve the survey

Expected output

- First take on developing ESSPROS made
- Input to methodology document made

Annex 2. Persons met

List of Participants

Experts

Lene Jendresen	Statistics Denmark
Mario Vlajčević	Croatian Bureau of Statistics

Agency for Statistics of BiH

Gorana Knežević	Head of Department of Society Development Statistics
Aida Eskić Pihljak	Senior Associate in Department of Society Development Statistics

Institute for Statistics of Federation of BiH (FIS)

Alma Hodo	Specialist for research, development, innovation and information society statistics
Hajrudin Alić	Head of department for Society Development Statistics

Institute for Statistics of Republika Srpska (RSIS)

Vanja Vilipić	Senior Statistician for Social Protection Statistics, Health and Gender Statistics
---------------	--

Agency for Statistics of BiH- branch District Brcko

Azur Đapo	Senior Officer for services
-----------	-----------------------------

Twinning Project Administration

Søren Leth-Sørensen	RTA
Djemka Sahinpašić	RTA Assistant
Svjetlana Pavicic	Interpreter