

TWINNING CONTRACT

BA 12 IB ST 01

Support to the State and Entity Statistical Institutions, phase VI



SUMMARY MISSION REPORT

on

**Activity 2.1.6
Institutional sector**

Mission carried out by
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Expert contact information

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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

Executive summary

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 fifth mission to be devoted to statistical business register (SBR) within Component 2.1. of the project, and the first mission dealing with institutional sector classification in this Component. Component 1, devoted to national accounts, has had three missions on institutional sector codes.

The purposes of the mission were:

- Current status of rules for determining and allocating of units to institution sector codes (by National Accounts)
- To discuss on rules for determining and allocating institutional sector codes to all SBR units
- Preparation of the list of activities to be done before the next mission

Representatives from NA were present on to first day of the mission as planned.

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

The views and observations stated in this report are those of the experts and do not necessarily correspond to the views of EU, BHAS, FIS, RSIS or Statistics Denmark or Statistics Finland.

2. Assessment and results

BHAS NA representative told about the current situation of sector allocation. Both entities have made great efforts in order to classify all active units from SBR, the work has been exhaustive and time consuming. Permanent lists (=list of units having fixed sector code) and automatic rules for sector allocation have been prepared. These "permanent lists" are needed because it isn't possible to allocate all units automatically correctly, even though automatic rules should be utilized for all it is worth in order to minimize manual work. Automatic rules are based on the information provided by SBR. In some cases additional information (not provided by SBR) is essential to make the correct decision about sector.

In the workplan “checklist”, which can be found in the Annex 3, is mentioned agreements that needed to be made in order to have sector codes in SBR in the end of the 2016, which is an expected result of the Twining project. Also one of the purposes of the mission was the preparation of the activities to be done in the following months. In order to achieve this goal experts utilized the work checklist which was initially created during mission 1.7 with the NA staff. Updating the checklist was basis for discussion and decisions. In the end, all agreed on the each item.

From the workplan we need to stress on some points:

- Instead of different automatic rules, the entities agreed on having common automatic rules which will be finalised at the latest on the next NA mission
 - Reason for having common rules is that automatic rules are based on the same information from SBR and same guidance from ESA2010
- Each entity is responsible for their own permanent list and also for delivering the permanent list to the IT-BHAS and IT-entities
- During October-November 2016 the results of the coding done in BR/IT should be tested and valuated (by BR + NA)
- By the end of November 2016 common rules and permanent lists should be implemented in SBR database
- In the first half of 2017 the procedure for automatic updates should be coded in IT-BHAS and IT-entities
- In the first half of 2017 the sector code should be a part of the SBR user interface
- It is not possible to update sectors codes frequently before the common automatic rules are fully implemented

There are still two missions, 1.9 and 1.10, on the way on national accounts Component where sector allocation is a relevant issue. It is important that all three statistical institutions (NA, BR, BR/IT) follow the workplan checklist.

Manuals for sector classification

On NA component missions about institutional sectors there has been discussions about need for manual for sector classification. It has been suggested that two manuals, one for internal and one for external use, are prepared. The experts were told that manual for sector classification for external use has been finished by the NA participants and will be later published on BHAS webpage. Second manual for internal use is in progress. This manual will include practical solutions, decisions and common rules that are made by statistical authorities in BiH to allocate units between sectors and subsectors. Manual will also cover information on the timing of sector updates in SBR based on the needs defined by NA. Purpose of the manual is to help internal

users to identify how units are classified and how the process for sector allocation is formed (including distribution of work between NA, BR, IT-support).

Frozen version of SBR

On day 2 the experts presented frozen version from the Danish SBR with comments from Finnish expert. In Denmark there are frozen versions on quarterly and on annual basis.

- They are all produced in preliminary and final versions
- The first annual version for sampling is created in December (for year T = current year)
- The second preliminary annual version is created in June for preliminary statistics (for year T-1)
- The final annual version is created in September (for year T-1)
- STS statistics use the quarterly versions, but the sampling is formed from the first annual version.
- Statistics shall use frozen versions and they are not allowed to change information about the units in frozen versions
- It is important that the statistics adapt their check-ups of the units before the creation of the frozen version

In Finland they have a data warehouse where they also have frozen versions from SBR.

Working group

All the participants from BR, IT and NA were active when mission was carried out which experts gladly took a note. Chance to exchange views between organisations seemed to be one of the key issues in order to proceed with the target which is to have all active units with sector codes in SBR in the near future. To set up a NA-based working group, with participants from SBR and other relevant groups, which can discuss and share views about everyday issues related to sector allocation, is highly recommended.

Other issues

Participants and MS experts discussed about active and inactive units, it was agreed that only active units should have sector code at this point. It was decided and clear to the participants that one unit should have only one sector code and it will be assigned to enterprise unit.

SBR should discuss about dates for sector codes (information about start date/end date of sector code) with NA.

Topics to be done

This was the only mission on SBR Component regarding institutional sectors, but follow-up on the results of this mission is very important. Results will be discussed on the final mission.

Action	Deadline	Responsible person
Permanent lists to be delivered to IT-BHAS and IT-entities	September 2016	BHAS, FIS, RSIS (NA)
Common rules to be agreed and delivered to IT-BHAS and IT-entities	October 2016	BHAS, FIS, RSIS (NA)
Be active in testing of the implementation results	November 2016	BHAS, FIS, RSIS (BR+NA)
To have sector code for all active enterprises in SBR	November 2016	BHAS, FIS, RSIS, (BR)
Updating methods for sector codes	May 2017	BHAS, FIS, RSIS, (NA, BR, IT)
Sector codes in user interface	May 2017	BHAS IT

Signatures

For the approval of the contents of this summarized report, representatives from BHAS, FIS and RSIS as well as the experts and the RTA signs here:

Date:

Component leader, BHAS

Component leader, FIS

Component leader, RSIS

RTA

MS Expert

MS Expert

Annex 1. Terms of Reference

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

Terms of Reference

Component: 2.6. Statistical Business Register

07 – 09.09.2016.

Agency for Statistics of BiH, Zelenih beretki 26, Sarajevo

Activity 2.1.6

Institutional sector

Benchmarks

- 5-year development plan updated by 1st project quarter and by 8th project quarter
- Methodology for linking SBR with the compilation of SBS business demography characteristics available by 4th project quarter
- Methodology for enterprise groups in SBR available by 8th project quarter
- **Institutional sectors code assigned to the SBR units by 8th project quarter**
- SBR is ready to be used for analysis of business demography by 8th project quarter

Purpose of activity

The expected activities are:

- Introductory speech on institutional sectors code prepared by experts
- Current status of rules for determining and allocating of units to institution sector codes (by National Accounts)
- Discussion on rules for determining and allocating institutional sector codes to all SBR units
- Next mission
 - Preparation of the list of activities to be done before the next mission

Expected output

- General overview on current status of rules for determination and allocation of units to institution sector codes
- Rules for determining and allocating institutional sector codes to all SBR units agreed
- The list of activities to be done before the next mission, prepared and agreed by all partners (BHAS-BD/ FIS/RSIS participants, experts and RTA)

Annex 2. Persons met

MS Experts

Steen Eiberg-Jørgensen Statistics Denmark

Merja Myllymäki Statistics Finland

Agency for Statistics of BiH

Statistical Business Register:

Dzenita Mustafić, Specialist for SBR (Coordinator for SBR Component, BHAS)

Mevlija Odobasić, Senior Advisor for SBR

Ivana Tavra Čolo, Senior Official for SBR

Branislava Cvijetić, Senior Advisor for IT

Senija Fačić, Head of Branch Office in Brčko District

Vedad Osmanović, Senior Advisor for IT in Brčko District

NA department

Dijana Mlikota, Assistant Director for Macroeconomic Statistics

Edina Kozić, Head of National Accounts Department

Institute for Statistics of Federation of BiH (FIS)

Statistical Business Register:

Enisa Rastić, Head of Unit for SBR (Coordinator for SBR Component, FIS)

Emira Beširević, Senior Official for SBR

Nidžara Zahiragić, Specialist for SBR

Envera Hurić, Senior Official for SBR

Razija Bičakčić, Senior Advisor for IT

NA department

Nisveta Džebo, Assistant Director for Economic Statistics

Nermina Ibrišević-Ademović, Head of National Accounts Department

Institute for Statistics of Republika Srpska (RSIS)

Statistical Business Register:

Nataša Teinović, Senior Official for SBR

NA department

Rada Radanović, Head of National Accounts Department

Dijana Maleš, Senior Associate
Dragana Kunovac, Senior Associate

Twinning Project Administration

Søren Leth-Sørensen, RTA
Djemka Šahinpašić, RTA Assistant
Interpreter, Ale Ljubuncic

Annex 3. Work checklist

Checklist on implementing the sector classification to SBR

This is an update for the checklist that was initially created in the NA-component, activity 1.7. Update was carried out in the SBR-component, activity 2.1.6. (NA+SBR+IT-support)

1. **Decide on the sectors-subsectors (cooperation of BHAS with the entities statistical institutions)**
 - a. **What levels should be included in the classification?**
 - i. **S13 at total level first, subsectoring to be implemented later** DONE: S13 implemented by NA at aggregate level, subsectoring is still under discussion and needs to be decided
 - ii. **S14 subsectoring? Suggestion: no subsectoring at first** DONE: in household sector subsectors are used
 - b. **Possible national extensions?** AGREED: national extensions do not exist, subsectoring is based on ESA 2010
 - c. **Common agreement on levels?** AGREED: with the exception of S13 subsectors (see above)
2. **Decide on the general implementation technique (cooperation of BHAS with the entities statistical institutions)**
 - a. **Lists of fixed units and determination chart (=rules) or some other way to proceed? Suggestion: Set of common rules on those parts that are same for all entities.** DONE: permanent list (=list of fixed units) and automatic rules (=determination chart) were chosen to be the general implementation technique in NA
3. **Plan and agree on organization responsibilities (cooperation of BHAS with the entities statistical institutions)**
 - a. **National Accounts**
 1. **Development of lists** DONE: permanent lists of fixed units
 2. **Development of automatic rules** DONE: in entity level
 3. **Development of quality control procedures** IN PROGRESS
 4. **Update of lists, determination chart and quality control tables** AGREED that this is a NA responsibility
 5. **Consideration of borderline and special cases** AGREED that this is a NA responsibility
 6. **Set up a Working Group** DECIDED IN FUTURE/IN PROGRESS: representatives from NA and Central Bank (SBR + IT-support when needed). Setting up a WG is strongly recommended by experts.
 - b. **Business registers**
 1. **Implement the permanent lists and automatic rules**

AGREED: Finished by the end of November 2016

Information of permanent lists and automatic rules delivered by NA (if not done yet) by the end of the September 2016

2. Technical confirmation of Sector Classification

AGREED: quality control by SBR means that all (active) units are classified into sectors, SBR contacts NA if there remains active units un-classified

3. Implement updated lists, automatic rules to SBR (with IT-support) when delivered by NA AGREED

- a. Timings of the updates needs to be agreed with NA (part of the manual which is for internal use)
- b. New units are allocated to sectors by automatic rules (done by SBR)
- c. If variable values, that are used in automatic rules, changes, the unit is re-classified (if not found on the permanent list)
- d. If some units are missing sector codes these units will be delivered to NA for further consideration
- e. Software application is updated by IT-support and sectors codes are to be seen by the end of May 2017 in SBR screens

c. BHAS/Entities (cooperation of BHAS with the entities statistical institutions):

1. Which body organizes and/or does the common rules?

DONE: Agency (Brčko District), FIS and RSIS have own automatic rules and permanent lists at first (see further)

- 4. Plan and agree on organization timing of development (cooperation of BHAS with the entities statistical institutions on common rules)** DONE: Development has been done but the implementation to SBR by the end of the year (see further)
- 5. Plan the (cooperation of BHAS with the entities statistical institutions)**
 - a. **timing of update runs (NA+BR), dependent on national accounts and business register production schedules** IN PROGRESS: to be defined in the manual book for internal use (probably quarterly)
 - b. **technique of update runs (NA+BR)** IN PROGRESS: by IT-support by the end of May 2017
- 6. Development lists, automatic rules and quality control tables (NA) (cooperation of BHAS with the entities statistical institutions)**
 - a. **Common rules:** IN PROGRESS: Generally agreed goal is to have common rules, at the moment rules are on the entity level. RSIS will deliver

automatic rules to SBR/IT-support during September 2016 for testing. Entity level rules will be tested as soon as possible (during the first two weeks of October 2016) to see if there is some differences in sector codes. Information about the results is to be sent to NA. Common rules will be discussed at the latest on NA mission in October 2016. After the mission, first final version of common rules and “final” permanent lists will be delivered to SBR/IT-support to implement initial version of sector codes in SBR database. Common rules and lists are implemented in SBR by the end of November.

b. Entity level rules: DONE: in future goal is to have only common rules

- 7. Development of BR update runs (BR) (cooperation of BHAS with the entities statistical institutions)** AGREED: 1) permanent lists → 2)
- 8. automatic rules → 3) Information to NA about units missing sector information if such a unit are found**
- 9. Implementation of sector classification to SBR (BR) (cooperation of BHAS with the entities statistical institutions)** AGREED: timing (see above)
- 10. Test the results with quality control tables (NA) (cooperation of BHAS with the entities statistical institutions)** IN PROGRESS
- 11. Manual on sector classification (NA) (cooperation of BHAS with the entities statistical institutions)** DONE/IN PROGRESS: Manual for external use is finished and will be published on BHAS webpage later. Internal manual is in progress and will be finished by the end of the project (during 2016).