

TWINNING CONTRACT

BA 15 IPA SR 01 17

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



MISSION REPORT

Activity 1.8:

**Plan for regular production and follow up on achievements and
recommendations for the future**

Component 1: National Accounts

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 last mission to be devoted to setting up the regional accounts within Component 1 National Accounts of the project.

The purposes of the mission were:

- Follow up from the previous missions (activity 1.7 and activity 1.8)
- Identification and sustainability of achievements and project results
- Clarification of outstanding issues
- Methodology
- Plan for publication and transmission to Eurostat
- Plan for regular production of Regional Accounts
- Identification of needs for additional support
- Discussions and recommendations for future work

The consultants 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 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. Status at the beginning of the project

One purpose of the project was to introduce the concepts and methodology for developing regional accounts according to ESA 2010 and the Eurostat manual on regional accounts methods (2013 edition) and assist in setting up the best approach for BiH for the following indicators:

- Gross value added
- Gross domestic product
- Gross fixed capital formation
- Employment data
- Compensation of employees data

Another purpose was to setting up the best approach for producing the quality reporting on the regional accounts in coherence with the EU quality assessment standards.

Mandatory result:

- Regional accounts, as a subsystem of national accounts, introduced and regional indicators at NUTS 2 level produced in line with EU standards by 8th project quarter

Benchmarks:

- Data sources identified and adjusted for regional accounts by 5th project quarter
- First test version of regional accounts at NUTS 2 level produced by 8th project quarter
- First version of basic regional indicators produced by 8th project quarter (Gross value added, Gross domestic product, Gross fixed capital formation, Employment data, Compensation of employees data)
- Quality report for regional accounts developed by 8th project quarter.

At the beginning of the project, evaluation of the current situation was performed by all parties (BC experts and MS experts). At the first four missions, the main work was mostly on analysing the sources from all involved parties (BHAS, FIS, RSIS) and the right approach to the future compilation:

- Presentation of National Accounts and production of macro-economic statistics in BiH by BC experts
- Presentations of National Accounts and regional accounts and production of macro-economic statistics in Croatia and Denmark (MS expert countries)
- Joint discussion of possible data providers and sources
- Identification of new data sources
- Identification of synergies with Structural Business Statistics
- FIS, RSIS and BHAS starting the communication and exchange of data between themselves about multi-regional units and institutions at the level of BiH.

At the 8th mission there was a presentation on EU standards for quality reporting by MS expert.

3. Status of project results

Achievements obtaining the benchmarks during the project:

- Data sources identified and adjusted for regional accounts by 5th project quarter
- First test version of basic regional indicators produced by 8th project quarter (Gross value added, Gross domestic product, Gross fixed capital formation, Employment data, Compensation of employees data)
- (The quality report for regional accounts developed was decided by all three institutions to be unattainable in this project).

Additional achievements:

- Improved communication and understanding of similar issues and problems (eg. employment data comparison, comparing notes and sources)
- Overview of available main data sources by NACE activities (made by FIS, RSIS and BHAS after 4th mission on all their sources and NACE's and also great solution to moving forward to the compilation process) good input for the future methodology.
- 5th mission resulted in pilot exercise of Regional GVA made by the MS experts for some NACE activities (in excel tables)
- First draft version of the methodology report.

Achievements not accomplished in the project:

- Plan for publication and transmission to Eurostat
- Plan for regular production of Regional Accounts.

Time schedule during the project:

- Agenda and ToR of the missions was followed on time and according to the schedule
- Some minor delays on exchanging the data between FIS, RSIS and BHAS
- Substitution of experts for GFCF, CoE and employment.

These above mentioned points were not influencing the quality of the results achieved or not achieved within the project.

New information uncovered during this mission:

- BHAS stated that regional accounts are currently not included in the future production plans (neither the annual plan of statistical activities, nor the planning for the multi-beneficial projects) and therefore wanted to get the opinions of FIS and RSIS on the subject:
 - FIS said that they had learned a lot from this project and spend a lot of time and resources in the project. In this project they reconfirmed how current data and

statistics input for regional accounts needed further development (employment as an regional indicator needs to be harmonised, additional improvement is needed in the SBR regarding local units and number of employees, the table 10 of SBS need to be improved), and that all three institutions will need to communicate and meet more frequently to improve the calculations and analyses of the regional accounts of BiH. However, they support the future work on regional accounts.

- RSIS said that they also invested a lot of time and effort in the last two years of the project. However, by analysing the data, their opinion is that additional improvement is needed in the SBR regarding local units and number of employees, before they will continue future work on regional accounts. They also stated that since it is a test version of regional accounts, data should not be published. RSIS stated that they currently are not in position to engage with the production on regional accounts, because of their responsibility related to the multi-beneficial IPA project regarding unobserved economy and lack of additional human resources.
- MS experts concluded that FIS and BHAS are able to prioritize to continue work on regional accounts, but RSIS would not prioritize to continue at present. MS experts urged all to keep in mind, that the purpose of the project is to set up a production system to *produce* regional accounts and that the test version achieved is of sufficient and satisfactory quality to be considered a good starting point for production. MS experts reminded that there is no such thing as perfect national accounts/regional accounts because there will always be room for improvement if resources are there.
- BHAS stated that they would like to thank MS experts for all their time and resources put in this project. BHAS acknowledged that MS experts could not have done more for the BC experts to succeed the complete output of the project.

4. Sustainability of the achievements

It is vital to organise future work by organising and setting up meetings between all joint parties (BHAS, RSIS, FIS, BD)

- Main aim – full analysis of data sources, common agreement on treatment of multiregional units and calculation of ESA categories for the purpose of the Regional Accounts in line with EU methodology
- Keeping each other informed about source changing, new surveys developed, new deadlines etc.
- Maintaining consensus

MS experts recommended a transparent organisation of tasks and responsibilities in compiling the Regional Accounts. They outlined the following suggestion:

- BHAS consolidates and collects data at the level of all entities
- BHAS should create a written agreement (*Memorandum of Understanding/Deliverance Contract*) between BHAS, RSIS, FIS and BD. The agreement should consist of:
 - 1. initial exchange of tables and mutual analysis and validation
 - 2. dynamics and mode of exchange (deadline dates, who-to-whom matrices)
 - 3. confidentiality and data protection
 - 4. the duration of the agreement should be indefinite
 - 5. work on possible improvement of methodology.

RSIS states that the recommendation to create mutual written agreement is not acceptable by RSIS for the reasons that relations between all statistical institutions in BiH are already regulated by The Law on statistics of Bosnia and Herzegovina, entity laws on statistics, and statistical programmes in BiH, as well as by annual work plans.

On obstacles that need to be taken into account on the sustainability of the achievements, the MS expert identified:

- The risk of insufficient human resources (there has to be adequate specialised experts, proper education/training/courses and IT support)
- A lack of prioritisation in compiling the Regional accounts – both in the long and short term planning, there need to be an annual production plan for the statistics and legal act (or similar contractual commitment) for regular statistics production for BiH.

5. Recommendations for the future (short and long term)

Short term:

- Producing and disseminating test versions to Eurostat
- Initiate agreement on the future work
- Draw up a production plan and memorandum of understanding (see 4. Sustainability of the achievements)
- 2nd draft of the methodology report (to include the agreed upon changes)
- Analyse and evaluate the data on Compensation of Employees and employment
- Estimate grey economy for regional employment
- Establish quality reporting.

Long term:

- Improve quality
 - Improve the current pseudo bottom up/mixed methods (by improving data sources).

6. Identification of needs for additional support

Since there were no future plans made for the regular production and for dissemination of test version to Eurostat, it was agreed that this paragraph is currently irrelevant.

7. Outstanding issues

Outstanding issues, meaning issues, that couldn't be completed during this project, were:

- The necessary prioritisation of resource allocation to continue the project
- The decision to transmit a test version of regional accounts to Eurostat.

Annex 1. Terms of Reference

Terms of Reference

EU Twinning Project BA 15 IPA ST 01 17

Component 1: National Accounts

17-20 February 2020

Hosting Institution: FIS, Zelenih beretki 26, Sarajevo

Activity 1.8: Plan for regular production and follow up on achievements and recommendations for the future

1. Mandatory results and benchmarks for the component

Mandatory result:

- Regional accounts, as a subsystem of national accounts, introduced and regional indicators at NUTS 2 level produced in line with EU standards by 8th project quarter

Benchmarks:

- Data sources identified and adjusted for regional accounts by 5th project quarter
- First test version of regional accounts at NUTS 2 level produced by 8th project quarter
- First version of basic regional indicators produced by 8th project quarter (Gross value added, Gross domestic product, Gross fixed capital formation, Employment data, Compensation of employees data)
- Quality report for regional accounts developed by 8th project quarter
- (*"it has been decided by all three institutions not to work further on quality reports in this project"*)

2. Purpose of the activity

- Follow up from the previous missions
- Identification and sustainability of achievements and project results
- Clarification of outstanding issues
- Methodology
- Plan for publication and transmission to Eurostat
- Plan for regular production of Regional Accounts
- Identification of needs for additional support
- Discussions and recommendations for future work

3. Expected output of the activity

- Plan for publication developed
- Final draft methodology developed

- Final draft quality report developed (*"it has been decided by all three institutions not to work further on quality reports in this project"*)
- Achieved results of the respective component analysed and assessed
- Recommendations for future work made (exit strategy)
- Sustainability of the achievements
- Identification of needs for additional support
- Outstanding issues

4. Participants

Agency for Statistics of BiH (BHAS)

- Dijana Mlikota, Assistant Director for Macroeconomic Statistics
- Edina Kozić, Head of National Accounts Department
- Senija Fačić, Head of the Branch Office Brcko
- Brana Taraba, Senior Adviser for Regional Accounts

Institute for Statistics of Federation of BiH (FIS)

- Nermina Ibrisević-Ademović, Head of Department
- Danijela Bujak-Buzuk, Senior Adviser for National Accounts
- Šejla Šehović-Karšić, Senior Adviser for Investment of fixed assets
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- Sanjin Čengić, Senior Associate for National Accounts

Institute for Statistics of Republika Srpska (RSIS)

- Rada Radanović, Head of National Accounts Department
- Dragana Kunovac, Senior Associate for State and Financial Sector - Project Component Coordinator for Regional Accounts
- Dijana Maleš, Senior Advisor for Investments, National Assets and Fixed Capital Consumption
- Žana Alagić, Senior Associate for the Nonfinancial Sector

MS Experts

- Jelena Kelebuš Arambasić, Croatian Bureau of Statistics
- Kathrine Lindeskov Johansen, Statistics Denmark

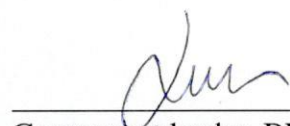
Twinning Project Administration

- Katja Møller Hjelvang, RTA
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- Haris Imamović, Interpreter

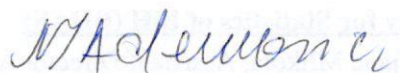
Signatures

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: 20th of February 2020



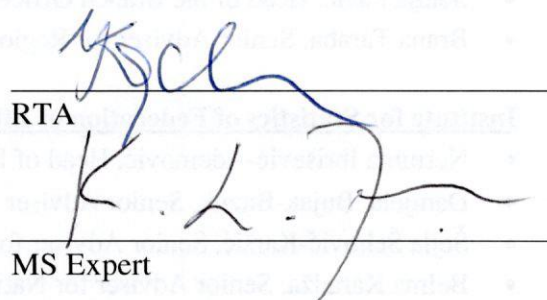
Component leader, BHAS



Component leader, FIS



Component leader, RSIS



RTA



MS Expert

MS Expert