

WINNING CONTRACT

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

Bosnia-Herzegovina



MISSION REPORT

on

Statistical Business Register

Component no 1.1.7

Mission carried out by
Peter Ottosen, Statistics Denmark
Ingeborg Vind, Statistics Denmark

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*Peter Ottosen
Statistics Denmark
Sejrøgade 11,
2100 København Ø
Denmark
Tel: + 45 39173281
Email: pot@dst.dk*

*Ingeborg Vind
Statistics Denmark
Sejrøgade 11,
2100 København Ø
Denmark
Tel: + 45 39173084
Email: inv@dst.dk*

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List of Abbreviations

BH	Bosnia-Herzegovina
BHAS	Agency for Statistics of Bosnia and Herzegovina
DB	District of Brčko
DST	Statistics Denmark
FIS	Institute for Statistics of Federation of Bosnia and Herzegovina
FBiH	Federation of Bosnia and Herzegovina
ITA	Indirect Tax Authority
KAU	Kind of Activity Unit
LKAU	Local Kind of Activity Unit
LLeU	Local Legal Unit
LU	Local Unit
RS	Republica Srpska
RSIS	Institute for Statistics of Republika Srpska
SBR	Statistical Business Register
SBS	Structural Business Statistics
STS	Short-Term Statistics
ToR	Terms of Reference
VAT	Value Added Tax

Preface

This mission report was prepared within the Twinning Project „Support to the State and Entity Statistical Institutions, phase V”. It was the sixth mission within subcomponent 1.1 on Statistical Business Register (SBR) of the project. The purpose with the mission was to discuss and elaborate on cooperation between Statistical Business Register (SBR) and Short–Term Statistics (STS), use of the survey side of the register and to discuss the implementation of local units within the statistical business register.

Both consultants would like to express their thanks to all officials and individuals met for the kind support and valuable information which we received during the stay in BH, and which highly facilitated the work of the consultants.

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

Agreement of cooperation between STS and SBR

An outline of a written agreement on cooperation between STS and SBR was developed.

The draft agreement needs to be developed further with more detail as well as being discussed and approved by all relevant parties of which several were not present at the meeting due to other meeting engagements.

A development plan was agreed upon with a deadline for finalising the work by the end of April 2013.

The agreement will be presented at the next mission on SBR.

Table 1. Plan for development of STS-SBR agreement

Activity	Finished	Responsible
Drafting the agreement		SBR
The cooperation agreement is discussed individually within each STS division and the SBR division to determine whether anything is missing or superfluous and to detail their requirements and needs.		SBR, STS divisions in each institute
SBR have bilateral meetings with each statistics to get input to the agreement		SBR, STS divisions in each institute
Consolidation of the agreement based on the previous discussions and input and consolidation between entities; identification of troublesome areas where demands or needs from several sides collide		SBR joint FIS, RSIS, BHAS
Joint discussion STS and SBR aiming at closing most parts and finding meaningful general level of agreement in troublesome areas		SBR, STS divisions all institutes
Based on previous discussion the agreement is revised and a consolidated text produced	End April 2013	SBR
<i>Discussion of agreement at high level</i>		<i>SBR</i>

The agreement should be general and suit the process and situation in all three statistical institutes. A need for specific agreements between SBR and each statistics might arise and such agreements can be created as annexes to the general agreement.

At what organisational level the agreement is confirmed depends on the culture and rules within the Bosnian statistical system and is left for the three statistical institutes to determine.

Survey side of the register

The survey side is currently used differently and in different degrees in the three institutes. It was agreed that further development of the application is to be postponed until the survey side is used more universally in all three institutes and for all business statistics.

The focus with regard to the survey side is therefore to revive the plan of introducing new statistics to the survey side with the aim to introduce all business statistics, to get feed-back from the statistical divisions on any need for modification of the survey side application and for the three institutes to cooperate to develop a common approach to the use of the survey side.

Benchmark E:

SBR is used in regular surveys on state level by the eight project quarter

For the purpose of this project state level surveys are limited to the five STS that are already or are planned to be harmonised:

- Transport
- Construction
- Retail Trade
- Tourism
- Industry

These statistics should use the SBR as well as the SBS that are already harmonised and using the SBR. Of these Transport and Construction are already harmonised and use the SBR. The others are currently developing harmonised methodology but are already using SBR.

In the long term, all business statistics should obviously be based on the SBR but every journey starts with one step. The above mentioned agreement is a tool to facilitate the use of SBR in new statistics.

Local Units

In the *administrative* business register, an enterprise is required to register all the activities that they carry out or *plan* to carry out. For each activity at each address, one local legal unit (LLeU) is created. One enterprise therefore often has many LLeUs at the same address.

The *statistical* business register has been designed so that all LLeU's in the same address that belong to the same enterprise are combined into one local unit (LU). An LU can have up to four activity codes. The SBR asked for advice on what to do when there are more than 4 LLeUs, and thus more than 4 activity codes, to one LU. It is difficult to imagine an actual enterprise that, in one address, has more than 4 activities of statistical significance. Many of the activity codes from LLeUs have been registered by the enterprises just in case they might at some point have this activity, or are activities that are auxiliary to the main activity, or are too small to be considered significant for statistics.

The central question for statistical purposes is to determine which is the actual *main* activity of the LU, not to put all the administrative activity codes into the statistical business register.

In principle, it is possible to split LUs into local kind of activity units (LKAUs), according to activity codes. This is an option that is very rarely used in the Danish SBR - with very few exceptions there is a one-to-one relationship between LU and LKAU. To split LUs into LKAUs is costly for SBR as it requires manual decisions on which of the many activity codes constitute a LKAU. Also it is a burden on enterprises – as they

will have to answer more surveys and will be asked to answer separately for activities that are perhaps in reality not separable. There is a risk of double-counting if enterprises are not able to split correctly.

It is recommended by the experts that SBR identifies one *main* activity of LUs, and reserves the possibility of creating more LKAUs to one LU for special cases where it is justified by the needs of statistics.

For enterprises with only one LU, information on main activity can be taken from the SBS at enterprise level. When there is only one LU, the main activity of the enterprise must also be the main activity of the LU. This can be set up to be done automatically.

For enterprises with more than one LU, the planned SBR survey on LUs should identify the main activity of each LU. The main activity could in some cases also be identified by statistics that have good information on units in their sector (like tourism).

Only in exceptional cases should the LU be split into two LKAUs. If there are two important (for statistics) activities in the LU *and* it is possible for the enterprise to report separately on the two activities. The example of a coal mine and a power plant could be such a case.

The recommended approach (one LU, one main activity, one LKAU) should be tested. SBR could take a number of LUs, determine their main activity code according to SBS – and then ask statistics if, in these concrete cases, it would cause any problems for them. SBR could also look for LUs that are part of more than one statistics, based on different activity codes, and look at their reported data to see if there are signs of double-counting.

Survey on local units

The three institutes have decided to perform a survey on local units. In the last mission they had recommendations on the content and structure of such a survey.

It was recommended in that mission to include all enterprise with more than 20 employees in the survey. It is the view of the experts that the survey would be more focused if the existing information on the LU is utilised. The survey could thus include all enterprises registered with more than one LU and possible a small sample of enterprises with only one LU (activity on one address).

Before the survey, the SBR team will analyse the business units in order to focus the survey population to significant units in accordance with recommendations on threshold of significance.

In Statistics Denmark a threshold of significance has been introduced in the Statistical Business Register to mark statistical insignificant enterprises (not really active) in order to exempt these from business surveys. The threshold is a level of activity that corresponds to half a man-year or in effect half the average salary within the industry. For enterprises where wages and salaries are not directly available, a calculated earning is estimated on the basis of turnover by industry. The threshold varies from industry to industry.

The collected data on employees on LU is important to statistics using LU as observation unit. The collected data from the survey on LU should therefore be included in the register where no better information is available and updated yearly by repeating the survey.

Content of next mission

The topic of the next mission is development of the procedures and methodology of business demography.

Besides this next mission should follow up on several of the issues discussed in this mission: STS-SBR agreement, changed approach to LU activity codes, and the survey on LU.

Work to be done before next mission

Finalise agreement on STS use of SBR

Test the consequences of a changed approach to allocate activity code to LU

Plan and prepare the LU survey

Describe existing procedures for Business Demography and possible sources

Next missions

Mission 1.1.8 on Business Demography, Steen Eiberg-Jørgensen/Mark Rantala, proposed date in the second half of May 2013 (to be confirmed)

Mission 1.1.9 on Follow-up, Søren Netterstrøm and Peter Ottosen, proposed date 9-13 September 2013 confirmed by both experts

Annex 1. Terms of Reference

<p>Statistical Business Register 11th to 15th of February 2013 Terms of Reference - Activity 1.1.7 EU Twinning Project BA 08-IB-FI-03 Institute for Statistics of Republika Srpska, BL</p>

- | | |
|-------------|--|
| Component 1 | <ul style="list-style-type: none"> 1. Business Statistics <u>1.1. Statistical Business Register</u> 1.2. Structural Business Statistics 1.3. Construction Statistics 1.4. Retail Trade Statistics 1.5. Tourism Statistics |
| Component 2 | <ul style="list-style-type: none"> 2. Extended Household Budget Survey |
| Component 3 | <ul style="list-style-type: none"> 3. Institutional Capacity 3.1. Long term strategy 3.2. Metadata and classification system development 3.3. Promotion of dissemination |

Benchmarks

- | |
|--|
| <ul style="list-style-type: none"> A) Special survey for improvement of SBR (local units & activity code) conducted by 3rd project quarter (30.06.2012) – <i>partly achieved</i> B) SBR 5-years development plan prepared by 4th project quarter (30.09.2012)- <i>achieved</i> C) Plan for regular annual submission of VAT data from tax authorities according to agreement – in force by 4th project quarter (30.09.2012) D) Plan for harmonization of activities between SBR and business statistics (incl. sampling methodology) by 8th project quarter (30.09.2013) - <i>partly achieved</i> E) SBR used in regular surveys on state level by 8th project quarter (30.09.2013) |
|--|

1.1.7. Activity

Cooperation between Statistical Business Register (SBR) and Short – Term Statistics (STS)

Subject:

Assurance of routines for harmonization of activities between SBR and STS (Mission combined with STS)

The expected activities are:

- Discussion on periodicity data delivery from SBR for STS surveys (frame for statistical surveys)
- Discussion on cooperation and use data of SBR for compilation of STS and feedback from STS to SBR
- Statistical units (LU, KAU, LKAU) - availability of relevant data, methods of monitoring, use in statistical surveys and practical examples
- Discussion on the SBR survey side- further development and usage
- SBR survey for updating quality of LU – preliminary agreement on conducting of SBR survey
- Preparation of the list of activities to be completed before the next mission (1.1.8.)
- Preparation of the list of topics for the next mission

Expected output

- Agreement on the future cooperation between SBR and STS
- Agreement on the further developing of the SBR survey side
- Agreement on the obligations and responsibilities of the representatives of three statistical institutions for the further developing of the SBR survey side
- Agreement on the general activity plan on SBR survey for updating quality of LU
- Recommendation by the experts on the method of monitoring of the statistical units (LU, LKAU, KAU) - discussed practical examples and adopted knowledge
- 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-BD/ FIS/RSIS participants, experts and RTA)

List of Participants

Will follow

Agenda

Time	Event	Purpose / detail
Monday 12:00	Welcome	Introduction by experts on the EU Twinning Project about 7th Mission, Component 1. Business Statistics; Subcomponent 1.1. Statistical Business Register.
	SBR and Experts	Agreement about the program of the week and strategy of the mission.
	SBR and Experts	Discussion on statistical units (LU, KAU, LKAU) - availability of relevant data, methods of monitoring, use in statistical surveys and practical examples
Tuesday	SBR, STS and Experts	Discussion on common issues and further cooperation
	Discussion	
Wednesday	SBR, STS and Experts	Continue discussion on common issues and further cooperation
Wednesday afternoon		SBR and STS to close discussion on the mission and decide on next step.
	Discussion	
Thursday morning	SBR and Experts	Follow-up on the agreement with STS and other issues including final conclusion on the further developing and use of the SBR survey side.
	Discussions	
Thursday afternoon	SBR and Experts	Discussion on preparation of the SBR survey for updating quality of LU
	Discussion	
Friday till 12:00	Next mission- Which topics? What to do for the next mission?	Conclusions of the mission. Agreement on next mission details. Possible suggestions.
	Mission report	Summarized version completed
	SBR and Experts	

Annex 2. Persons met**BHAS:**

Dubravka Husic
Mevlija Odobasic
Dzenita Mustafic
Ivana Tavra
Senija Facic

FIS:

Enisa Rastic
Razija Bicakcic
Dusanka Mandic
Elvir Ljuljevic

RSIS:

Miroslav Ilic
Nada Malinovic
Sanela Vasiljevic
Natasa Teinovic
Tanja Mirnic
Danica Babic
Sladjana Nikic
Zelimir Radisic

RTA Team:

Bente Dyrberg
Djemka Sahinbasic

Interpreter

Haris Imamovic

Annex 3. Outline of an agreement of cooperation between SBR and STS
Deliveries from SBR to STS (extracts/lists)

- Response time and deadlines
 - How early should statistics order extracts, to give sufficient response time for SBR?
 - Possibly different deadlines/procedures for regular/repeated surveys vs. pilot surveys
- Specifications (criteria) for extracts
 - Compulsory meetings for new/pilot surveys to clarify what they need and what they can get from SBR?
- Availability of data in SBR
 - Information to statistics on when updated data, like financial statements, are available in the SBR
- Contact point in SBR for extracts
- Responsibility
 - STS responsible for.. *criteria, further processing of extract, contact with methodological/sampling section?*
 - SBR responsible for.. *extraction from register*

Feedback from STS to SBR

- Details of feedback
 - Is there a minimum requirement of what information STS should supply to SBR?
 - Special requirements for feedback (documentation) on *inactive* units?
- Frequency
 - Should statistics send feedback as soon as they have it, or only at certain intervals, or only when they have a certain amount of feedback?
- Format
 - Any format ok, or should it be e.g. email/survey side/?
- Update speed of SBR
 - How fast can STS expect SBR to react to feedback?

- Can STS expect confirmation from SBR regarding their feedback?
- Contact point in SBR for feedback
- Responsibility
 - SBR responsible for .. *determining activity codes, updating register with changes to units, investigating further when feedback from STS is not enough to make change*
 - STS responsible for.. *sending all relevant feedback on units to SBR, sharing their knowledge of specific sectors with SBR*

User group or similar forum for dialogue

- Agree upon ‘rules of conduct’ , including future adjustments of this agreement
- Solve disagreements and difficult cases regarding delineation of statistical units and activity classifications
- STS can express their wishes/priorities for the development of SBR
- SBR can explain the correct use of SBR
- Members of such a group, STS only or all users of SBR?

Training

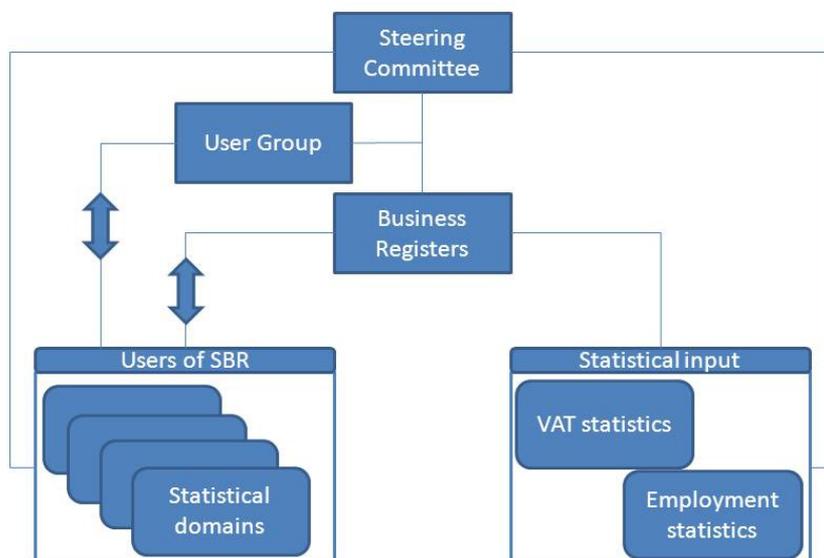
- What types of training are provided in the use of SBR?
- Who should participate (target groups)?

Annex 4. STS-SBR cooperation in Statistics Denmark seen from SBR

SBR side of cooperation

- Extraction from SBR
- Handling of feed-back
- Coordination

Internal cooperation



Division of responsibility

- **Business Register**
 - Updating with admin data and updates from statistics
 - Extraction from the SBR (!)
 - Consistency within the SBR
 - Continuity
 - Activity codes (however ...)
 - Facilitate consensus in case of conflicting interests re activity codes
- Certain areas of activity codes are delegated to statistical domains (industrial statistics; agriculture; construction; index of retail sales)
- Statistical domains in charge (!) of methodology, choice of units, publication etc.

Extracts from the business register

The business register supplies extracts for the statistical divisions at Statistics Denmark. They may, e.g. cover:

- **Total extracts** from the entire business register
- **Partial extracts** with selected activities, selected geographical areas, selected legal forms or size groups measured in terms of turnover or number of employees

Extracts are used for statistics, questionnaire-based surveys and special statistics (i.e. tasks for which the users pay)

How to order data extracts

Via email to a functional mailbox: ESR-extracts@dst.dk

The users should specify the purpose / intended usage of the data extract:

- Selection of sample survey?
- Mailing of questionnaires?
- Enumeration

The date/period for the extract should be specified

The extracts should be requested well in advance

- Data are usually supplied within 3 days (90%)
- Special extracts may take longer time

New on line tool for extracting data from the frozen SBR-versions has recently been released

User feedback regarding extracts

We receive feedback from statistical domains regarding:

- Returned mail, changes of address (many from the Data Collection unit)
- Changes of activity (or errors)
- Discontinuation of LKAUs
- New LKAUs

It is important that the statistical divisions forward errors and corrections to the SBR and do not themselves maintain any "shadow registers".

The higher the number of corrections received, the better the quality of data in the Business Register

The aim is to implement changes within two working days. More than 90 per cent done within one working day.

Dealing with conflicts

- **Conflicting information**
 - Priority rules based on the value of the source and the information in question
 - Manual decision in case of doubt
 - In the end taken to a user forum for discussion and decision
- **Conflicting needs or views on changes**
 - Discussed in the user forum to reach common agreement
 - In the end taken to the Steering Committee

Annex 5. STS-SBR cooperation in Statistics Denmark seen from STS

Cooperation between STS and SBR in Statistics Denmark

Extracts from SBR for populations and samples

- Order list from SBR according to the specific statistics' criteria (type of unit, size threshold, NACE codes)
- Sampling from the list (frame) done by STS office
- Typically done once a year, in January

- STS checks new list against existing sample/population
-> feedback/corrections to SBR

- Extract from actual 'live' version of the register

Frozen versions of SBR?

- Created *after* the end of the reference period
- Not only units, but also activity codes and other variables, are frozen

- Not used for STS samples and populations
- Often STS will find errors in the SBR during data collection (incorrect activity codes, inactive units etc.)
- SBR will be corrected, and improved, accordingly
- Frozen version are created after STS have been published (and are used by SBS)

Special case of cooperation: manufacturing industry

- Manufacturing section within STS office is responsible for maintaining the NACE activity codes for units within manufacturing
- Detailed knowledge of these units from Prodcom and Industrial Production Index
- Link between Prodcom and NACE used for annual revision of activity codes for all units covered (approx. 3.000 KAUs)

Special case of cooperation: manufacturing industry

- Manufacturing section within STS office edits NACE activity codes directly in the SBR
- All changes to these units from other sources are also checked by this section
- Example of delegation of responsibility from SBR to statistical office

General feedback from STS to SBR

- For retail trade, construction, tourism, transport:
 - Changes are sent to SBR, who enters them into the register without delay
 - Some may require investigation by SBR, i.e. to find correct NACE code
- Changes: activity codes, closures, mergers, addresses, etc.
- STS office is often the first to learn about changes in enterprises because we contact them monthly (quarterly)

SBR user group

- Most issues are dealt with at working level
- Principal issues are discussed in the 'SBR user group', with representatives of all statistical offices (STS, SBS, External Trade..) and National Accounts
 - Very large and complex enterprises
 - Activities that are difficult to classify in NACE

What do STS need from SBR?

- That changes in enterprises are reflected in register as fast as possible
- That available information on units is shared between all statistics
- Possibility to follow units over time
- High quality activity codes (NACE)
- Status of activity (to select only active enterprises)
- Variables on size (turnover, employment) for determining inclusion in sample frame or cut-off population, and for stratification