

TWINNING CONTRACT

BA 15 IPA SR 01 17

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



MISSION REPORT

Component 3: Balance of Payment and IIPs

Activity 3.10:

Follow-up on achievements and recommendations for the future of Balance of Payment and IIPs

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

Executive Summary

Only if core text of mission exceeds 4 pages – otherwise delete

Main conclusions and highlights from findings.

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 BoP and IIP within Component 3.10 of the project.

The purposes of the mission were:

- Follow up from the previous missions
- Clarification of outstanding issues
- Identification and sustainability of achievements and project results
- 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 consultants.

CBBH has been an active participant in the project achieving project goals ahead of planned schedule and showing professionalism and willingness to develop their practises and methods.

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

The Central Bank of Bosnia and Herzegovina (CBBH) is in charge of compilation and dissemination of Balance of Payments statistics and International Investment Position statistics in Bosnia and Herzegovina. Compilation and dissemination are done according to the internationally recognized standards, set by the International Monetary Fund (IMF) and most recently published in 2009 in the sixth edition of Balance of Payments and International Investment Position Manual (BPM6). The BPM6 based time series are from the beginning of year 2007. The data collection and data sources seemed to be in an adequate level for producing quarterly BoP as required in the Eurostat quality reporting.

Reports on balance of payments were compiled on quarterly basis and released at latest 90 days after the reference period (on the last working day of the following quarter). In the beginning of the project, the IIP was compiled annually and the quarterly series of Vademecum were not entirely available.

In the creation of the quarterly balance of payments, the data for the previous quarters of the current year are also revised, and in the creation of annual reports, quarterly and annual data are revised for the total of three years backwards and textual explanations are provided for significant data revisions.

The compiling and storage systems of BoP and IIP data are based on advanced Microsoft Excel solutions, and all relevant data for the published figures are archived. The BoP data, and the underlying system, already had features which could be used to replicate most of the tables and quality checks from the EU's quality report.

The employees of the CBBH do the whole statistical process by themselves and have a good understanding on the subject. Most of the accounting is done in Excel needing a lot of careful manual work which imposes possible risks.

3. Status of project results

Quality criteria and quality reporting on balance payments statistics produced

The CBBH Balance of Payments met the requirements to draft of the BPM6-based quality report. Preparing data was successfully done and is stored in Excel-file system.

The draft version on of the quality report for BoP was created based on the available data, with the known limitations of not having monthly and geographical distributed data. The CBBH BoP staff analysed and commented the findings in the draft of the Quality Report on the agreed topics which were:

1. Relevance
2. Accuracy
3. Timeliness and Punctuality
4. Accessibility and Clarity
5. Comparability

The compiling of the Balance of Payments in the CBBH is based on BPM6. The descriptions on the applied statistical concepts, data sources and procedures, are presented on the web pages of the CBBH. The CBBH has sufficient data sources to produce almost all the data transmission tables required by the Vademecum

Measures for controlling revisions and consistency and other quality issues are in place and used. Also, it is noticeable that the errors and omissions remain at a low level and thus indicate that the achievements have been successful. The CBBH found the producing of the quality report and the related research highly beneficial.

Quarterly international investment position statistics produced

CBBH produced and published the quarterly IIP vis a vis the rest of the world for the time period 2007Q1 to 2019Q3 in the last quarter of 2019. The quarterly IIP series were also successfully uploaded to Eurostat. The quarterly IIP production is methodologically well documented including conceptual framework and compilation practises and it is presented on

the web pages of the CBBH. The CBBH is prepared for continuous production regarding the scope of the project (quarterly reporting to Eurostat) and per IMF requirements.

During the project the CBBH also recognized room for improvement in the IIP data sources. These include for example quarterly compiled data on trade credits and to address this the CBBH promptly started a quarterly trade credit survey from the beginning of 2019. Other sources were amended as well and new questions added to existing surveys tackling partial data gaps. For example, financial derivatives data is now collected as per Eurostat requirements with a new form as a part of the FDI-survey and a question was added for counterpart sector regarding deposits to comply with the Vademecum. FDI income questionnaire was also amended with regards to extraordinary items to better depict the income generated by respondents.

An important methodological issue was the distinction between money market funds and investment funds which was achieved and incorporated in the IIP during the project but still remains as an activity to collect data (albeit the amounts related are expected to be to insignificant).

Additional data sources were also recognized and studied mirror data for usage as a quality measure ensuring proper levels of portfolio investments.

4. Sustainability of the achievements

As mentioned, the Balance of Payments of CBBH is well prepared to produce quarterly BoP and IIP data which is needed for the Eurostat standard quality procedure (Quality Report) with certain aforementioned limitations.

Taking into account the amount of manual work needed to produce the statistics it is important to ensure proper resources. To produce these figures constantly and reliably would need ensuring the IT-resources.

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

In the discussions it came apparent that the data collection and data delivery still need a lot of manual work. For the data collection, web-based collection could be used more to lessen the manual work involved in getting the data in. Also, if data deliveries become more frequent and comprehensive, an automated data delivery could be useful.

More generally, the IT-system could be designed to work on data bases. Some of the repetitive and routine manual work in could be done by computer programs. A database for storing and compiling the BoP and IIP data becomes essential if and when the counterpart country and currency breakdowns are incorporated into the statistics. The monthly BoP data delivery would also be achievable with a data base compilation system. These improvements would require more IT-resources to be had and special knowledge to be acquired.

However, the CBBH possesses great knowledge in compiling with excel based tools and is proficient in producing statistics with the existing tools. Thus, it is probably not reasonable to

change the compiling methods too rapidly in the short term with the current resources until the needed resources for developing the data systems have been ensured.

6. Identification of needs for additional support

The CBBH is proficient in working with the current tools and possesses excellent knowledge of the related framework but IT-support is needed in a large scale to compile data by the requirements of Eurostat. The current compilation methods are functional but the need for IT-resources are already the limiting factor in achieving Eurostat compliance.

The CBBH also needs more staff resources to be able to release more of the resources towards analysing the data more thoroughly with the current laborious compiling methods and to be able to develop the compiling process further. Development related to compilation of data with geographical breakdown required by Eurostat is particularly laborious and time consuming.

7. Outstanding issues

The securities database still lacks data which imposes data gaps. The quest for obtaining securities data for the already built database should continue for ensuring proper coverage on portfolio investments.

The investments in IT-environments and skills are precondition to ensure moving forward with the achieved results.

Annex 1. Terms of Reference**Terms of Reference****EU Twinning Project BA 15 IPA ST 01 17****Component 3: Balance of Payment and IIPs****21-23.01.2020.****CBBH****Activity 3.10:****Follow-up on achievements and recommendations for the future of Balance of Payment and IIPs****1. Mandatory results and benchmarks for the component**

Mandatory results:

- Quality criteria and quality reporting on balance payments statistics produced by 8th project quarter
- Quarterly international investment position statistics developed by 8th project quarter

Benchmarks:

- Quality criteria of balance of payment defined by 1st project quarter
- Draft quality report for balance of payment developed by 3rd project quarter
- Available data sources for quarterly international investment positions statistics identified by 4th project quarter
- Final quality report for balance of payment developed by 7th project quarter
- Methodological document for quarterly international investment positions statistics developed by 8th project quarter
- Consistency between quarterly and annual IIP performed by 8th project quarter
- First data on quarterly international investment position for selected years published by 8th project quarter

2. Purpose of the activity

- Clarification of outstanding issues
- Identification and sustainability of achievements and project results
- Identification of needs for additional support
- Discussions and recommendations for future work

3. Expected output of the activity

- Plan for regular production made
- Achieved results of the respective component analysed and assessed
- Sustainability of the achievements
- Identification of needs for additional support
- Outstanding issues
- Recommendations for future work made (exit strategy)

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