

TWINNING CONTRACT

BA 17 IPA ST 01 20



Further Support to the Reform of Statistics System in Bosnia and Herzegovina



MISSION REPORT

**Activity 1.3.2H Index of Service Production IV
Component 1.3.2 Index of Service Production/Service Producer Price Index**

Online mission carried out by
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13– 14 December 2023

Version: Final

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Table of contents

1. General comments.....	4
2. Assessment and results	4
3. Conclusions and recommendations	6
Annex 1. Terms of Reference for the current mission	6
Annex 2 Working Plan for ISP including Roadmap for further development.....	8
Annex 3. Persons met.....	11

List of Abbreviations

BC	Beneficiary Country (BiH)
BHAS	Agency for Statistics of Bosnia and Herzegovina
BiH	Bosnia and Herzegovina
CBBH	Central Bank of Bosnia and Herzegovina
EU	European Union
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
RTAA	Resident Twinning Adviser Assistant
ToR	Terms of Reference

1. General comments

This mission report was prepared within the EU Twinning Project "Further Support to the Reform of the Statistics System in Bosnia and Herzegovina". It was the eighth mission to be devoted to the Index of Service Production Component or Service Producer Price Index of the Project.

The purposes of the mission were:

- Presentation of final ISP Inventory list (selected price indices for calculation of ISP deflators in BiH);
- Overview of compilation methods used for experimental calculation of ISP for state and entity levels;
- Presentation of experimental calculation of ISP for selected/available NACE industries for BiH and entities;
- Presentation of EU/MS experts' practices on revision policies used for ISP;
- Presentation of required formats and transmission deadlines for ISP;
- Adoption of final version of metadata for the ISP;
- Preparation of Roadmap for further development and regular production of monthly ISP.

The MS experts would like to express their gratitude to all officials and individuals from Bosnia and Herzegovina for the kind support and valuable information, and which highly facilitated the work of the MS experts.

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, Statistics Finland, Statistics Sweden and The Italian National Institute of Statistics.

2. Assessment and results

Currently, BiH do not calculate the component 1.3.2.1 – Index of Service Production (ISP). It was therefore a major priority in the project to be able to publish and deliver Index of Service Production to Eurostat at the of the project period.

According to the EBS requirements, it is required that the ISP should be calculated and delivered to Eurostat on monthly basis. In the initial phase of the project, a preliminary examination of the existing data appropriate for the production of ISP for selected industries and total index was undertaken. Currently, Services Turnover Index (STI) is available on quarterly level (survey data), and Service Producer Price Index (SPPI) for specific NACE industries is missing. Main precondition for regular data transmission to Eurostat is production of monthly ISP. To fulfil this requirement, quarterly Services Turnover Index (STI) will be replace with monthly STI, by using administrative data source (VAT database).

Taking into account all the findings, there was a consensus that within the scope of this project statistical institutions in BiH should focus on experimental production of ISP on a quarterly basis. Furthermore, the project focused on exploring various methods for the calculation of ISP, including both indirect and direct approaches.

The primary outcome of the project is the development of a methodology for the new Index of Service Production (ISP), along with the successful experimental calculation of quarterly ISP.

In this mission, we have focused on:

Presentation of final ISP Inventory list (by BiH). BiH presented the final inventory list prepared in an excel sheet with all the relevant information. The information included choice of price indices used as deflators for the various NACE activities included in the ISP. The excel sheet also includes information regarding choice of method (indirect vs direct) and information on which periods available. The MS experts would like to acknowledge this work, which gives an excellent overview, if applicable, makes a valuable contribution to the metadata. It would be beneficial to prepare a document that explains the choices made in the use of price indices and that describes the different methods of calculating.

Overview of compilation methods used for experimental calculation of ISP for state and entity levels. BiH presented the compilation methods for all NACE activities in the ISP at both entity level and state level. This gives an excellent overview and the MS experts believe this is very beneficial for the future work.

Presentation of experimental calculation of ISP for selected/available NACE industries, for BiH and entities. BiH presented the first experimental calculation for all available NACE activities included in the ISP on a quarterly basis. This included a graph comparing the turnover indices with the volume (deflated) indices for all activities. This can be used as a tool to check where price indices should be invested further especially in regards to develop SPPIs instead of CPIs.

Presentation of EU/MS experts' practices on revision policies used for ISP. The MS experts presented practices on revision policies. This presentation included the general revision policy of Statistics Denmark and the required information on revisions by Eurostat. The latter part included the importance of the QPIs, which gives information on volatility and on bias of the revisions. The calculation of the QPIs can only happen once BiH has a regular production of the ISP.

Required formats and transmission deadlines for ISP presented. The MS experts presented the required formats for transmission of the ISP to Eurostat in the SDMX format. The presentation included all the relevant variables for transmissions. The MS experts informed BiH that in a transmission of data, it could be indicate whether whether data is provisional and confidential.

Adoption of final version of metadata for the ISP. BiH presented the final version of the metadata for the ISP. The MS experts believe it to fulfil the requirements. The MS experts informed BiH that the metadata should be updated whenever there are big changes in the compilation of the ISP and at least once a year it should be checked. As discussed it would beneficial to refer to the inventory list presented as the first item on this mission.

Preparation of Roadmap for further development and regular production of monthly ISP. BiH presented a prepared roadmap and described the work ahead for the production of a monthly ISP (roadmap is included in Annex 2). The aim for BiH is to deliver ISP to Eurostat in full compliance with the EBS regulation by the end 2028 which is also the year the new base year of 2025 is introduced along with the new NACE. In the view of the MS experts that is a good and feasible plan. For the plan to succeed it is necessary that BiH gets resources including IT support, therefore, success depends on management prioritization.

3. Conclusions and recommendations

- The MS experts want to express their gratitude for a good and successful mission
- It is the view of the MS experts that BiH has come a long way in being capable of producing an ISP
- The MS experts recommends that BiH continue the work they already started in developing SPPIs. The MS experts acknowledge that this work is difficult but important for developing an ISP
- The MS experts believe that all the expected output of this activity has been met
- The MS experts recommends that BiH continue to use and enhance the inventory list prepared and prepare a document that explains in more detail the choices of indices and methods
- The MS experts recommends that BiH continue to use the compilations methods used for the experimental ISP and further develop better price indices
- The MS experts recommends that BiH continue to enhance the metadata annually or in case of major changes, e.g when turnover on a monthly basis is available and . In addition, when BiH is in regular production information regarding revisions should be added.
- The MS experts recommends that BiH continue to work according to the roadmap. The goal is delivery a full ISP dataset to Eurostat in accordance with the EBS in 2028. This important work is time consuming and management should priorities resources. This includes IT resources. The main challenge in the work ahead is the development of monthly turnover indices and better price indices for some of the NACE activities.

Annex 1. Terms of Reference for the current mission

Terms of Reference

EU Twinning Project BA 17 IPA ST 01 20

Component 1.3.2 H - Index of Service Production

Online mission on:

Wednesday 13 (10 a.m.) – Thursday 14 (3 p.m.) December 2023

Activity 1.3.2H: Index of Service Production

1. Mandatory result

Sub-result 1.3 Short Term Statistics (STS) enhanced

The component 1.3.2 – Index of Service Production (ISP) is currently not calculated in BiH. It is therefore a major priority in the project to be able to publish and deliver Index of Service Production to Eurostat at the of the project period.

Indicator / Relevant Milestones / Internal deadlines:

- Indicators ISP published and delivered to Eurostat

2. Purpose of the activity

- Presentation of final ISP Inventory list (selected price indices for calculation of ISP deflators in BiH);
- Overview of compilation methods used for experimental calculation of ISP for state and entity levels;
- Presentation of experimental calculation of ISP for selected/available NACE industries for BiH and entities;
- Presentation of EU/experts' practices on revision policies used for ISP;
- Presentation of required formats and transmission deadlines for ISP;
- Adoption of final version of metadata for the ISP;
- Preparation of Roadmap for further development and regular production of monthly ISP.

3. Expected output of the activity

- Final ISP Inventory list (selected price indices for calculation of ISP deflators in BiH) presented;
- Compilation methods used for experimental calculation of ISP for state and entity levels confirmed;
- Experimental calculation of quarterly ISP for available NACE industries for BiH and entities presented;
- EU/experts' practices on revision policies used for ISP introduced and agreed;
- Required formats and transmission deadlines for ISP presented;
- Final version of metadata for the ISP adopted;
- Roadmap for further development and regular production of monthly ISP finalized.

Annex 2 Working Plan for ISP including Roadmap for further development

No.	MAIN ACTIVITY	COMPONENTS OF MAIN ACTIVITY	DATE OF IMPLEMENTATION	STATUS OF ACTIVITY	RESPONSIBLE INSTITUTIONS	MS EXPERT SUPPORT NEEDED
1.	INVENTORY OF STATISTICAL AND ADMINISTRATIVE DATA SOURCES FOR DEFLATORS	Current status of availability and potential use of statistical data (prices) and other data. Final inventory list prepared.	March 2023	Achieved	BHAS, RSIS, FIS	
		Preliminary data analysis for calculation of deflators made	June 2023	Achieved. BiH has done a lot of progress	BHAS, RSIS, FIS, MS experts	YES
		Training of staff on how to evaluate quality of available data sources	September 2023	Work conducted during the mission and the twinning project as a whole	BHAS, RSIS, FIS, MS experts	YES
2.	METHODOLOGY FOR DEFLATORS AND INDEX OF SERVICES PRODUCTION	Weighting structure for construction of deflators prepared	January 2023	Achieved	BHAS, RSIS, FIS, MS experts	YES
		Temporal disaggregation methods for quarterly deflators	January 2023	Achieved	BHAS, RSIS, FIS, MS experts	YES (from statistical methodologist)
		Methods for calculation of ISP agreed	September 2023	Achieved	BHAS, RSIS, FIS, MS experts	YES
		Revision policy	December 2023	Achieved	BHAS, RSIS, FIS, MS experts	YES
		Final metadata report for ISP	End of project	Achieved	BHAS, RSIS, FIS	YES
3.	EXPERIMENTAL CALCULATION OF INDEX OF SERVICES	First calculation of available price indices for ISP	March 2023	Achieved	BHAS, RSIS, FIS	YES
		Temporal disaggregation methods for production of	June 2023	Achieved	BHAS, RSIS, FIS	YES (from statistical methodologist)

	PRODUCTI ON	monthly deflators introduced				
		Experimental production of quarterly deflators at division/group NACE level	End of the project (minus three months)	Achieved	BHAS, RSIS, FIS	YES
		Production of quarterly ISP gross series for all available NACE industries	End of the project	Achieved	BHAS, RSIS, FIS	YES
		Preparation of required format for data transmission to Eurostat	End of project	Achieved	BHAS, RSIS, FIS, MS experts	YES
1.	ROADMAP FOR FURTHER DEVELOPMENT OF ISP ^{1),2)}	Introduction and establishment of regular monthly production of Services Turnover Indices	2024/2026	Started	BHAS, RSIS, FIS	YES
		Preparation and production of required monthly deflators at division/group NACE level	2024/2028	Started	BHAS, RSIS, FIS	YES
		Development of suitable IT application for calculation of ISP	2026/2027	Not started	BHAS, RSIS, FIS	YES
		Production of monthly ISP gross series for all required NACE industries	2028	Not started	BHAS, RSIS, FIS	YES
		Monthly SA and WDA series for ISP calculated	2028	Not started	BHAS, RSIS, FIS	YES
		Quality report for Index of Services Production prepared	2028	Not started	BHAS, RSIS, FIS	YES

	Regular monthly production of Index of Services Production established and data transmitted to Eurostat in accordance with requirements of EBS Regulation (EU) 2019/2152	From 2028	Not started	BHAS, RSIS, FIS	YES
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¹⁾ Activities proposed in Road Map could be changed during the implementation process

²⁾ Proposed dates are provisional

Annex 3. Persons met

BHAS:

Alen Bajramovic, Head of Department for Services Statistics

Maja Hadzi-Stojanov, Senior Officer for Producer Prices in Services

FIS:

Merima Beganovic, Senior Advisor for Business Services

RSIS:

Aleksandra Djonlaga, Senior Officer for Producer Prices in Services

Jelena Glamocika, Head of Department for Services Statistics

Jelena Kljajic, Senior Statistician

RTAA/Interpreter:

Larisa Muslimovic

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:



Component leader, BHAS

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