

TWINNING CONTRACT

BA 15 IPA SR 01 17

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



FINAL REPORT

Component 2: Business Statistics Sub-component 2.4: Services Producer Prices Index

Activity 2.4.8:

Follow-up on achievements of the component and recommendations for the future

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Table of contents

1. General comments	4
2. Status at the beginning of the project	4
3. Status of project results	4
4. Sustainability of the achievements	5
5. Recommendations for the future (short and long term)	5
6. Identification of needs for additional support	6
7. Outstanding issues	6
Annex 1. Terms of Reference of the cancelled mission (COVID-19 outbreak)	7

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 final report was prepared within the EU Twinning Project” Support to the reform of the statistics system in Bosnia and Herzegovina”.

Due to the outbreak of COVID-19 the last scheduled mission to take place 9 – 12 March 2020 was cancelled. For the same reason this report will be limited in scope and will only include few comments to the following chapters.

The MS experts would like to express their thanks to all officials and individuals met during the missions carried out under this project for the kind support and valuable information which we have received during our different missions in Bosnia-Herzegovina and which highly facilitated the work of the consultants.

This 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, CBBH, Statistics Denmark, INSEE, Statistics Finland and Croatian Bureau of Statistics.

2. Status at the beginning of the project

The project lasted two years. It aimed at testing the feasibility of disseminating Service Producer Price Indices (SPPI) by the three statistical institutes of Bosnia and Herzegovina and to implement such indices at the national level.

These indices are one of the indicators for improving the estimation of the volume development of activity in volume, hence to improve the calculation of the economic growth.

At the beginning of the project, BC experts had developed the following experimental SPPIs within seven NACE activities during the previous Twinning Project:

- 49.41 Freight transport by road
- 51.10 Passenger air transport
- 52.10 Warehousing and storage
- 52.24 Cargo handling
- 53.10 Postal activities under universal service obligation
- 53.20 Courier services
- 61 Telecommunication.

In addition, following activities have been introduced in the regular data collection in BiH: 80 Security and investigation activities and 81.2 Cleaning activities.

BC experts had started with previous mentioned activities because of the simplicity and availability of turnover data which made it possible to calculate also volumes.

The development of the abovementioned industries did continue, and this project did also provide support for the production of these industries.

3. Status of project results

The goals for the 2.4 sub-component were to

- **Define new indicators for SPPI, produced by 8th project quarter (March 2020);**

- **Eventually implement the dissemination of these indices on a quarterly basis and a regular publishing calendar;**
- **Publish a methodological note presenting the principles of the SPPI calculation, the metadata and a quality report.**

As written under the general comments, the last mission was cancelled due to the outbreak of COVID-19.

At the time of writing this final report, all the work covering the results are about to be finalised.

The table below summarises the progress in BiH:

Indices on producer prices in services made available to users	8Q/9Q	IN PROCESS	Final results have been calculated. First release on SPPI for Architectural and engineering services will be prepared and published in April 2020	Main difficulty in realization of planned activities was due to problem with proper functioning of common SPPI/CPPI IT application. By the end of March 2020 our IT experts manage to solve all pending issues and calculation of indices is now available within IT application. Unfortunately, due to the situation regarding coronavirus, implementation of all activities has been slowed down since March 2020.
Methodological document on producer prices in services developed	8Q/9Q	IN PROCESS	First version of the methodological document on SPPI has been prepared. The document will be finalized in April 2020	
Quality report for producer prices in services developed	8Q/9Q	IN PROCESS	A draft of the quality report for SPPI has been prepared. The final quality report on industry M71.1 Architectural and engineering services will be prepared in April 2020	

4. Sustainability of the achievements

See chapter 5. Recommendations for the future.

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

BC experts have expressed their intention to continue to develop the scope of SPPI in the near future. MS experts are pleased to hear this and encourage to keep up the good work and good co-operation between the BiH experts. A long-term development plan for SPPI would be useful to have.

The data collection and validation is quite demanding due to the complexity of measuring the prices of services and the need for personal contacts to the reporting units. If possible, it would be useful to introduce web-based questionnaire. This could have the benefit of making it easier to obtain the relevant data (current price, previous price, reasons for price change or quality change etc.) from the reporting units and make the validation easier and more efficient.

MS experts suggest the teams responsible for SPPI in BiH to look for synergies with their colleagues responsible of other producer price indices as soon as the production processes and working practices will be fully operational.

MS experts recommend that BC experts continue their participation in international co-operation and meetings, e.g. the Voorburg Group on Service Statistics.

6. Identification of needs for additional support

It is highly recommended that relevant resources, meaning staff, should be allocated to the SPPI as the data collection and validation is quite demanding due to the complexity of measuring the prices of services and the need for personal contacts to the reporting units.

7. Outstanding issues

Not relevant.

Annex 1. Terms of Reference of the cancelled mission (COVID-19 outbreak)**Terms of Reference****EU Twinning Project BA 15 IPA ST 01 17****Component 2: Business Statistics****Sub-component 2.4: Services Producer Prices Index****09-12 March 2020****Hosting institution:****Hosting institution: RSIS – Veljka Mladjenovica 12d, Banja Luka****Activity 2.4.8****Follow-up on achievements of the component and recommendations for the future****1. Mandatory result and benchmarks for the component**

Mandatory result:

- New indicators for producer prices in services produced by 8th project quarter

Benchmarks:

- Plan for development of producer prices in services produced by 1st project quarter
- Draft questionnaire and supporting documents for pilot survey prepared by 1st project quarter
- Pilot survey conducted by 2nd project quarter
- Criteria for an IT application defined by 2nd project quarter
- Results of pilot survey analyzed by 4th project quarter
- Plan for regular production of producer prices in services developed by 4th project quarter
- Indices on producer prices in services compiled by 6th project quarter
- Indices on producer prices in services made available to users by 8th project quarter
- Methodological document on producer prices in services developed by 8th project quarter
- Quality report for producer prices in services developed by 8th project quarter

2. Purpose of the activity

- Follow up from the previous mission
- Calculation of results from regular survey on SPPI
- Finalization of methodology for new SPPI
- Preparation of final quality report
- Presentation of EU Member States on the methodology for calculation of ISP

- Assessment of new IT application on SPPIs
- Calculation of the volume turnover index
- EU experiences on production of deflators for other service industries, on higher level of aggregation, three or two digit level of NACE 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

- Results of new SPPIs produced
- New methodology finalised and adopted
- Final quality report prepared
- Calculation of the volume turnover index produced
- New IT application assessed
- Further development plan for SPPI agreed
- 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

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