**TWINNING CONTRACT**

**BA 17 IPA ST 01 20**



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



# MISSION REPORT

**Activity 1.2 A: Structural Business Statistics – multiannual variables**
**Component 1.2 – Structural Business Statistics**

Mission carried out by
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23rd and 25th February 2nd March 2022

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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 "Further Support to the Reform of the Statistics System in Bosnia and Herzegovina". It was the first mission to be devoted to Structural Business Statistics – multiannual variables within Component 1.2 – Structural Business Statistics of the Project.

The purposes of the mission were:

- Via consultations with MS experts to give the BC input to compile the current missing multiannual variables.
- Extension of the currently used survey for SBS as well as the use of possible register/administrative data to be discussed.
- The MS experts will consult on how multiannual variables are compiled in Denmark as well as on best practises.

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

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

The MS experts presented the methods used in Denmark for breaking down relevant SBS variables on activity codes as well regional breakdowns. The methods are based on the availability of detailed administrative data on local units, including employment data and local unit activity code. Since this is not currently available with sufficient quality in BiH, the main focus of the mission was on compiling the multiannual variables using survey data.

The BC experts presented the questionnaire used for SBS and explained the methodology, including population definitions, sample designs, available administrative data and calculations. It is the assessment of the MS experts that the setup and methods used for compiling SBS in BiH in general are on a high level with good possibilities for obtaining sufficient quality.

For collecting data on type of activity breakdowns (the multiannual variables) a dedicated table ("table 6") is included into the annual SBS questionnaire. The MS experts and the BC experts had fruitful discussions on the specification of table 6 and its correspondence with table 1 of the same questionnaire. A simplified version of table 6, containing on the one hand sufficient information to be able to calculate the multiannual variables and on the other hand with as few questions as possible (reducing the administrative burden on enterprises), was agreed upon. The discussions showed that it is of high priority to have only one version of table 6, which can be used for all reporting units, regardless of main activity. This lead to this final version of table 6:

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| | Kind of revenues |
|---|---|
| 1 | Revenues from industrial activities (excluding construction) |
| 2 | Revenues from trade (sales of goods and services procured for resale and trade services) – total |
| 3 | Revenues from construction |
| 3a | Hereof revenues from construction activities – buildings |
| 3b | Hereof revenues from construction activities – civil engineering |
| 4 | Revenues from Services |
| 5 | Revenues from agriculture, forestry and fishing |
| | TOTAL (1+2+3+4+5) |

This was the main result of the mission, which is certainly in line with the main purpose of the mission.

During the mission, various EBS-related questions were also discussed. This included changes in variable definitions, and the BC experts had especially one interesting question regarding the exclusion and/or inclusion of respectively "other operating income" and "other operating costs" in for example the calculation of value added. This is a question that should be explored further, as the MS experts had no clear answer.

Looking to future missions, the regional breakdowns as well as the inclusion of section K were also discussed. The situation regarding section K is complicated.  Most countries including Denmark do not yet have any/detailed experience with covering that section, because central banks or other public financial institutions (The Danish Financial Supervisory Authority ("Finanstilsynet") in Denmark) so far have been the reporting institutions on this section. It was agreed that when Danish Experts gain more knowledge on section K it could be shared on a future mission.

# 3. Conclusions and recommendations

The new version of table 6 that was agreed upon should be included in the data collection from reference year  2021 to be able to compile the multiannual variables in compliance with EBS regulation. As mentioned, the BC wish to include the same version of Table 6 for all reporting units and every year as well. It could be argued that this induces an unnecessary burden on the reporting units, but on the other hand, it simplifies the data collection, and confusion (also among the reporting units) contributed to many different versions of the questionnaire is avoided. **The MS experts recommend considering carefully the pros and cons of this approach before making a final decision.**

The BC experts explained how the survey is covering all legal units with 20+ employees. Units with less than 20 employees are not part of the survey, for those administrative data is used. This means that a method choice has to be made, when it comes to the turnover breakdown by activity for these smaller units. Two options were outlined by the MS experts and discussed :
1. To place the turnover of any smaller unit fully in the multiannual variable containing the main activity of that unit
2. To apply the distribution of the larger (20+) units on the turnover of the smaller units, depending on the main activity

It is also possible to use a sort of combination, e.g. applying method 2 on units with 10-20 employees and method 1 on the smallest units.

**The MS experts recommend analysing the impact and results of these different options before disseminating multiannual variables.**

The support on multiannual variables is considered finalized at this stage. Of course it is possible to return to this topic at a later stage, but for now it is the recommendation that the next mission will focus on local units and regional breakdowns.

# Annex 1. Terms of Reference for the current mission

| **Terms of Reference** |
|:---:|
| **EU Twinning Project BA 17 IPA ST 01 20** |
| **Component 1.2 – Structural Business Statistics**<br>**23rd and 25th February, 2nd March 2022** |
| **Online mission via Zoom** |

**Activity 1.2 A: Structural Business Statistics – multiannual variables**

### 1. Mandatory result

The subcomponent on Structural Business Statistics has the following objectives and Indicators/ Relevant Milestones / Internal deadlines:

| **Component 1: Business Statistics' capacities increased and strengthened** | | |
|---|---|---|
| **Objective as in Twinning Fiche** | **Indicator / Relevant Milestones / Internal deadlines** | **Status** |
| Sub-result 1.2 Structural Business Statistics (SBS)' variables for Section K developed according to the (new) FRIBS regulation and missing characteristics for Annexes I-IV integrated<br><br>1.2.1 New EU regulation (FRIBS) in Section K implemented<br><br>1.2.2 Multiannual and regional characteristics for Annexes I-IV integrated | Variables for Section K and missing variables published and delivered to Eurostat | First mission will take place end of February/beginning of March 2022 |

Note: The above is as stated in the Twinning Fiche. The European Business Statistical Manual (EBS) has since the Fiche was formulated replaced FRIBS. Therefore, new FRIBS equals EBS.

### 2. Purpose of the activity:

Via consultations with MS experts to give the BC input to compile the current missing multiannual variables.

Extension of the currently used survey for SBS as well as the use of possible register/administrative data will be discussed.

The MS experts will consult on how multiannual variables are compiled in Denmark as well as on best practises.

## 3. Expected output of the activity:

To have inspired the BC on how to compile current missing multiannual variables

## 4. Participants:

**Agency for Statistics of BiH (BHAS)**
- Bojana Cicovic, Senior official for SBS

**Institute for Statistics of Federation of BiH (FIS)**
- Alma Čolpa, Senior adviser for SBS
- Aida Halilović, Senior adviser for SBS

**Institute for Statistics of Republika Srpska (RSIS)**
- Slađana Nikić, Senior Statistician
- Danica Babic, Senior Statistician

**MS Experts**
- Søren Kühl Andersen, Head of Division, Statistics Denmark
- Kalle Emil Holst Hansen, Senior Adviser, Statistics Denmark

**Twinning Project Administration**
- Niels Madsen, RTA
- Larisa Muslimovic, RTA Assistant
- Haris Imamović, Interpreter

# Annex 2. Persons met

<u>BHAS:</u>
Bojana Cicovic, Senior official for SBS


<u>FIS:</u>
Alma Čolpa, Senior adviser for SBS
Aida Halilović, Senior adviser for SBS


<u>RSIS:</u>
Slađana Nikić, Senior Statistician
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<u>External stakeholders:</u>

<u>RTA Team:</u>
Niels Madsen
Larisa Muslimovic


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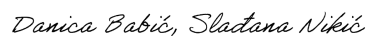

MS Expert

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