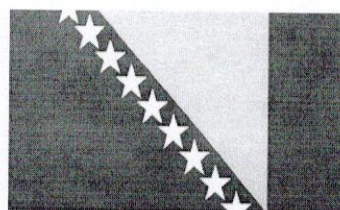
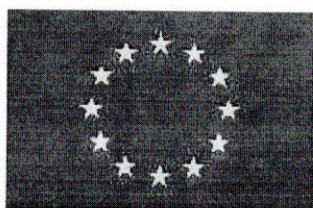


# TWINNING CONTRACT

BA 15 IPA SR 01 17

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



## MISSION REPORT

**Activity 2.1.1:**  
**Assessment and status check since last Twinning project.**  
**Updating the 5-years development plan for SBR**

**Component 2: Business Statistics**  
**Sub-component 2.1: Statistical Business Register**

Mission carried out by  
**Steen Eiberg Jørgensen, Statistics Denmark**  
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**13-16 March 2018**

Version: Final

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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 first mission to be devoted to Business Register within Component 2 of the project.

The purposes of the mission were:

- Assessment of current situation, challenges and development since the last Twinning project
- Review and updating of the 5-years development plan – taking into account Section 2.F "Follow-up and Sustainability" of the Final Report of previous Twinning project
- Presentation of FRIBS
- Discussion on the impact on SBR with increased use of administrative data in the statistical production in BiH
- Beneficiary institutions presentation of achievements of the IPA Multi-Beneficiary Project 2014

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 their work.

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. Assessment and results

#### *Status of the SBR*

Based on a presentation by the SBR team and the discussions during the mission, the consultants concluded that the SBR is still moving forward and continuously improving.

#### *Revision of five-year plan*

The work plan was evaluated and revised. Some points added and others where either removed (due to their completion or because of not being relevant now). Some points were revised.

It was decided to change the format for the five-year-plan as it is very often unclear what precisely the initiative shall be. The experts suggested that the new five-year-plan would follow the format of the new Danish SBR strategy 2022. The advantage of this format is that it allows for a more thorough description of each initiative. The experts presented a template which was used by Statistics Denmark for the description of initiatives.

There are six headlines in the format for the strategy.

- Frameworks and legislation
- International coordination
- Internal coordination (with administrative sources)
- Internal cooperation In/between the statistiscal institutions
- SBR development
- Technology and processes

Under each headline a number of initiatives are outlined. It is ideal to aim for no more than one page of initiatives per headline, and two pages must be considered the maximum.

Each individual initiative under the 6 headlines is then described in further detail using the aforementioned template, which consists of the following sections:

- Time horizon
- Introduction of the initiative (short)
- Initiative
- Goal
- Action
- Participants
- Budget (first estimate)

The advantage of using this approach is that the process of describing the initiatives helps clarifying ones thoughts regarding each initiative. The description should help to gain a better understanding of the cost-benefit. Can you reach 80% benefit for 40% costs, it might be a good alternative to never doing anything. It enables future communication about the initiative, and as it is to be considered a living document, it provides a starting for further work on it.

For this mission, it has not been possible to draft descriptions for all initiatives which have been listed. It would be a good idea to fill out or update the template for initiatives on upcoming missions. For instance, on the mission on profiling some time could be devoted to further work on the initiatives related to enterprise groups and profiling.

For each item in the five-year-plan there should be an initial description at the end of the second quarter 2018.

Before starting work on an initiative, it is recommended to elaborate and update the description of the initiative.

The revised five-year plan needs to be presented to users and management for endorsement in the end of second quarter.

### *Estimation of costs*

The experts presented the model which is used in Statistics Denmark for the estimation of costs of individual actions. The idea is to let a number of experts make educated guesses about the amount of time necessary to complete an initiative. Each must give three estimates;

an optimistic, an estimate that's considered realistic, and a pessimistic estimate. On the basis of all these estimates an average is calculated which is to be considered the best educated guess of the costs.

There are many advantages to this approach. It is important to have an idea of the cost of an initiative both in terms of when and how it can be carried out, but also in terms of deciding whether the investment is worth the cost.

Another important result of this exercise is that it may help in the clarification of the initiative. This is because it is necessary to know precisely what is included in the initiative in order to estimate the costs (be it hours or days). If there is great variation in the estimates it could be a sign that the initiative needs to be further clarified.

### ***Work plan 2018/19***

From the revised five-year plan the SBR priorities for 2018/19 were identified as

- Finalize the project on institutional sectors and bring them to SBR
- Continue the work on business demography
- Continue the work on enterprise groups and the methodology, incl. familiarizing the SBR team with profiling
- Update the IT-system to handle enterprise groups, institutional sector code, business demography
- Set up regular SBR team meetings at least once a year between BHAS, RSIS, FIS

The work plan 2018/19 needs to be presented to users and management for endorsement.

### ***FRIBS – Framework Regulation Integrating Business Statistics***

The experts gave a presentation of FRIBS. It was explained that the aims of FRIBS are to break down the stove pipe production which characterizes business statistics and to ensure more flexibility.

With FRIBS a number of EU regulations will be repealed and integrated in the new regulation. Amongst these are the STS regulation, Intrastat, Prodcom, and the SBR regulation. The regulation of statistical units remains a separate regulation but is referred to by FRIBS.

From the perspective of the SBR three important implications of FRIBS are:

- That the BR is given an important role in the integrated business statistics.
- That the European network of statistical business registers is defined and included in the regulation.
- That the the national statistical institutes are given authority to obtain the administrative data they need.

In the short run FRIBS does not give rise to need for new initiatives to be added to 5 year plan. However, there will be issues to be discussed in relation to the use of SBR.

### ***Increased use of administrative data for the delineation of Enterprise groups***

### ***Presentation of achievement of the IPA Multi-Beneficiary Project 2014***

These two items on the agenda were dealt with together as they are closely linked.

It was reported about the work on EGs so far. The BHAS IT department has prepared an access database which fits into the SBR model. The tables of this database were developed according to models from Finland and Denmark presented on a previous mission. The statistical institutions will fill in data, but needed confirmation that it is done correctly. This project has come to a temporary halt as the expert left the organization. The database created by the BHAS IT department is used in the entities as well.

In both BHAS and the entities projects have been carried out to delineate EGs. At BHAS FDI data was used from the central bank. An agreement has been made with the central bank whereby the BHAS is provided with FDI data annually after it has been processed by the central bank. Only LEUs linked by direct control are included in the dataset. The data showed that there are 735 EGs directly controlled by non-residents (50 pct. or more), many of these with only one LEU in BiH. Only 45 of these consist of 2 or more LEUs. So far all work is carried out manually. There is a problem identifying the foreign owner, as there is no ID variable. To help with identifying the Danish experts recommended the EU-register Business Registers Interconnection System (BRIS). Over the next few years, The Global Legal Entity Identifier Foundation (GLEIF) will be a source of finding the owner of groups. GLEIF is a UN initiative.

In the entities similar work has been carried out. In RSIS two sources of information have been used; APIF and the Central Securities Register. The EGs have been delineated through manual work. Altogether 650 EGs have been delineated of these approximately 1/3 are domestic groups. Quite a lot of work has been carried out, but it remains to decide how to update the information.

In FIS a similar approach has been adopted. Work was carried out on the basis of a dataset with LEUs in direct control relations, i.e. 51 pct. Ownership or more. FIS used the Tax Authority and the Internet as sources. FIS identified 40 EGs with two or more LEUs with foreign ownership. There is a hope that it will be possible to obtain a single identifier from the Tax Authority in the future.

### **3. Conclusions and recommendations**

Progress has been made in a number of areas, but there is still a lot of work ahead. In some areas such as the introduction of Enterprise Groups a lot of initial work has been carried out, which has resulted in analyses in both entities and BHAS, the next step will be to try and implement some of the results in the SBR. The next mission will focus on EGs and profiling, so that will be a convenient occasion to get an overview and a plan for the introduction of EGs.

Before the next mission it is recommended that the first version of the description of the initiative on Enterprise Groups is completed. This description can serve as input and starting point for this mission.

For the work plan for 2018/19 it is recommended that the following initiatives are prioritized.

- Institutional sectors in the SBR

- Business Demography
- Enterprise groups (incl. the methodology)
- Update the IT-system to handle enterprise groups, institutional sector code, business demography
- Set up regular meetings – at least annual – between BHAS, RSIS, and FIS SBR teams.

It is recommended that the work on describing all the initiatives in the 5 year plan is continued, starting with the initiatives which are set to be completed in 2018/19, but with an aim to have completed all by the end of the second quarter 2018. It should be emphasized that all descriptions are open to changes also after that deadline. They are to be considered living working documents.

It is recommended that cost estimates (hours or days) are made for each initiative. The cost estimates are to be considered a helpful tool in the prioritizing of resources and initiatives.

It is recommended that the 5 year plan itself – while being a guiding plan for the next five years - is considered a flexible working document, which can be amended.

Action	Deadline	Responsible person
First version of the description of the Enterprise Group initiative completed	Early May 2018	
Further elaboration on the initiatives regarding the updating of EG databases	Late May 2018	
Descriptions for all initiatives completed	June 2018	

## **Annex 1. Terms of Reference**

### **Terms of Reference**

#### **EU Twinning Project BA 15 IPA ST 01 17**

#### **Component 2: Business Statistics**

#### **Sub-component 2.1: Statistical Business Register**

**13-16 March 2018**

**Hosting Institution: Agency for Statistics of BiH, Zelenih beretki 26, Sarajevo**

#### **Activity 2.1.1: Assessment and status check since last Twinning project. Updating the 5-years development plan for SBR**

##### **1. Mandatory result and benchmarks for the component**

Mandatory result:

- Volume of characteristics in the Statistical Business Register increased and quality of data improved in line with EU standards by 8<sup>th</sup> project quarter

Benchmarks:

- 5-year development plan for the statistical business register updated and adopted by 2nd project quarter
- Staff trained in profiling methods by 5th project quarter
- First test profiling created by 5th project quarter
- 5-year development plan for the statistical business register updated and adopted by 8th project quarter
- Enterprise groups data integrated into the statistical business register by 8th project quarter
- Plan developed for updating the statistical business register data model by 8th project quarter

##### **2. Purpose of the activity**

- Assessment of current situation, challenges and development since the last Twinning project
- Review and updating of the 5-years development plan – taking into account Section 2.F “Follow-up and Sustainability” of the Final Report of previous Twinning project
- Presentation of FRIBS
- Discussion on the impact on SBR with increased use of administrative data in the statistical production in BiH
- Beneficiary institutions presentation of achievements of the IPA Multi-Beneficiary Project 2014

### 3. Expected output of the activity

- Current status of SBR assessed
- 5-year development plan for SBR developed and agreed
- List of possible impact on the SBR with increased use of administrative data source identified
- Beneficiary institutions presented achievements of the IPA Multi-Beneficiary 2014
- Input provided to the ToR of next activity

## Annex 2. Persons met

### Agency for Statistics of BiH (BHAS)

- Dženita Mustafic, SBR Coordinator
- Mevlija Odobasic, SBR
- Ivana Tavra Colo, SBR
- Senija Facic, Branch Office Breko District
- Vedad Osmanovic, IT Branch Office Breko District

### Institute for Statistics of Federation of BiH (FIS)

- Emira Beširević, SBR Coordinator
- Enisa Rastić, Head of SBR and Economic Classifications Department
- Envera Hurić, Senior Advisor in SBR and Economic Classifications Department
- Amar Bisić, Junior Associate in SBR and Economic Classifications Department
- Razija Bičakčić, IT expert for SBR

### Institute for Statistics of Republika Srpska (RSIS)

- Jelena Đokić, Assistant Director
- Nada Malinović, Head of Department SBR
- Nataša Teinović, Senior Statistician SBR

### MS Experts

- Steen Eiberg Jørgensen, Statistics Denmark
- Søren Kristensen, Statistics Denmark

### Twinning Project Administration

- Katja Møller Hjelvang, RTA
- Đemka Šahinpašić, RTA Assistant
- Sabina Berberović, Interpreter

## 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:

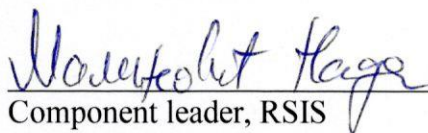
Date: 16<sup>th</sup> of MARCH 2018



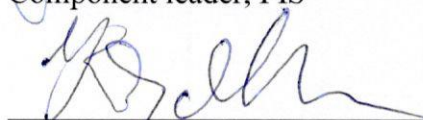
Component leader, BHAS



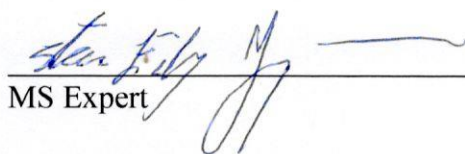
Component leader, FIS



Component leader, RSIS



RTA



MS Expert




MS Expert

# Signatures

For the approval of the contents of this report, representatives from BHAS, FTS and RAS as well as MS experts and the RTA sign here:

Date: 10<sup>th</sup> of February 2015

  
 Component leader BHAS

  
 Component leader RAS

  
 MS expert

  
 Component leader FTS

  
 RTA

  
 MS expert