

# TWINNING CONTRACT

BA 15 IPA SR 01 17

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



## MISSION REPORT

**Activity 3.1:**  
**Assessment of the current situation of Balance of Payment.**  
**Development of quality report.**

### **Component 3: Balance of Payment and IIPs**

Mission carried out by  
**Søren Burman, Statistics Denmark**  
**Juha Martikainen, Statistics Finland**

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## **Expert contact information**

*Søren Burman*  
*Statistics Denmark*  
*Copenhagen, Denmark*  
*Tel: +45 39173029*  
*Email: [sbu@dst.dk](mailto:sbu@dst.dk)*

*Juha Martikainen*  
*Statistics Finland*  
*Helsinki, Finland*  
*Tel: +358 50 5002569*  
*Email: [juha.martikainen@stat.fi](mailto:juha.martikainen@stat.fi)*

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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 "Support to the reform of the statistics system in Bosnia and Herzegovina". It was the first mission to be devoted to Balance of Payments within Component 3 of the project.

The purposes of the mission were:

- **Assessment of the current situation of Balance of Payment**
- **Development of quality report**

The consultant would like to express his/her thanks to all officials and individuals met for the kind support and valuable information which he/she received during the stay in Bosnia-Herzegovina and which highly facilitated the work of the consultant.

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

### *Day 1)*

Assessment of the current situation of the Balance of Payment

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 is 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.

In the CBBH balance of payments compilation, four primary ways of compiling data are used, as it follows:

- Direct surveys (survey on direct investments, survey on trade loans and advance payments, survey on transportation services, survey on insurance companies, survey on postal and telecommunication services and a survey on the processing enterprises in BiH)
- Statistical and administrative sources of data (publications of the ECB, BIS bank, OECD, EUFOR, WESTERN UNION, embassies and international organizations in BiH, and statistical bureaus of the countries from the region, and various state ministries, BiH statistical institutions, funds of pension- disability insurance)
- Statistics compiled in the CBBH (statistics of monetary and financial sector, government finance, banking, vault, monitoring and analyses and accounting)
- ITRS (International Transactions Recording System) – reports of commercial banks in BiH on the performed payment and collection transactions performed by banks for their clients towards non-residents.

Reports on balance of payments are compiled on quarterly basis, and released approximately 90 days after the reference period (on the last working day of the following quarter).

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.

**Main findings**

The BoP compiling system is based on an advanced Microsoft Excel solution, and all relevant data for the published figures are archived. The BoP data, and the underlying system, have features which could be used to replicate most of the tables and quality checks from the EU's quality report.

**Day 2**

Presentation of the contents and experience of the BPM6 based BoP quality report by the MS experts. Some discussions regarding timelines and punctuality and coherence were discussed, and the CBBH seemed familiar with the concepts in the Quality report.

The issue on differences between BPM6 and ESA2010 was discussed, but since the two manuals are harmonized, none of the participants were aware of any differences. There are some technical differences, but this is only relevant for the compilers of the rest world account in the sectoral national accounts, which are not being compiled by the CBBH.

In the afternoon an in depth discussion of the calculations of the tables in chapter 2 of the quality report was discussed, and it was agreed that these tables would be possible to produce by CBBH.

**Main findings**

The concepts of the quality report is clear to the CBBH, and the in depth discussions about the calculations for the tables in chapter 2 in the quality report regarding accuracy, made it clear how these quality indicators could be replicated by CBBH.

It was agreed to continue the in depth discussions on the calculations for the rest of the indicators on day 3.

**Day 3**

The in depth discussions of the chapters in the BPM6 based BoP quality report was continued, and it was agreed that CBBH would replicate the following chapters and tables:

- Chp. 1 Not relevant until next mission
- Chp. 2 CBBH will replicate the tables for chapter 2.1.1, 2.1.2, 2.1.3 and 2.2.1
- Chp. 3 In this Chapter CBBH will evaluate if it is possible to have data available to meet the Eurostat deadlines. This chapter will need to be updated with regard to monthly BoP and quarterly IIP when more information on these areas is available
- Chp. 4 Chapter 4.1 is deemed not relevant yet. Chapter 4.2 is replicated.
- Chp. 5 Replicate table for chapter 5.3.2 regarding FDI. The table in chapter 5.3.1 might be unfeasible to create due to missing counterpart data.
- Chp. 6 Tables in 6.1.2 and 6.1.4 are replicated and some of the tables and charts from chapter 6.1.5 are replicated. Annex 2 from the quality report is filled out, and if deemed necessary, the table in chapter 6.2.2 is replicated.

A more detailed overview of the tables and chapters to be done is described in the attached spreadsheet.

To assist the calculation of the indicators, the quality report along with the annex's (annex 1 to 4) for Denmark and Finland, are shared with the CBBH.

Afterwards it was discussed what should be achieved before the next mission in April and an outline for the ToR for the next mission was agreed on.

It was also agreed that the data, which should be used in the final quality report, should be equal to the data that are used in the EU quality report as of January 2019 (i.e. covering the period 2015Q1 to 2018Q2).

### **Main findings**

Work to be done until next mission:

- Find and prepare data needed to calculate the above mentioned tables
- Develop working documents to calculate the indicators needed for the quality report
- Prepare a draft template of the Quality report for Bosnia Herzegovina

Suggested ToR for the next mission in April:

- Follow up from the last mission
  - o CBBH presents the work done on gathering data, calculating indicators and preparing the draft template for the quality report
- Eurostat requirements
  - o Assessment of the possibilities to produce the monthly BoP figures
  - o Assessment of the possibilities to distribute BoP figures on geography
  - o Assessment of the requirements for the deliveries to Eurostat according to the Vademecum (Results should be noted in Chapter 1 of the quality report)
  - o Discussion on the creation of an inventory for Balance of Payments and FDI (Optional)

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

The assessment of the CBBHs compilation of the BoP shows that data is available in order to reproduce key indicators in the BoP BPM6 based quality report. However BoP data is not compiled on a monthly basis and is not distributed on geography which prevent the creation of some indicators. In cooperation a number of tables were decided to be replicated in a draft version of a quality for Bosnia Herzegovina.

Staff from CBBH will prepare data and calculations for the selected tables and create a draft version of the quality report.

<b>Action</b>	<b>Deadline</b>	<b>Responsible person</b>
Data needed to replicate the tables and charts in the quality report is prepared and stored	April	CBBH
Working documents with the necessary calculations are developed	April	CBBH
A draft template of the quality report for Bosnia and Herzegovina	April	CBBH

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

### **Terms of Reference**

#### **EU Twinning Project BA 15 IPA ST 01 17 Component 3: Balance of Payment and IIPs 22-25 January 2018**

#### **Activity 3.1:**

#### **Assessment of the current situation of Balance of Payment. Development of quality report.**

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

##### **Mandatory results:**

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

##### **Benchmarks:**

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

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

- Assessment of current situation of producing BoP in BiH
- Presentation of difference between IMF BPM6 manual and EU's ESA2010
- Presentation of EU's Quality Report for BoP
- Presentation of European experience BoP Quality Report
- Discussion on procedure for producing a quality report for BoP in BiH

#### **3. Expected output of the activity**

- Current status of BoP assessed
- Knowledge gained on EU best practice and Member State experience in producing BoP and submitting EU's Quality Report on BoP
- Difference in methodology between IMF BPM6 and ESA10 identified
- Possible data sources identified
- Input provided to the ToR of next activity

## **Annex 2. Persons met**

### **Central Bank of Bosnia and Herzegovina (CBBH)**

- Amir Hadziomeragic, Head of Statistics and Publications Department
- Vladan Milisav, Head of BoP statistics section
- Danica Lučić
- Naida Hadžimuratović

### **MS Experts**

- Søren Burman, Statistics Denmark
- Juha Martikainen, Statistics Finland

### **Twinning Project Administration**

- Katja Møller Hjeltvang, RTA
- Djemka Šahinpašić, RTA Assistant

## Signatures

For the approval of the contents of this summarized report, representative from CBBH as well as the MS experts and the RTA sign here:

Date:

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Component leader, CBBH

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RTA

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MS Expert

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MS Expert