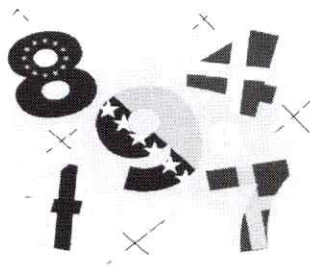


TWINNING CONTRACT

BA 17 IPA ST 01 20



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



MISSION REPORT

Activity 1.3.2F Index of Service Production IV
Component 1.3.2 Index of Service Production/Service Producer Price Index

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13– 15 June 2023

Version: Final



Funded by
the European Union

FURTHER SUPPORT TO THE REFORM
OF STATISTICS SYSTEM IN BIH



STATISTICS
DENMARK

SCB

Statistics Finland

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Table of contents

Executive Summary.....	4
1. General comments.....	4
2. Assessment and results.....	5
3. Conclusions and recommendations.....	7
4. What to do before the next mission for the BC Counterpart.....	7
Annex 1. Terms of Reference for the current mission.....	8
Annex 2. Topics for the next mission.....	11
Annex 3. Persons met.....	12

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

This mission was the sixth mission on component 1.3.2.1 – Index of Service Production. The mission started with a brief recap of the results from the previous mission. The main topic for this mission was experimental calculation of ISP for NACE groups H49, I55 and I56 with the data already available to BiH. BiH gave a status on the activities on developing of prices (SPPI) and on the use of VAT data for the calculation of turnover, which are both important in developing the ISP further. Then there was a joint discussion on seasonal adjustment and preparing metadata. At the end of the mission the work plan was adjusted and prepared for the next mission. It is the MS experts' opinion that the participants from BiH have gained a lot of knowledge and shows a high level of professionalism. It is therefore the view of the MS experts that BiH will be able to produce an experimental ISP for sections H, I, J with the knowledge they have gathered combined with their high working standards.

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 sixth mission to be devoted to the Index of Service Production Component/Service Producer Price Index of the Project.

The purposes of the mission were:

- Presentation on method of calculation and preparation of seasonal adjustment (SA) and work day adjusted (WDA) series, example
- Experimental calculation of ISP for NACE division/group levels for H49, I55 and I56 by entities, further discussion and ongoing work
- Presentation and discussion on development of SPPIs for the NACE activities (62, 69, 70.2 and 73), current status
- How to weight ISP to a higher aggregated level and where to find the weights
- Update on status of the activities carried out on Activity 3F: Use of administrative VAT data for production of STS turnover indices in Bosnia and Herzegovina
- Presentation and discussion of first version of metadata for the ISP
- Adjustment of working plan for ISP
- Preparation of ToR for next activity

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

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 the component 1.3.2.1 – Index of Service Production (ISP) is 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.

Current status presented by BiH on developing SPPIs for the NACE activities (62 (Computer programming, consultancy and related activities), 69 (Legal and accounting activities), 70.2 (Management consultancy activities) and 73 (Advertising and market research)). There was a good discussion among the participants from BiH. Currently there is a pilot project/research phase in collecting data for 4 (NACE) activities and 8 regular data collections are in place. For 2 activities there are no activity of that kind in BiH, so they can be ignored. It is a very challenging process and BiH have put in a lot work to cooperate with reporting companies. There was a good discussion of this issue and the MS experts would like to acknowledge the great work BiH has done. Potential problems associated with the work ahead was also discussed.

BiH presented the MS experts with the first experimental calculations of section H (TRANSPORTATION AND STORAGE) (excluding H53). When using deflated turnover BiH has collected different sources of indicators to deflate – SPPIs where available otherwise Consumer Price Indices (CPIs). For rail transport, tons kilometers are used. BiH has put in lot of work in analyzing whether to use either:

- Indirect CPIs
- Direct CPIs
- Gross value added (GVA) method

The analysis however show that the results are very similar. Therefore, it is the MS expert's advice to use the most simple method, since it is the least time (and resource) consuming for BiH. The MS experts would like to express that they are very impressed by this work.

BiH presented the MS experts with the first experimental calculations of section I (ACCOMMODATION AND FOOD SERVICE ACTIVITIES). BiH still have minor data issues with the turnover data but otherwise the same analysis as for section H has been made. Again, the analysis shows that using the 3 methods give more or less the same result. In addition, as for section H, the MS experts recommends using the more simple method.

In both analyses the 3 methods began to deviate more the further away the series are from the base year. This is natural since minor differences will give this effect when indices are far away from the base year. This reflects why we calculate base years every 5 years. The MS experts would also like to stress that the ISP is a short-term indicator (and not structural statistics) and even though the chosen price indices are not perfect the neither are the turnover data

The MS experts presented how Statistics Denmark produces seasonal adjustment data on section I using the Jdemetra software recommended by Eurostat. We use the software to make seasonal (sa) and working day calendar (ycal) time series on section I. Statistics Denmark, recommends to check the data for seasonality every 2 or 3 years. We had a good discussion of the subject on how to manage a production flow.

The MS experts had a follow up presentation on the use of weights in aggregating indices. Main points are that weights should reflect what we trying to measure in this case volume (production). The EBS regulation require that we use value added from structural business statistics

(SBS). The reason behind this is that we do not have any information about that in the data used for ISP (turnover & prices). The MS experts gave a simple example that they will share with BiH.

BiH gave the MS experts an update on status of the activities carried out on Activity 3F: Use of administrative VAT data for the production of short term statistics (STS) turnover indices in Bosnia and Herzegovina. BiH have been on a study visit to Finland and was very impressed by how they work on administrative data. There were good presentations and useful information on eg. how to reduce the burden of reporting for companies in the future work.

Under this agenda item, we discussed VAT data in BiH. Currently VAT data is not available in all the 3 statistical institutions at the same level. This makes data troubleshooting difficult and time-consuming, because when following applicable laws in BiH, there can be direct communication about data, which needs investigation. It is the view of the MS experts that it would be beneficial if all 3 statistical institutions had access to the VAT data.

Under this agenda item, we briefly discussed IT support and IT resources in BiH. BiH has resource constraints, shortage of personnel, including IT staff, in order to work more efficiently with the administrative data sources.

BiH presented the first draft version of metadata for the ISP. The MS experts are very impressed by this work. BiH is far in creating metadata that follows EU standards. We had a joint discussion on some of the single integrated metadata structure (SIMS) fields and their contents.

BiH presented the MS experts with the first experimental calculations of section J (INFORMATION AND COMMUNICATION). BiH has made the same kind of analysis as for section H & I. Again the analysis shows that using the 3 methods give more or less the same results. So again the MS experts recommend using the simplest method. The MS experts are impressed on how much knowledge the participant from BiH have gained in the area. One point from the discussion is that calculations should be made at the required level from the regulation. Making the calculations at lower level increases the uncertainty of the indices especially for smaller countries like BiH.

Adjustment of the working plan. We had a discussion of the work ahead and hereby an adjustment of the working plan for this sub-component.

Preparation of ToR for next activity. The BiH and the MS experts agreed on the following before the next activity:

- BiH should focus on development of SPPIs for the NACE activities (62, 69, 70.2 and 73)
- BiH should continue the work on the experimental calculations for NACE activities H, I and J
- BiH should continue the work on the first draft of metadata
- BiH should continue to follow the working plan agreed on

The next mission should focus on:

- Seasonal adjustment calculations
- Transmission format
- Final weighting structure
- Quality reporting
- Creating a roadmap for a production system

- More experimental calculations

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 should 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 recommends, that when deflating the ISP, BiH should use the simplest method since the methods give more or less the same result and the simple method takes less resources to produce
- The MS experts recommends that in a production set-up indices are not produced at a lower level than required by the regulation
- The MS experts recommends that BiH use Jdemetra for sessional adjustment using the standard setting in the software. It is a widely used tool in the EU. It would be beneficial to have experts in the area going through the models every 2 or 3 years.
- The MS experts recommends that BiH get weights from their SBS colleagues in order to make the aggregated indices.
- The MS experts recommends that BiH continue to work with the use of VAT data. Because of the lack of access to data, the MS experts recognize this is difficult, but it would be beneficial for the production and could reduce the burden of the reporting companies.
- The MS experts recommends that BiH finish the metadata for the ISP. A lot of work have already a been done.
- It is the view of the MS experts that BiH will be able to produce an (experimental) ISP (sections H, I, J) with the knowledge they have gathered combined with their high working standards

4. What to do before the next mission for the BC Counterpart

Action	Deadline	Responsible person
BiH should focus on development of ISP for more activities	Status on next mission in November 2023	BiH
BiH should focus on development a production system	A draft of a road map for a production system ready for presentation on next mission in November 2023	BiH
BiH should make a first draft of metadata	BiH sends a draft version before next mission in November 2023	BiH

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

Index of Services Production (ISP) and Services Producer Price Index (SPPI)

13th June 10 a.m. – 15th June noon 2023

**Venue: RSIS – Vladike Platona bb, Banja Luka
Room:**

Activity 1.3.2F: Index of Service Production IV

1. Mandatory result

Sub-result 1.3 Short Term Statistics (STS) enhanced

The component 1.3.2.1 – 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 on method of calculation and preparation of SA and WDA series, example
- Experimental calculation of ISP for NACE division/group levels for H49, I55 and I56 by entities, further discussion and ongoing work
- Presentation and discussion on development of SPPIs for the NACE activities (62, 69, 70.2 and 73), current status

- Update on status of the activities carried out on Activity 3E: Use of administrative VAT turnover data for production of STS turnover indices in Bosnia and Herzegovina
- How to weight ISP to a higher aggregated level and where to find the weights
- Presentation and discussion of first version of metadata for the ISP
- Adjustment of working plan for ISP
- Preparation of ToR for next activity

3. Expected output of the activity

- Example on SA and WDA series calculation and preparation presented
- Experimental calculation of ISP for NACE division/group levels for H49, I55 and I56 by entities presented
- Discussion on how to work with weights as value added in aggregates
- Current status on development of SPPIs for the NACE activities (62, 69, 70.2 and 73), presented and discussed
- Activity 3E: Use of administrative VAT turnover data for production of STS turnover indices in Bosnia and Herzegovina, introduced
- First version of metadata for the ISP presented and discussed
- Adjustment of working plan for ISP, prepared
- **Main output is a plan / road map to ensure at least pilot calculations of Index of Service Production available Q2 2023 for NACE activities H49, I55, I56**
- Mission report and ToR for the next mission prepared

Agenda

Location: RSIS – Vladike Platona bb, Banja Luka

Time	Day	Place	Event	Purpose / Details
10:00-15:30	13th June	RSIS	Meeting with BC Experts	<p>Follow up from the previous mission: To be presented by the BC Counterpart</p> <ul style="list-style-type: none"> ➤ Experimental calculation of ISP for NACE division/group levels for H49, I55 and I56 by entities, further discussion and ongoing work
9:00-15:30	14th June	RSIS	Meeting with BC Experts	<ul style="list-style-type: none"> ➤ Presentation on development of SPPIs for the NACE activities (62, 69, 70.2 and 73), current status ➤ Presentation on method of calculation and preparation of SA and WDA series, example ➤ Discussion on how to work with weights ➤ Update on status of the activities carried out on Activity 3E: Use of administrative VAT turnover data for production of STS turnover indices in Bosnia and Herzegovina ➤ Presentation and discussion of first version of metadata for the ISP

9:00-12:00	15th January	RSIS	Meeting with BC Experts	➤ Adjustment of working plan for ISP Agreement on findings/conclusions and summary mission report and ToR for the next mission
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Annex 2. Topics for the next mission

On the next mission the focus will be on:

- Seasonal adjustment calculations
- Transmission format
- Final weighting structure
- Quality reporting
- Creating a roadmap for a production system
- More experimental calculations

Annex 3. Persons met

BHAS:

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 Glamočika, Head of Department for Services Statistics


Jelena Kljajić,

Interpreter:

Biljana Strika

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:



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MS Expert