

# **Adapted Global Assessment of the National Statistical System of Bosnia and Herzegovina**

**Final Report  
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## **PREFACE**

The Adapted Global Assessment (AGA) of the national system of official statistics of Bosnia and Herzegovina was undertaken in the framework of the Eurostat funded project ‘Global assessments of statistical systems of candidate and potential candidate countries as well as ENP countries’. The company ICON-INSTITUT Public Sector GmbH, under contract with Eurostat, was responsible for organising all activities and tasks related to the AGA.

The AGA process was initiated by Eurostat on the basis of a request made by the Agency for Statistics of Bosnia and Herzegovina (BHAS) in December 2009. The assessment was conducted by two experts: Mr. Günter Kopsch (former director of DESTATIS, Germany), who was the leading expert, and Mr. Jan Byfuglien (Statistics Norway). The assessment findings are based on an extensive review performed during the assessment missions, which took place from 28 March to 1 April 2011 in Sarajevo and from 6 to 9 June 2011 in Sarajevo and Banja Luka. Besides the two experts, Mr. Torbiörn Carlquist (Eurostat) and Mr. Tomasz Urbanski (Eurostat, second mission only) also participated in these missions. Many internal and external partners were met (see Annex 1). Written material was made available by BHAS either in advance or during the assessment missions. Major sources used for this evaluation include the “Law on Statistics of Bosnia and Herzegovina” (see Annex 2), the “Law on Statistics of the Federation of Bosnia and Herzegovina” (see Annex 2), the “Law on Statistics of the Republika Srpska” (see Annex 2) and the Programme of Statistics of BiH 2009 – 2012 (see Annex 3). The assessment missions were also prepared through replies to the questionnaire sent out in advance to BHAS, covering the main institutional, formal and practical issues.

The assessment team very much appreciates the well-prepared visits and the openness in communication on the part of both the staff at BHAS, as well as with representatives from other partner and stakeholder organizations. We hope that the assessment will be of benefit to the further development of the system of official statistics in Bosnia and Herzegovina.

## EXECUTIVE SUMMARY

- (1) The main goal of the Adapted Global Assessment (AGA) of the National Statistical System (NSS) of Bosnia and Herzegovina is to evaluate the level of conformity vis-à-vis European standards, incorporating the UN Fundamental Principles of Official Statistics, the European Statistics Code of Practice, as well as the Eurostat Statistical Requirements Compendium. With that the AGA supports the improvement of the NSS and its alignment with international recommendations, standards and best practices.
- (2) Considerable progress in the development of official statistics for BiH and its entities, and improvements in the accessibility of data over the last couple of years has been noted by users interviewed during the AGA. However, much remains to be done before Bosnia and Herzegovina will be able to comply with the acquis in the field of statistics. BHAS and the statistical institutes of the entities, the Federation of Bosnia and Herzegovina Institute for Statistics (FIS) and the Republika Srpska Institute for Statistics (RSIS), as well as the other producers of official statistics are confronted with an increasing number of new requirements, both from national and international stakeholders. Should BiH become a candidate country, these requirements would increase still further.
- (3) The National System of Official Statistics of BiH is characterized on one hand by regional decentralization, reflecting the administrative and political organisation of the country, and on the other, to a large extent by a functional centralization. The three statistical institutions, called ‘competent authorities’ in the Law on Statistics of Bosnia and Herzegovina, represent the main levels of government:
  - the Agency for Statistics of Bosnia and Herzegovina (BHAS) at the state level,
  - the Federation of Bosnia and Herzegovina Institute for Statistics and the Republika Srpska Institute for Statistics at the level of the two entities.

The statistical office of the autonomous District of Brcko has been an integral part of BHAS since 2006 due to a governmental decision.

- (4) The delimitation of the Statistical System of BiH is not easy and clear to determine. At the state level, BHAS and the Central Bank are the only producers of statistics of BiH. The statistical institutes of the entities are partly producers of statistics of BiH because they are obliged to provide BHAS with data necessary for the implementation of the Statistical Programme of BiH, and they are partly producers of entity statistics, which is, according to the Law on Statistics of BiH, expressly not statistics of BiH. The assignment of other data producers at entity level should be clarified in the next statistical programmes of the entities. Additionally, considerations should be made on eliminating the rather artificial distinction between statistics of BiH and entity statistics.
- (5) The structural set up of the National Statistical System (NSS), linked to the political set up of BiH, is causing major challenges for BiH as a whole in relation to the coordination, communication on and efficiency of the production of statistics as well as for consistency and quality of the statistical data.

In order to improve the situation, the following actions are suggested (many of the suggestions are already stipulated in the ‘Agreement on implementation of harmonized methodologies and standards in producing statistical data of BiH’, but not realized in practice):

Stronger coordination is expected from the side of BHAS, which might imply the following:

- more regular meetings at management level of the three institutions for exchange of information and the discussion of and follow up of joint activities;
- more joint permanent working groups, which are also responsible for development projects;
- priority given to activities aimed at developing statistics at BiH level in order to ensure a consistent development of the NSS;
- necessary methodology is jointly prepared and discussed with the entities and provided by BHAS in time;
- the quality of the statistics compilation is monitored within entity institutes and in cooperation with BHAS;
- allocation of more resources for coordination and for joint activities (separate unit in BHAS; money for travel in all budgets);
- BHAS defines which data and which kind of data is necessary for the compilation of statistics of BiH, in consultation with the partners in the statistical system;
- BHAS starts as soon as possible the process of defining the methodology for setting up and keeping the register of spatial units of BiH, in cooperation with FIS/RSIS and other relevant authorities.

Acceptance and respect for the coordination role of BHAS is expected from the statistical institutes of the entities (FIS and RSIS), which might imply the following:

- priority is given to the programme of Statistics of BiH and all statistical institutions follow strictly the agreed programmes;
- entity institutes use standards and methodologies determined by BHAS;
- entity institutes provide BHAS with all data which is determined necessary by BHAS, after consultation between the partners in the statistical system;
- entity institutes provide BHAS with all information needed for the monitoring of data quality;
- a Statistical Yearbook of BiH is prepared and published in cooperation between BHAS and the statistical institutes of the entities.

Coordination needs to be based on better communication which might imply the following:

- develop and agree on a common communication policy (inform the partners on important development work undertaken, any international cooperation activities being conducted, as well as answering requests within a certain period of time, etc.);
- implement better practical means of communication (network, video equipment).

The Law on Statistics of BiH gives comprehensive competencies to BHAS in its functions as the main producer and coordinator of statistics of BiH. However, it seems

that resources allocated for this task are not sufficiently available as the Department for Statistical Methodologies, Standards, Planning, Quality and Coordination has only two employees, whereas ten have been planned.

- (6) In general, the present legislation in the field of statistics both at state and entity level is based on good international practices, even if there is room for some improvements as discussed in detail in this report. The laws on statistics of BiH and of the entities include clear rules granting professional independence to the statistical institutions. The discussions of the assessors with many interlocutors in the course of the assessment led to the opinion that there is nevertheless the need to urgently improve the public image of the statistical institutions of BiH by improved quality management and increased user-orientation. Independence should be demonstrated through the dissemination policy, through sharing information with the partners and through transparency of all processes.

The assessors share the general impression that statistical confidentiality is taken seriously by the authorities of the statistical system in BiH, even if the rules and practices for the distribution of micro-data should be clarified and made more transparent.

- (7) The forthcoming Statistical Programme of BiH (2013 – 2016) should be used to develop a mid-term strategic orientation on the approximation with and application of the acquis in the field of statistics. The Programme should include all statistical activities of the statistics producers on the state level, as well as estimations of the budget and of the international assistance needed for the implementation of all planned activities. Within BHAS, the Programme should be complemented by an operational plan containing the activities needed and the milestones, together with a monitoring system for the fulfilment of the activities and its control. All statistical programmes conducted in the entities should be designed in a coordinated manner with the programme on the state level in order to avoid inconsistencies and should be complemented, as in the case of BHAS, by respective operational plans.
- (8) BHAS and the statistical institutes of the entities are given the right to collect primary statistical data and to access administrative records. It appears, however, that the rules concerning the mandate of data collection, in particular with regard to the access of administrative data, could be made much more transparent and indisputable in revisions to the laws. Holders of administrative data should clearly have the obligation to make their data available for use, free of charge, in accordance with the requirements of the producers of statistics. It is of the utmost importance that the law of the Indirect Taxation Authority is amended allowing ITA to transmit identification codes of business units and micro-data to the statistical institutions.
- (9) It appears that the present composition of the Statistical Council of BiH, with more than half of the members from the statistics producers at state and entity level and only very few from the user side, demonstrates a mismatch between tasks and composition. In its present composition, the Council is dominated by conflicting discussions between the statistical institutions and does not provide advice to these institutions. Business representatives and the general public clearly need a higher representation in the Council through an amendment of its composition.
- (10) Added together, the resources available for the production of official statistics in BiH are relatively adequate (around 400 persons), and a large volume of statistical information is being produced and disseminated from the three statistical institutes. In some areas the information being produced may go beyond real needs and is compiled

in a fragmented form based on previous production lines and needs. An important issue to consider is to reduce or stop some existing surveys in order to free resources for implementing new surveys that have been developed according to international and European standards. Thus, there are major gaps in relation to European requirements in several areas, and the progress of adaptation to European standards and data coverage has not advanced as quickly as expected, even with considerable external expert support and funding. There seems to be a need for a joint commitment and for joint efforts of the three statistical institutions, in order to succeed in complying with EU requirements. A good opportunity would be the preparation and adoption of the new five-year programmes at both the state and entities levels.

(11) The main conclusions on the institutional aspects of the statistical institutions of BiH are as follows:

- It would be advisable that the three statistical institutions commit themselves in their institutional missions even stronger to developing an integrated statistical system for BiH as a whole, according to European best practices.
- There is some inefficiency in a regionalised statistical system as it exists in BiH, Thus the total number of staff (around 400) is not sufficient to ensure the development of all the statistics as required by the European acquis.
- A strengthening and pooling of budgets at state level for basic surveys and statistical operations (for instance Labour Force Survey, Household Budget Survey and Survey on Income and Living Conditions, National Accounts, Structural Business Statistics, Short -Term Statistics) might be a way forward to ensure consistent implementation across the whole state of BiH.
- Continued and common staff training programmes should be promoted.
- The statistical institutions should implement the described IT strategy as soon as possible after updating and clarifying outstanding issues.
- Improved quality management is very important within the whole statistical system as there are indications of quality problems in some areas (problems with coverage, underreporting and estimations). The document on the “Implementation of the EU Code of Practice in the Agency for Statistics of Bosnia and Herzegovina – assessment and future activities”, developed by BHAS, should be discussed and agreed with RSIS and FIS and developed into a commonly accepted framework.
- In combination, the three institutions have a rather large, costly, and not well integrated dissemination program based on books and reports in printed form, also available on the websites. There is a strong need to develop a joint and consistent dissemination policy across the three institutions and to improve user-oriented dissemination (not least for statistics for BiH as a whole), for instance through a joint web portal and a joint statistical yearbook. Several concrete actions have been proposed.
- All three institutions need to develop their contacts with some important user groups within the business sector and the research community.
- The statistical system of BiH continuously needs international donor and expert support. Improved coordination between different donors and international organizations providing assistance should be ensured so that all

activities are in line with the set priorities, and pilot activities are being transformed into normal production processes for the benefit of the system as a whole.

(12) The assessment of the compliance level with the European requirements in selected statistical areas has led to the following results:

- New economic classifications, which are based on the most recent European classifications NACE Rev. 2, CPA 2008 and PRODCOM list 2010, have been developed and will be used in Statistics of BiH as of 2011. A decision on a regional statistical classification in line with the NUTS regulation is needed and to be agreed with Eurostat. There is an urgent need for BHAS to start the process of defining the methodology for setting up and keeping the register of spatial units of BiH, in cooperation with FIS/RSIS and other relevant authorities. The process for updating the necessary legal basis should be initiated as soon as possible.
- A major challenge is the lack of good quality data on the population living in the country, broken down by region, age and other characteristics. It is therefore of utmost importance that the planned census is performed as soon as possible (the census law is still to be adopted). The statistical institutions, especially BHAS, should take a proactive role in searching for new and administrative sources related to population registration, which might provide an important data source for demographic statistics in the long term.
- The methodological approach for the Household Budget Survey is well founded, based on external expert support and providing data of sufficient quality. A major concern is the lack of sustainable funding, and the more that users have requested the survey to be conducted on an annual basis.
- BHAS in cooperation with entities statistical institutes carried out a Labour Force Survey (LFS) in 2010, for the fifth time. The LFS is based on the recommendations and definitions of the International Labour Organization-ILO and European requirements and appears to be rather compliant with the latter, based on the support of international donors and experts and using international classifications. The LFS is funded by the budgets of the statistical institutions at present and collaboration between them seems to be working well.
- For the compilation of BiH National Accounts the Master Plan of 2008 shall be updated in the form of a mid-term operational plan for the development of National Accounts. Such a plan should include the setting of clear priorities in accordance with the demands of the main users including the European Commission, the activities to be carried out with the support of assistance projects and the milestones at which concrete results have to be provided, together with a system for monitoring the fulfilment of the activities. It is of the utmost importance that all the statistical institutions, on both the state and entity levels, agree with the priorities set and the processes planned. A permanent working group for National Accounts should be set up in which BHAS and the entity institutes discuss the methodological approaches in a transparent manner and with the objective to identify joint solutions. The National Accounts Department requires the provision of high quality data of from various statistical areas, and in particular from business statistics. The system of business statistics including the business register should be

developed in such a way that all needs of National Accounts can be fulfilled through regular surveys and administrative data. The same holds true for price statistics. The National Accounts Department of BHAS, as well as the National Accounts Departments of the statistical institutes of the entities, will need a further increase in their staff capacities and continuing support from Eurostat for a longer period of time to reach compliance with European legislation in the field of National Accounts.

- External Trade Statistics appears to be methodologically rather well developed. There are, however, some uncertainties with regard to the accuracy of the data. The Indirect Taxation Authority (ITA) refuses to provide BHAS with the identification codes of the importers and exporters. Therefore it is neither possible for BHAS, nor for the statistical institutes of the entities, to implement all the necessary validation and credibility checks and to remove potential errors in micro-data through direct discussions with the enterprises. It is not at all acceptable that BHAS is not granted full access to the information available in ITA for statistical purposes. A solution shall be found as soon as possible.
- BHAS and the entity institutes calculate and publish a Consumer Price Index already since 2005 based on international recommendations and in close cooperation. The development of the HICP is still in the initial phase. The main objective shall be the development of an internationally comparable HICP on the state level. Technical assistance is needed to identify the best methodological solution for a regionally decentralized statistical system as in BiH.
- The Statistical Business Register (SBR) of BiH has been in use since 2009. Its quality is not sufficient. However, both entity institutes deploy significant efforts to improve the SBR by cooperating with some other public authorities which have extensive data on businesses at their disposal. BHAS is in the process of getting access to the VAT data of the Indirect Taxation Authority, including the VAT codes, which would be the best data sources for the monthly update of the SBR on the state level. The fact that BHAS does not receive all the available information from the SBR of Republika Srpska remains an obstacle. BHAS should be provided with all information on micro level as it is stipulated in the laws on statistics of BiH and the entities.
- It is strongly recommended that the statistical institutions of BiH start with the regular implementation of the Structural Business Statistics survey. Structural business data are of high importance for the improvement of National Accounts and the compilation of SBS should therefore be given high priority.
- The statistical institutions of BiH appear to progress well on producing statistical data compliant with the PRODCOM regulation. BHAS considers it a high priority to publish and submit statistical data to Eurostat on the basis of the actual PRODCOM list, within six months after the reference year.
- Short-term Business Statistics is not at all developed to the level of European requirements in BiH. BHAS and the entity institutes are investing significant efforts to change this situation, which is a welcome development. The aim is to produce new indicators required by the European short-term statistics regulations (by introducing new statistical surveys and by redesigning existing entity surveys), in order to achieve their harmonization and alignment with EU

requirements and to enable production of the necessary indicators for the level of BiH.

- The area of Agriculture Statistics is in general not well developed in BiH, even if agriculture is an important sector in the country. The main problems are linked to the fact that no Agricultural Census has been implemented since 1981 and that the administrative system in the field of agriculture is underdeveloped. Thus, it is important that the Agricultural Census be undertaken as soon as possible. It was suggested to improve the cooperation with administrative authorities responsible for agriculture, even if these authorities are still under establishment and the administrative farm registers in the entities have serious limitations. The quality of data on crops and livestock is considered not reliable as these are partly based on assessments in the municipalities. It might be necessary to develop a more comprehensive plan for the whole area, with clear priorities and an implementation timetable.

## **1 LEGAL BASIS**

### **1.1 General Overview**

- (13) The Law on Statistics of Bosnia and Herzegovina, passed by the Parliamentary Assembly of Bosnia and Herzegovina (BiH) in April 2004, establishes the legislative framework pertaining to the organization, production and dissemination of official statistics in BiH (the English text is included as Annex 2 ). The Law is largely in harmony with the “Guidelines and Recommendations for the Drawing-up of a Basic Statistical Legislation in Transition Countries Changing to a Market Economy” (Pattern for a Statistical Law) developed by Eurostat.
- (14) The Law on Statistics of BiH gives the Agency for Statistics of Bosnia and Herzegovina (BHAS), the statistical institution on the level of the state, a central role for developing and implementing a national work programme for official statistics. In accordance with the division of political power between the state and the two entities, the Law assigns responsibilities for statistical functions to BHAS on the one hand, and to the statistical institutions in the entities, the Federal Institute of Statistics of the Federation of Bosnia and Herzegovina (FIS) and the Republic Institute for Statistics of the Republika Srpska (RSIS), on the other. The Statistical Office of the autonomous district of Brcko was integrated into BHAS in 2006. The Law on Statistics of BiH does not only apply to BHAS, but to the production and dissemination of all Statistics of BiH, which are official statistics included in the Statistical Programme of BiH and other statistics required for BiH, compiled by state bodies and endorsed by BHAS, with the exception of the statistical activities of the Central Bank. The Law is also applied to the production of statistical data by the statistical institutions of the entities, which BHAS determines necessary for Statistics of BiH. Statistics of BiH does not include statistics that are produced and disseminated by entity institutions for the purposes of the entities (“Entity Statistics”).
- (15) The entities have their own laws on statistics which assign the collection, processing and dissemination of the various statistics to the respective statistical institutes. It is stipulated in these laws that the statistical institutes of the entities are obliged to produce and submit all the data that BHAS considers necessary for the implementation of the Statistical Programme of BiH to BHAS (Article 16 of the Law of the Federation of BiH and Article 26 §1 of the Law of Republika Srpska), in accordance with the methodology, standards and guidelines determined by BHAS. Furthermore, the laws specify that “The exchange of data between the Federal Institute and Agency shall not be subject to limitations given the data confidentiality if they are needed for the production and data quality improvement for the State level” (Article 41 of the Law on Statistics of the Federation of BiH); “The exchange of data that is necessary for the implementation of the Program between the Institute and the Agency is not subject to the limitations relating to the protection of the confidential data” (Article 26 §2 of the Law on Statistics of the Republika Srpska). It is thus very clear (and that not only from the Law on Statistics of BiH but also from the Laws on Statistics of the entities) that BHAS has the right to decide which data and also which kind of data have to be provided by the entity institutes, and that the entity institutes are not entitled to dispute this decision.

#### **Discussion of Essentials of a Statistical Law in Detail**

- (16) The following aspects are considered as being essential components of a statistical law:

- Guarantee of professional independence for the producers of official statistics;
- Adoption of a multi-annual statistical programme by the relevant authorities for legislation;
- Authority to collect and access data for statistical purposes;
- Firm guarantee of statistical confidentiality;
- Impartial dissemination of the statistical information produced.

(17) Further important aspects which should also be laid down in the statistical law are the organization and coordination of the statistical system (including the mandate of the national statistical office), as well as the role of the National Statistical Council. These aspects will be discussed in later chapters.

## **1.2 Professional Independence**

(18) According to the Fundamental Principles of Official Statistics, as well as the European Statistics Code of Practice, the producers of official statistics shall be professionally independent. Decisions concerning the production of statistics are made based on professional reasons and are independent of politics. The statistical law should contain sufficient safeguards against interventions, for instance manipulating results by influencing the choice of standards and methods, and the content and timing of statistical releases. Professionalism and independence are the fundamental principles of a credible statistical system, and credibility is of the highest importance, due to the fact that statistical data deemed as unreliable will not be used, and is therefore useless.

(19) In the Law on Statistics of Bosnia and Herzegovina the term “Professional Independence” is not used. Chapter VIII mentions “Technical Autonomy”. Article 20, § 1 of the Law states explicitly that, when implementing the Programme, the staff of BHAS and of the entity institutes are allowed neither to seek, nor to take instructions from the government, other state authorities, political parties or any other interest groups, notably in the selection of data sources, statistical methods and procedures, in the contents, form and time of dissemination, and in the application of statistical confidentiality. Moreover, § 2 of Article 20 lays down that the authorities and other groups mentioned in § 1 undertake to respect the technical autonomy of the statistical institutions and not to seek to influence the staff in the performance of their tasks. Similar rules can be found in the Law on Statistics of the Federation of BiH and in the Law on Statistics of the Republika Srpska; Article 2 of the Law on Statistics of the Federation of BiH: “All statistical activities shall be implemented following the principle of neutrality, objectivity and professional independency” and Article 8: “When implementing the Program the Director and staff of the Federal Institute shall not request or receive instructions from the authorities in the Federation, other state bodies, political parties or other groups of interest...”; Article 17 of the Law on Statistics of Republika Srpska, §1: “The principles of impartiality, reliability, transparency and statistical confidentiality will be applied in organizing and production of statistics...”; §6: “The Institute and the authorized bodies and organizations are independent in the production of the statistics from its scope of the activities”.

(20) According to Article 9 of the Law on Statistics of BiH, the Director of BHAS manages the work of the Agency for Statistics. Nothing is said in the statistical laws of the entities with regard to the heads of the statistical institutes of the entities. The term

of office of the Director of BHAS is of a four year duration, according to § 6 of Article 9 of the Law. A renewal is possible; it is, however, not mentioned in the Law. The selection procedures for the appointment, as well as the qualifications sought after, and rules against an inappropriate early dismissal are not laid down in the Law on Statistics of Bosnia and Herzegovina. General rules on the selection procedures of senior executive managers are included in the “Law on Civil Service in the Institutions in Bosnia and Herzegovina”. It would be advisable to establish rules on the selection, appointment and dismissal procedures to prevent inappropriate early dismissals. The term of office for each director of BHAS should be five years with the possibility of a five year renewal. The laws on statistics of the entities should also include such rules.

- (21) The legal status of a statistical system (and a statistical office) with regard to professional independence is a good prerequisite to be able to fully apply the independence principle of the Code of Practice. It cannot, however, be considered as a guarantee. The professional independence of the producers of official statistics must be accepted (in particular by the Government), for the Code of Practice to be implemented successfully.

After discussions with the management and other staff of BHAS and the entity institutes, as well as with members of the Statistical Council and various users of BiH and entities statistics, the assessors ascertain that official statistics can be produced and disseminated in BiH without influence in terms of the selection of the methodology used and in the content and timing of their releases. However, this observation is a perception not necessarily shared by all users of Statistics of BiH, underlining the urgent improvements to public image that the statistical institutions of BiH need to undertake by improved quality management and user-oriented documentation. A detailed explanation of the data and the methods used is needed, accompanied by an explanation of the methodological changes.

### **1.3 Programming**

- (22) A national law on statistics should ensure that a multi-annual statistical programme is established. The role of such a programme is to describe the scope of statistical activities to be conducted during the next 4 or 5 years, setting clear priorities as to what is to be achieved during this period. The programme should be proposed for legislation by the relevant state authorities and adopted, as the decision as to what is statistically relevant in the country is a political one. The necessary details concerning the implementation of the programme can be decided at a lower level, e.g. by the Statistical Council, or by the head of the statistical office after consultation with an advisory body. The inclusion of budgetary safeguards into the programme should also be taken into consideration.
- (23) Chapter 5 of the Law on Statistics of BiH is called “Statistical Programme of Bosnia and Herzegovina”. The programme shall span a four year rolling period and shall be implemented in accordance with international and European standards. It will be adopted by the Council of Ministers and published in the Official Gazettes of BiH, of the entities and of the Brcko District of BiH. The Programme is to be submitted by BHAS to the Council of Ministers after consideration by the Statistical Council. § 1 of Article 12 details the specifics of the programme, inter alia the institutions conducting the collection of the data. The proposed statistical activities of the Programme in any budget year along with their projected costs and the sources of financing, which is approved by the state authorities for budgetary purposes after consideration by the Statistical Council, are stipulated in work plans. The Statistical Programme of BiH and

the annual work plan shall be drafted according to Articles 13 and 14 of the Law by BHAS in consultation with the entity institutes.

- (24) Within three months after the end of each year, the Director of BHAS shall provide an annual report to the Council of Ministers. The annual report shall include, in particular, the extent to which the Programme and the work plan have been implemented, the statistical results achieved, any constraints that have hindered the achievement of parts of the Programme and the work plan, and the extent to which there has been compliance with the standards and methodology issued by BHAS. The annual report will be published on the BHAS website after being adopted by the Council of Ministers within six months after the end of the year. If the report is not adopted within the given time period, it will be published without prior adoption.
- (25) With regard to the budgetary safeguards, the State Budget of BiH is required by law to finance the operations of BHAS and of the Council for Statistics of BiH.
- (26) The present Statistical Programme includes strategic guidelines of BiH statistics, priority tasks 2009 – 2012, and results to be achieved in the various statistical domains; further on cross-sectional activities such as training, IT support, information and dissemination, research and methodological development, and administrative support.

#### **1.4 Mandate for Data Collection**

- (27) A statistical law shall provide producers of official statistics with the right to decide the most appropriate way to acquire the necessary basic information for the compilation of their statistics from all data sources. Public organizations should be obliged to allow administrative data to be accessed for statistical purposes, and statistical units to provide the information requested.
- (28) The mandate for data collection for Statistics of BiH is derived from the Law on Statistics of BiH and the Statistical Programme of BiH. The Law does not contain any chapter or article dealing comprehensively with data collection in the system of official statistics in BiH. It only lays down the competencies of BHAS with regard to data collection. According to Article 8 of the Law on Statistics of BiH, BHAS is entitled to produce Statistics of BiH in accordance with internationally accepted standards based on data submitted by the entity institutes and/or on data collected directly by BHAS. Statistics of BiH is defined in Article 3 of the Law as statistical information, which is produced to implement the Programme or other statistics required for BiH and compiled by state bodies, and endorsed by BHAS.

Concerning data production, BHAS may collect data from any statistical unit in the entities, from BiH institutions, legal entities at the State level, international organisations operating within the borders of BiH and from foreign owned and controlled companies. Furthermore, BHAS may require entity institutes, when necessary for compiling statistics at the level of BiH, to collect and provide statistical data, and to provide data at the level of individual statistical units including confidential data that BHAS determines necessary for Statistics of BiH. Article 18 of the Law stipulates that each entity institute shall collect process and transmit to BHAS within the time specified and without conditions the statistical data which BHAS determines necessary for Statistics of BiH. In collecting and processing Statistics of BiH, the entity institutes shall apply the standards and practices issued by BHAS. These shall be in accordance with international standards and practices.

(29) Similar rules are included in the statistical laws of the entities. The statistical institutions of the entities are entitled to collect data and they are obliged to submit to BHAS the statistical data necessary for the implementation of the Statistical Programme of BiH. Moreover, the statistical laws of the entities stipulate that the statistical institutions of the entities shall submit the data to BHAS following the methodologies, standards and guidelines determined by BHAS. An interpretation of Article 7 the Law on Statistics of the Republika Srpska is causing major problems as the term 'processed data' by RSIS is interpreted as aggregated data (not micro-data). This interpretation departs from the intended meaning of Article 7 (referring to the statistical program and the methodologies and guidance of the BHAS), and 'processed data' can in this context mean controlled and verified data.

(30) In principle, BHAS and the entity statistical institutes are entitled by their laws on statistics to access administrative data for statistical purposes. In practice, however, the use of administrative data is still very low. One reason might be that the corresponding rules in the laws are not very clear and can be interpreted differently. An amendment to the laws is necessary; an amendment to the Law on Statistics of BiH is already planned by BHAS.

BHAS, along with the entity institutes, have already concluded some agreements of understanding with other data producers and holders of administrative data; further agreements are planned. Cooperation with the most important holder of administrative data at state level, the Indirect Taxation Authority (ITA), needs to be improved urgently. Although an agreement of understanding was signed, ITA is reluctant to submit data from the VAT databases to BHAS, and in the field of external trade statistics ITA refuses to provide BHAS with the identification numbers of importers and exporters. The assessment team who visited ITA was told that there are plans to change the relevant law. There are, moreover, a number of administrative records, in particular on the entity and canton level, which are still not harmonized.

(31) The Law on Statistics of BiH stipulates that statistical units which refuse or fail to answer questions or written requests by BHAS, or provide false or misleading information in response to written requests by BHAS to meet the needs of the Programme, shall be guilty of an offence punishable by a fine. Similar rules can be found in the laws on statistics of the entities. However, penalty provisions have never been applied. The household and business survey response rates are still rather high. The statistical institutes of the entities therefore do not see a need to use the penalty provisions that are included in their statistical laws. They see, however, the high response burden, in particular that placed on business units. It is therefore strongly supported to develop new and more efficient ways of data collection using modern electronic communication instruments (use of electronic questionnaires and submission of data via internet in business statistics and use of computer assisted interview techniques in household and price statistics).

## **1.5 Statistical Confidentiality**

(32) Statistical confidentiality is one of the most important principles of official statistics. In order to safeguard the trust of respondents, their data must not be used in individual form and in a context where individual decisions are taken. A possible exception is the use of such data for scientific purposes, but under very strict and restrictive conditions. Moreover, a law on statistics should demand the installation of a technical data

protection architecture which ensures the functioning of the confidentiality rules in all stages of the statistical production process.

- (33) Confidentiality of statistical data is regulated in the Law on Statistics of BiH, both as one of the principles on which Statistics of BiH is based, and in chapter XI “Statistical Confidentiality and Law on Protection of Personal Data” (in a total of 7 articles). In particular, the Law states that data collected, processed and stored for the production of Statistics of BiH shall remain confidential, if they allow direct or indirect identification of statistical units, thereby disclosing individual information. This means that confidential data shall be used exclusively for the production of statistics, unless the respondents have unambiguously given their consent for the use of their data for any other needs or purposes. Another exception in the Law refers to information about the economic situation collected from enterprises and other economic agents, and about the environmental situation. Such information may be disseminated even if the results do not meet the aggregate requirements as set out in article 26, §1 of the Law (aggregates shall comprise at least three units and the share of one unit in an aggregate must not exceed 85% of the total), in cases where this is determined necessary by BHAS for ensuring significant basic information and provided that the Statistical Programme foresees the dissemination of such information. Furthermore, the Law requires the statistical authorities, including the institutions at the entity level, to take all necessary organizational, regulatory and technical measures to protect confidential data against unauthorized access, disclosure and use.
- (34) Transmission of data between BHAS on the one hand, and each of the entity institutes on the other, is not subject to confidentiality restrictions to the extent that such data transmission is necessary for the production of Statistics of BiH. Article 30 of the Law explicitly states that entity institutes are obliged to provide confidential data to BHAS if this is deemed by BHAS as being appropriate to promote the information and the quality to be provided by the Statistics of BiH. Statistical confidentiality is also laid down in the statistical laws of the entities, and the laws of the entities include the rule that the exchange of data between the statistical institutions of the entities and BHAS on the state level does not underlie confidentiality restrictions as far as the individual data are necessary for the production of Statistics for BiH.
- (35) A guideline was developed by BHAS and published on its website which includes basic principles and guidance for statistical confidentiality and data protection in the statistical institutions and other authorized producers of statistics in BiH. The guideline describes all procedures in place to guarantee the security and integrity of confidential data. A body, as mentioned in the document (Committee for statistical confidentiality and data protection) has not yet been established. The reason is that the full implementation of the guidelines, including the establishment of the Committee, requires the adoption of the guidelines by all three statistical institutions in BiH (which has not happened yet), and furthermore changes in the statistics laws of BiH and of Republika Srpska.

The guideline includes rules allowing the provision of micro-data to scientific research institutions and registered researchers, as well as to government bodies if the purpose of the use of the micro-data within the government bodies is research or analysis. Despite the fact that micro-data are defined in the guidelines as individual data changed in such a way that no statistical unit can be identified, it is not without reservation that the same kind of data can be given to independent researchers on the one hand and to government bodies on the other. The Regulation on European Statistics stipulates “that access to

confidential data which only allows for the indirect identification of the statistical units may be granted to researchers carrying out statistical analyses for scientific purposes”. A Memorandum of Understanding between BHAS and the Directorate of Economic Planning (DEP), which was provided to the assessors before the first mission, shows that micro-data provided to a government body are possibly not “changed in such a way that no statistical unit can be identified”. The Memorandum provides for the submission of micro-data in the form of individual data (without direct identifiers). That means that an indirect identification might be possible, and data of that kind may only be granted to independent researchers according to European legislation. The assessors underlined during the first mission that the Memorandum is very critical and a revision regarding the kind of data to be provided is recommended. The Memorandum was revised prior to the second assessor mission and now includes a stricter anonymization of the data provided to the DEP. It is, moreover, not without reservations that personal data including the direct identifiers, according to the guideline, can be given to and used by research institutions and individual researchers for the purpose of conducting surveys. We suggest that BHAS experts liaise with Eurostat to ensure that they are aware of international best practices in the provision of household survey micro-data.

- (36) In the answers to the questionnaire it is set out that the statistical authorities may grant access to statistical micro-data to registered scientific research institutes and researchers for the purpose of carrying out scientific research projects. The procedures are stipulated in the aforementioned guidelines on statistical confidentiality and data protection. The present Law on Statistics of BiH, however, does not include such a rule and it is therefore recommended to amend the Law in that respect.

## **1.6 Impartial Dissemination**

- (37) According to the Fundamental Principles and to the European Statistics Code of Practice, dissemination is to be made on an impartial basis to honour a citizen’s right to public information. Statistical offices have the responsibility to ensure that statistical results are made public. A pre-announcement of important releases is a useful tool to guarantee technical autonomy in dissemination.
- (38) The Law on Statistics of BiH states explicitly that the results of Statistics of BiH shall be disseminated to all users including governmental institutions, social and economic operators and the public in general as soon as they are available in a neutral and impartial way, using all appropriate media. The information necessary to evaluate the quality of Statistics of BiH and how the principles are applied shall be publicly accessible.

The Law, however, does not oblige BHAS to publish (before the end of the current year) a calendar of dates detailing when important official statistical results will be released in the following year, including the form of dissemination. An amendment of the Law is recommended to support the already implemented practice to publish such a calendar.

A detailed description and assessment of the dissemination policy of BHAS can be found below in Chapter 3.5.

## **1.7 Issues that may be considered for a future Revision of the Law**

- (39) Though the Law on Statistics of BiH already includes most of the essentials of a statistical law, some amendments and clarifications should be considered in a future revision process.

(40) A few issues of special importance for the good functioning of a statistical system are described in the following:

- The ‘System of Official Statistics of BiH’, which includes all producers of official statistics in BiH, should be defined in Article 3. It should include the Agency for Statistics (BHAS), the statistical institutes of the entities FIS and RSIS, and other producers of Statistics of BiH on the state and on the entity level. The Law should also include a definition of ‘official statistics’ and the quality criteria to be met in order to be accepted as ‘a producer of official statistics’.
- In Article 8, which is part of Chapter III “Competencies of the Agency”, BHAS should explicitly be named as the coordinator of the System of Official Statistics of BiH. Coordination means that BHAS is responsible for following up the performance of tasks assigned by the Law on Statistics of BiH and the Statistical Programme of BiH to other producers of official statistics in terms of their conformity to international standards, to perform quality control, and to provide technical support and ensure coordination in these issues (see the statistical laws of Turkey, Bulgaria, Ireland, and Australia).
- The mandate of BHAS concerning data collection and access to administrative data should be clarified by merging all rules concerning data acquisition in one chapter in the Law on Statistics.
- In accordance with Article 4 of the draft of a “Law on changes to the Law on Statistics of BiH” an amendment of the Law on Statistics of BiH should clearly oblige holders of administrative data to make their data available for use, free of charge, in accordance with the requirements of the producers of statistics. Moreover, the statistical institutions should be given the right to influence the contents of administrative records to be used for statistical purposes. Moreover, they should also be provided with all information regarding the implementation of any new administrative data files or of any changes in the existing data files. On the other hand, the statistical institutions should provide methodological support to the establishment of new administrative registers and to the change of existing ones so that they can better be used for statistical purposes.
- Article 5 of the draft of a “Law on changes of the Law on Statistics of BiH” regarding the creation, development and maintenance of statistical registers at the level of BiH, is fully supported.
- Article 9, which is part of Chapter IV “Authorities, Obligations and Responsibilities of the Director of the Agency and his Deputy”, should be amended by including rules regarding the qualifications and the procedures of the selection, the appointment and a possible dismissal of the Director and his Deputy. Examples could include the statistical laws of Turkey and Bulgaria. The term of office of the director and his deputy should be extended to at least five years, renewable once (as suggested in Article 6 of the draft of a “Law on changes of the Law on Statistics of BiH”). Similar rules should be laid down in the laws on statistics of the entities.
- An increase of the number of the members of the Statistical Council and a change of its composition should be considered (change of Article 16 of the Law on Statistics of BiH) because the present composition of the Council demonstrates a mismatch between tasks and composition. Business

representatives and the general public need to be more highly represented. The statistical institutes could still participate in the Council meetings, but only as observers. It would be advisable to create a committee besides the Statistical Council to facilitate the discussion of issues concerning the cooperation of the producers of statistics. The proposed change of the composition of the Council in Article 8 of the draft of a “Law on changes of the Law on Statistics of BiH” would already be an improvement but does not go far enough.

- Article 9 in the draft of a “Law on changes of the Law on Statistics of BiH”, regarding the list of principles to be mentioned in the Law on Statistics, is not an adequate solution. The principles included in the Law on Statistics should be brought in line with the principles in the Regulation on European Statistics instead. In addition, an amendment of a separate article on quality which stipulates and defines the European quality dimensions should be considered (see the Regulation on European Statistics), in which the European Statistics Code of Practice could also be mentioned.
- Articles 10 (information to be given to BHAS) and 12 (provision of individual data to research institutes and researchers) of the draft of a “Law on changes of the Law on Statistics of BiH” are strongly supported.
- The full harmonization of the respective entity statistical laws with the revised Law on Statistics of BiH is of particular importance.

## **1.8 The legal Basis for regular Stakeholder Involvement**

(41) A Statistical Council of Bosnia and Herzegovina is established by the Law on Statistics of BiH as an advisory body. Its role is to give advice on the preparation and implementation of the Statistical Programme of BiH and on the functioning and further development of Statistics of BiH. The tasks of the Council include in particular making recommendations concerning the drafts of the Programme and the work plan, monitoring how BHAS functions, making recommendations to the Council of Ministers about the resources needed by BHAS, facilitating cooperation between the authorities at the levels of BiH and of the entities that are responsible for organizing, producing and disseminating official statistics, and advising on the compliance of the authorities producing statistics and the State bodies with the standards issued by BHAS. The composition of the Statistical Council, i.e. the groups of stakeholders represented in the Council, as well as the procedures of selection of the Council members, is laid down in the Law on Statistics of BiH. The Director of BHAS and his Deputy, the Directors of the entity institutes and the Director of the Brcko Branch, the Governor of the Central Bank of BiH or his representative, and the Minister of the Treasury of Common Institutions or his representative are *ex officio* members of the Council. Moreover, the Council consists of three members from the data providers and the users of Statistics of BiH, all of which are appointed for a period not exceeding four years by the Council of Ministers on the proposal of the Minister of Civil Affairs and Communication. Statistical Councils are also established in the Federation of Bosnia and Herzegovina and in the Republika Srpska as professional and advisory bodies for strategic and developmental issues.

(42) Stakeholders of the statistical system include producers of official statistics in other countries and the international organizations. According to the Law on Statistics of BiH, BHAS is given the competency to perform international representation and cooperation with international organisations and other bodies and to fulfil BiH’s international responsibilities in the field of statistics. BHAS shall establish and

maintain contacts with the donor community and propose distribution of the donations for BHAS and the entity institutes in accordance with the donor's preferences or, if there are no preferences, in accordance with the Statistical Programme. Being a potential candidate country for membership in the European Union, the Statistical System of BiH has close connections with the European Statistical System, in particular with Eurostat, but also with international organizations like the International Monetary Fund (IMF), World Bank and the United Nations Development Programme (UNDP). Bosnia and Herzegovina has not yet subscribed to the General Data Dissemination System (GDDS) of the IMF.

## **1.9 Other relevant Legislation**

- (43) The Statistical Programme of BiH, adopted by the Council of Ministers and announced in the Official Gazette in March 2009, forms (in connection with the Law on Statistics of BiH) the legal basis for all activities conducted in the field of Statistics of BiH (with the exception of statistics produced by the Central Bank of BiH – see the following paragraph). The Programme is drafted by BHAS in consultation with the statistical institutes of the entities, discussed in the Statistical Council and submitted by BHAS with the opinion of the Statistical Council to the Council of Ministers for adoption.
- (44) Article 68 “Collection of Statistical Information” of the Law “On Central Bank of Bosnia and Herzegovina”, published in the Official Gazette BiH No. 1/97, gives the Central Bank the right to define by regulation the statistical information required, as well as the form in which such information is to be provided to the Central Bank, the persons that are to provide such information to the Central Bank, and the confidentiality regime that shall apply to statistical information provided to the Central Bank. The regulation from 2002, amended in 2006, gives the Central Bank the responsibility to compile monetary, balance of payments and government finance statistics. A Memorandum of Understanding between the Central Bank and BHAS confirms and clarifies the responsibilities of both institutions in the field of Statistics for Bosnia and Herzegovina.
- (45) As in many other countries, general censuses are included in the statistical programme; however, the implementation of such a census has to be authorized by a separate law. The next Population, Households and Dwellings Census was planned to be conducted in April 2011. The law on the Census is, however, yet to be adopted. It is still on the agenda of the House of Peoples of the Parliamentary Assembly of Bosnia and Herzegovina.
- (46) The “Law on Ministries and other Bodies of Administration of Bosnia and Herzegovina” (Official Gazette of BiH, 5/03) describes BHAS in Article 17 as an “Independent Administrative Organization”.
- (47) Decision of the Council of Ministers on the establishment of the Agency for Statistics of Bosnia and Herzegovina (Official Gazette 12/02) determines the organisation of Agency.
- (48) The “Law on Classifications of Activities of Bosnia and Herzegovina” (Official Gazette of BiH, 76/06) determines the statistical classification of economic activities as an obligatory standard in BiH. The classification is established by a decision of BHAS.
- (49) The “Law on the Protection of Personal Data” includes rules on the use of personal data for the production of official statistics. It states explicitly that personal data,

having been collected for any purpose, may be processed again for statistical purposes; the processing of sensitive data for the production of official statistics is permitted by the Law on Statistics. It seems that the “Law on the Protection of Personal Data” does not hinder the work of official statistics in Bosnia and Herzegovina.

(50) The Law on “Civil Service in the Institutions of Bosnia and Herzegovina” (Official Gazette 4/97) should be mentioned as well.

(51) **Assessment**

*The Law on Statistics of Bosnia and Herzegovina is, already in its present version, largely in harmony with the Fundamental Principles of Official Statistics of the United Nations and the corresponding section of the European Statistics Code of Practice. The Law includes provisions for all the essentials of a statistical law, and the same holds true in general for the laws on statistics of the entities. The Law on Statistics of BiH does not only apply to the production and dissemination of statistics by the State Agency for Statistics (BHAS), but also for the production of statistical data by the statistical institutes of the entities which BHAS determines necessary for Statistics of BiH. The statistical institutes of the entities are, in this context, obliged on the basis of the Law on Statistics of BiH, as well as on the basis of their own laws, to provide not only aggregated data to BHAS, but also individual data if that is considered necessary by BHAS.*

*The planned revision of the Law on Statistics of BiH is strongly supported. A major issue should be, as already mentioned, to include rules on the selection, appointment, and against the inappropriate early dismissal of the Director of BHAS. His or her term of office should be extended to at least five years, renewable once. The same rules should be laid down in the laws on statistics of the entities. Further issues are already explained in point 29 of this report. It is to be emphasised that the full harmonization of the laws on statistics of the entities with the Law on Statistics of BiH is of particular importance.*

*The laws on statistics of BiH and of the entities include clear rules granting professional independence to the statistical institutions. The discussions of the assessors with many interlocutors in the course of the assessment have led to the opinion that there is nevertheless the need to urgently improve the public image of the statistical institutions of BiH by improved quality management and increased user-orientation. Independence should be demonstrated through the dissemination policy, through sharing information with the partners, and through transparency of all processes.*

*The assessors share the impression that statistical confidentiality is taken seriously by the authorities of the statistical system in BiH. However, it seems necessary to clarify the policy of BHAS regarding the dissemination of what is called micro-data. Strict keeping of the legal rules of statistical confidentiality is indispensable to retain the trust of data providers.*

*The Statistical Council of BiH is the most important advisory body in the field of statistics on the state level in BiH. For the proper fulfilment of its tasks, it is of high importance that the members of the Council represent all groups of stakeholders of official statistics adequately, and that the members from outside the statistical institutions have a clear majority in the Council. It appears, however, that the present composition of the Council, with more than half of the members from the statistics producers on the state and on the entity level and only very few from the user side,*

*demonstrates a mismatch between tasks and composition. In its present composition, the Council is dominated by conflicting discussions between the statistical institutions and is not an adviser of these institutions. Business representatives and the general public clearly need to be more highly represented. The statistical institutes at the state as well as at the entity level can still participate in the Council meetings, but without the right to vote. Because a change in the composition of the Council requires a change in the Law on Statistics and a change in the Law will need some time, representatives of the user groups (business representatives and the general public) could already be invited as guests. Concerning the discussion of issues about the cooperation of the producers of statistics, it would be advisable to create an additional committee besides the Statistical Council.*

*According to the Law on Statistics of BiH, the statistical laws of the entities, and in connection with the Statistical Programme of BiH, BHAS and the statistical institutes of the entities is given the right to collect primary statistical data and to access administrative records. It appears, however, that the rules concerning the mandate of data collection, in particular with regard to the access to administrative data, could be made much more transparent and indisputable in revisions of the laws. Holders of administrative data should clearly have the obligation to make their data available for use, free of charge, in accordance with the requirements of the producers of statistics. Moreover, BHAS and the statistical institutes of the entities, each within their area of competence, should be given, legally and in practice, the right to influence the contents of administrative records to be used for statistical purposes, and should be provided with all information regarding the implementation of any new administrative data files or of any changes of existing data files. The statistical institutions, on the other hand, should provide methodological support to the establishment of new administrative registers and to the change of existing ones so that they can better be used for statistical purposes.*

*The forthcoming Statistical Programme of BiH (2013 – 2016), should be used to develop a mid-term strategic orientation on the approximation with and application of the *acquis* in the field of European statistics. The Programme should include all statistical activities of the statistics producers on the State level, as well as estimations of the budget and of the international assistance needed for the implementation of all planned activities. Within BHAS, the programme should be complemented by an operational plan containing the activities required and the milestones together with a monitoring system for the fulfilment of the activities and its control. In order to avoid inconsistencies, all statistical programmes in the entities should be designed in a coordinated manner with the programme on the state level in order to avoid inconsistencies.*

## **2 NATIONAL SYSTEM OF OFFICIAL STATISTICS**

(52) The National System of Official Statistics of BiH is characterized on the one hand by a regional decentralization, reflecting the administrative and political organisation of the country, and to a large extent a functional centralization on the other. The three statistical institutions, called ‘competent authorities’ in the Law on Statistics of Bosnia and Herzegovina, represent the main levels of government:

- the Agency for Statistics of Bosnia and Herzegovina (BHAS) at the state level;

- the Federation of Bosnia and Herzegovina Institute for Statistics (FIS), and the Republika Srpska Institute for Statistics (RSIS) at the level of the two entities;
- the statistical office of the autonomous district of Brcko is an integral part of the Agency since 2006 due to a governmental decision.

## **2.1 Structure of the National Statistical System of Bosnia and Herzegovina**

- (53) At state level, the Agency for Statistics and the Central Bank of BiH are the only producers of official statistics. As already stated above, the Central Bank is in charge of monetary, balance of payments and government finance statistics. All other official statistics are the responsibility of BHAS. The Law on Statistics allows in principle that other state bodies can compile statistics concerning BiH, however the management of BHAS confirmed that there is at present no further producer of Statistics of BiH at the state level.
- (54) The laws on statistics of the Federation of Bosnia and Herzegovina and of the Republika Srpska mention long lists of authorized bodies for statistical activities, in each of them besides the statistical institute (FIS and RSIS). The representatives of the statistical institutes of the two entities explained in the course of the AGA, however, that most of these producers of data cannot be called authorized producers of official statistics because they do not fulfil the criteria to be such an authorized authority. Only the Health Institutes in both entities were accepted to be authorized producers of official statistics. It was not, however, made clear in the discussions as to what these criteria are. An assessment of all these institutions was not possible within the time limits of the AGA. It is therefore necessary to make a clear distinction between authorized producers of official statistics and producers of administrative data providing such data to the statistical institutes for use in the production of statistics in statistical programmes of the entities in the future.
- (55) According to the Law on Statistics of BiH, statistics concerning BiH shall be produced through the combined effort of BHAS and the statistical institutes of the entities. The Multi-Annual Statistical Programme of BiH and the yearly work plan are drafted by BHAS in consultation with the entity institutes. BHAS shall determine the statistical standards for the implementation of the Programme, which have to be used by all statistical authorities at both state and entity levels contributing to the production of BiH statistics. The production of BiH statistics by BHAS is based on data submitted by the entity institutes and data collected by BHAS from administrative sources at the state level. BHAS may require the entity institutes to collect and provide statistical data, if necessary also on the level of individual statistical units including confidential data. The obligation of the entity institutes to provide BHAS with the statistical data, considered necessary by BHAS for the production of statistics of BiH, within the terms specified by the Statistical Programme of BiH, is also laid down in the statistical laws of the entities. These laws moreover stipulate that the data shall be submitted in accordance with international methodologies, standards and guidelines determined by BHAS.
- (56) The Central Bank of BiH is responsible for production and dissemination of Monetary and Financial Statistics, Balance of Payments and International Investment Position Statistics, as well as for Government Finance Statistics. The statistical activities of the Central Bank are not covered by the Law on Statistics of BiH. The legal basis for compilation of above mentioned statistics, as well as the conduct of the necessary surveys, is provided by the Law on the Central Bank of BiH, primarily Articles 56 and 68, which state that the Central Bank, in order to carry out the

operations stipulated by the Law, shall have the right to collect data from all units. Besides the Law there are several by-laws, in particular the Governing Board's Decision on the compilation of data necessary for Monetary and Financial Sector Statistics, Balance of Payments Statistics, Government Finance Statistics and External Debt of BiH. In addition, there is a Memorandum of Understanding signed by the Central Bank of BiH and BHAS regulating mutual cooperation between these two institutions regarding compilation of statistics and data sharing. Unlike other producers of official statistics, the statistical activities of the Central Bank of BiH are not defined by the Annual Plans of Activities that are submitted to the state level Government and the Parliament. Competence for statistics within the Central Bank lies with the Department for Statistics and Economic Research which has full responsibility for statistical methodology and data dissemination.

**(57) Assessment**

*The regional decentralization of official statistics in BiH requires clear rules regarding the division of work between the partners, including excellent communication and participation, to be guaranteed mainly by the coordinating institution, and a close cooperation of all producers involved. A major hindrance to an efficient cooperative collaboration is, however, that the rules in the laws on statistics of the state and the entities regarding the provision of data to BHAS are differently interpreted in BHAS and in the RSIS, or they are translated differently into practice. The cooperation between the statistical institutes of BiH is not at all as good as it should be for the sake of the efficiency of the system, despite the fact that the Director of RSIS expressed at the first day of the AGA that "the priority of RSIS is to ensure the Statistical Programme of BiH". The statistical institutes of the entities complain that BHAS does not fulfil its role as the coordinator of statistics of BiH; BHAS complains that in particular RSIS does not accept BHAS' coordination role in practice. Furthermore, the assessors gained the impression that communication, both from the side of BHAS as well as from the side of the entity institutes, is insufficient and in need of improvement. There is an urgent need for closer links between BHAS and the entity institutes. A solution could be the implementation of permanent working groups in all statistical domains which are chaired by BHAS and which meet regularly. Meetings will normally be prepared by BHAS. Sufficient funds to cover travel costs have to be provided in the budgets of all statistical institutions for their respective staff. The acquisition of facilities for video conferences should be considered.*

*The delimitation of the Statistical System of BiH is difficult to determine. At the state level, BHAS and the Central Bank are the only producers of statistics of BiH. The statistical institutes of the entities are partly producers of statistics of BiH because they are obliged to provide BHAS with data necessary for the implementation of the Statistical Programme of BiH, and they are partly producers of entity statistics, which is, according to the Law on Statistics of BiH, expressly not statistics of BiH. The assignment of other data producers should be clarified in the next statistical programmes of the entities. Additionally, considerations should be made on eliminating the rather artificial distinction between statistics of BiH and entity statistics. All official statistics produced by the statistical institutions in BiH provide information about BiH, partly for the state as a whole, partly on a regional level and sometimes only for one of the regions. All these statistics, however, should follow common standards, definitions and methodologies, which are in accordance with international standards, definitions and methodologies, to allow comparisons within the state and with other countries.*

## 2.2 Programming and Coordination Mechanisms

(58) Statistical systems undergoing extensive decentralization, be it regional or functional decentralization, need to be well coordinated for the sake of the efficiency of the system. The National Statistical Institute (NSI) should be given a leading role as the coordinator of the system, and the other producers should use the same standards, in particular regarding classifications provided by the NSI. In addition, they should harmonize their methods with the methods used by the NSI, and, last but not least, should include their work programme in the overall statistical programme to avoid any duplication. They should also provide their results to the NSI for further dissemination. The NSI, on the other hand, should support the work of the other producers, in particular by providing methodological assistance, and should monitor the application of the standards issued.

(59) The Law on Statistics of BiH gives the Agency for Statistics (BHAS) the role of the main producer and coordinator of the production of statistics of BiH. It appears, however, that it is not possible to define the BHAS as the coordinator of the Statistical System of BiH. According to Article 3 of the Law, Statistics of BiH shall exclude statistics that are disseminated and/or published by the entities of BiH for their purposes (entity statistics). That means that the responsibility for these statistics lies completely within the responsibilities of the entity institutes. The entity institutes are, furthermore, on the basis of the statistical laws of the entities, responsible for coordinating the partly decentralized statistics production in the entities.

(60) The Law on Statistics of BiH designates BHAS as the competent body to process, disseminate and endorse statistics of BiH. BHAS is, inter alia, responsible for:

- preparing a draft of the multi-annual Statistical Programme of BiH after consultation with the entity institutes, which is submitted after consideration by the Statistical Council to the Council of Ministers for adoption,
- preparing its draft work plan for each financial year in consultation with the entity institutes, which is submitted after consideration by the Statistical Council to the Ministry of Treasuries of the State Institutions for further budgetary procedures in accordance with the applicable laws,
- providing an Annual Report to the Council of Ministers on the implementation of the Programme and the work plan,
- determining the statistical standards for the implementation of the Programme to be applied in statistical activities undertaken by state bodies,
- collecting, processing and disseminating statistics of BiH in accordance with internationally accepted standards based on data submitted by the entity institutes and/or data collected directly by BHAS,
- requiring (where necessary for compiling statistics at the level of BiH) entity institutes to provide data at the level of individual statistical units including confidential data,
- monitoring the application and utilisation of the standards issued and reporting on compliance in its Annual Report,
- establishing and maintaining contacts with the donor community and proposing distribution of the donations for BHAS and the entity institutes.

- (61) As already explained above, the laws on statistics of the entities include rules that the entity institutes are obliged to provide BHAS with the statistical data necessary for statistics of BiH, and that in producing these statistics they have to apply to the standards provided by BHAS. These laws, however, do not mention the cooperation between BHAS and the entity institutes when preparing the statistical programmes of the entities. They contain regulations concerning the preparation and the contents of the statistical programmes of the entities, as well as the work plans of the entity statistical institutes. However, they do not mention that there is a need to harmonize the programmes and the work plans at the state and the entity level and the necessary involvement of BHAS in the planning process in the entities. In practice, the only involvement of BHAS in the planning of the statistical programmes and work plans of the entities is to issue its opinion in writing to the entity institutes as stipulated in the 'Agreement on implementation of harmonized methodologies and standards in producing statistical data of BiH'.
- (62) The BHAS instruments used to coordinate the Statistical System of BiH are the responsibility of BHAS. BHAS is required to prepare and to secure the implementation of the multi-annual Statistical Programme of BiH, to determine the statistical standards for the implementation of the Programme, as well as memoranda of understanding with other statistics producers and providers of administrative data. The experiences of BHAS with memoranda or agreements of understanding are varied. The memorandum with the Central Bank is very positive. The tasks that the two producers of official statistics are required to fulfil are clearly defined, which is conducive to facilitating effective cooperation between the institutions. The 'Agreement on implementation of harmonized methodologies and standards in producing the statistical data of BiH' was signed in 2005 by BHAS, the statistical institutes of the entities, and the Ministers of Finance from BiH and of the two entities. The contents of the agreement include the necessary rules for an efficient cooperation between the statistical institutions in BiH (i.e. activities related to the production of statistics of interest of BiH shall have priority over the production of statistical data of interest for the entities; entity statistical institutes shall provide BHAS, according to article 8 of the Law on Statistics of BiH, with all necessary data, databases and procedures and software used in producing their statistical data; entity institutes shall collect opinion of BHAS when preparing their multi-annual Programme and their annual work plan) did in practice not solve the problems in the cooperation between BHAS and mainly one of the entity institutes (RSIS). The Memorandum of Understanding between BHAS and the Indirect Taxation Authority (ITA), as a holder of important administrative data, is only partly fulfilled by ITA. In particular, BHAS is yet to receive permission to use data from the VAT databases and has no VAT identification numbers to identify importers and exporters for the improvement of external trade statistics. Other agreements concluded by BHAS include the provision of statistical data to other state bodies (with partly agreements to submit micro-data). Memoranda of understanding are also concluded by the entity institutes (see points 133 – 136 below).
- (63) A significant role in the coordination of the statistical system is also assigned to the Statistical Council by the Law on Statistics of BiH. The Council shall give advice on the preparation and implementation of the Programme and on the functioning and further development of statistics of BiH. The present composition of the Council appears, however, to a great extent unsuitable to support improved cooperation between the statistical institutions in BiH.

(64) The multi-annual Statistical Programme of BiH, which by law has to be adopted by the Council of Ministers, appears to be a comprehensive and very informative document. It includes the strategic guidelines which govern BiH statistics (that means statistics produced by BHAS together with the entity institutes), the output to be produced and all planned statistical activities of the statistics producers. Moreover, it would be useful to include an estimation of the budget required to ensure that enough funds are available to cover the implementation of all planned activities. Annual work plans are prepared by BHAS for the implementation of the planned activities, including their projected costs. Within BHAS, the work plan should be complemented, as already mentioned above, by an operational plan containing the activities needed and milestones for monitoring the fulfilment of the activities. The multi-annual statistical programmes of the entities consist, according to the explanations of the representatives of the entity institutes, mainly of statistics for BiH, and in addition, on a small scale, entity statistics.

(65) Though the Law on Statistics of BiH stipulates that BHAS is required to monitor the application and utilisation of the standards issued, the management of BHAS informed the assessment team that they are not in a position to fulfil that task. The management of BHAS considers this activity as very important and intends to include it in its future work plan.

(66) **Assessment**

*With its legal competences to prepare the draft of the Multi-Annual Statistical Programme of BiH and the draft of the yearly work plan, to determine the statistical standards for the implementation of the Programme and to monitor the application and utilisation of the standards issued, and to request statistical data which it considers as necessary from the statistical institutes of the entities, important instruments to assist in the coordination of the production of statistics of BiH have been given to BHAS by the Law on Statistics of BiH. BHAS has, in principle, the possibility to influence the content of the statistics produced by others, as well as the standards and methods used to accomplish this. It appears, however, that there is a need for improved consultation in the planning process, allowing a more efficient use of the rather scarce resources available.*

*At the state level, there seem to be no evident coordination problems. BHAS and the Central Bank, as the only producers of Statistics of BiH, have agreed on a clear division of work and cooperate closely; statistics of the Central Bank are included in the Statistical Programme. The cooperation between BHAS and at least one of the entity institutes is not running smoothly. The Statistical Institute of the Republika Srpska refuses to provide some of the individual data to BHAS, despite the fact that the Law on Statistics of BiH clearly lays down that BHAS may require the entity institutes to submit data which is classified as confidential data.*

*Although the Law on Statistics of BiH and the previously mentioned 'Agreement on the implementation of harmonised methodologies and standards in producing statistics of BiH' lay down the role and competences of the Agency for Statistics of BiH, the provisions of the mentioned legislation have not yet been applied in an adequate manner.*

*The Law on Statistics of BiH gives comprehensive competencies to BHAS in its functions as the main producer and coordinator of the Statistics of BiH. BHAS, however, can only use these competencies if it has the resources which are needed to fulfil the labour-intensive tasks that are connected with the competencies. It seems that*

*such resources are not sufficiently available. The Department for Statistical Methodologies, Standards, Planning, Quality and Coordination has only two employees, whereas ten were originally foreseen.*

### **3 NATIONAL STATISTICAL SERVICE**

#### **3.1 Institutional Mission**

(67) The mission of the national statistical system is described in the Four Years Programme 2008-2012 as:

*“The main objective of the BiH statistics is to mirror as faithfully as possible the real situation, disseminate data to the users in a neutral and impartial way, focus on the phenomena which are essential for decision makers and honour the citizen’s right to public information while taking into consideration the relation between the costs and the burdens, on one hand, and benefits on the other hand”.*

(68) **Assessment**

*The institutional mission, as expressed above, is considered to be valid for all three institutions and serves as a rather good description of the basic orientation and the values of the partners of the statistical system in Bosnia and Herzegovina. However, it would be advisable that the three statistical institutions commit themselves even stronger to the development of an integrated statistical system for BiH as a whole, adapted to European standards and requirements. The forthcoming Statistical Programme (2013 – 2016) should be used to conclude such an agreement.*

#### **3.2 Organization of the National Statistical Service**

##### **3.2.1 Organization of Agency for Statistics of Bosnia and Herzegovina (BHAS)**

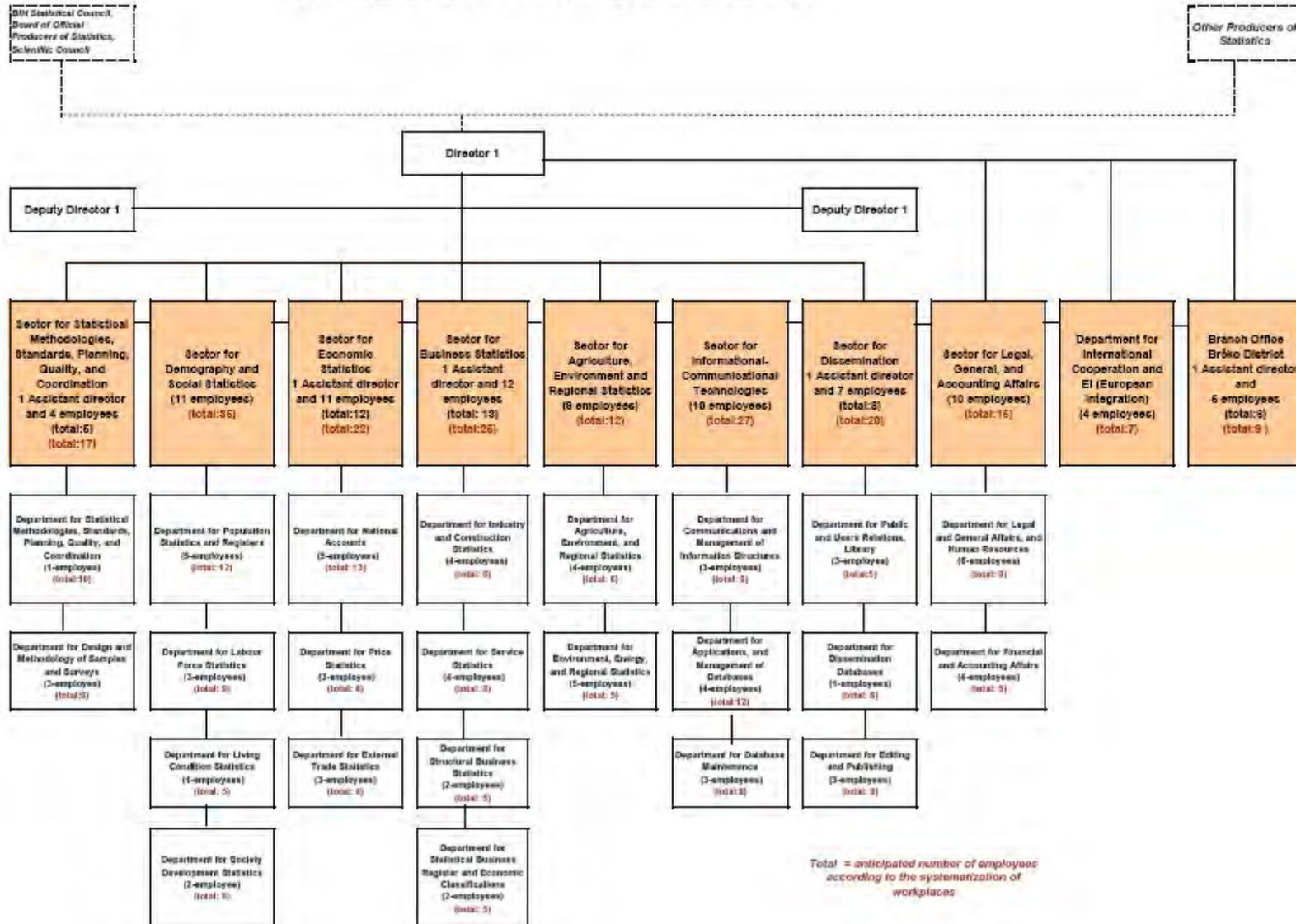
(69) The present organizational structure was established in October 2007 by a process that involved comparisons with other statistical offices and comments from Eurostat. The organizational structure was subsequently adopted by the Council of Ministers in October 2007. It is composed of the General Director, two Deputy Directors and the following Sectors with number of employees (number in parenthesis; anticipated number foreseen):

- Sector for Statistical Methodologies, Standards, Planning, Quality and Coordination; 5 (17) employees – 2 departments
- Sector for Demography and Social Statistics; 11 (35) employees, 4 departments
- Sector for Economic Statistics; 12 (22) employees, 3 departments
- Sector for Business Statistics, 13 (25) employees, 4 departments
- Sector for Agriculture, Environment and Regional Statistics, 9 (12) employees, 2 departments
- Sector for Informational-Communicational Technologies; 10 (27) employees, 3 departments
- Sector for Dissemination; 8 (20) employees, 3 departments

- Sector for Legal, General and Accounting Affairs, 10 (15) employees, 2 departments
- Department for International Cooperation and European Integration; 4 (7) employees
- Branch Office Brcko District; 6 (9) employees

(70) It can be noted that the actual number of employees (94) is far less than what was foreseen (189) when the organization chart was developed. Thus, there are some departments with rather few employees (1-3), which makes the organization somewhat vulnerable in relation to staff turnover and continuity of competences.

ORGANIZATIONAL CHART OF THE AGENCY FOR STATISTICS OF BIH



(71) The Agency has experienced positive development in terms of staff numbers over the last years as shown in Table 1. Thus there is also a relatively high number of young staff (Table 2).

*Table 1: Number of full-time staff 2008-2010 by gender and education levels. BHAS:*

<b>Agency for Statistics of Bosnia and Herzegovina</b>			
<b>Year</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
<b>Total staff</b>	<b>63</b>	<b>74</b>	<b>94</b>
<b>IT</b>	6	7	11
<b>Female</b>	39	48	62
<b>Male</b>	24	26	32
<b>Master degree</b>	5	5	5
<b>University degree</b>	54	64	80
<b>Post-secondary school</b>	4	4	4
<b>High school</b>	5	6	6

(72) The majority of staff has a 4 years university degree. There are relatively few with a master degree.

*Table 2: Number of full-time staff 2010 by age groups. BHAS:*

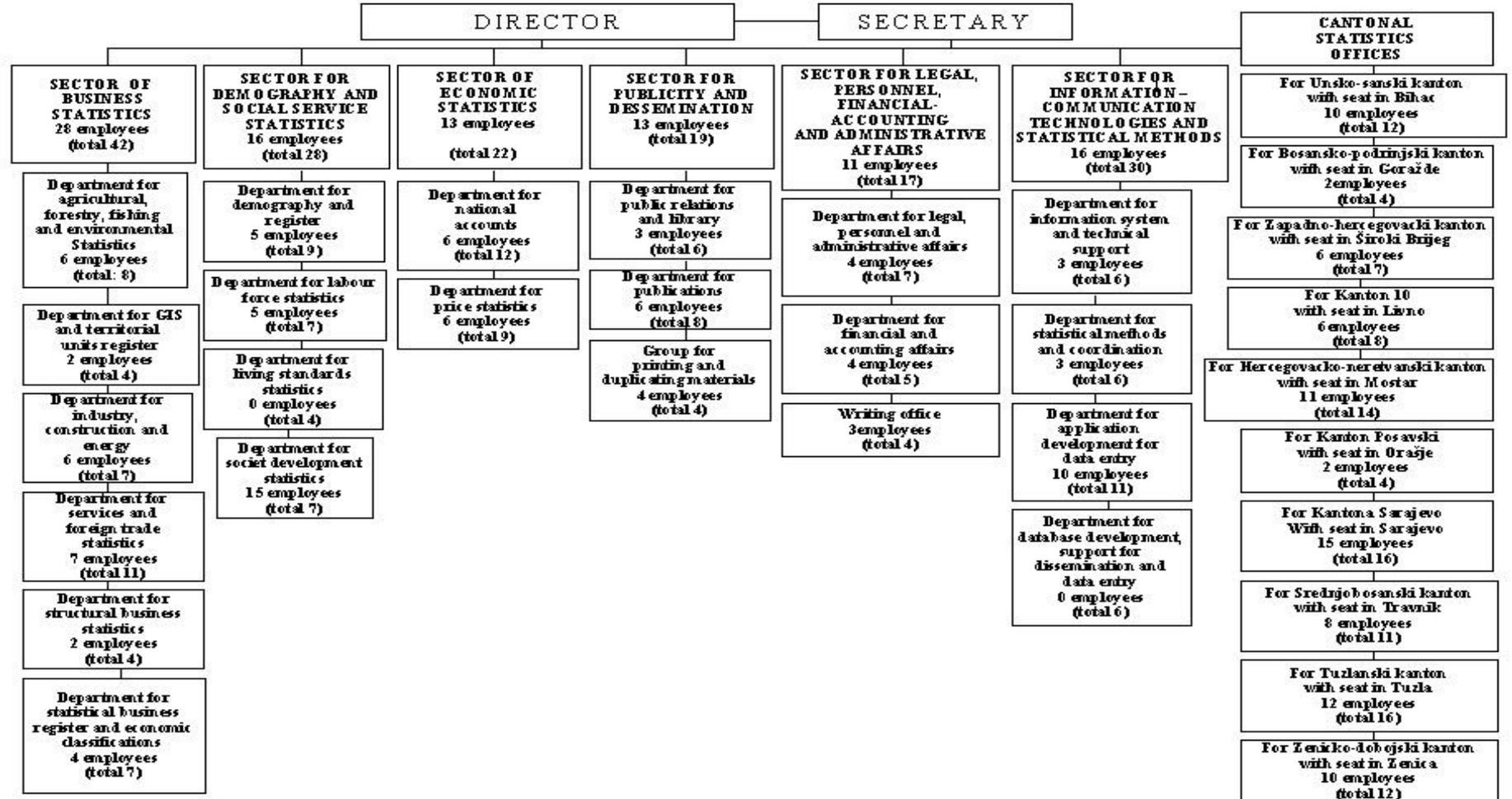
<b>Age</b>	<b>20-30</b>	<b>30-40</b>	<b>40-50</b>	<b>50-60</b>	<b>&gt;60</b>	<b>Total</b>
<b>Employees</b>	28	29	15	17	5	94
<b>Percentage</b>	30 %	31 %	16 %	18 %	5 %	100 %

(73) BHAS has part-time interviewers, hired for surveys, for the territory of Brcko District only. All other interviewers are organised at entity level.

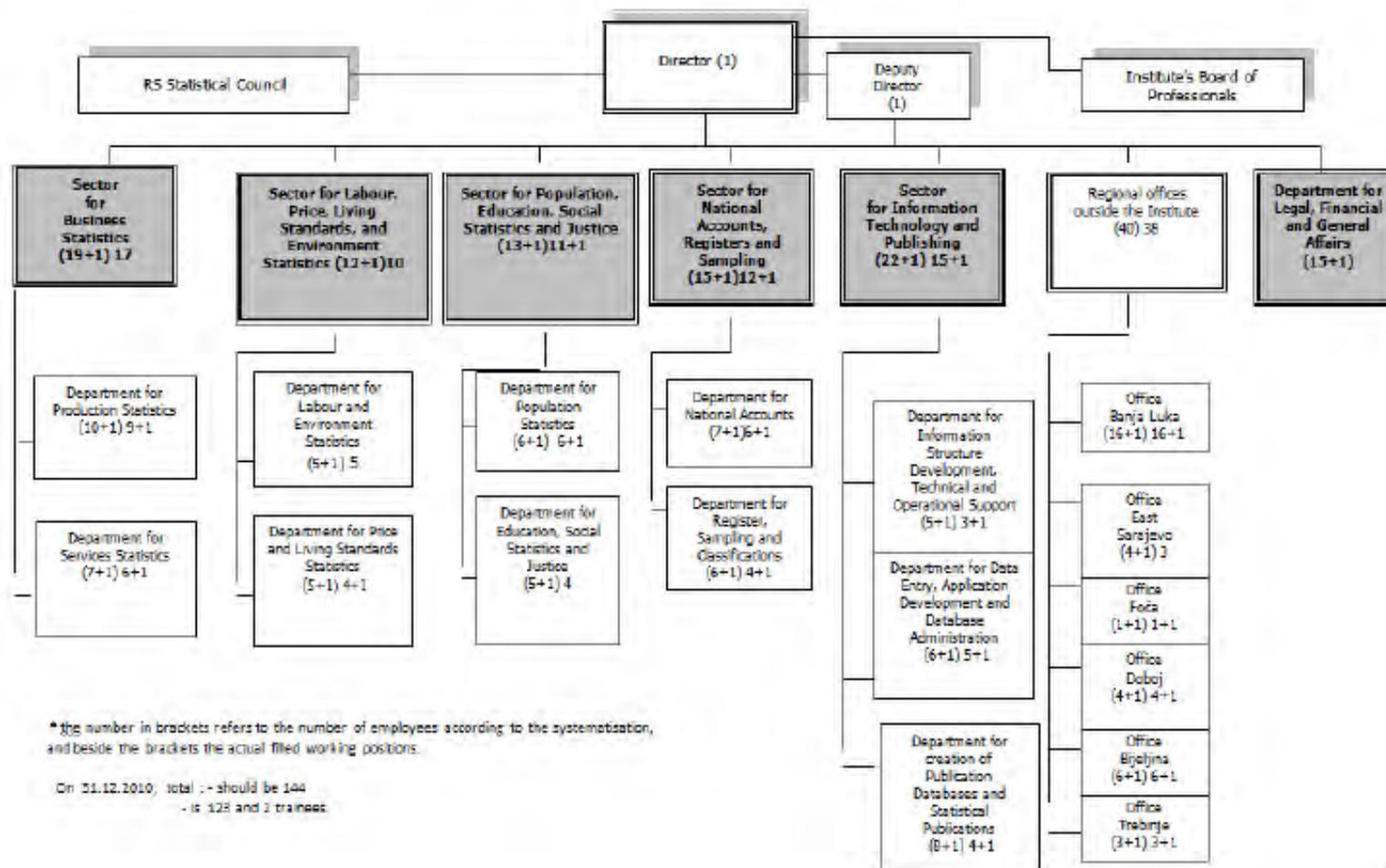
### **3.2.2 Organization of the statistical institutes of the entities**

(74) The present organization charts of the statistical institutes of the Federation of Bosnia and Herzegovina (FIS) and the Republika Srpska (RSIS) are as follows:

**ORGANISATIONAL CHART OF FEDERAL OFFICE OF STATISTICS**



## Organizational Chart of the Institute for Statistics of Republika Srpska



(75) FIS and RSIS have the following staff:

*Table 3: Number of full-time staff 2008-2010 by gender and education levels. FIS and RSIS.*

	FIS			RSIS		
	31.12. 2008	07.12. 2009	31.12. 2010	31.12. 2008	07.12. 2009	31.12. 2010
Higher education	82	99	101	69	73	78
Post-secondary education	37	37	37	25	24	23
Secondary education	45	43	37	21	22	23
Lower Level VKV	1	1	1			
Lower Level KV	1	1	1			
Lower Level NSS	4	4	4	1	1	1
Total	170	185	181	116	120	125
Female			133	80	82	85
Male			48	36	38	40
IT staff			10 <sup>1</sup>	14	13	

(76) FIS has around 100 employees at the main office and 10 regional (cantonal) offices with a total number of 84 employees. The main task of these regional offices is data collection, including data entry. The regional offices are part of the Federal Institute of Statistics and independent from cantonal authorities. They are connected to the central office via WAN (Wide Area Network). The planned systematisation foresees around 260 employees within FIS. Some of the departments of FIS have few employees (even 0).

(77) RSIS has around 85 employees at the main office and 6 regional offices with a total number of 38 employees. The largest regional office is in Banja Luka with (17 employees) and the smallest in Foca (2 employees). The main tasks are the same as in FIS. The planned systematisation foresees around 140 employees within RSIS.

(78) The number of hired part-time interviewers within each entity is adapted to the specific surveys to be performed. Thus the number can vary for instance between 101 (LFS) and 43 (HBS) in the Federation.

(79) The total staff number of BHAS and the two entity institutes thus at present is around 400, whereas the planned systematisation and organization charts foresees around 600.

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<sup>1</sup> For FIS – IT staff includes designers and system engineers

The main offices altogether have around 280 and the regional offices around 120 employees. The plan foresees some 450 at the main offices and around 140 at the regional offices.

**(80) Assessment**

*The self-assessment evaluates both the magnitude of the staff and the quality of staff resources as being relatively adequate. It is also said that the scope and the detail of statistics of Bosnia and Herzegovina are, on the average, adequate to users' needs. However, it is admitted that the knowledge of user needs is rather limited, especially as the production of statistics in several areas has only recently started. Our assessment is that the total number of staff (around 400 for the three statistical institutions as a whole, including some 120 located in regional offices) is a good basis in a state the size of Bosnia and Herzegovina. It is somewhat uncertain as to how quickly the planned development (or so called systematisation), which includes increasing staff numbers to 600, can be implemented in all institutions. Taking into account the present number of staff, the organisational charts are quite theoretical. The organisational structure of some institutions (especially BHAS and FIS) with some units with only few staff might not be efficient and flexible enough for meeting new requirements. The split in three statistical organizations also seems to contribute to some inefficiency, not least by splitting the competences and resources related to some key statistical domains. Thus, the situation is that the statistical service in total does not have enough manpower and resources to implement several of the new subject areas that are necessary in order to approach European requirements. One important issue to also consider is to reduce or stop some existing surveys in order to free resources for implementing new surveys adapted to international standards and European standards.*

**3.3 Resource Management**

**3.3.1 Finance and Budgeting**

(81) BHAS has received some increased allocations from the state budget in the last years. The budget for 2010, equivalent to around 2.27 million Euros, was almost twice the budget allocated in 2008.

(82) BHAS has a possibility to charge users for its services, to the extent permitted by law (Art. 21.2). However, in practice this option is more or less discarded, as any income will be transmitted to the central state budget and not be at the disposal of BHAS.

*Table 4: BHAS budget 2008-2010*

	<b>2008</b>	<b>2009</b>	<b>2010</b>
BHAS's budget (in 000 KM)	2 258	3 938	4 458
GDP in 000 KM	24 717 581	24 003 713	-
Average annual population in 000	3 842	3 843	3 843
BHAS's budget KM/inhabitant	0.59	1.02	1.16

BHAS's budget KM/100 000 inhabitants	<b>58 771</b>	<b>102 472</b>	<b>116 003</b>
<b>Average annual exchange KM/Euro</b>	<b>0.5113</b>	<b>0.5113</b>	<b>0.5113</b>
BHAS's budget in Euro	1 155	2 013	2 279
GDP in EURO	12 638 099	12 273 098	-
Average annual population	3 842	3 843	3 843
BHAS's budget Euro/inhabitant	0.30	0.52	0.59
<b>BHAS's budget Euro/100000 inhabitants</b>	<b>30 062</b>	<b>52 381</b>	<b>59 303</b>
<b>% to GDP:</b>	<b>0.009</b>	<b>0.016</b>	<b>-</b>

*Table 5: BHAS budget 2008-2010 (by main categories/percentages)*

	<b>2008</b>	<b>2009</b>	<b>2010</b>
Salaries	61.0	61.0	65.0
Services	27.0	35.0	21.0
Goods and maintenance	4.5	3.0	5.0
Equipment - capital expenditures	7.5	1.0	9.0

(83) The budget for FIS was 9.5 million KM in 2010, 5.4 million KM in 2009 and 5.1 million KM in 2008, and for RSIS 3.999 million KM in 2010 and 3.822 million KM in 2009. Thus, in 2010, the sum of the budget of BHAS and the two entities amounts to around 18 million KM or 9 million EUR, or around 2.3 EUR per inhabitant.

(84) *Assessment*

*The budget of BHAS, and especially for FIS, has increased over the last years. In 2010, however, there was an extra budget line for census-related work in BHAS and FIS, which may have inflated the budget compared to a normal year. There have been fewer increases in the RSIS budget. According to the self-assessment, financial resources are considered as relatively adequate (3 on a scale from 1 to 5). However, taking into account the ambitions for harmonisation and compliance with European requirements, the resources available are not sufficient to ensure the implementation of all EU legal acts in the field of statistics. Many development activities have, until now, been dependent on donor funding, and without continued donor funding and/or*

*increased budgets, the process of adapting to European requirements will be very slow. It is well known that several states that now are part of the European Statistical System required substantially increased budgets in order to be able to adapt, even if they were already highly developed. If the ambition is to come close to EU requirements, it is necessary to plan carefully and set well defined priorities over a period of several years, while ensuring that the budget allocations are not neglected. The present set-up with three statistical institutions is also rather vulnerable as the development and implementation of statistical surveys is dependent on the availability of resources and possibilities of all three institutions to participate. Thus, any imbalances in the development of budgets and resources might have negative impacts on the performance of some important surveys at state level. A strengthening and pooling of budgets at state level for these basic EU surveys and statistical operations (for instance Labour Force Survey, Household Budget Survey and future EU SILC, National Accounts, Structural Business Statistics, Short Term Statistics) might be a way forward to ensure consistent implementation across the whole state of Bosnia and Herzegovina.*

### **3.3.2 Staff, Recruitment and Training**

- (85) The employees of BHAS enjoy the civil servant status in accordance with the Law on civil service in the Institutions of Bosnia and Herzegovina, “Official Gazette of Bosnia and Herzegovina”, 4/97. Vacant positions are announced for open public competition and the process usually takes several months. Selection of the best candidates is based on testing and interviews. It was mentioned that BHAS is able to recruit quite qualified candidates. Within the Federation of BiH, employees with a university education also enjoy the status of civil servants and the recruitment procedure is similar as in BHAS.
- (86) BHAS implements training through seminars, workshops in the country and abroad, study visits and training of civil servants by the programme of the Civil Service Agency. The training of new employees in BHAS is conducted by senior statisticians in BHAS. In FIS, the situation is more or less the same as in BHAS. In addition, general periodical training for government civil servants in the Federation of BiH is organized by the Agency for Civil Service. Depending on available budget, FIS occasionally sends staff to training courses and seminars (professional training for IT staff, English language courses, computer courses etc.).
- (87) Quarterly and annual performance appraisals are being implemented within BHAS; including the objectives realised, the progress achieved and any improvement measures made. However, no systematic evaluation and follow up of these appraisals is being carried out, as there is currently no Human Resources Department at BHAS.
- (88) Staff turnover in general is low. This can be partly attributed to the relatively tight labour market, marked by high unemployment levels, combined with the fact that the wage level of public employees had improved. The young staff of BHAS cited high job satisfaction as motivation for staying in the organization. FIS has experienced salary cuts in 2009/2010 due to the economic crisis and now the salaries at FIS are considerably lower than those at BHAS and also at RSIS.
- (89) *Assessment*

*Competent staff is a critical factor for the efficient production of high quality statistics. At present, the statistical institutions of BiH seem to be able to recruit well qualified staff and to retain them for a relatively long period, partly due to a challenging*

*working environment and an acceptable salary level. New employees in BHAS are provided with a good introduction, including a comprehensive introduction to the European Statistics Code of Practice. Staff members also have access to internal and external training, especially in the field of IT: Some of the donor programmes and development projects have included common training activities that are considered to have been a success. Thus it could be envisaged that the continued implementation of common training activities within the three institutions would help to harmonize the system and improve efficiency. Developing the use of video facilities and e-learning could also be a way to better facilitate cooperation between the three institutions as well as improving common training activities.*

### **3.4 Information Technology**

(90) The number of IT staff is said to be 10 at BHAS, 10 (recently increased to 16) at FIS, and 13 at RSIS (which includes 2 employees for data entry), giving a total of 33 (39). The planned systematisation foresees around 60 altogether. The recently increased number of IT staff at FIS has improved the situation in relation to maintaining and developing the IT infrastructure.

(91) BHAS has a Sector for Informational-Communicational Technologies which includes three departments:

- Department for Communications and Management of Information Structures; 3 employees
- Department for Applications, and Management of Databases; 4 employees
- Department for Database Maintenance; 3 employees

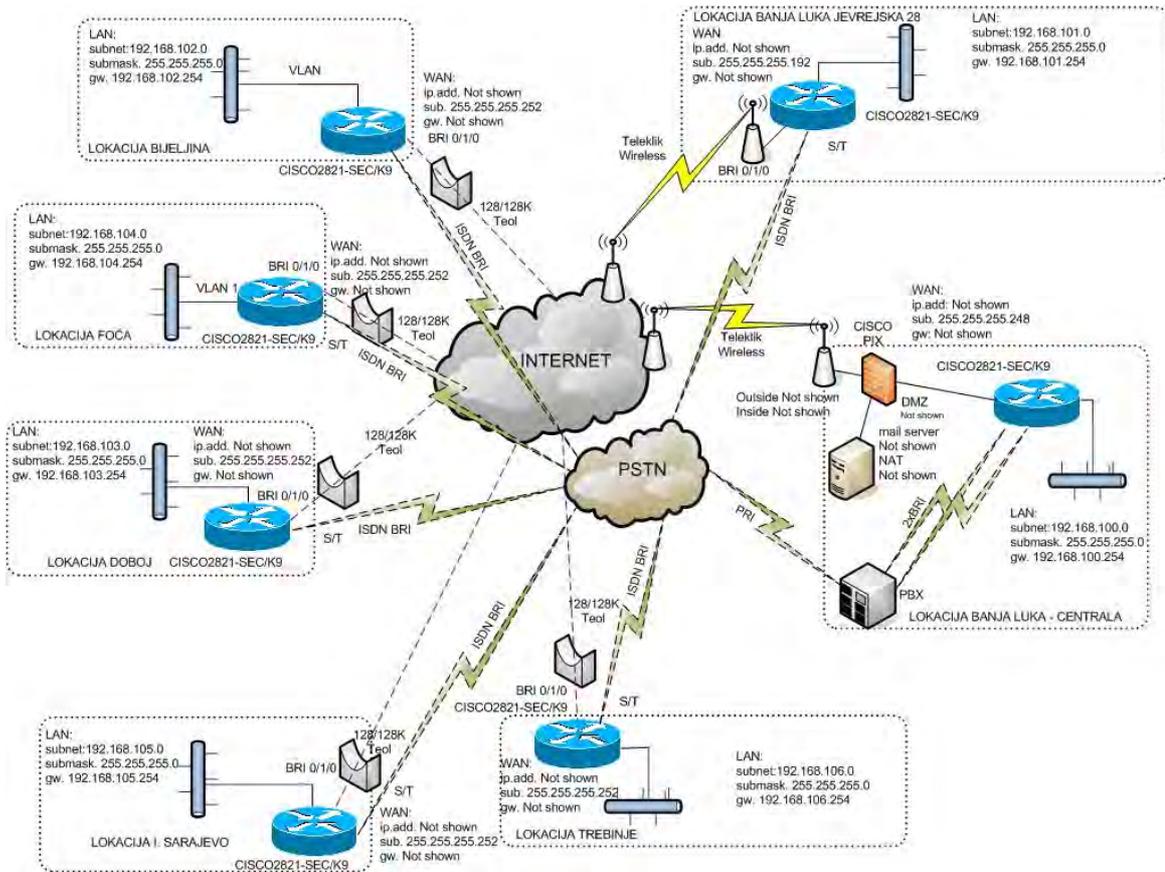
(92) Within BHAS the technologies are: Development: MS .Net, Php. Databases: MS SQL, My SQL. Current Projects: Surveys support: Industry, External trade, National Accounts, Tourism, Employment, Demography, Prices (Consumer and Producer), Salaries, Agriculture, Construction, Forestry, and Environment. Surveys: HBS, LFS, TUS (pilot 2011), ICT (pilot 2011), Regular duties: LAN/WAN maintenance, VoIP telephony, security (BlueCoat proxy server, Symantec antivirus), web and email server maintenance.

(93) BHAS has further the following network infrastructure: Agency: Modern 1 GBps network infrastructure with Fibre Optic connection between floors (renovated in 2010 and 2011); a wireless network is available inside the building where the Agency for Statistics is located, WAN/VPN – Agency of District Brčko. Internet connections: Sarajevo, Head Office: 8/8 Mbps (2007 1Mbps, 2008 1Mbps, 2009 2 Mbps, 2010 3 Mbps, 2011 8Mbps), Brčko, Branch Office: 1/512 Mbps.

FIS has a Sector for Information and Communication Technologies and Statistical Methods, which includes four departments:

- Department of information system and technical support; 3 employees
- Department of statistical methods and coordination; 3 employees
- Department to develop applications for data collection; 10 employees
- Department of database development, support and dissemination of data entry; 0 employees

- (94) FIS has a 100 MBps network infrastructure - 10 years old with outdated equipment, WAN/VPN – FIS and Canton Offices, there is no WAN between FIS and Agency, Internet connections: Sarajevo, Head Office: 5/5 Mbps with fibre optic link (speed will be increased to 8 Mbps in April 2012), Cantonal Offices use ADSL internet connection. FIS Head Office has also established WAN/VPN with Federal Tax Office.
- (95) BHAS Servers: X3650 M2/M3 Quad-Core x3 server's infrastructure in virtual system (with the possibility of installing up to 24 servers either a Windows or Linux version, if needed), DELL power edge 2950 x2 – outside virtual system for testing and backup system, storage system with 5 TB capacity backup system, proxy server – BlueCoat, web server (Linux platform) in DMZ, email server (Linux platform) in DMZ, dissemination server – in DMZ, Server for video security system, Server for VoIP telephony – PBX central System – open source, all mentioned servers are on Windows 2008 R2 or Linux.
- (96) FIS Servers: Domain Controller (File server, Print server, DHCP) – 2 servers in parallel mode – Windows Server 2003, ISA server – Windows Server 2003, DB server – Windows Server 2003, Survey's server – Windows Server 2003, GIS Server – Windows Server 2008 R2, BackUp Server – Windows Server 2008R2 Ent, Storage System with 4 TB capacity, Type Library.
- (97) BHAS Personal computers: 100 desktop PCs, Windows XP, Windows Vista and Windows 7, Office 2007 and Office 2010, Symantec antivirus – client version, Corel Draw x5, Adobe Creative Suite, SQL management studio – SQL server, Visual studio 2005/2008, 30 laptops.
- (98) FIS Personal computers: 200 Desktop PCs, Windows 2000, Windows XP, Windows Vista and Windows 7, Office 2003/2007/2010, Norton Antivirus, Adobe Reader, Win Rar, IBM SPSS 19, SQL server 2005, Visual Studio 2005, 15 laptops.
- (99) The following picture gives an overview of the connections between RSIS and the regional departments:



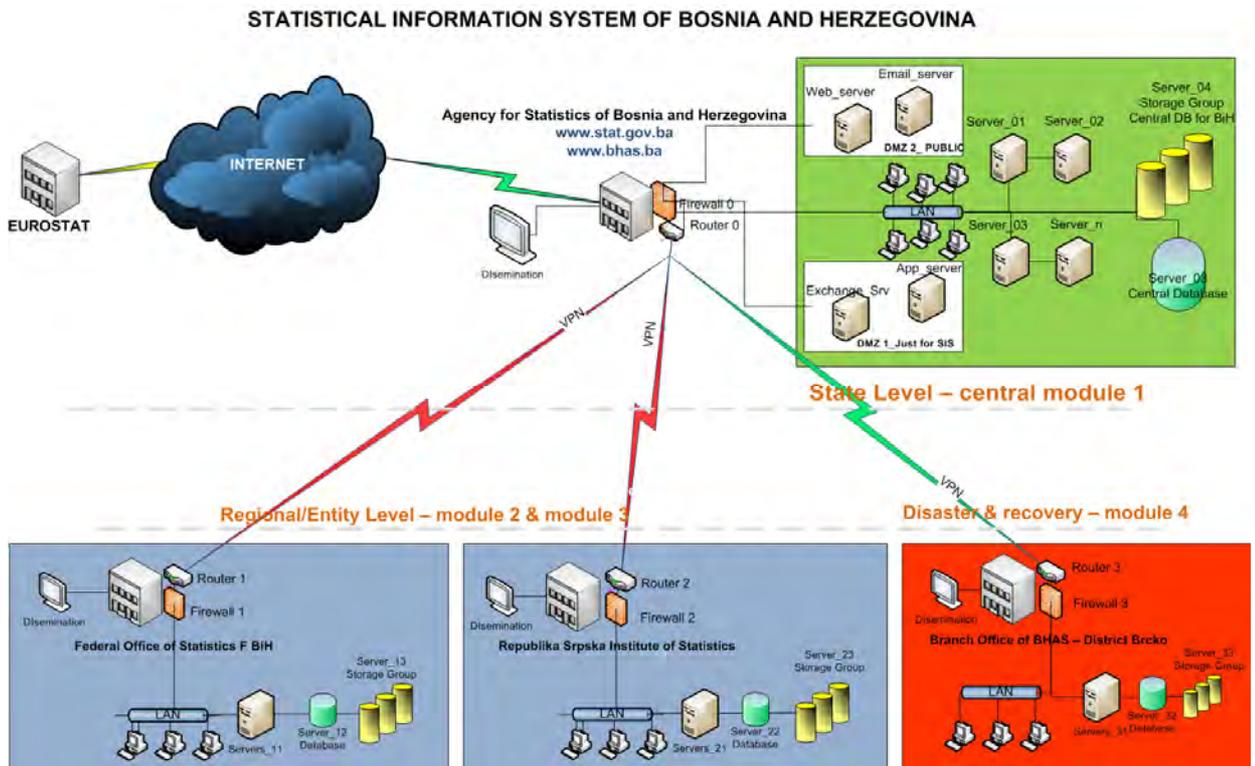
(100) The Republika Srpska Institute of Statistics has:

- email server (140 clients)
- SQL database server (40 databases)
- file server,
- FTP-server,
- print server,
- WSUS+AV server,
- Proxy server
- Intranet portal.

The development of the IT system is based on an adopted development strategy, which defines tools such as SQL for the development of databases, VS.NET for the development of application solutions, Blaise and CPro as options for developing applications for data entry, SPSS, STATA and R for statistical analysis. RSIS at present don't have appropriate GIS tools. It is considered that training on how to use statistical software is necessary.

The three statistical institutions in BiH have adopted a joint IT strategy through the CARDS twinning project 2006-2008, which sets out basic guidelines for the ICT development within the statistical system of BiH (a vision of the information system outlined below). The institutions are also developing ICT cooperation concerning

application development, data exchange and a common infrastructure. One example is that all three institutions contributed to developing a national accounts application. However, it appears that there is some disagreement concerning the status of this IT strategy.



(101) Thus several of the activities proposed in the IT strategy have not been implemented or only partly implemented:

- Common and efficient information system architecture – only partly implemented as there is no common infrastructure (e.g. VPN/WAN) even if several standard technologies are being used. However, some activities are now being started.
- Common tools – only partly implemented as most applications are being developed separately even if some standard IT tools are being used.
- Common classifications – the target to have a common classification server is not implemented. Within IPA 2008 (June 2011 – June 2013) activities are scheduled to assist in setting up the classification server.
- Common integrity and retrieval procedures of data – not implemented as there is no unique protocol defining the data exchange process and the content of the databases being exchanged.
- IT training courses – implemented
- WLAN network between institutions – not implemented as foreseen when equipment was purchased, only between BHAS and the Branch Office of Brcko and between RSIS and its regional offices. Some activity is now in progress (see above)
- Common metadata standards – not implemented. Within IPA 2008 (June 2011 – June 2013) activities are planned for the development of metadatabases.

- (102) Data exchange for statistical surveys, in which common software is used, is working well in general. However, there are other cases where there is no common format, which causes problems in terms of data exchange. The problem appears not to be so much a technical one, but more a lack of agreement about the level of aggregation/disaggregation.
- (103) A major issue is that there is no VPN (Virtual Private Network) connection established between the entity institutions and BHAS, although a connection is mentioned in the adopted ICT strategy and the statistical institutions have received the necessary equipment for it. The VPN connection has been established only with the District Brcko Branch.
- (104) Apparently, there is a general agreement between the institutions that a VPN network is needed. However, a reason for this not being established seems to be that RSIS links this issue to the question of whether common databases will be created at BHAS/state level rather than at entity level. Furthermore, RSIS mentioned that some of the problems in implementing the IT strategy were that applications developed by BHAS did not arrive on time for use in the surveys. It was also mentioned that there is, in general, a need to agree on the specifications and formats of data sets to be exchanged.
- (105) In response to this, BHAS mentions that a major and common challenge is the lack of enough IT experts to develop applications in time, and that the planned VPN network should improve the exchange of data to the benefit of the state statistical system, based on agreed formats and specifications.
- (106) In preparation for the population census, some common training was conducted: Infrastructure: Configuring and troubleshooting a Windows server 2008. Development: MS Visual Studio 2008. DB maintenance: Maintaining a Microsoft SQL server 2008 database. Networking & Security: CISCO. Census training was attended by all 31 members of the ICT working group (Agency - 12, FIS - 9, RSIS – 10). It is being planned to organize specialist training for OCR / ICR technology, education for VM Ware Virtualization software, Windows Server 2008, programming and database through the EU IPA tender for the procurement of the ICT system for the census.
- (107) There are also some different opinions concerning the proposed infrastructure for Census operation. One issue is that there is only one-server license for the OCR software. Another issue is the schema set up for connections. RSIS argues that these proposals are not in accordance with the Draft Law on the 2011 Population Census, whereas BHAS holds the opposite view. One problem appears to be the lack of communication during the planning process, as well as the need to take budgetary limitations into consideration.

(108) **Assessment**

*BHAS is relatively well equipped with IT hardware and software. All staff have their own PCs; generally equipped with Microsoft software and access to servers via a high speed network. The situation in RSIS concerning IT hardware and software is satisfactory. The situation concerning the hardware and software within FIS requires improvement. A common issue of concern for all institutions is that the number of highly qualified IT staff is rather limited, and far from the planned and expected level. A major challenge is also that a common IT strategy from 2008 for the statistical institutions of Bosnia and Herzegovina has only partly been implemented. One*

*important element was the implementation of a WAN/VPN network between all statistical institutions. The implementation of this activity is disputed. However, we suggest that this activity be implemented as soon as possible, especially as equipment is already in place. This will provide the foundation for improved data exchange and improved communication and cooperation in general. The good practices already established in some areas of developing and using common applications between the statistical institutions should be continued and implemented in more areas. This will ensure more efficient use of scarce IT resources and also contribute to better harmonisation of control, editing and dissemination of statistics. There might be a need to review and update the common IT strategy to take into account recent developments and to agree upon a more concrete plan for stepwise implementation.*

### **3.5 Internal and External Monitoring of Quality and Performance**

- (109) The Law on Statistics of BiH mentions quality in general terms. Art. 8 c and Art. 19.1 refer to the principles of ‘reliability, objectivity, relevance, importance, statistical confidentiality and transparency’. It is also mentioned in Art. 19.4, that information necessary to evaluate the quality of Statistics of Bosnia and Herzegovina, notably the methods used for the production, along with information about how the principles are complied, shall be made publicly available. However, it does not further specify the requirements and procedures that need to be met in order to qualify data as official statistics. A draft revision of the law proposes to add in Art. 19: ‘timeliness, professional, independence, coordination, consistency and EU Code of Practice’. As already stated above this is not a good solution. Instead the principles included in the Law on Statistics should be brought in line with the principles in the Regulation on European Statistics. In addition, an amendment of a separate article on quality, which stipulates and defines the European quality dimensions, should be considered (see the Regulation on European Statistics). The European Statistics Code of Practice should also be mentioned in this article. Moreover, it would be an asset if there was a more consistent and harmonised description of the quality requirements for all three statistical laws.
- (110) There is a Department for Statistical Methodologies, Standards, Planning, Quality and Coordination within BHAS, but only with one employee (10 are foreseen). In addition, there is a Department for Design and Methodology of Samples and Surveys with 3 employees. FIS has a Department for Statistical Methodology and Coordination (3 employees) and RSIS has a Department for Register, Sampling and Classifications (5 employees). In total, the central coordination and evaluation of quality issues appear to be rather limited and not well coordinated.
- (111) BHAS produced a document “Implementation of the EU Code of Practice in the Agency for Statistics of Bosnia and Herzegovina – assessment and future activities” in March 2011, available on the web. Apparently, this document had not been discussed with FIS and RSIS. This document describes some priorities for implementing the EU Code of Practice and the following strategic objectives are defined:
- Professional independency of the national statistical system and mandate for data collection
  - Balancing and satisfying needs and requirements of the users and data providers.

- Quality of statistical products and services to be evaluated and published in a 'user friendly' way for a number of statistical surveys.
- Improvement of statistical data processing methods – aimed at meeting quality requirements and effectiveness of the statistical system.
- All employees are devoted to quality values, lifelong education and improvement.

(112) In this document it is also underlined that BHAS has completely adopted the EU Code of Practice and incorporated a number of recommendations into the draft of a “Law on changes of the Law on Statistics of BiH”, in the multi-annual and annual programmes and in other relevant documents (Fundamental Principles and Guidelines on statistical confidentiality and data protection, Guidelines for handling errors in published data, etc.). During the meeting it was discussed and agreed that this document should be circulated to all parties involved and eventually become an accepted and common document for all partners of the statistical system of Bosnia and Herzegovina.

(113) A document “Standard quality report – methodological instruction for its preparation” has been drafted. Based on procedures described in this document, BHAS plans to perform quality monitoring. This document will also describe the process of how to deal with quality considerations.

(114) There are no defined and systematic procedures regarding the quality monitoring and the statistical system of BiH. In practice, quality is monitored wherever possible at all stages of statistical production for each survey based on established procedures. A major problem is that BHAS has limited possibilities to monitor the quality of the data coming from the entity statistical institutes, partly due to resource limitations and partly due to lack of information. However, BHAS believes that this issue will be solved by the implementation of the “Standard quality report” for the majority of statistical surveys.

(115) There are internal handbooks/guidelines/recommendations for the statistical production available on the web and within BHAS.

(116) There is no specific training addressing quality issues. However, methodological issues might be part of training linked to specific projects and surveys. The training of field staff for surveys is performed on an ad-hoc basis, however it is also partly centralised.

(117) **Assessment**

*Improved quality management is very important within the whole statistical system as there are indications that there are quality problems in some areas (problems with coverage, underreporting, uncertain estimations etc.). There is also lack of transparency concerning quality issues as most primary data collection is being performed by the statistical institutes of the entities and the control and monitoring capacity of BHAS appears to be limited. The legislative framework specifies several elements of quality requirements and quality procedures. The document on the “Implementation of the EU Code of Practice in the Agency for Statistics of Bosnia and Herzegovina – assessment and future activities” is also an important basis for developing a quality framework. This document, which was developed by BHAS, should be discussed and agreed with RSIS and FIS and developed to a common accepted framework. It is also necessary to improve and develop a more systematic*

*legislative and consistent framework for all institutions regarding quality requirements and procedures. One issue to be clarified is the quality requirements for statistics that are to be considered as 'official statistics'. It is further necessary to develop more harmonised solutions for the assessment and documentation of cross-institutional quality control procedures. A common meta-database solution, including a classification database is an important element of this development. The institutions should agree on and implement a plan for improved quality management by introducing at least some elements of the framework under development at EU level (self assessment, quality audits, and quality indicators). Training on issues related to quality is already in place and should continue and be strengthened. In general, it is necessary to invest more in analysing the consistency of statistical data over time and between the entities, preferably in cooperation with external researchers. A pilot internal quality audit in selected statistical domains involving all three institutions is under consideration.*

### **3.6 Dissemination Policy**

- (118) The main and common objectives for the dissemination of statistics in Bosnia and Herzegovina are expressed as:
- equal access for all to statistical results
  - professionalism and transparency of methodological solutions
  - user friendliness and especially the accessibility of statistical information on the Internet.
- (119) In order to meet user needs and prescribed procedures, almost all statistical publications are prepared in three local languages (Bosnian, Croatian, Serbian by using Latin and/or Cyrillic letters) and in English.
- (120) The Law on Statistics of BiH stipulates in article 8 (h) that BHAS shall: 'disseminate the Statistics of Bosnia and Herzegovina to all Users including Governments, Institutions, social and economic operators and the public in general as soon as they are established in such a way that access is rendered simple and impartial using appropriate media and without divulging any Confidential Data;'
- (121) The Law on Statistics of the Republika Srpska has a separate part (VII) on publishing results and use of data. This refers to processing and publishing programs and to standards for publishing data and information, but does not mention the specific guidelines and principles for dissemination in more detail. The Law on Statistics of the Federation of Bosnia and Herzegovina states in Article 9.8 that the Federal Institute 'shall provide easy and simple access to data and information'. In Article 33 it is further said that the most important statistical results and methodologies shall be provided in hard copies, providing easy access to wide range of users and in electronic form, but no more specific dissemination principles are provided.
- (122) BHAS has a separate sector for dissemination comprising three departments:
- Department for Public and Users Relations. Library. 3 employees (foreseen 5)
  - Department for Dissemination Databases: 1 employee (6)
  - Department for Editing and Publishing: 3 employees (8)

- (123) FIS has a sector for publishing and dissemination with 13 employees. RSIS has 3 employees in a department for creation of publication databases and statistical publications.
- (124) In January 2011, BHAS published a release calendar for the first time. It was drawn up on the basis of the publication plan (integral part of 2011 plan) and in cooperation with the statisticians involved. RSIS has also a release calendar on the web with dates for planned releases and publications the coming year.
- (125) Instead of publishing a yearly calendar of first releases, FIS publishes a monthly calendar and around 30 press releases every month. The argument used against publishing an annual release calendar is that this could lead to confusion as the release dates may change. However, this is not a valid argument and this practice will have to be altered in the future.
- (126) BHAS has a price list for publications and services published on its website. For the time being hard copies of publications are delivered to the main users for free. Costs are only charged for services provided upon written request by a user and when the task requires the staff to complete additional work.
- (127) BHAS has no procedure in place to monitor the observance of the pre-announced release calendar and (for the moment) does not publish divergences from the calendar in advance. The procedures for the release calendar are under development.
- (128) BHAS has at present two fixed daily times for release; 11 or 12 a.m.
- (129) BHAS has a policy of providing all users with access to releases at the same time. Data released during press conferences are simultaneously published on the website and delivered in hard copy. There are no specific procedures in place to prevent leaks; however this is part of the employees' obligation.
- (130) There is a procedure in place to handle errors in published data. Documentation is made available on the web.
- (131) BHAS can provide custom-designed statistics on request but the result of this work is not made publicly available.
- (132) It is estimated that around 80% of the statistical output is made available on BHAS website. However, the way this is done is mostly by putting publications on the web in PDF format which does not make use of the possibilities of electronic dissemination. There is a small database on the consumer price index but with limited functionality. There should also be a database on industry which in practice didn't work. A small dissemination database based on DevInfo is also available as a test version – with limited content and only in the local language.
- (133) BHAS has produced several methodological publications which are available on the website. Most of these are only available in local language and not in English. Some of them were produced several years ago. Publications with the most important classifications have also been produced and made available. Methodological notes are provided as part of the monthly releases and thematic bulletins. However, there is no standard metadata solution with regular updating in place. Some ideas exist for such a development.
- (134) The publication activities of BHAS are:

- Monthly releases: These are relatively short articles (2-30 pages) giving some main tables together with some explanation of the results as well as some metadata. These are provided in four languages (English, along with three additional local languages). In 2010 there were 174 issues covering different subject areas. There are 60 copies distributed free of charge. Apparently the monthly releases are bundled and released at the same time in connection with a press conference, which in practice delays the release of some statistical information.
- Thematic bulletins: These are mostly annual publications covering a subject area such as demography, national accounts or external trade: In 2010, 8 bulletins were produced. The number of copies printed varies from 50 – 200.

(135) RSIS produces a number of bulletins such as monthly statistical reviews, quarterly statistical reviews, as well as bulletins for different subject areas. The publications are bilingual and uploaded as PDF files on the web. They include text, tables and some graphics. A number of short press releases with text, graphs and tables are being produced. Tables are also uploaded in Excel format on the web. Since 2009 there is a release calendar for the whole year on the web. A comprehensive yearbook (around 500 pages) was produced for the first time in 2009 with data for 2008 with metadata, tables and some graphs (bilingual). 400 copies are printed. All publications are distributed free of charge. There is some general information published on methodologies and nomenclatures, but this information should be made more consistent.

(136) FIS produces a monthly statistical review with statistics from different subject areas. Furthermore, a number of press releases are being produced for each subject area. A rather voluminous yearbook (around 570 pages) as well as a publication called ‘Federation of Bosnia and Herzegovina in Figures’ are produced every year in three languages. 200 copies of the yearbook are printed. A series ‘Statistical Reports’ (paperback) is also published for different subject areas. Publications are distributed free of charge.

(137) So far, Bosnia and Herzegovina does not participate in the GDDS Project of the International Monetary Fund. However, there have been some discussions between the Central Bank and the IMF that the country is gradually approaching subscription.

(138) Neither BHAS nor FIS and RSIS have carried out any user satisfaction survey, but there are some plans to do so. Staff writing press releases and dealing with media have not received sufficient training on these topics.

(139) As a producer of official statistics in BiH, the Central Bank publishes a release calendar, regular publications and bulletins, as well as a time series database, allowing for the flexible extraction of tables and graphs.

(140) **Assessment**

*All three statistical institutions follow best practices with regard to dissemination by providing equal access to all users, now based on a release calendar (only partly implemented in FIS), and providing a wide range of statistical information in publications made publicly available also on their websites. Methodological explanations are also provided, partly in English. One challenge is that the solutions for publications/dissemination differ between the statistical institutes, making it possibly more difficult than necessary for users to find consistent information across whole Bosnia and Herzegovina. Together, the three institutions have a rather large,*

*and also costly, dissemination program with books and reports in printed form, but in many cases the print run of each report is rather small – and there is apparently no income from the publication activity. Most of the data provided on the web are available in PDF format (exception RSIS with files in Excel), which is not especially user-friendly as it is difficult to find the data required and the use of the data for individual purposes is not easy and flexible enough. Thus a major issue is the lack of a more user-friendly and flexible dissemination database in all institutions. An issue is also the fragmentary solution for disseminating statistics for the whole territory of Bosnia and Herzegovina – an issue also highlighted by several users. BHAS disseminates mainly state level data, and the FIS and RSIS disseminate only data for the entity level and below. There are also inconsistencies on how data for different subject areas are provided (absolute data and/or indexes for instance). Thus there are several improvements that should be considered:*

- *First of all it might be useful for BHAS together with FIS and RSIS to develop a clearer written dissemination policy on how to better reach different user groups by using different media, the role of the web in relation to printed publications etc.*
- *A part of this policy is to provide guidelines for the design of tables and graphs (some graphs are not following best practise, also to be applied for dissemination on the web).*
- *Improve the coordination of the publication programs of the institutions (type of publications) and provide more active links between websites - also between related topics, possibly also through a joint portal.*
- *A high priority of all institutions should be the development of a user-friendly dissemination database, and they should agree on a common tool and approach. There appears to be some confusion concerning which tool to use as the IT strategy mentions PC-Axis, but a pilot database within BHAS is based on DevInfo.*
- *Another priority should be to develop a joint statistical yearbook for Bosnia and Herzegovina comprising both state level data and data for the entities, but without the details of the entity yearbooks. This idea was supported by all three statistical institutes, which will need to cooperate to achieve this task.*
- *In general, it might be possible to reduce the number of printed pages by giving less detail in some general publications, delivering more data on the web, at least in Excel format in the absence of a dissemination database, and by using print on demand.*
- *All institutions should plan and coordinate the release of short term statistics as soon as possible, without waiting for any press conference and thus improve timeliness – this was also a preferred solution by some representatives of media.*
- *Coordinated release calendars should be implemented.*
- *A fixed release time should also be implemented for all institutions.*
- *A common metadata solution should be implemented for user-oriented documentation (see About the Statistics in the Nordic countries). Not all institutions would need to update the descriptions.*

- *Users should be enabled to access statistics from the whole of BiH in a more systematic way, possibly by some portal, or at least by improved references and linkages, and also by a more standardised presentation.*
- *The institutions might also benefit from common user surveys or by some common seminars/user conferences, both to understand user needs better, but also to promote the knowledge of statistical information.*
- *Some joint training efforts both for internal staff, preparing statistics for dissemination and for users of statistics could also help to improve the overall image of the statistical institutions and the dissemination of statistics.*
- *Improved relations with main users of statistical information*

### **3.6.1 Relations with the Central Government**

(141) BHAS does not have any formal procedures for identifying user needs, but there are some plans to better identify user needs and profiles. Consultations with the main users are conducted. Three representatives from data providers and users actively participate in the Statistical Council. An amendment to the Law that proposes to extend the composition of the Council by including more representatives from other public bodies is underway. BHAS has concluded Memoranda of Understanding with the Central Bank, the Indirect Taxation Authority, the Ministry of Foreign Trade and Economic Relations, the Labour and Employment Agency and the BiH Directorate for Economic Planning. The main purpose of these agreements is to ensure coordination of statistical activities and the exchange of data.

(142) The relationship between RSIS and other public bodies and organizations are based on the mutual cooperation as laid down by the articles 22 and 23 of the Law on Statistics of Republika Srpska and cooperation agreements, which for the moment are concluded with:

- RSIS/APIF (Agency for Intermediary, IT and financial services )
- RSIS/Institute for Health Protection
- RSIS/Chamber of Commerce
- RSIS/Tax Administration
- RSIS/"Pošte Republike Srpske"

(143) The Law on Statistics of Republika Srpska establishes the Statistical Council of Republika Srpska (Article 15). The Council, as professional and advisory body for the strategic and development issues of organization and production of statistics, provides their opinion in relation to the preparation and implementation of the Programme, functioning and further development of statistics. The Council consists of the Director of the Institute of Statistics and four members that are appointed by the Government of Republika Srpska in accordance with their qualifications, reputation and professional knowledge in the field of statistics.

(144) The Law on Statistics of Federation of Bosnia and Herzegovina establishes the Statistical Council (article 24-27). The Statistical Council is a professional and advisory body in charge of the strategic and development issues related to the organization and conducting of the statistical research in the Federation. The formation of the Statistical Council is still in progress. FIS currently has cooperation agreements with the Federal Institute for Public Health, the Federal Tax Administration, the

Federal Institute for Agriculture, the Federal Ministry of Physical Planning and the Department of Informatics and Statistics of the Canton Sarajevo.

### **3.6.2 Liaison with Research Institutions and Universities**

(145) The universities are represented in the Statistical Council in the case of BHAS. However, discussion with representatives from the universities indicated that, even if they were quite happy with the services provided, there is room for improving the cooperation between research institutions and BHAS (as well as with FIS and RSIS) both to promote the usage of statistical data in research and to support methodological development and quality evaluations. In this context FIS has signed a Memoranda of Understanding with the Faculty of Natural Sciences and Mathematics from Tuzla.

### **3.6.3 Liaison with the Business Community**

(146) For the moment there is no fixed representation in the Statistical Council in the case of BHAS, and the contact in general appears to be rather weak, as confirmed by the discussions held with the representative from the Foreign Trade Chamber.

### **3.6.4 Relations with the Media**

(147) Both BHAS and RSIS have regular press conferences and all provide services to the media on request. FIS no longer holds regular press conferences, they are held on special occasions only. Thus press conferences do not delay the dissemination of more frequent press releases. In general, the media representatives that met in Sarajevo were quite happy with the services provided by BHAS, however, they would, for instance, prefer not to get all short time releases at the same time, and would also in some cases appreciate more user-oriented explanations. All in all, the media representatives that met in Banja Luka were happy with the service provided, especially from RSIS. The media representatives also expressed trust in the statistical figures produced. In some cases the media representatives would appreciate receiving more information in order to understand the figures published and the context of the figures published.

(148) *Assessment*

*BHAS, as well as FIS and RSIS, seem to have limited contacts with some major user groups, especially those in the business community and civil society. However, the users met were, in general, quite happy with the services provided. One way ahead could be to revise the composition of the Statistical Council to include more users. In addition, one might establish consultation user groups related to different subject areas, as well as organising seminars/workshops targeting specific user groups. If possible, this should be done in cooperation between BHAS and FIS/RSIS. One major issue for the development of the statistical system of BiH as a whole is to develop the coordination between the different statistical councils and the relationship with users both at state and entity level. Improved cooperation with researchers should be promoted not least to extend the use and quality of public statistics.*

## **3.7 International Cooperation**

(149) As stipulated in Article 8.2 (a) of the Law on Statistics of BiH, BHAS is required represent BiH internationally by cooperating with various organisations and bodies in the field of statistics.

(150) Within BHAS, international cooperation is coordinated by the Department for International Cooperation and European Integration with four employees at present.

(151) BHAS in general encourages staff to participate in international conferences, seminars and meetings, mostly financed by support from different donors, but also from their own budget.

(152) The most important donors for BiH statistics in past years have been: EU, Swedish SIDA, the Italian NSI- ISTAT, and British DFID.

(153) Currently one national project is in implementation in BiH: SIDA national project, Phase II; one is approved and in preparation for implementation: IPA 2008 Twinning with Statistics Denmark, and two are in tendering phase: IPA 2008 Technical Support to the Census Preparatory Work, Phase II, IPA 2009 Supply Contract - IT equipment - support to the Population Census.

(154) Representatives of BiH statistical institutions are participating in the implementation of several additional projects where statistics is not the primary beneficiary. Agriculture, health and migration statistics are partly covered by these projects.

(155) Current and anticipated cooperation projects:

CURRENT COOPERATION				
Beneficiaries	Partners	Statistical fields covered (status)	Budget EURO	Duration/ Period of implementation
National projects				
BHAS, FIS and RSIS	Sida/SCB, national programme, phase II	Survey methodology, agricultural, energy, environment, gender, economic, fishery, forestry, social statistics, dissemination	699 000	January 2010 December 2011
BHAS, FIS and RSIS	IPA 2007	Preparation for Population Census (completed)	500 000	January 2010- January 2011
BHAS, FIS and RSIS	DFID financial support	HBS 2011 Household Budget Survey	105 000 (DFID contribution)	2011
BHAS, FIS and RSIS	IPA 2008	Twinning project - Business statistics; extended HBS; institutional strengthening (Approved, Twinning contract drafted and work plan agreed)	1 300 000	June 2011 June 2013

BHAS	IMF	National Accounts –on-going (last mission implemented in 2010)	NA	November 2005-
Regional/multi beneficiary projects in implementation				
BHAS, FIS and RSIS	IPA 2008,	Multi-domain project		April 2010- March 2011
BHAS, FIS and RSIS	IPA 2009	Multi-domain project		Dec 2010- Dec 2012
BHAS, FIS and RSIS	Sida/SCB, Regional Programme	Multi-domain project		2008 – July 2012
<b>ANTICIPATED COOPERATION</b>				
Beneficiaries	Partners	Statistical fields covered and status		Duration/ Period of implementation
BHAS, FIS and RSIS	IPA 2008	Preparation for Population Census, phase II( in tendering phase, depends on adoption of the Law on Census)	1 670 000	15 months
BHAS, FIS and RSIS	IPA 2009	Supply contract , IT equipment for PC (in tendering phase, depends on adoption of the Law on Census)	2 000 000	

(156) *Assessment*

*BHAS and the statistical system of BiH have received substantial international support which has made an important contribution to the development of the statistical system of the country. The country will still need this support in order to improve the system. One issue that has been raised is the need to ensure improved coordination between different donors and international organizations providing assistance to be sure that all activities are in line with the set priorities and that the pilot activities are being implemented in a manner that will foster sustainable development.*

#### **4 STATISTICAL DOMAINS**

##### **4.1 Classifications**

(157) The responsibility for classifications lies within BHAS and, as far as economic classifications are concerned, within the Department for Statistical Business Register and Economic Classifications at BHAS, which is part of the sector for Business Statistics. One person is in charge of these classifications in BHAS and also

in FIS. Other classifications in BHAS and in FIS are the responsibility of the respective departments using these classifications. In RSIS a separate unit for classifications has not been established. All classifications are the responsibility of the respective departments using these classifications.

- (158) The national Classifications of Economic Activities and of Products, which were used in BiH until the end of 2010, are fully based on the Classification of Economic Activities in the European Union NACE Rev. 1.1, on the European Classification of Products by Activity (CPA 2002), as well as on the Nomenclature of Industrial Products – PRODCOM (PRODCOM list 2005).
- (159) The use of the activity classification based on NACE Rev. 2, in parallel with the activity classification based on NACE Rev. 1.1, was started in 2011 in some statistics. By the end of 2014, at the latest, it will be used in all statistics. Units within the Business Register are classified according to NACE Rev. 1.1 and Rev. 2 in parallel. The new activity classification was developed by a joint working group of staff from BHAS and the entity institutes. A new product classification according to CPA 2008 has just been finished and its implementation will start in the course of 2011. The national list of industrial products is now based on PRODCOM list 2010 and will be used in 2011 for the first time. In future, the list will be updated every year.
- (160) The European Classification of Types of Construction has already been applied for some years in Statistics of BiH.
- (161) In Foreign Trade Statistics the European Combined Nomenclature for the classification of goods is used within the customs procedure, statistical processing, and the publishing of the data. For analytical purposes, the Standard International Trade Classification (SITC) is used; for the breakdowns by partner countries the Geonomenclature – Nomenclature of countries and territories is used.
- (162) The statistical system of BiH has taken on further important international classifications. The Classification of Individual Consumption by Purpose (COICOP) is used in the Household Budget Survey, and in the calculations of the Consumer Price Index and of household consumption in National Accounts. The Classification of the Functions of Government (COFOG) is, however, not yet under implementation due to the absence of basic data. Further classifications used include the International Standard Classification of Occupations (ISCO 08) and the Classification of Education (ISCED 97).
- (163) A decision on the definition of territorial units (statistical regions) for Bosnia and Herzegovina aligned with the Nomenclature of Territorial Units for Statistics (NUTS) is still pending.
- (164) Both FIS and RSIS expressed an urgent need to prepare, to agree on and to reach a decision on the spatial units to be used in the planned Census, and they expect BHAS to play a strong role in terms of coordination in this respect. However, the fact that the legal basis for this activity remains unchanged from the legal basis adopted during the former Yugoslavian regime is proving to be problematic. Although this task is traditionally conducted by BHAS, when taking the present national set up into consideration, the cadastral and mapping authorities both at state and entity level should also be involved. Thus there is also an urgent need to clarify the legal basis and responsibilities for this task.

(165) All classifications and nomenclatures used in official statistics in BiH are introduced as official standard in BiH and, in accordance with existing regulations, are used in all official registers and databases of other administrative bodies.

(166) **Assessment**

*International classifications have been used in statistics of BiH for many years. It is to be emphasized that new economic classifications, which are based on the most recent European Classifications NACE Rev. 2, CPA 2008 and PRODCOM list 2010, have been developed and will be used in statistics of BiH starting in 2011.*

*A decision on a regional statistical classification in line with the NUTS regulation is needed and to be agreed with Eurostat.*

*There is an urgent need for BHAS to start the process of defining the register of spatial units, in cooperation with FIS/RSIS and other relevant authorities. A process for updating the necessary legal basis should also be initiated as soon as possible.*

## **4.2 Demographic and Social Statistics**

### **4.2.1 Demographic statistics**

(167) The data sources for vital statistics are vital events as recorded in the registry (based on the Laws on Registry (of births / deaths / marriages) implemented in FBiH and RS. The type of events are; births (live births or stillbirths), paternity recognitions, deaths, marriages and divorces. The forms used for collection even include some background information, for instance on the education of the individual parents.

(168) The surveys on vital statistics are conducted by the entities' institutes for statistics and Brcko District Branch of BHAS. The data are delivered to BHAS on micro level (access format) and aggregated at BiH level. It is acknowledged that there is a need to harmonize the database structure and the flow of data to improve the process of producing vital statistics.

(169) The Department for Population Statistics and Registers within BHAS has 5 employees (12 are foreseen). FIS has the same number of employees in a similar department and RSIS has 7 employees in a Department for Population Statistics. Thus, 17 experts altogether are involved in this area.

(170) In 2007 BHAS described the methodologies to be used for birth and death statistics. The methodologies are harmonized, in terms of terminology and content, with the legal bases of the Law on Registry (of births/ deaths/ marriages) and regulations regarding this area of work and recommendations of UN and Eurostat. The coverage of the births is around 97 %, the missing are mainly due to the fact that the Roma minority does not register their newborns with the authorities.

(171) BHAS is responsible for data collection on internal and external migration on state level. The data source on internal migration is the Agency for Identification Documents, Registers and Data Exchange of BiH (IDDEEA). Statistics on external migration have not been developed sufficiently yet. For the purpose of developing these statistics, frequent contacts with data sources are being established. BHAS has published data on internal migration between the entities based on data on change of place of usual residence. FIS also publishes internal migration at lower levels, between cantons and municipalities by age and sex, and RSIS at the lowest level between municipalities by age and sex.

(172) A methodology for international migration statistics is under preparation which is expected to be in line with EC Regulation 862/2007. Relevant ministries having administrative sources for data on international migration are included in the preparation of this methodology.

(173) All three statistical institutions disseminate statistics on live births, deaths, marriages and divorces. All institutions also conduct population estimates, however these are not fully consistent, due to lack of proper data on emigration/immigration and the lack of a recent population census. None of the institutions conduct any work on population projections.

(174) FIS uses the data on permanent and temporary registration of citizen residences, identity cards and electoral registers to make some estimates on the number of inhabitants at lower levels (cantonal and municipal, by age and sex), in spite of some shortage of these registers.

#### **4.2.2 Population Census**

(175) A temporary Census Bureau of the Agency for Statistics of BiH has been established which holds sessions regularly. Contacts with relevant ministries, which shall be involved in the Census, have been established for the purpose of clarifying their obligations. A budget for the Census has been developed.

(176) The following documents for a Pilot Census have been prepared:

- Draft methodology for conducting the Census
- Census forms with final content has been confirmed
- Draft manual for enumerators and municipal instructors has been prepared
- Draft Plan of Activities for conducting the Pilot Census
- Rules for control of the contingent and logic controls
- Classification of Activities (NACE Rev. 2) and Classification of Occupations have been prepared
- Codes for questions on national, religious affiliation and mother tongue
- The size of the sample for the pilot has been determined
- Draft main tables for population, households, housing units and agriculture
- Tender documentation for procurement of the necessary software and hardware equipment for processing the Census material
- Final decision is to use OCR/ICR technology
- Specification for development of application for manual data entry has been prepared and shall be used in the Pilot Census

(177) The current preparations are:

- Training and presentation plan which shall be used in training of the Pilot Census participants
- Draft manual for organizing the Pilot Census

- Organization-methodological manual for self-enumeration of members of diplomatic missions conducted in BiH
- (178) All Census forms and supporting methodological documents have been prepared in line with UN/CES Recommendations for Census of Population and Housing in the year 2010, and Regulation no. 763/2008 of European Parliament and Council on Census of Population and Dwellings.
- (179) The main problem is that the Law on Census of Population, Households and Dwellings in BiH has not yet been adopted and there is still some uncertainty when it will be adopted. When the law has been passed it is estimated that at least 9 months will be required for the preparatory phase of the Census, including map drafting. While the law includes a budget estimate, the funding has to be allocated from the budgets of the state and of the entities, thus there is also some uncertainty in relation to funding. The purchase of the necessary equipment, based on EU funding, might also cause delay as the tendering process is awaiting the adoption of the Census Law. It might also be a challenge organising the Census operation, which will require careful planning.
- (180) International experts have provided assistance during the preparations for the Census of Population, Households and Dwellings in BiH. Apart from that, BiH has requested international monitoring through all phases of the Pilot Census and the Census.

(181) **Assessment**

*All institutions (BHAS, FIS and RSIS) are producing demographic statistics on births, deaths, marriages and divorces on a regular annual and monthly basis, based on administrative sources. It is considered that these data are of quite good quality concerning coverage, and in general in line with UN principles and recommendations. These data even include some background variables such as the education of the parents of the born. A major challenge is the lack of good quality data on the population living in the country, broken down by region, age and other characteristics. The Department for Demography within BHAS has produced some estimates (around 3.5 million for BiH as a whole) but this estimate has not been generally accepted. The major problem is that the last census was performed in 1991 and the country lacks reliable figures on emigration and immigration. It is therefore of utmost importance that the planned Census is performed as soon as possible. There is still some uncertainty as to when the Law on the Census will be passed, and it is considered that the detailed planning of the Census, including the preparation of cartographic material, will require around 9 months after the finalisation of the decision. Financing could still be a problem that might delay the Census, as well as some delay concerning the tendering of technical equipment. In general, the draft Census Law seems to be in line with international recommendations. It is noted that there might still be some controversy concerning some questions included (ethnicity, religion). The statistical institutions, especially BHAS, should take a proactive role in searching for new and administrative sources related to population registration that, in the long term, might provide an important data source for demographic statistics (cp. also estimates at low level made by FIS). There might be a need to strengthen competences in demographic analysis as well, in order to prepare for work on demographic forecasting, which is not currently being conducted.*

### 4.2.3 Household Budget Survey (HBS)

(182) The department responsible for the HBS at BHAS is the Department for Living Conditions Statistics (1 employee); the responsible department at FIS is the (new) Department for Statistics of Living Conditions (plans for staffing this department are in place). During the transitional period, the HBS was conducted by the Department of Price Statistics (6 employees). The responsible department at RSIS is the Department for Price and Living Standards Statistics (total of 5 employees, of which 1 is in charge of HBS).

(183) The main objectives of the HBS are:

- to use the level and structure of household consumption expenditure in order to estimate the Consumer Price Index weights and to update the basket for Consumer Price Statistics;
- to estimate Household Final Consumption Expenditure (HFCE) for National Account Statistics;
- to calculate the welfare indicators of households.

(184) In BiH, the HBS has been conducted twice: in 2004 and 2007. In both cases, the surveys were fully supported by donor funds and received technical assistance from the Italian National Statistical Office (ISTAT).

(185) The sampling frame for the HBS sample selection is the master sample containing approximately 80,000 households/ dwelling units. The target sample size is 7,600 households. The HBS sample is representative at the level of geographical areas (state, two entities and Brcko District) and settlement type (urban/nonurban).

(186) The HBS sample is two-stage stratified sample:

1. Primary Sampling Units refer to the Enumeration Areas (EAs), selected from the database (containing approx. 20 000 EAs). A systematic selection of 1 500 EAs was carried out using the same selection probability in each of the three strata (the Federation of BiH, Republika Srpska, Brcko District of BiH), whereby the settlements were sorted according to settlement type and municipality, which ensured sample distribution throughout all municipalities, as well as a balance between urban and rural households. All households/dwelling units living in the selected EAs were enumerated and the list of approx. 80 000 households/dwelling units was created.
2. Secondary Sampling Units are households/dwelling units selected from the list prepared in the first stage. The selection of Secondary Sampling Units is based on the explicit and implicit stratification. Explicit stratification includes six strata (geographical areas by settlement type). Implicit stratification is achieved through the following two steps: a) by sorting households by municipality, number of members and age of household head within each explicit stratum; and b) by systematically selecting households within each stratum (random selection plus fixed selection steps). Taking into account the non-response rate from previous Household Budget Surveys (approx. 18%), it was decided that the final sample size should be approx. 9 300.

(187) The final sample size was 7 413 households in 2004 and 7 468 in 2007. The non-response rate was 17.82% in 2004 and 19.5% in 2007.

(188) In order to collect data, the BiH Household Budget Survey used the following instruments:

1. Diary of Purchases (HBS/1), used by a household to record the value and quantities of purchased products out of a group of food, beverages and tobacco products, as well as the value of other products and services regularly purchased and paid;
2. Self-Consumption Booklet (HBS/1A) used by a household to record consumed quantities and estimated values of articles produced by the household itself;
3. Final Interview (HBS/2) to obtain data on household members, dwelling expenditures made by a household for dwelling, procurement of durable goods and other non-food products, as well as data on household income.

(189) The Diary of Purchases and the Self-Consumption Booklet were to be compiled by the household, while the Final Interview was carried out by the enumerator.

(190) Eurostat and the World Bank require HBS data on regular basis. The World Bank was provided with HBS database in SPSS format. Researchers are also provided with the HBS database in SPSS format on request and based on Memorandum of Understanding. Media, private and public sector bodies and NGOs request HBS data on an ad hoc basis.

(191) For the HBS 2004, two publications were made:

- a) Household Budget Survey in BiH 2004-Final Results
- b) Household Budget Survey in BiH 2004-Methodology and for the HBS 2007:
- c) Household Budget Survey in BiH 2007-Final Results
- d) Household Budget Survey in BiH 2007-Poverty and Living Conditions

(192) For the HBS 2004 an information system called a 'Data Warehouse' was prepared and made available on the BHAS website. This is an information system allowing the users to browse the data, construct and select tables of interest and download the tables in Excel format. The same job was finished for the HBS 2007 but the 'Data Warehouse' has not yet been activated.

(193) An Extended HBS is being conducted in 2011. The main improvements made for the HBS 2011 are:

- Survey instruments are improved and better designed in order to get more reliable data for CPI statistics (better linkage between CPI and HBS items).
- Income module was designed on individual basis in order to get reliable income data, which was not the case in previous surveys.
- In order to collect data on social cohesion and to make a bridge to EU-SILC, two ad hoc modules were designed and added to the core HBS instruments:
  1. Module on social inclusion, migration and remittances and
  2. Module on health and health services.

The Household Budget Survey 2011 is partly supported by DFID in the amount of 2/3 of the survey budget. A Pilot Extended HBS was performed in 2009 and on the basis of its results it is expected to get good quality data from income and ad hoc modules.

(194) The HBS is performed in cooperation between the three statistical institutions which have prepared the questionnaires, the guide for interviewers and supervisors and other relevant documents. A total of 71 interviewers and 20 supervisors have been selected to work on HBS in 2011. Training for all interviewers and supervisors was conducted in December 2010.

(195) The main challenges for the future are considered to be:

- To achieve a regular (annual) HBS
- To finance the survey using their own funds (especially if the funding is sourced from three different budgets)
- To improve sample selection by using Population Census data
- To improve knowledge in some specific areas (for. ex. data editing and imputation)
- To improve dissemination (database, metadata)

(196) **Assessment**

*The development of the Household Budget Survey has been based on "Household Budget Surveys in the EU: Methodology and Recommendations for Harmonization", Eurostat 2003. In general, the HBS provides useful data, especially important for the Consumer Price Index and National Accounts. The methodological approach is well founded based on external expert support and that the survey will provide data with sufficient quality. A major challenge is the former basis for the sample selection, which can only be improved after the Population Census. The training of field workers has been centrally organised from BHAS and the cooperation between the statistical institutions appear to be working well for this survey. The lack of sustainable funding is a major concern, and users have requested, that an annual survey be conducted. The issue of dissemination of what is called micro-data by HBS should be considered further and clarified, both in the form of SPSS files and through the so-called data warehouse. There is also room for improving the analysis of the HBS data. A future issue to consider is the relationship between the HBS and the development of a full EU SILC Survey.*

#### **4.2.4 Labour Force Survey (LFS)**

(197) Within BHAS, the responsibility for the LFS is located in the Department for Labour Force Statistics (3 employees). In FIS it is in the Department for Labour Market Statistics (5 employees) and in RSIS in the Department for Labour and Environment Statistics (5 employees).

(198) The Agency for Statistics of Bosnia and Herzegovina, in cooperation with the entity institutes for statistics, has been conducting the Labour Force Survey since 2006. The survey has been conducted independently without any foreign expert assistance since 2008 (Pilot Survey conducted in 2005). In 2010, the LFS included an ad hoc module on reconciliation between work and family life.

(199) The LFS provides data on basic characteristics of the working age population, which serves as a basis for the estimation of total labour force in the country as well as data on demographic, educational, socio-economic and other population characteristics. The survey provides data on three basic, mutually exclusive contingents of population: employed, unemployed and inactive persons.

(200) The survey is conducted in line with the Annual Plan of Surveys and regulations of the Law on Statistics of BiH (“Official Gazette of BiH”, no. 26/04 and 42/04), which ensures the confidentiality of individual data concerning households and individuals.

(201) The LFS is conducted annually by means of direct *face-to-face* interviews. In order to conduct the Labour Force Survey, a questionnaire and a manual are used, based on the methodological guidelines, recommendations and the explanatory notes of the International Labour Organization (ILO) and the European Statistical Office (Eurostat).

(202) The survey is conducted based on a previously prepared sample of households. The total number of households is around 10 500. The sample is designed as two-stage stratified random sample. The observation unit is a household living in a housing unit selected for the sample, and a survey unit is a member of the selected household. The main socio-demographic data are collected on all persons in selected households, whereas data on labour activity only for persons 15 + years. Non response in 2010 was 11% for BiH. The fieldwork is done and financed by the entity institutes and BHAS.

(203) Classifications in use:

- *Classification of Activities*, which is comparable with the UN Classification of Activities (ISIC – rev.3.) and EU Classification of Activities (NACE rev.1.1), in 2011 switch to NACE rev. 2;
- Classification of Occupations, which is comparable with EU Classification of Occupations (ISCO-88), from 2011 ISCO-08;
- *Classification of levels of education*, which can be compared to the International Classification of Education (ISCED 1997);
- *Classification of Professional Status of employees*, which is comparable with the International Classification of Status in Employment (ISCE).

(204) **Assessment**

*BHAS, in cooperation with entities statistical institutes, carried out a Labour Force Survey in 2010 for the fifth time. The LFS is based on the recommendations and definitions of the International Labour Organization (ILO) and the requirements of Eurostat. The Labour Force Survey appears to be largely compliant with European standards, based on the support of international donors and experts and using international classifications. In 2010 the LFS even included an ad hoc module (Reconciliation between work and family life). Non-response seems to be at an acceptable level. One issue is the master sample as the last census was conducted in 1991. Updates were conducted in 2009, however t only for selected enumeration areas within BiH. Results of this activity are used as a master sample for LFS and all other household based surveys. The method has been considered as being acceptable by international experts. Another issue, raised by some users, is the relationship between unemployment figures based on the LFS and other ‘official’ unemployment figures, which is a general issue in many countries. Thus, there might be a need for a further user-oriented explanation of these differences and the use of data from the LFS, even if there is a chapter on comparability of the survey and administrative data in the publications from the labour force survey. The dissemination of micro-data is also an issue for some users. Even if these data are not directly identifiable as identifiers are*

*removed, it seems necessary to implement a more clear policy for the dissemination of what is called micro-data, as it is of utmost importance to retain trust of respondents that no individual data are being disclosed. The LFS is at present funded by own resources of the statistical institutions and the collaboration seems to be working well.*

### **4.3 Macroeconomic Statistics**

#### **4.3.1 National Accounts**

(205) The responsibility for the compilation of National Accounts in BHAS lies with the National Accounts Department which is one of three departments of the Sector for Economic Statistics. The department has 6 members of staff at present. Three of them have some experience in National Accounts and two are beginners. The head of the National Accounts Department is a very experienced statistician. In the entities there are 6 staff members working in National Accounts in FIS and 6 staff members in RSIS.

(206) National accounts of BiH have been compiled following the conceptual framework of the European System of Accounts 1995 (ESA95), which is the EU version of the world-level System of National Accounts of the United Nations (1993 SNA), since 1997. The Classification of Activities NACE Rev. 1.1 is used to classify the activities. Other classifications have been introduced for the purpose of compiling the GDP by the expenditure approach, i.e. the Classification of products by Activity (CPA 2002) and the Classification of Individual Consumption by Purpose (COICOP) for household consumption expenditure. Implementation of NACE Rev. 2 and of CPA 2008 is planned for the end of 2013.

(207) BHAS compiles (to a large extent on the basis of data compiled and submitted to BHAS by the statistical institutes of the entities) and disseminates the following annual National Accounts aggregates for BiH:

- *Gross domestic product by the production approach; in total and per capita; in current and constant prices; in national currency and US-Dollar. Data series are available for the years 2000 to 2009,*
- *Gross domestic product by the income approach, in current prices. Data series are available for the years 2005 to 2009,*
- *Gross domestic product by the expenditure approach, in current and constant prices. Data series are available for the years 2004 to 2009,*
- *Gross domestic product and actual individual consumption in Purchasing Power Standards. Data are available from 2005.*

National accounts aggregates for the Federation of BiH and for Republika Srpska are published by FIS and by RSIS.

(208) Estimates of the non-observed economy, including illegal activities, were made during

2004 to 2007 within the framework of a Eurostat-OECD project to measure the non-observed economy in the Western Balkan countries. As a result of these activities, the statistical institutes of BiH have estimated the size of the non-observed economy to be included in the National Accounts calculations. However, illegal activities were estimated but due to the weak data sources not included in the official GDP. In the framework of the same Eurostat/OECD project, imputed

rents for owner-occupied housing were estimated, following the user cost approach.

The statistical institutions of BiH have followed the recommendations of the OECD manual 'Measuring the Non-Observed Economy' and Eurostat's 'Tabular Approach to Exhaustiveness' in their estimations of the non-observed economy as closely as possible. The team focused on identifying the adjustments that are needed to improve the output measures of the economic (NACE) activities. Adjustments in non-observed economy concerning expenditures have not been made yet.

First estimations of annual data by the production and the income approach are disseminated by BHAS at 15 July (t + 195) after the reference period and revised data at 15 December (t + 345). Data according to the expenditure approach are disseminated as a first release at 30 September (t + 270), and revised data on 15 December (t + 345). Dissemination dates of the entity institutes differ slightly.

- (209) The main approach used when calculating the annual GDP is the production approach. Current and constant price GDP as well as the aggregates of the production account are compiled by the statistical institutes of the entities. Data aggregated at the level of 60 industries, using the European Classification of Economic Activities (NACE Rev. 1.1), are transmitted to BHAS. The basic sources used in the entities for GDP calculation by the production approach are mostly financial reports of enterprises (balance sheets and profit and loss accounts), administrative data for budgetary units, as well as results of regular statistical surveys. BHAS completes the estimates of the entities by adding data for state level units including central government institutions and the Central Bank. The components of the production account compiled by BHAS are allocated to the entities and the Brcko District using the coefficients of the distribution of Value Added Tax.
- (210) GDP by the income approach is produced using the same data sources and similar procedures as in case of GDP by the production approach.
- (211) For the calculation of annual GDP at constant prices partly the concept of single indicator method is used, due to the lack of adequate deflators of intermediate consumption (the most common single indicator used is a volume index of output), partly deflation techniques using CPI and PPI are applied, in particular by FIS. Constant price estimations are made based on the prices of the previous year. In general, constant price calculations are still rather weak and need improvement, which also means there is a need for improvement in the various price statistics.
- (212) GDP by the expenditure approach is compiled on the countrywide level by BHAS, since some data sources, such as Balance of Payments, are only available for the country as a whole. The introduction of the expenditure approach was supported by technical assistance of the IMF in 2006 – 2007. The year 2004 was chosen as the starting reference period for the construction of the series based on available data sources. Since there are still important gaps in the basic statistics available for the compilation of the expenditure aggregates, and the quality of some statistics based on administrative sources or statistical surveys requires improvement, the estimates should be considered as experimental.

On the expenditure side of GDP the following categories are calculated:

- Households final consumption expenditure,
- Final consumption of non-profit institutions serving households,

- Final consumption of general government,
- Individual government consumption
- Collective government consumption
- Gross capital formation,
- Gross fixed capital formation
- Change in inventories
- Export and import of goods and services.

GDP by the expenditure approach is calculated at current and constant prices.

The statistical institute of Republika Srpska has made estimations, independently of BHAS, of GDP by the expenditure approach separately for Republika Srpska.

(213) Although, theoretically, the calculations of GDP by using different approaches should coincide, in practice, discrepancies arise due to differences in the data sources and the methods used. In case of BiH, the discrepancy between the absolute values of the expenditure based GDP estimates and the respective estimates of GDP by production have been stabilized at a level of 13 – 14 %. However, there are no significant differences in the nominal and volume growth rates between the two estimates. BHAS does not yet try to balance both estimates so that the discrepancy between the two approaches is published as it is. The reconciliation of the two estimates of GDP would be extremely important but is not feasible with the currently available information, in particular because of the lack of supply and use tables. A technical assistance mission in autumn 2010, supported by the IMF's European Department, advised the responsible staff in BHAS on analyzing and solving the inconsistencies.

(214) Considering that the sectors and sub-sectors have not yet been implemented in BiH, compilation of annual sector accounts is not possible yet. The introduction of the sectors and sub-sectors has been planned through national IPA 2011. The successful implementation of planned activities will depend on an efficient cooperation between entity institutes and BHAS.

(215) In the framework of a former CARDS twinning project a simplified supply and use table has been developed with a limited number of 17 branches. Due to significant weaknesses in the data sources the supply and use table has not been published. Since the compilation of supply and use and input-output tables requires the improvement of existing and the introduction of new data sources, this activity is planned for a later stage.

(216) Although there are strong requests for the compilation of quarterly national accounts, it has still not been possible to estimate quarterly GDP for BiH, because the necessary quarterly indicators have not been available on the level of BiH up to now. At the moment, BHAS is assembling all available indicators and after quality assessment BHAS is going to start estimation of quarterly national accounts experimentally. The Statistical Institute of Republika Srpska has made first estimations of quarterly GDP separately for Republika Srpska without any involvement of BHAS. The Federal Institute of Statistics, however, strongly requests that the compilation of quarterly GDP remain the responsibility of BHAS, as agreed in the National Accounts Master Plan.

- (217) Despite repeated requests, BHAS is still not provided access to the Value Added Tax database, which is operated by the Indirect Taxation Authority. Value Added Tax data can be a valuable data source for the development of quarterly National Accounts estimations as well as for the quality improvement of annual estimations.
- (218) Estimates of Gross National Income and of Gross National Disposable Income have been carried out on the countrywide level by BHAS, using information produced by the Central Bank of BiH (net primary income from the rest of the world and net current transfers from the rest of the world).
- (219) Bosnia and Herzegovina signed the “Stabilisation and Association Agreement” (SAA) with the EU in 2008. According to the SAA article 71.7b, BiH is obliged to submit to the Commission of the European Communities its GDP per capita figures harmonised at NUTS II level within five years from the date this Agreement enters into force. SAA was ratified at the end of 2010 but is not in force because BiH does not respect all its provisions. The same requirement for regional GDP data is in the Interim Agreement on trade (IA), article 36.7b. The IA is in force and the five-year deadline is in July 2013. So far, BHAS has initiated founding a working group that will work on defining statistical regions in BiH. Staff training in the statistical institutions on the production of regional indicators should be provided through IPA 2011.
- (220) **Assessment**

*The National Accounts Department of BHAS, as well as the respective units of the entity institutes are faced with quite a lot of requirements to improve the quality of already existing parts and to develop new parts of the National Accounts System. Strong efforts are needed to enlarge and improve National Accounts in Bosnia and Herzegovina. BHAS is able to provide GDP and its aggregates estimated by the production, the expenditure and the income approach, as described in the Theme 2.01 “Annual National Accounts” of Eurostat’s Statistical Requirements Compendium. Nothing is available for all the other modules of Theme 2.01: Annual sector accounts; Supply, use and input-output-tables; Regional Accounts. Moreover, it has still not been possible to estimate quarterly National Accounts because the necessary quarterly indicators are not yet available for BiH.*

*An update of the BiH Master Plan of 2008 in the form of a mid-term operational plan for the development of National Accounts is required. Such a plan should include the setting of clear priorities in accordance with the demands of the main users including the European Commission, the activities to be carried out with the support of assistance projects and the milestones at which concrete results have to be provided, together with a system for monitoring the fulfilment of the activities. It is of the utmost importance that all the statistical institutions on the state level as well as on the entity level agree with the priorities set and the processes planned. The ‘Agreement on implementation of harmonized methodologies and standards in producing the statistical data of BiH’, which was already mentioned above, stipulates that statistics for BiH has priority before statistics for the entities. That holds in particular true for National Accounts, where the priority is placed on producing results for the nation as a whole.*

*In principle, the improvement and enlargement of the annual National Accounts calculations (mainly with regard to the improved calculation of GDP by the production and the expenditure approach and the development of institutional sector*

accounts) should have first priority in BiH. It is also supported that BHAS deploy significant efforts to estimate experimentally quarterly GDP. Quarterly GDP data are strongly requested from the user side. It would be of great help in the estimation of quarterly GDP if BHAS were provided access to the Value Added Tax database, which is operated by the Indirect Taxation Authority.

BHAS should note that the Statistical Institute of Republika Srpska has estimated annual GDP of the entity according to the expenditure approach and quarterly GDP. These developments should be used to set up a working group for National Accounts in which the approaches of BHAS and of the entity institute come together with the statistical institute of the Federation to identify joint solutions. A further task of such a working group should be to analyse, in collaboration with international experts as suggested by FIS, the present calculation of GDP according to the output approach with regard to the under coverage investigated by IMF experts. The need for such a procedure was confirmed by RSIS in one of their comments to the preliminary results of the AGA: "We would like to emphasize that all problems stated in the IMF Report, as well as the reconciliation of GDP by production and expenditure approaches, are possible to overcome only by a transparent and joint work of all three institutions and by critical attitude to both approaches. Working in this manner would lead to a significant improvement of national accounts, both for the level of BiH and the entities." The working group for National Accounts should get a regular status and could also involve from time to time important users.

The National Accounts Department requires the provision of high quality data of from various statistical areas, and in particular from business statistics. The system of business statistics including the business register should be developed in such a way that all the requirements for National Accounts can be fulfilled through regular surveys and administrative data. The National Accounts Department should actively make proposals for the development of business statistics. The same holds true for price statistics. Improvements in the various price data sources are needed before the methodology of annual constant price estimations can be brought in line with European requirements.

The National Accounts Department of BHAS as well as the National Accounts Departments of the statistical institutes of the entities will need a further increase in their staff capacities and continuing support by Eurostat and the European Statistical System for a longer period to reach compliance with European legislation in the field of National Accounts.

#### **4.3.2 Government Finance Statistics**

(221) The Memorandum of Understanding in the field of economic and financial statistics, signed in 2007, between the Central Bank of BiH and the Agency for Statistics of BiH defines the responsibilities of each institution in terms of the compilation and dissemination of certain economic and financial statistics for BiH. In accordance with the Memorandum, the compilation of general government statistics is regulated as follows:

- The Central Bank is responsible for compilation and dissemination of Government Finance Statistics according to the IMF Government Finance Statistics Manual 2001,
- The Central Bank submits the available data necessary for the compilation of an integrated set of accounts for the Government sector, in line with ESA 95/SNA 93, to BHAS.

(222) The conceptual framework used by the Central Bank for compiling Government Finance Statistics is closely based on the international standards produced by the IMF and published in the Government Finance Statistics Manual of 2001 (GFSM 2001). The full general government sector, containing local authorities, social security funds and extra-budgetary funds, is included. Data are compiled on an accrual basis. Because of the very specific administrative structures of government in BiH, with very few government functions being performed on the state level, the classification of the general government sector into sub-sectors is also very specific and not directly comparable with other countries. The state level, the entity level, Brcko District and the cantons are assigned to the “Central Government”; municipalities and cities are classified as “Local Government”.

Accounting data that is used for the budget operations by the Ministries of Finance at state, entity, canton and Brcko District level, together with data from the various extra-budgetary and social security funds, from public enterprises and from local authorities, are the basic data sources for the compilation of Government Finance Statistics. Because of the fact that data are provided by more than 50 reporting authorities with different accounting rules and principles, different legal reporting forms, and reporting partly in hard copy, data processing is very demanding and time consuming.

(223) The present Government Finance Statistics includes an annual statement of operations of the general government sector and, since June 2004, a quarterly statement about the operations of the central government sector. Data is published annually and quarterly on the website of the Central Bank and in the Central Bank’s quarterly bulletin, and annual data is also published in the annual reports published by both banks. The deadline for the publication of quarterly data is 90 days after the reference period, for annual data it is 120 days. Moreover, data is passed on to international organizations, mainly the IMF. Tables of government expenditure classified by COFOG (Classification of the Functions of Government) are not produced because of a lack of adequate data sources.

(224) One expenditure component not covered in the present statistics is the extra-budgetary expenditure of directly financed international donor projects. The statement of government operations does further on not yet include an item for consumption of fixed capital as an expense.

(225) The development of government sector accounts according to ESA 95, which will be the responsibility of BHAS, is planned in the framework of IPA 2011.

(226) *Assessment*

*The Central Bank of BiH produces and disseminates Government Finance Statistics following as much as possible international standards published in the Government Finance Statistics Manual of 2001 of the IMF. Government Finance Statistical data will be the basis for the compilation of the full general government accounts in accordance with ESA 95 which is the task of BHAS. The development of government sector accounts is planned in the framework of IPA 2011.*

#### **4.3.3 External Trade Statistics (Goods)**

(227) The Agency for Statistics of BiH is in charge of producing External Trade in Goods Statistics. The Department for External Trade Statistics in the Sector for Economic Statistics is responsible for this at BHAS. 2 staff members work in this field. In the entity institutes one person works in Republika Srpska in the field of External Trade Statistics, two persons in the Federation of BiH.

Data which are based on customs declarations are provided monthly by the Indirect Taxation Authority - ITA (administrative source). The customs declaration used in BiH is identical in form and content with the Single Administrative Document which is in use in the EU countries for the exchange of goods with non-EU countries. Data is submitted to BHAS on the 7<sup>th</sup> of the month following the reference period. ITA and BHAS have concluded a Memorandum of Understanding which includes detailed rules on the rights and duties of the Authority and BHAS in the process of production of External Trade Statistics. BHAS forwards the data received from ITA to the statistical institutes of the entities which independently compile foreign trade statistics for the entities.

- (228) BHAS compiles statistics on international trade broken down by partner countries – country of origin on the import side and country of the last known destination on the export side (Geonomenclature – Nomenclature of countries and territories), and by commodities according to the Combined Nomenclature (CN) and the Standard International Trade Classification (SITC). Data is published monthly around the 20<sup>th</sup> of the month after the reporting period. At present the website of BHAS only includes some very much aggregated figures. Users have to contact BHAS for more detailed data. However, detailed data are transmitted to Eurostat on a regular monthly basis.
- (229) BHAS publishes External Trade data compiled by the special trade system. A supplementary compilation by the general trade system is also carried out by BHAS but not published.
- (230) One of the main objectives in 2011 is to introduce Unit Value Indices, and it will be done in cooperation with Italian experts within “IPA 2008 Multi-beneficiary statistical cooperation programme”. It is further planned to fully harmonize the methodology at national level with Eurostat's methodology, to improve cooperation with the Indirect Taxation Authority of BiH, to improve quality checks and analyse data discrepancies, and to include more detailed data in BHAS' website.
- (231) **Assessment**

*External Trade Statistics appears to be methodologically rather well developed. Data provided monthly by ITA are based on customs declarations and the customs declaration used in BiH is identical in form and content with the Single Administrative Document which is in use in the EU countries for the exchange of goods with non-EU countries. Classifications used by BHAS are in accordance with the classifications used in the EU. Timeliness of data dissemination is in accordance with international requirements. It appears that timeliness could even be further improved taking into consideration that BHAS receives the data already on the 7<sup>th</sup> of the month but publishes its External Trade Statistics only on the 20<sup>th</sup>. Data are calculated by BHAS according to the special trade system as well as (with some problems regarding accuracy) to the general trade system. Only the special trade system is published. BHAS forwards the data provided by ITA to the statistical institutes of the entities, which process data for the entities on their own. It would be much more efficient if BHAS not only produced the data for BiH, but at the same time the data for the entities. These data should of course be published by the statistical institutes of the entities.*

*There are some uncertainties with regard to the accuracy of the data. Although BHAS and ITA have concluded a Memorandum of Understanding for the provision of customs data, the cooperation between BHAS and ITA is not running as smoothly as it*

*should. Since August 2006, ITA refuses to provide BHAS with the identification codes of the importers and exporters, therefore it is neither possible for BHAS, nor for the statistical institutes of the entities, to implement all the necessary validation and credibility checks to remove potential errors in micro-data through direct discussions with the enterprises. Questions posed by BHAS to ITA remain mostly unanswered, so that nothing can be said about the accuracy of the data. Furthermore, there is no possibility to establish a trade operator register which would be essential for data editing. It is not at all acceptable that BHAS is not granted full access to the information available in ITA for statistical purposes. A solution has to be found as soon as possible.*

*Moreover, harmonizing the dates of the first release of the monthly data by BHAS and the entity institutes should be considered, along with revising the policies of the three statistical institutions.*

#### **4.3.4 Balance of Payments Statistics**

(232) The legal mandate of the Central Bank of BiH to collect, process and disseminate Balance of Payments Statistics is provided by the Law on the Central Bank of BiH, in particular in Articles 56 and 68. The Law on Statistics of BiH, along with several by-laws, regulates inter alia the Governing Board's Decision on compilation of data necessary for Monetary and Financial Sector Statistics, Balance of Payments Statistics, Government Finance Statistics and External Debt of BiH. In addition, a Memorandum of Understanding is signed between the Central Bank and the Agency for Statistics regulating mutual cooperation with regard to the compilation of statistics and the exchange of data. Responsibility for statistics lies with the Statistics Division which is part of the Department for Economic Research and Statistics. 7 staff members work in the field of Balance of Payments Statistics.

(233) Balance of Payments Statistics is compiled broadly in accordance with the IMF methodology (IMF Balance of Payments Manual, 5<sup>th</sup> edition, 1993). Balance of Payments data of BiH are compiled and disseminated annually and since 2001 also quarterly in the national currency KM and in US \$. Quarterly data are published not later than 3 months after the reference period. The advance release calendar and the actual publication dates follow the international standards. Data are regularly submitted to international organizations, such as the International Monetary Fund, the World Bank, Eurostat, etc. The Central Bank of BiH also publishes quarterly and annual data on the flows of Foreign Direct Investment.

(234) For the compilation of Balance of Payments Statistics, a wide variety of data sources is used, in particular data from all relevant governmental institutions (ministries, statistical institutions, funds etc.), commercial banks and other financial companies, non-financial enterprises, embassies and international organizations located in BiH. Statistics compiled by the Central Bank, such as monetary and financial sector statistics, government finance statistics, are also used in compiling Balance of Payments Statistics. Furthermore, the Central Bank further regularly conducts quarterly and annual surveys on foreign investment, insurance services, telecommunication and post services, transport services, trade loans, and pension funds. The data are supplemented with information from international organizations and institutions as well as statistical institutes of other countries. Missing data are estimated according to the recommendations of the IMF.

(235) *Assessment*

*It appears that Balance of Payments Statistics reached relatively high compliance rate with European and international requirements. Any remaining problems will be solved by ongoing cooperation with IMF experts. The main task for the near future will be the transition to the 6<sup>th</sup> edition of the IMF Balance of Payments Manual.*

#### **4.3.5 Consumer Price Index**

(236) The responsibility for the calculation of the Consumer Price Index (CPI) in BHAS lies with the Department for Price Statistics, which belongs to the Sector for Economic Statistics. The Price Statistics Department has 3 staff members, of which 2 are responsible for CPI. In addition to the CPI, the department is in charge of the calculation of the Producer Price Index and of Purchasing Power Parities. In the Statistical Institute of the Federation of BiH, 4 staff members work in the field of CPI calculations, and 3 staff members in the Statistical Institute of Republika Srpska.

(237) In order to measure consumer price inflation in BiH, the statistical institutes of the entities calculate and disseminate a monthly CPI on the entity level, and BHAS calculates and disseminates the national CPI and the CPI for the District of Brcko. Since 2005, CPI has been compiled using the Classification of Individual Consumption by Purpose (COICOP). The national CPI is calculated on a representative basket of goods and services of approximately 600 items in 2011. Prices are collected in 12 towns which represent the geographical area they belong to. For agricultural products, sold on green markets, prices are collected twice a month, for other items once a month with the exception of fuel, for which prices should be collected according to the number of price changes within the month. It seems, however, that RSIS collects fuel prices only twice a month.

(238) The results of the HBS are used as the data source for the selection of the goods and services and the calculation of the weights used in the CPI. Since January 2007, the compilation of the CPI has been based on the weights derived from household expenditures of the HBS 2004, and since January 2011 on the weights derived from household expenditures of the HBS 2007. All relevant goods and services bought by the reference population for the purpose of final consumption are included in the index. The coverage of goods and services is reviewed regularly in order to ensure the representativeness of the basket with regard to the consumer tastes and purchasing behaviour.

(239) The CPI is published on a monthly basis and at regular press conferences in BHAS, which is usually held by the end of the third week of the month after the reference period. The entity institutes disseminate the CPI for their entity a few days earlier. BHAS releases every month two CPI publications:

- “CPI first release” for the month under review (since January 2007). CPI data in this first release are at the level of COICOP divisions and groups. More detailed data are available on request.
- “Average Consumer Prices in BiH first release” for the month under review (since January 2010). Average prices are calculated for 77 most important items.

Once a year, BHAS publishes the thematic bulletin “Consumer Price Index in BiH” and “BiH in figures” for the respective year. CPI data in these publications are at the level of COICOP divisions.

(240) **Assessment**

*BHAS and the entity institutes have been collaboratively calculating and publishing a national Consumer Price Index (for the state level) and entity Consumer Price Indices (for the level of entities) based on international recommendations since 2005. Improvements in the quality of the national CPI, which are also of importance for the HICP, are particularly necessary in the field of quality adjustments. The inclusion of rural areas in the data collections should be considered. Different treatments of fuel prices in the Federation of BiH and for Brcko District on the one hand, and in Republika Srpska on the other, could lead to inconsistent CPI results. The development of the HICP is still in an initial phase. The main objective shall be the development of an internationally comparable HICP at state level. Technical assistance is needed to help find the best methodological solution in the regionally decentralized statistical system of BiH. Experts of the statistical institutes of the entities should be involved in the development process from the very beginning.*

#### **4.4 Business Statistics**

(241) Responsibility for Business Statistics (annual and short-term, register and economic classifications) lies with the Sector for Business Statistics in BHAS, which consists of the Department for Industry and Construction Statistics, the Department for Service Statistics, the Department for Structural Business Statistics, as well as the Department for Statistical Business Register and the Department for Economic Classifications. The sector has 13 staff members including the Assistant Director. There is no marked difference in the organisation of Business Statistics within the Statistical Institute of the Federation. Six departments in the Sector of Business Statistics, including Agriculture and Environmental Statistics, and GIS and Register of Regional Units (28 staff members in total). The Sector for Business Statistics in the Statistical Institute of Republika Srpska has only two departments (Production Statistics and Service Statistics) with together 17 employees. The responsibility for the Business Register and for Classifications lies with the Department for Register, Sampling and Classifications in the Sector for National Accounts, Register and Sampling (5 staff members).

##### **4.4.1 Statistical Business Register**

(242) BHAS, in cooperation with the entity statistical institutes, developed and maintain a statistical Business Register which has been in use since 2009 as a framework for the implementation of new statistical surveys and a certain number of existing surveys on business entities. The Business Register includes information on all non-agricultural legal and natural persons carrying out economic activities in the territory of BiH, as well as legal persons and entrepreneurs registered to perform agricultural activities. It is based on administrative registers that are kept and maintained in the entities and Brcko District partly by the competent taxation authorities in cooperation with the entity statistical institutes, partly by the institute of statistics itself (administrative register of legal persons in the Republika Srpska) and by municipalities (natural persons in Republika Srpska; assignment of the unique identification number by the tax authority).

(243) At regular time intervals the entity statistical institutes and the branch office of Brcko District receive data from the administrative registers in electronic form. Based on these data newly registered business entities are automatically included in the Statistical Business Register and changes in the identification and demographic characteristics are taken over. The updated register is delivered to BHAS on a

quarterly basis. After merging the data, BHAS forwards the entire updated Statistical Business Register to the entity statistical institutes. The update of stratification variables currently completed once a year on the basis of annual financial reports. Updating the Statistical Business Register with data collected in statistical surveys has begun in the statistical institutes of the entities as well.

(244) The variables of the Business Register are mainly based on European recommendations: Identification variables (e.g. name, address, and legal form); stratification variables (e.g. main economic activity, number of persons employed, and geographical location); and demographic variables (e.g. the start-up date). In the administrative registers of the Federation of BiH and of Brcko District each unit has a unique taxpayer identification number issued by the tax authorities. This number is used by almost all authorities (the Indirect Taxation Authority, the Central Bank of Bosnia and Herzegovina). In Republika Srpska, legal persons are kept under the identification number which is unique for each legal person. This number is assigned during the registration process of the legal person in the administrative register of RSIS. For every legal person, a tax number is subsequently added and updated. Entrepreneurs in Republika Srpska, in the process of registration, obtain a unique tax number. In the Statistical Business Register a unique statistical number is assigned to each statistical unit and there is a link between the taxpayer identification number and the statistical number.

(245) The Statistical Business Register contains legal units, enterprises and local units. Until now, the Statistical Business Register has only been used for a few statistical surveys in the field of business statistics and labour market statistics. In the future, will be used for all surveys with legal and natural persons as reporting units carrying out economic activities.

(246) **Assessment**

*The Statistical Business Register of BiH has been in use since 2009 as a framework for the implementation of new statistical surveys and a certain number of existing surveys on business entities. It is based on administrative registers kept and maintained in the entities and Brcko District. The quality of the Business Register is not sufficient. It includes a certain number of non active units, not always the correct economic activity and address information, and a lack of comprehensive information on the number of employed persons and of financial data, as well as information that determines the size of the economic units. Until now the Statistical Business Register has only been used for several statistical surveys in the field of business statistics and labour market statistics. However, both entity institutes deploy significant efforts to improve the Statistical Business Register by cooperating with some other public authorities which have extensive data on businesses at their disposal. The objective is the setting up of a comprehensive administrative business register from which monthly information for the update of the Statistical Business Register is provided. Updating the Statistical Business Register with data collected in surveys has started in the statistical institutes of the entities as well. BHAS is still trying to gain access to the VAT data from the Indirect Taxation Authority, including the VAT codes, which would be the best data on the state level for the monthly update of the Statistical Business Register.*

*The fact that BHAS is not provided with all available information about the Statistical Business Register from the Republika Srpska remains unresolved. Data on turnover and employees are only submitted in categories. The Statistical Business Register is a joint instrument developed and to be used by all statistical institutions, for the sake of*

*efficiency, therefore, BHAS should be provided with all information on a micro level as is stipulated in the laws on statistics of BiH and the entities*

#### **4.4.1 Structural Business Statistics (SBS)**

(247) A regular annual statistical survey in BiH with the objective of collecting and processing data on SBS variables has not been implemented yet. With the support of certain projects, however, statistical institutions in BiH have completed preparatory activities in recent years that should result in the production of SBS variables (aligned with the European SBS regulations) for BiH and the entities in the near future.

(248) Development of SBS in BiH began through the CARDS Twinning Project (2006 - 2008) and continued through the six-month implementation of the Twinning Light Project, which ended in May 2010. The main purpose of the SBS subcomponent of the CARDS Twinning Project was the development of methodology for SBS and its implementation in a pilot survey with the reference year 2007. In the framework of the Twinning Light Project, a further pilot survey was conducted with 2009 as the reference year.

(249) Further development of SBS is planned through the national IPA 2008 project, implementation is planned to start in June 2011. After the implementation of IPA 2008 project, the statistical institutions of BiH will start with a regular annual SBS survey in BiH. The survey would cover all the variables required in the annual series of data for Annexes I-IV of the SBS regulation (in Annex I only the service sectors J, M and N and division 95 are not covered). It is planned that the first regular SBS data will be produced by the end of 2011, for the reference year 2010. SBS Annex VIII will be implemented later; variables proposed by annex IX (Business Demography) shall be provided parallel to the annexes for the appropriate activities from the Statistical Business Register. According to the Memorandum of Understanding between the Central Bank and BHAS the Central Bank is responsible for the implementation of SBS Financial Annexes (V, VI and VII).

(250) *Assessment*

*It is strongly recommended that the statistical institutions of BiH now start with the regular implementation of a SBS survey. SBS data are of high importance for the improvement of National Accounts and the compilation of SBS data should therefore be given high priority. Although annexes V to VII and also annex VIII (Business Services) do not have the highest priority, it is recommended that BHAS, together with the Central Bank, makes already concrete plans and keeps users of business statistics informed about the future extension of SBS to the services sectors not yet covered.*

#### **4.4.2 PRODCOM**

(251) PRODCOM provides data on the value and the volume of the production of nearly 4000 manufactured goods. The classification is the PRODCOM list which is updated annually.

(252) The Institute for Statistics of the Federation of BiH (FIS), the Republika Srpska Institute for Statistics (RSIS) and the Brcko District Branch of the Agency for Statistics of BiH (DB) are carrying out a specific annual survey on industrial production in their territories using a common questionnaire (IND 21) and unified instructions for its filling out. This survey collects data on volume of production, value and volume of sales, volume of stocks at the beginning and at the end of the reference year and volume of production internally spent for further processing. Data are

collected and aggregated also by type of production: production on own account, contract processing and the sum of the two. Data collected are subject to a checking and editing process (including non response imputation) by FIS, RSIS and DB before being processed at entity and state level.

BHAS aggregates PRODCOM statistics for the state level of BiH. The deadline for submitting the first (preliminary) data to BHAS is 9 months after the reference year. Revised data are available as updated database one year after the publication of preliminary results. BHAS publishes all collected data on PRODCOM statistics annually. Confidentiality rules have not been implemented yet.

(253) PRODCOM results have been produced on a regular basis since 2004. Since 2005, for annual as well as monthly industrial surveys, a common Nomenclature of industrial products of BiH (NIP BiH) 2005, which is based on the PRODCOM list from 2005, has been used. NIP BiH is the national version of PRODCOM list from 2005, characterised by further breakdowns of PRODCOM products and the use of 10-digit codes.

(254) The implementation of a new classification of economic activities in BiH, KD BiH 2010 (based on NACE Rev. 2), and of a new Nomenclature of industrial products, NIP BiH 2010 (based on PRODCOM list 2010), is planned to be started in 2011. The PRODCOM survey for 2010 will be conducted using the new KD BiH 2010 and the new NIP BiH 2010. Deadline for the first results shall be July 1<sup>st</sup>. In future the Nomenclature of industrial products will be updated annually in accordance with updates of the PRODCOM list.

(255) *Assessment*

*The statistical institutions of BiH appear to be progressing to meeting the requirements of the PRODCOM regulation. The regular update of the list of industrial products in accordance with the update of the PRODCOM list is an important prerequisite. It is a high priority to publish and submit to Eurostat statistical data on the basis of the actual PRODCOM list within six months after the reference year (as required by the PRODCOM regulation).*

*There is a problem with statistical confidentiality because all data are published, despite the fact that they were partly to be protected according to confidentiality rules. It is very much supported that the statistical institutes of the entities are trying to gain consent from the respondents, in particular the large firms.*

#### **4.4.3 Short-term Business Statistics (STS)**

(256) European Short-term Business Statistics comprise monthly and quarterly economic indicators such as the index of industrial production, output prices, construction production, retail trade turnover etc. Short-term data on all service activities are also to be provided. The classification to be used as from 2009 is NACE Rev. 2.

(257) Short-term business statistics in BiH is not at all developed to the level of European requirements. Despite the fact that there is a great demand for short-term indicators to exist at state level (by different categories of users), BHAS (in cooperation with the statistical institutes of the entities) currently produces only very few of them.

In addition, the entity institutes for statistics produce a certain number of short-term indicators for different economic activities. However, regarding the content and scope, and due to the use of different methodological approaches in collecting and processing the data, they are up to now not suitable for aggregation and production of the relevant harmonized data on the level of BiH. The process of harmonizing the methodologies and questionnaires for conducting the statistical surveys is a continuous one, and will be further intensified in the near future.

(258) The only short-term indicators which are approximately compliant with EU short-term statistics are the Industrial Production Index and the Producer Price Index for the industry. They are, however, still compiled and published according to NACE Rev.1.1 and on the basis of the nomenclature of industrial products that is in accordance with the PRODCOM list 2005. The basis for the selection of the surveys is not directly the Statistical Business Register, but address books (which are according to RSIS based on the Business Register) that are kept and managed in each entity institute for this purpose. Released indices are neither seasonally nor working day adjusted.

(259) For the other business sectors (construction, retail trade, and other services) some monthly or quarterly indicators are available, partly on the state level, partly only on the entity level. However, these data are up to now not in compliance with European requirements with regard to coverage, methods of compilation etc. Entity results can up to now mostly not be aggregated to the state level because of substantial methodological differences in the data collection between the entities.

(260) BHAS, in cooperation with the entity institutes, is investing significant efforts to change this situation, which is a welcome development. The aim is to produce new indicators required by the European short-term statistics regulations (by introducing new statistical surveys and by redesigning existing entity surveys), in order to achieve their harmonization and alignment with EU requirements and to enable production of the necessary indicators for the level of BiH. Certain activities have already started and some of them are supported through international assistance projects.

(261) A very limited use of administrative sources for the production of short-term statistics causes a quite high burden on reporting units. The reason for this is the fact that most of the administrative sources are at the entity or canton level and are not harmonized. The only relevant administrative source on the state level is the data bank of the Indirect Taxation Authority (ITA), which is reluctant to deliver data, based on submitted VAT declarations, to BHAS. A high priority task is to improve the cooperation with ITA, which will significantly increase the possibility of production of STS indicators and reduce the burden on statistics and reporting units. The assessment team met with representatives of ITA and supported strongly the request of BHAS for the provision of individual data from the register of the ITA. Representatives from ITA said that at present the legal acts related to the registers the ITA is holding restricted the delivery of individual data to the statistical institutes. They saw the need for changing the legislation to provide a better basis for the statistical system of BiH.

(262) **Assessment**

*Short-term Business Statistics in BiH is not at all developed to the level of European requirements. BHAS and the entity institutes are investing significant efforts to change this situation, which is a welcome development. The aim is to produce new indicators required by the European short-term statistics regulations (by introducing new statistical surveys and by redesigning existing entity surveys), in order to achieve their*

*harmonization and alignment with EU requirements and to enable production of the necessary indicators for the level of BiH. It has been decided, that in the beginning the developments will be concentrated on quarterly surveys rather than monthly surveys. However, users should also be informed about the plans regarding the compilation of monthly indicators. Two quarterly pilot surveys (one in the area of construction, one in transport) will begin soon. All three institutes work closely together in a working group. An operational plan was elaborated and has been approved by all institutes. The objective is to implement the quarterly STS system and the most important monthly indicators by 2015.*

#### **4.5 Agriculture Census and Agriculture Statistics**

- (263) The responsibility for Agriculture Statistics is in the Department for Agriculture, Environment and Regional Statistics (4 employees) at BHAS and the Department for Agriculture, Forestry, Fishery and Environment Statistics (6 employees) at FIS. The number of employees working with statistics on agriculture and forestry at RSIS is 5.
- (264) BHAS collects aggregates and publishes statistics on agricultural production (crop and livestock statistics). This statistics is based on regular surveys carried out by entity statistical institutes (RSIS and FIS). Production on individual agricultural holdings is based on estimations made by agricultural experts at municipal level. For enterprises, the data are collected by questionnaires. The number of livestock refers to status at the end of the year. Eleven regular surveys concerning crop and livestock production have been implemented within the field of Agriculture Statistics in BiH.
- (265) A major problem for conducting sample surveys in the field of agriculture is the lack of a sample frame (list of agricultural holdings). A new Agricultural Census will be very important in this respect. The last census with agricultural information that is available was held in 1981, as the agricultural data from the Population, Dwellings and Agricultural Census conducted in 1991 never has been processed.
- (266) BHAS, in cooperation with entity statistical institutes, has started preparatory work on the Agricultural Census (AC). Screening questions are already included in the questionnaire prepared for the Population and Housing Census in order to identify households with agricultural activity above a certain threshold. It is intended to conduct the Agricultural Census soon after the Population Census.
- (267) Within the scope of the IPA 2007 project, a Pilot Agricultural Census based on master sample, was conducted in October 2010. 1000 individual agricultural holdings were covered. All methodological aspects were tested: questionnaire, manual, field work, organisation, costs etc. A draft law on the Agricultural Census has been prepared, but still not been circulated to the entity statistical offices.
- (268) The Agricultural Census will allow BHAS as well as FIS and RSIS to establish a farm register, which will be an important basis for future updating of Agriculture Statistics. At the same time, there is a process of establishing administrative farm registers in both entities. The relationship between the administrative registers and any statistical farm register should be clarified, especially in relation to updating procedures.
- (269) Entity statistical institutes collect data on the prices of agricultural output through different channels: open market, purchase price and direct sale. BHAS aggregates data for BiH level. These prices are used for economic accounts of agriculture (EAA) calculations. All statistical institutions are included in the

development of EAA (data sources and estimations) under IPA regional project on statistical cooperation. It was noted with some surprise that RSIS recently had published a bulletin on 'Economic accounts and prices in agriculture', without any coordination with BHAS and FIS. The accounts are called experimental and refer to the period 2005 – 2009. When raising this issue with RSIS they expressed willingness to share information and support the development of similar accounts within FIS and BHAS.

(270) Several pilot projects have been implemented, or are planned to be implemented, mostly by utilising external expert support:

- Pilot farm structure survey in 2010 in cooperation with Statistics Sweden.
- Pilot survey on collecting prices of means of production in agriculture (inputs) on a monthly basis and agricultural products (output) on a quarterly basis in 2010.
- FADN (Farm Accountancy Data Network) data are collected quarterly by the specialised agricultural departments working within the Ministries of Agriculture at entity level, from a sample of 120 farms in BiH. The pilot period was July 2010 – June 2011. Continuation is planned as a regular activity by the ministries of agriculture on a larger sample.
- BHAS, RSIS and FIS currently started with the calculation of standard output (SO) coefficients for 2007 under the IPA 2008 regional statistical cooperation programme. Three representatives (one from each of the BiH statistical offices) should prepare SO 2007 calculation by the end of June 2011. Data are calculated at the entity level and forwarded to BHAS, who transmits the data to Eurostat.
- In 2011, a pilot survey on milk statistics will be introduced in order to meet EU requirements in this area.
- A pilot survey on aquaculture is carried out in accordance with current regulations and recommendations of Eurostat.
- A pilot project is planned for 2011 on economic accounts in forestry.

(271) BHAS compiles and aggregates the Forestry Statistics based on monthly and annual surveys produced by the various entity statistical institutes: quantity, value and prices. BHAS also transmits Forestry Statistics to international organisations (production on forest products, forest processing industry products, foreign trade on forest products).

(272) Under the IPA 2007 project, Ministries of Agriculture (entities) and agriculture sector of Ministry of Foreign Trade and Economic Relations at state level have started establishing FADN, GIS (base for sample survey) and AIS (Agriculture Information System). The statistical institutions are mainly included in setting up the FADN methodology (see above).

(273) The cooperation between agricultural institutions is expected to be improved through an Agriculture Information Coordination Committee. The Committee is established pursuant to Article 16 of the Law on Agriculture, Food and Rural Development (Official Gazette of BiH 50/08). The duties of the Committee are defined by the law and rules of procedure. The main tasks of the Committee are to establish an Agricultural Information System in BiH and to ensure improved coordination and cooperation between relevant partners. Representatives of the

statistical institutions are members of this Committee in addition to representatives from other relevant institutions.

- (274) The field of agricultural statistics has benefitted from several projects:
- Twinning project 2007-2009 APS/EAA;
  - SIDA/SCB 2007-2009, Agriculture Statistics, Forestry Statistics
  - IPA 2007, National Pilot Agriculture Census, and involvement in AIS and FADN
  - IPA Multi Beneficiary Project, 2007, 2008

(275) **Assessment**

*The area of Agriculture Statistics is in general not well developed in BiH, even though the agriculture sector is of significant importance in the country. The main problems are linked to the fact that no Agricultural Census has been implemented since 1981, and that the administrative system in the field of agriculture is underdeveloped. Thus it is important that the Agricultural Census be undertaken as soon as possible. At present it is dependent on the performance of the Population Census. However, as the timing of the Population Census still is uncertain it might be necessary to investigate an alternative to be able to perform this Census independently from the Population Census. The Agricultural Census seems to be well prepared and planned based on pilot exercises. It was suggested to improve the cooperation with administrative authorities responsible for agriculture, even if these authorities are still under establishment and the administrative farm registers in the entities have serious limitations. The Agriculture Information Coordination Committee might be an important instrument in improving this situation. The quality of data on crops and livestock is considered to be unreliable dubious as these are partly based on assessments in the municipalities, and it was mentioned by some users that these estimates might be too high. It was noted that there have been several pilots to improve the situation in the field of Agriculture Statistics supported by donors and international experts. Not all pilots have resulted in sustained actions. There is a need to improve the methodological cooperation between the statistical institutions, for instance related to economic accounts in agriculture. Thus, it might be necessary to develop a more comprehensive plan for the whole area of Agriculture Statistics, with clear priorities and an implementation timetable.*

## 5 ANNEXES

### **Annex 1: Agendas and persons met during assessment missions**

### **Annex 2: Law on Statistics of BiH; Law on Statistics of the Federation of BiH; Law on Statistics of Republika Srpska**

### **Annex 3: Statistical Programme of BiH 2009 – 2012**