

# TWINNING CONTRACT

BA 17 IPA ST 01 20



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



## MISSION REPORT

**Activity** 1.3.1 A- Index of Production in Construction  
**Component** 1.3.1 - Index of Production in Construction

Mission carried out by  
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## List of Abbreviations

BHAS	Agency for Statistics of Bosnia and Herzegovina
BiH	Bosnia and Herzegovina
CBBH	Central Bank of Bosnia and Herzegovina
EC	European Commission
EU	European Union
FBiH	Federation of Bosnia and Herzegovina
FIS	Institute for Statistics of Federation of Bosnia and Herzegovina
MS	EU Member State
RSIS	Institute for Statistics of Republika Srpska
RTA	Resident Twinning Adviser
ToR	Terms of Reference

## 1. General comments

This mission report was prepared within the EU Twinning Project "Further Support to the Reform of the Statistics System in Bosnia and Herzegovina". It was the first mission to be devoted to Activity 1.3.1 A- Index of Production in Construction within Component 1.3.1 - Index of Production in Construction of the project.

The purposes of the mission were:

- Assessment of the current methodology for the calculation of Index of Production in Construction (IPC)
- To establish the main steps for the improvement of the current methodology.

The consultant would like to express his thanks to all officials and individuals from Bosnia and Herzegovina for the kind support and valuable information which he received during the mission, and which highly facilitated the work of the consultant.

This views and observations stated in this report are those of the consultant and do not necessarily correspond to the views of EU, BHAS, FIS, RSIS, CBBH, Statistics Denmark, Statistics Finland, Statistics Sweden and The Italian National Institute of Statistics.

## 2. Assessment and results

The main aims of the mission, carried out from remote due to the Covid restriction, were the discussion on current situation on Index of Production in Construction (IPC) in BiH, on Eurostat requirements for IPC and the development of road map for activities to calculate IPC.

Regarding the methodology at the moment activities for total construction, building and civil engineering works; new construction and reconstruction and maintenance are measured using the quarterly statistical survey on Production in Construction (K KPS GRAĐ-21) paper questionnaires organised in four modules (value of performed construction works – current quarter and cumulative; number of persons employed; hours worked; construction of residential buildings – number).

Data are collected by the entity statistical institutions for the entities and Branch Office of the Agency for Brcko District territory and are available from Q1 2005. A sample of firms is used according to a cut-off method for sample selection (10+ employees and/or 500k BAM value added/turnover, additionally). The size of the sample frame size is approximately 2700 units and the sample size is 438 units for BiH (298 for FBiH, 129 for RS and 11 for Brcko District).

Data are disseminated at 50 days from the reference quarter for Total F, divisions F41 and F42 (NACE Rev.2) as gross, seasonal adjusted (SA) and working day adjusted (WDA) data (using TRAMO-SEATS approach implemented in JDemetra+ v.2.2.3) and gross, SA and WDA IPC indices for Total F level are transmitted to Eurostat using SDMX-ML format together with a metadata report (updated annually).

At the moment hours worked not corrected for productivity coefficient are used for IPC with weights for the aggregation of F41 and F42 given by value of performed works. The actual calculation method has been described (using an excel file) and in the following mission a more in-depth analysis will be carried out.

With the aim to define a road map (including an overall description of coming activities) the main points for the next activities in the component were discussed regarding the current methodology with reference to the criteria for the sample selection (harmonisation between entities even if the cut-off could stay different for them), the introduction of productivity coefficient, the check on the robustness of weights used at the moment, implementation of alternative methods for the IPC calculation to be used as a benchmark, the analysis of the procedure for seasonal adjustment and the introduction eventually of a revision policy.

### 3. Conclusions and recommendations

According to the main findings described in the previous section and as a road map for the upcoming activities in the following table are listed the main action needed to assess and eventually improve the current methodology if needed.

<b>Action</b>	<b>Deadline</b>	<b>Responsible person</b>
<i>Discussion with other statistical departments in FIS, RSIS and BHAS: National Accounts, Structural Business Statistics (SBS).</i>	Before the second mission	FIS, RSIS, BHAS,
<i>Check the data coherence between different statistical sources on construction sector (including data on Indirect Taxation Authority)</i>	Before the second mission	FIS, RSIS, BHAS, MS experts
<i>Assessment of the methodology in terms of:</i> <ol style="list-style-type: none"> <li>a. <i>Index calculation for F41, F42 and Total for entities</i></li> <li>b. <i>Adding the division F43</i></li> <li>c. <i>Weighting scheme (instead of quarterly values of performed work)</i></li> <li>d. <i>Non response treatment (imputation methods)</i></li> <li>e. <i>Revision Policy (back-recalculation)</i></li> <li>f. <i>Seasonal and Working Day Adjustment Method</i></li> <li>g. <i>Rebasing</i></li> <li>h. <i>Correction for productivity</i></li> <li>i. <i>Simulation of different scenario according to different calculation methodology</i></li> </ol>	In the second mission	FIS, RSIS, BHAS, MS experts
<i>Basic introduction to R and RJDemetra+</i>	End of the project	MS experts

## **Annex 1. Terms of Reference for the current mission**

### **Terms of Reference**

**EU Twinning Project BA 17 IPA ST 01 20**

**Component 1.3.1 - Index of Production in Construction (IPC)  
September 14-16, 2021**

Virtual meetings via Zoom

#### **Activity 1.3.1.A: Index for Production in Construction I**

##### **1. Mandatory result**

The component 1.3.1 – New STS indicators for IPC produced according to the FRIBS (current EU regulation STS No 1165/98)

Indicator / Relevant Milestones / Internal deadlines:

Indicators for IPC published and delivered to Eurostat

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

- Briefing on current situation on IPC in BiH
- Briefing on current Eurostat requirements for IPC
- Ensure that quarterly periodicity will continue to be compliant
- Challenges of current IPC in relation to national accounts
- Development of road map for activities to calculate IPC – including mile stones
- Road map to include overall description of coming activities
- Preparation of ToR for next activity

Overall purpose is to discuss the suitability of current hours worked approach and to make a decision if this approach can continue or an alternative approach needs to be used. And to make a roadmap either for updating current approach or shifting to a different methodology.

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

- Road map for reworking and updating IPC
- Mission report

## Annex 2. Terms of Reference for the next mission

### Terms of Reference

#### EU Twinning Project BA 17 IPA ST 01 20

#### Component 1.3.1 - Index of Production in Construction (IPC) Q3

Virtual meetings via Zoom

#### Activity 1.3.1.B: Index for Production in Construction II

##### 4. Mandatory result

The component 1.3.1 – New STS indicators for IPC produced according to the FRIBS (current EU regulation STS No 1165/98)

Indicator / Relevant Milestones / Internal deadlines:

Indicators for IPC published and delivered to Eurostat

##### 5. Purpose of the activity

- Methodological support to current production of IPC
- Update of road map for improved IPC
- Preparation of ToR for next activity

Assessment of the methodology in terms of:

- a. Index calculation for F41, F42 and Total for entities
- b. Adding the division F43
- c. Weighting scheme (instead of quarterly values of performed work)
- d. Non response treatment (imputation methods)
- e. Revision Policy (back-recalculation)
- f. Seasonal and Working Day Adjustment Method
- g. Rebasing
- h. Correction for productivity
- i. Simulation of different scenario according to different calculation methodology

##### 6. Expected output of the activity

- Mission report
- Updated road map

## Annex 3. Persons met

### BHAS:

Fahir Kanlic, Head of Department for Industry and Construction Statistics  
Dženita Babic, Senior Advisor for Construction Statistics  
Anita Brkovic, Senior Advisor for Construction Statistics

### FIS:

Nusreta Imamovic, Head of Department for Industry, Construction and Energy Statistics  
Edina Dulic, Senior Advisor for Construction Statistics  
Adis Mizdrak, Construction Statistics Department

### RSIS:

Danica Babic, Senior Officer for Structural Business Statistics  
Želimir Radišić, Senior Officer for Construction Statistics

### External stakeholders:

#### RTA Team:

Niels Madsen, RTA  
Larisa Muslimovic, RTA Assistant

The content of this report is approved by: (sign and date)

MS Expert

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