

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 B- Index of Production in Construction II Component 1.3.1 - Index of Production in Construction

Mission carried out by
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Table of contents

1. General comments	4
2. Assessment and results	4
3. Conclusions and recommendations	5
Annex 1. Terms of Reference for the current mission.....	6
Annex 2. Terms of Reference for the next mission	7
Annex 3. Persons met	8

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 second mission to be devoted to Component 1.3.1 of the Project: Index of Production in Construction.

The purposes of the mission were:

- Check for the coherence of Index of Production in Construction (IPC) with other variables of the construction sector.
- Analysis of the current methodology for the calculation of Index of Production in Construction (IPC) in terms of weighting scheme and seasonal adjustment.

The consultants would like to express his thanks to all officials and individuals met for the kind support and valuable information 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 consultants 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 remotely due to Covid restrictions, were the discussion for the coherence of Index of Production in Construction (IPC) with other variables on construction sector and the analysis of the current methodology for the calculation of Index of Production in Construction (IPC) in terms of index calculation and seasonal adjustment.

Regarding the coherence with other variables, the experts presented some results using data from Eurostat database for Bosnia-Herzegovina, France, Germany, Italy and Spain using Structural Business Statistics (SBS) data on the variables: Number of Enterprises, Value Added, Value of Production and Turnover for the period 2005- 2019 (for BA from 2011) and National Account (NA) data on the variables Value Added Chained Linked and Current Prices in Construction Sector for the period: Q1-2005: Q3-2021. The results on the correlation of these data with IPC data was discussed.

With the aim to define a more in-depth-analysis for Bosnia- Herzegovina, it was agreed that before the next mission some meetings with people from different department in BiH (SBS and NA) should be organised to check coherence as well if it would be possible to analyse microdata availability on enterprises.

Regarding the methodology, the current one was presented by BHAS and in order to evaluate the opportunity to compare the results of current IPC with different methodology, other variables surveyed with the questionnaires such as value of performed work and hours worked will be checked. If possibly also at at micro level. A discussion on which type of seasonal adjustment approach (direct vs indirect) has been carried out with the aim to deepen the analyses in the next mission.

3. Conclusions and recommendations

According to the main findings described in the previous section and the road map for the upcoming activities, the main actions needed to assess and eventually improve the current methodology, if needed, are listed in the table below:

Action	Deadline	Responsible person
<i>Discussion with National Accounts, Structural Business Statistics (SBS) in FIS, RSIS and BHAS for coherence between value added (NA, SBS) and value of production and hours worked (SBS).</i>	Before the third mission	FIS, RSIS, BHAS,
<i>Meeting with NA and SBS to discuss coherence between data sources and data availability for productivity correction and deflator,</i>	In the third mission	FIS, RSIS, BHAS, MS experts
<ul style="list-style-type: none"> <i>a. Revision Policy (back-recalculation)</i> <i>b. Seasonal and Working Day Adjustment Method</i> 	In the third mission	FIS, RSIS, BHAS, MS experts

Annex 1. Terms of Reference for the current mission

Activity 1.3.1.B: Index for Production in Construction II

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

- 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

3. Expected output of the activity

- Mission report
- Updated road map

Annex 2. Terms of Reference for the next mission

Activity 1.3.1.C: Index for Production in Construction III

4. Mandatory results

IPC produced according to the FRIBS (current EU regulation STS No 1165/98)

New methodology for calculation of Index of Production in Construction / IPC developed (by using value data and CPPI as deflator)

IPC produced and delivered to Eurostat (Non-Adjusted (NSA), Working-Day Adjusted (WDA) and Working-Day and Seasonally Adjusted (SA))

Indicator / Relevant Milestones / Internal deadlines:

Indicators for IPC published and delivered to Eurostat

5. Purpose of the activity

- Meeting with NA and SBS to discuss coherence between data sources and data availability for productivity correction and deflator
- Testing the methodology for IPC: simulation of different scenario according to different calculation procedures
- Revision Policy (back-recalculation)
- Seasonal and Working Day Adjustment Method
- Preparation of ToR for next activity

6. Expected output of the activity

- Mission report
- Updated road map
- ToR for the next mission/activity

Annex 3. Persons met

BHAS:

Fahir Kanlić, Head of Department for Industry and Construction Statistics
Dženita Babić, Senior Advisor for Construction Statistics
Anita Brković, Senior Advisor for Construction Statistics

FIS:

Edina Dulić, Senior Advisor for Construction Statistics
Nusreta Imamović, Head of Department for Industry, Construction and Energy Statistics

RSIS:

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