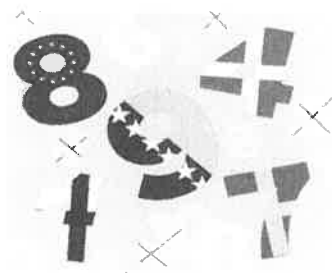


TWINNING CONTRACT

BA 17 IPA ST 01 20



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



MISSION REPORT

**Component 5: Methodology for the compilation of the Monthly Balance of Payments
Statistics developed and aligned with EU standards**

**Activity 5.1.A, Assessment of the current status on Balance of payment and the way
forward**

Mission carried out by
Juha Martikainen, Statistics Finland

July 5th, 8th and 9th 2021

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Table of contents

General comments.....	4
2. Assessment and results.....	4
3. Conclusions and recommendations.....	6
Annex 1. Terms of Reference.....	8
Annex 2. Terms of Reference, next activity.....	9
Annex 3. Persons met.....	11

List of Abbreviations

BH	Bosnia and Herzegovina
CBBH	Central Bank of Bosnia and Herzegovina
EC	European Commission
EU	European Union
MS	EU Member State
RTA	Resident Twinning Adviser
ToR	Terms of Reference

General comments

This mission report was prepared within the EU Twinning Project "Support to the reform of the statistics system in Bosnia and Herzegovina". It was the first mission to be devoted to Balance of Payments within Component 5 of the project.

The purposes of the mission were:

- Assessment of the current status on Balance of payment
- Development of work plan
- Preparation of ToR for next activity

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

These views and observations stated in this report are those of the consultant and do not necessarily correspond to the views of EU, CBBH, Statistics Denmark, Statistics Sweden, Statistics Finland.

The missions proceeded very well, and co-operation was productive. The only problem encountered was a weak internet connection in countryside of Finland, which changed a little bit the third day's schedule.

2. Assessment and results

Assessment of the current situation of the Balance of Payment

The Central Bank of Bosnia and Herzegovina (CBBH) is in charge of compilation and dissemination of Balance of Payments statistics and International Investment Position statistics in Bosnia and Herzegovina.

Compilation and dissemination is done according to the internationally recognized standards, set by the International Monetary Fund (IMF) and most recently published in 2009 in the sixth edition of Balance of Payments and International Investment Position Manual (BPM6).

The BPM6 based time series are from the beginning of year 2007.

Reports on balance of payments are compiled on quarterly basis without geographical distribution, and released at least 90 days after the reference period (on the last working day of the following quarter).

In the creation of the quarterly balance of payments, the data for the previous quarters of the current year are also revised, and in the creation of annual reports, quarterly and annual data are revised for the total of three years backwards and textual explanations are provided for significant data revisions.

The Balance of Payments compiling system is based on Microsoft Excel solution.

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

➤ Direct surveys:

- survey on direct investments – quarterly and annual survey;
- survey on trade credits and advance payments - annual survey and quarterly estimates based on foreign trade data;

- survey on transportation services - annual survey (estimation of quarters) - weights based on foreign trade data and data from entity statistical institutions on cross border traffic of passengers, and international rail transport of passenger and transport of goods;
 - survey on insurance and reinsurance services - quarterly survey;
 - survey on postal and telecommunication - quarterly survey and
 - survey on manufacturing services on physical inputs owned by others - annual survey and quarterly estimates based on foreign trade data (separate datasets: import of foods for processing, export of processed goods)
- Statistical and administrative sources of data:
- OECD- annual data
 - WESTERN UNION- quarterly data by months
 - Ministry of Foreign Affairs- quarterly data
 - Statistical bureaus of the countries from the region- monthly tourism data
 - BiH statistical institutions : BHAS - foreign trade (monthly data), construction data (quarterly), data on cross border traffic of passengers (quarterly), entity statistical institution (business and personal tourism data on monthly basis), etc.
 - Entity pension funds- quarterly data
 - BHANSA (BH Air Navigation Services Agency)- overflights
 - OECD data – number of BH students abroad- annual data
 - NOS (Independent System Operator)- quarterly data on transmission of electricity
 - BH Airports- quarterly data on revenues and expenses (air transport)
 - ECB publications (average rates on deposits from euro area residents) - monthly data;
 - BIS - Locational banking statistics - quarterly data;
 - Ministry of Finance and Treasury BH (data on external debt for government sector)- quarterly data;
 - Federal Ministry of Finance (data on external debt for nongovernment sector in FBiH) – quarterly data
 - Ministry of Finance Republika Srpska (data on external debt for nongovernment sector in RS) – annual data
 - Indirect Taxation Authority BH (data on cash taking across the border) – quarterly data
- Statistics compiled in the CBBH:
- Monetary and Financial Statistics (MFS) - monthly data for DTC sector and quarterly data for OFI;
 - Government Finance and Financial Accounts Statistics (GFFAS)- monthly and quarterly data;
 - data received from Banking Department, Cash Management Department, Monitoring and Analyses Department – monthly data and
 - data received from Accounting and Finance Department – monthly and quarterly data

- ITRS (International Transactions Recording System) - reports of commercial banks in BiH on the performed payment and collection transactions performed by banks for their clients towards non-residents on a monthly basis

Results

The CBBH Balance of Payments unit has comprehensive set of data sources to produce the quarterly and annual data for the Eurostat reporting. The monthly reporting can be produced methodically. The geographical distribution needs further investigation in the project.

Detailed work plan and ToR for the next activity 5.1.B

The mission agreed on the work plan, which includes five activities, and a study visit to Finland. See the topics of the activities below (3. Conclusions and Recommendations). The next mission will be on November/December 2022.

The ToR for the next activity can be found in the Annex 2.

3. Conclusions and recommendations

List conclusions and recommendations related to the activities mentioned in the ToR.
Assessment of the current status on Balance of Payment

The CBBH provided a description of the current status on the Balance of Payment data sources, compilation and dissemination.

The reports on Balance of Payments are compiled on quarterly basis without geographical distribution. The production of monthly data is missing. The production and dissemination of monthly data along the Vademecum is the main objective of the project.

The personnel of the Balance of Payments unit have no extra IT-resources available. It is recommended to continue developing the information system in the Excel-environment, which can be best supported without extra resources. Most of the necessary methods can be implemented also in Excel.

The main objectives of the project seems to be possible to be implemented in the recent environment, but the project needs more information on the recent production system before more detailed methodological recommendations.

The Twinning-mission group had a common understanding how to proceed in the project. The detailed work plan was created, which includes five missions:

- Activity 5.1.B) Development of the Internal registry of data sources for compilation of monthly BOP (November/December 2021)
- Activity 5.1.C) Development of the working document, and outline of the plan of the geo-distributions (end of July 2022)
- Activity 5.1.D) Production of the first draft report and first plan of the geo-distribution (October 2022)
- Activity 5.1.E) Final methodological report (December 2022)
- Activity 5.1.F) Final mission (March 2023)

Study visit to Finland:

- The production of monthly based BoP statistics with geo-distribution in Statistics Finland (May or July 2022)

Actions needed for moving forward as well as for preparing the next mission

Action	Deadline	Responsible person
Introduction to the information system and structure of the data in the BoP section	October 2021	CBBH
The development of the Internal registry of data sources for compilation of monthly BoP	October 2021	CBBH

Annex 1. Terms of Reference

Terms of Reference

EU Twinning Project BA 17 IPA ST 01 20

Component 5 - Monthly Balance of Payments Statistics

July 5th, 8th and 9th 2021

Virtual meetings via Zoom

Activity 5.A: Assessment of the current status on Balance of payment and the way forward

1. Mandatory result

Methodology for the compilation of the Monthly Balance of Payments Statistics developed and aligned with EU standards

There are two main objectives or sub results:

5.1 Preliminary monthly BOP report against rest of the world for determined time period produced,

5.2 Plan for introduction of GEO distribution in compilation and reporting of monthly BOP – prepared

Indicator / Relevant Milestones / Internal deadlines:

- Established internal registry of data sources for compilation of monthly BOP by end of (to be decided on the first mission)
- Prepared reporting table in accordance with selected format and delivered to Eurostat by end of (to be decided on the first mission)

2. Purpose of the activity

- Assessment of the current status on Balance of payment
- Development of work plan
- Preparation of ToR for next activity

3. Expected output of the activity

- Assessment of the current status for Balance of Payment
- Detailed work plan made
- Mission report
- Input provided to the ToR of next activity

Annex 2. Terms of Reference, next activity (5.1.B)

Terms of Reference

EU Twinning Project BA 17 IPA ST 01 20

**Component 5 - Monthly Balance of Payments Statistics
November/December 2021**

Activity 5.1.B: Development of the Internal registry of data sources for compilation of monthly BOP

1. Mandatory result

Methodology for the compilation of the Monthly Balance of Payments Statistics developed and aligned with EU standards

There are two main objectives or sub results:

- 5.1 Preliminary monthly BOP report against rest of the world for determined time period produced,
- 5.2 Plan for introduction of GEO distribution in compilation and reporting of monthly BOP – prepared

Indicator / Relevant Milestones / Internal deadlines:

- Established internal registry of data sources for compilation of monthly BOP by end of (to be decided on the first mission)
- Prepared reporting table in accordance with selected format and delivered to Eurostat by end of (to be decided on the first mission)

2. Purpose of the activity

- Introduction to the information system and structure of the data in the BoP section
- The development of the Internal registry of data sources for compilation of monthly BoP
- Preparation of ToR for next activity

3. Expected output of the activity

- The first draft of the internal registry of the data developed
- Mission report
- Input provided to the ToR of next activity

Annex 3. Persons met

STATISTICS FINLAND:

Juha Martikainen

CBBH:

Vedran Milisav, Head of BoP section
Suzana Kozinović – Ličanin, BoP Expert
Aida Kalčo, BoP Senior Specialist

External stakeholders:

RTA Team:

Niels Madsen
Larisa Muslimovic

Signatures

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

Date:



Component leader, CBBH



RTA



MS Expert

MS Expert

