TWINNING CONTRACT

2023/447-234

EU for Further Development of Statistics System in BiH

MISSION REPORT

Activity 1.1B: Profiling and Enterprise Groups Development
Component 1 - Business Statistics
Subcomponent 1.1 – Statistical Business Register

Mission carried out by

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18 – 20 February 2025

Version: Final

European Union Member State Expert Contact Information

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List of Abbreviations

BC	Beneficiary Country (Bosnia and Herzegovina)
BHAS	Agency for Statistics of Bosnia and Herzegovina
BiH	Bosnia and Herzegovina
CBBH	Central Bank of Bosnia and Herzegovina
EU	European Union
EUD	European Union Delegation to Bosnia and Herzegovina
FIS	Institute for Statistics of the Federation of Bosnia and Herzegovina
LA	Language Assistant
MS	EU Member State
RSIS	Institute for Statistics of Republika Srpska
RTA	Resident Twinning Advisor
RTAA	Resident Twinning Advisor Assistant
ToR	Terms of Reference

Executive Summary

The mission focused on practical profiling of the statistical unit enterprise from the enterprise groups (EG) register. Finnish experts provided some insight with examples of the first profiling round in Finland done in 2016. Before the mission the BC counterparts prepared data for one BiH EG, which was used as an example in desk profiling activities. BC will continue the desk profiling with some new EG's which will be studied on the next mission on this sub-component. BC will also start preparations for the enterprise survey, first as a pilot study but later as part of the SBS data collection.

The EG development in BC is in stable state. Next efforts in developing the EG register should be done in developing the EG application, focusing on reporting properties. This would help the data interpretation for the non-specialized users such as users in SBS and NA domains.

Next mission will be held in the beginning of October 2025, focusing on profiling and enterprise surveys.

1. General comments

This mission report was prepared within the EU Twinning Project "Further Development of the Statistics System in Bosnia and Herzegovina". It was the second mission devoted to the Statistical Business Register (SBR) Subcomponent of the Project.

The purposes of the mission were:

- EG profiling in practice – insight into profiling
- Continuation of EG development
- Update/questions on NACE 2.1 rev
- Preparation of mission report
- Preparation of ToR for next activity

The consultants would like to express their thanks to all officials and individuals from Bosnia and Herzegovina met for the kind support and valuable information, 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, Statistical Office of the Republic of Slovenia and The Italian National Institute of Statistics.

2. Assessment and results

Finish profiling demonstrated in practice - insight into profiling of enterprise groups gained:
During the previous missions, the process of profiling have been approached on a theoretical level. The main purpose of this mission was to reveal how the profiling could be done on a practical level, focusing on manual profiling of the large and complex groups. STEs described how the first-round profiling was done in Finland in 2016.The starting point of preliminary desk profiling is to build up a data merging enterprise group register (EGR) data with the business register (BR) data concerning the individual legal units within the group. Based on this information the profiler can compile an 'educated guess' about the group and the possible complex and simplex (1 legal unit=1 enterprise) enterprises within the group. Relevant dimensions of study in desk profiling are companies' activity classes, persons employed and turnover in each company, as well as the group and sub-group structures. In the end, the companies' own view of the compatibility of the pre-profiled enterprises

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and real-world business actions is probably the most important thing in profiling. The market orientation of the different companies, the independence of the units and the accounting practices inside of the EG are usually phenomenon's which cannot be solved without direct contacts to businesses itself. It is vital to compile the complex enterprises according to businesses own view about their structure and operations because without this agreement it is very likely that the companies' cannot simply provide the wanted data on internal items, or producing this will require so much manual work that companies' are not willing to do this. Following the internal /management accounting and reporting structures will most likely provide good quality data with low response burden. The pursuit of the theoretical and 'pure' statistical unit enterprise will most likely lead to major problems in data acquisition (surveys etc.) as well as overall co-operation with these companies.

Enterprise data collection: Finnish STEs presented also the survey forms which were used in the first-round data collection of the enterprise unit in Finland. The enterprise survey is combined with the 'common' SBS / accounting statistics (national publication) surveys by including the column containing intra-enterprise items. Before the data collection Statistics Finland contacted the companies and the enterprise delineation of the EGs were agreed with the company representatives.

A hands-on exercise to desk-profile an actual BiH EG: BiH had prepared data on one EG for the demo profiling purposes. Although there are several written documents of the profiling principles and theoretical approach, the practical guidelines are often too vague to serve as all-purpose instructions to profiling. It was mentioned several times in the meetings that profiling is a mixture of accounting know-how and work of art. In most cases the only means to find the correct delineation of the units, is to contact the EG or the companies, and have their opinion about the company operations and business lines. In above mentioned example EG, couple of possible solutions were presented and largely agreed in the meetings. The legal unit accounting data provide some clues about the possible delineation, but usually this information alone is not sufficient for enterprise unit delineation.

EG register development in BiH: Some points of the EG future development were discussed in the meetings. Today the BiH EG register is in stable state. The register contains statistical years from 2021 to 2023, and the next annual updating round will be done soon for the year 2024. At the moment there is no EG application, and the data screening and reporting of the structures must always be done from the database. From the EG data users' point of view this is quite laborious task, and may cause to misinterpretations of the EG data, especially with non-specialized users. Creating an EG reporting application should not be an enormous task, and Finnish STEs strongly recommend starting the work ASAP. Later on, this application can be further developed by including EG register maintenance and updating features if possible.

Potential question of NACE 2.1 clarified: Some specific questions about the NACE rev2.1 state and readiness were discussed in the meeting. There are some elements in new NACE classification that are still evolving (definitions, correspondence tables) but all in all, in future there should be only minor changes, and the state of the classification has been quite stable since the January 2025.

Mission report prepared: Mission report was prepared before the last day of the mission. The report was read and commented on the meeting. *All parties accepted the report, conclusions and the next steps in creating real enterprise units in BiH statistics.*

ToR for next activity drafted: The next mission on this sub-component was discussed. The optimal timing for the mission would be in the beginning of October 2025 (29.9. - 3.10.2025). The focus of this mission is still on profiling activities, and all parties agreed to carry on the desk profiling for some new EGs. For practical reasons it was decided that selected EGs should operate only on certain entity (not in all BiH areas). Another area for pre-planning is the enterprise data collection. On discussions it came out that most likely this survey will be combined with existing SBS surveys (as was done also in

Finland). SBS crew should be informed/ involved to this planning at an early stage, as this statistical domain is one of the main stakeholders in implementation of the enterprise unit.

The Finnish STEs will compile the suggestion of the minimum set of eliminated accounting variables which should be included in the survey. This will follow the Eurostat SBS recommendations but for demonstrative purposes, it might be practical to first introduce the most influential variables and leave the very detailed level items for later implementation.

3. Conclusions and recommendations

As it can be read from above paragraphs, the planning of the implementation of the enterprise unit in BiH statistics is well on its way. The need of the methodological guidance documents for BiH is evident, and this work should be started immediately.

The study of the EG pool for finding good candidates for the next desk profiling round must be done before the next mission on this sub-component.

The planning and programming of the (simple) EG reporting application should be started.

The planning of the future enterprise survey for eliminating the intra-enterprise flows should be started with no delays.

The possible changes in the database (new elimination table) could be planned, even though the real data collection would be pending.

4. What to do before the next mission

Action	Deadline	Responsible person
Selection and desk profiling of some new EGs in each entity	Before the next mission	All parties in BiH
Selection of the SBS variables for enterprise data collection	June 2025	Finnish STEs
Preparations of the draft for the enterprise survey (SBS survey forms)	Before the next mission	All parties in BiH

Annex 1. Terms of Reference for the current mission

Terms of Reference

EU Twinning Project BA 19 IPA ST 01 23

Component 1 - Business Statistics
Subcomponent 1.1 – Statistical Business Register

Timing: Tuesday 18 (10:00) - Thursday 20 February (15:30) 2025

Venue: Republika Srpska Institute of Statistics – Vladike Platona bb, Banja Luka

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Activity 1.1B: Profiling and Enterprise Group (EG) Development Continued

The objective of the component in this project is to develop a plan for continuous update of the EG database. In addition, to initiate the work on profiling based on the recommendations given in a previous Twinning Project (Support to the Reform of Statistics System in BiH (2018-2020))

1. Mandatory result

Volume of characteristics in SBR increased and quality of data improved, in line with EBS; updated database on Enterprise Groups.

Guidelines for the profiling process for large and complex Enterprise groups developed.

2. Purpose of the activity:

- EG profiling in practice – insight into profiling
- Continuation of EG development
- Update/questions on NACE 2.1 rev
- Preparation of mission report
- Preparation of ToR for next activity

3. Expected output of the activity:

- Finish profiling demonstrated in practice - insight into profiling of enterprise groups gained
- A hands-on exercise to desk-profile an actual BiH EG

- Potential question of NACE 2.1 clarified
- Mission report prepared
- ToR for next activity drafted

Annex 2. (input for the) Terms of Reference for the next mission

Activity 1.1C	Profiling
Budget section	III. Components Mandatory Results – Component X
Subject	• Desk profiling of the several EGs • Preparations of the draft for the enterprise survey (SBS survey forms) • Preparation of mission report • Preparation of ToR for next activity
Methods	Onsite, STE mission in BiH
Resources	MS: (Marjo Paqvalin, Timo Laukkanen), RTA & RTAA. BC: Relevant staff expected to be involved in Subcomponent 1.1
Duration	2 STEs x 3 working days for MS staff
Output	• Desk profiled EGs • Enterprise survey plan and draft for the material • Mission report • ToR (including time (frame)) for next activity
Time schedule	29.9.-3.10.2025 in Sarajevo

Annex 3. Persons met

BHAS:

- Tanja Miovčić
- Brana Taraba
- Senija Fačić (Branch Office Brčko)

FIS:
- Elvir Musinovic
- Emira Besirevic
- Enisa Rastic

RSIS:
- Nataša Teinović
- Stevan Marjanović
- Nada Malinović

RTA Team:

- Niels Madsen, RTA
- Senka Ahmetović-Palić, RTA Language Assistant

Signatures

For the approval of the contents of this report, representatives from BHAS, FIS and RSIS as well as MS experts and the RTA sign here:

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Component leader, BHAS

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Component leader, FIS

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Component leader, RSIS

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RTA

_____
MS Expert

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MS Expert