

III.8. STRATEGIC DIRECTIONS IN THE DEVELOPMENT OF THE STATISTICAL SYSTEM¹

1. Goals:

1.1. *Harmonization of the BiH statistical system with international standards*

2. Situation

The shortage of statistical capacity and reliable data creates difficulties for precise assessment of the economic situation in the country. The statistical system in BiH is not harmonized with international standards, including those applied in the EU.

'BiH needs to build a statistical system capable of timely provision of reliable, objective and correct data, required for planning and monitoring of the transition and reform processes.'²

The issue of the BiH statistical system was for the first time defined by the Decision on the Establishment of the BiH Statistics Agency, adopted by the BiH Council of Ministers in late 1998, and subsequently by the BiH Law on Statistics, promulgated by the High Representative on October 21, 2002.

Despite all efforts, the legislation with the Brcko District is still not harmonized, nor are the statistical methodologies between competent institutions in BiH which are as follows: the BiH Statistics Agency (with its branch office in Brcko), the FBiH Statistics Bureau and the RS Statistics Bureau.

An effective and sustainable statistical system is indispensable for economic planning and monitoring of the macroeconomic situation. The SAA treats these matters within the framework of the Cooperation Policies.

3. Priority activities

3.1. *Implement the existing legal framework*

According to the assessment of the EU Feasibility Study, implementation of the existing legal framework for the statistical system in BiH is a crucial precondition for the initiation of the Stability and Association Agreement. Therefore it is necessary 'to fully implement'³ the legal framework promulgated by the High Representative, to strengthen the system of statistics in BiH. The implementation of this law should ensure that the BiH Statistics Agency and the competent entity statistics bureaus provide necessary statistical data for the BiH level and the entity level, which are at present 'poor (or non-existent) and which prevent creation of a development policy, as well as regular trade relations'.⁴

In this context, the BiH Parliament should pass the BiH Law on Statistics. For implementation of this law, the Manager and the Deputy Manager of the BiH Statistics Agency and the Council of the BiH Statistics Agency, as well as prepare the BiH Statistical Program, which should be harmonized at all levels. This document should also specify the funding necessary for its implementation.

In the preparation of future statistics programs, the requirements from the General Data Dissemination System should receive special attention, in conformity with international standards.

¹ The statistical system includes the system at the level of BiH, FBiH and RS

² Report of the European Commission to the Council on Preparations of BiH to Start Negotiations with the EU on the Stabilization and Association Agreement, Brussels, November 18, 2003.

³ Report of the European Commission to the Council on Preparations of BiH to Start Negotiations with the EU on the Stabilization and Association Agreement, Brussels, November 18, 2003

⁴ Report of the European Commission to the Council on Preparations of BiH to Start Negotiations with the EU on the Stabilization and Association Agreement, Brussels, November 18, 2003

3.2. *Strengthen the statistics of the national accounts*

National accounts, as per international methodologies of the System of National Accounts 1993 (SNA 93) and the European System of Accounts 1995 (ESA 95) have a pivotal place in the modern statistics. The systems of national accounts play an integrative role in the entire statistical system and represent the methodological framework for the entire statistics and, among other things, include the estimates of the informal economy, which is crucial for the statistical system in BiH.

3.3. *Increase sample-based surveys*

Sample-based surveys have a crucial role in the statistical system, because they represent a rich source of data for a large number of statistical indicators. The preparations for the Household Budget Survey are in the final stage and it should take place in 2004, with results available in 2005. The Labor Market Survey is planned for a later period. This would provide reliable data for monitoring of social trends, preparation of the national accounts (personal consumption), weighting and indices of consumer prices, poverty indicators etc.

It is of particular importance that the Household Budget Survey, which should subsequently take place periodically, adapts its methodology in order to acquire the most detailed possible data about the poverty rate in BiH.

Economic indicators for lower levels of territorial integrations should be defined by 2005.

3.4. *Strengthen the price statistics*

The price statistics envisages replacement of the existing retail price index with the consumer price index, which, in line with the EU recommendations, should be counted in 2005, at the level of BiH and of the entities. The consumer price index will represent the official inflation measure for BiH. For international comparison purposes, indices of investment goods prices, export and import prices will be prepared annually. In 2004 it will be necessary to harmonize the producer price indices with the EU methodology.

3.5. *Strengthen agricultural statistics*

Those agricultural enterprises and agricultural cooperatives that are currently included in the statistics, comprise only a small share of the agricultural production in BiH, while for individual farms there are only estimates. Therefore, new statistical activities in the plant and livestock production, sample-based and in conformity with international standards should be introduced by 2007, instead of the existing estimates, both for BiH and for its constituting entities. Establishment of the farm register is indispensable for introduction of such activities, requiring a series of activities related to the census in the agricultural sector, for which the preconditions should be in place in 2005.

3.6. *Strengthen the wage and employment statistics*

According to the EU definitions, by 2006 a new employment index and a new labor force indicator should be introduced, which will be facilitated by the Labor Market Survey for BiH and for the level of its constituting entities.

3.7. *Strengthen the statistics of other short-term economic indicators*

By end-2004, an aggregate index of the industrial production at the level of BiH should be prepared, and harmonization of the index of industrial production completed between FBiH, RS and the Brčko District.

Demographic statistics should remain a corner stone of the statistics system. Usefulness of the vital statistics data is limited by the lack of population data. Bosnia and Herzegovina is one of the rare countries where a census is not taken in regular 10 year cycles, and for this reason it has not been possible to determine spatial, demographic, economic and educational characteristics of the population, characteristics of households and families, and neither the characteristics of housing and other elements.

In 2004 the political decision on the timing of the census should be made, to allow for the timely start of the preparations.

3.8. *Strengthen foreign trade statistics*

Together with the customs administration, it is necessary to define a harmonized structure of a data set, which will be submitted to the BiH Statistics Agency and entity agencies. The activities on harmonization of the structure and the format of the BiH foreign trade statistics, in line with the EUROSTAT recommendations, should also continue.

3.9. *Establish statistical registers*

For implementation of modern methods of data collection, processing and analysis, over the next medium term the following statistical registers should be established: statistical register of businesses, register of households and farm register. These registers must be in conformity with the EU Ordinance on Registers for Statistical Needs and with the EUROSTAT Methodology for Maintaining Registers.

3.10. *Harmonize statistical classifications with the international classifications*

With the purpose of producing comparable statistics, uniform statistical definitions should be used, and continuous harmonization of classifications in use should be conducted, with the attention to priorities.,

3.11. *Define the format of publication of statistical data*

During 2004 the format should be defined and competences determined for dissemination of data to various users. The basic principle is that the BiH Statistics Agency and entity bureaus are responsible for their dissemination.

3.12. *Conduct a regular training of statisticians*

Although certain improvements in the training of statisticians were made, such training should continue, but adapted in such a way as to be of a more practical character in implementation of the methodologies and the sample, of standards and of information technology.

3.13. *Strengthen coordination with other institutions*

The BiH Central Bank, in line with its competences, developed statistical capacities which, at present, are not a part of the entire BiH system of statistics. Therefore the legal conditions should be created to incorporate statistical capacities of the BiH Central Bank and other institutions (finance ministries, tax administrations, the State Border Service (DGS) etc.) into the BiH system of statistics.

4. Required resources

Through the end-2004, a detailed plan of human and material resources for implementation of priority and other statistical activities should be prepared, in line with the capacities of BiH, FBiH and RS.

No.	Activity	Responsible institution	Deadline	Goal/Comment
16	Adopt the Public Administration Reform Strategy	BiH Council of Ministers, FBiH Government, RS Government, Inter-Ministerial Working Group for Public Administration Reform, BiH Coordinator for Public Administration Reform	Second half of 2004	To implement public administration reform.
17	Prepare and adopt a comprehensive action plan for public administration reform with the assessment of the costs ²⁷	BiH Council of Ministers, FBiH Government, RS Government, BiH Civil Service Agency	Second half of 2004	To develop a consistent and transparent system at all levels of government, which will ensure an adequate representation of all constitutional and other peoples in BiH, as well as appropriate gender representation and the mobility of civil servants, along with consistent training.
18	Establish a system for consolidation of all government accounts, including extra-budget funds	BiH Ministry of Finance and Treasury, FBiH Ministry of Finance, RS Ministry of Finance	During 2004	To strengthen transparency in collection and spending of public revenues.
19	Establish a database of civil servants	Civil service agencies at all levels	Second half of 2004	To implement public administration reform.
20	Complete the process of evaluation of all civil servants	Civil service agencies at all levels	First half of 2004	To implement public administration reform.
21	Coordinate the training of civil servants – agree on the framework for BiH training standards, identify the shortcomings in the existing programs and capacities, develop an accreditation mechanism for trainers.	Civil service agencies at all levels, BiH Working Group for Coordination of Training of Civil Servants	Second half of 2004	To implement public administration reform.

Action Plan – Strategic Directions in the Development of the System of Statistics²⁸

No.	Activity	Responsible institution	Deadline	Goal/Comment
	LAWS AND REGULATIONS			
1	Implement fully the BiH Law on Statistics ²⁹	BiH Statistics Agency, FBiH Statistics Bureau, RS Statistics Bureau	First half of 2004	To create a functioning system of statistics with a clear distribution of authority and cooperation mechanisms.
2	Harmonize the laws of the Brcko District with the BiH Law on Statistics	BiH Statistics Agency, Brcko District Statistics Department	First half of 2004	Harmonization with the state law.
	MJERE MEASURES			
3	Appoint the Manager and Deputy Manager of the BiH Statistics Agency	BiH Council of Ministers	First half of 2004	Strengthen BiH Statistics Agency

²⁷ 'Report of the EC to the Council on Preparedness of BiH to Start Negotiations on the Stability and Association Agreement with the EU', (EC Feasibility Study), Brussels, 18 November 2003, pp. 7-8.

²⁸ The 'system of statistics' means the systems at the level of BiH, FBiH and RS.

²⁹ 'Report of the EC to the Council on Preparedness of BiH to Start Negotiations on the Stability and Association Agreement with the EU', (EC Feasibility Study), Brussels, 18 November 2003, pp. 31 i 44.

No.	Activity	Responsible institution	Deadline	Goal/Comment
4	Appoint the Council of the BiH Statistics Agency	BiH Council of Ministers	First half of 2004	To strengthen the system of statistics in BiH.
5	Develop the BiH Statistics Program	BiH Statistics Agency, FBiH Statistics Bureau, RS Statistics Bureau	First half of 2004	Harmonized at all levels (BiH, FBiH and RS).
6	Strengthen the statistics of national accounts	BiH Statistics Agency, FBiH Statistics Bureau, RS Statistics Bureau	Continuously	To harmonize the methodologies with modern world practices.
7	To develop the survey research on the basis of samples	BiH Statistics Agency, FBiH Statistics Bureau, RS Statistics Bureau	Continuously	To harmonize the methodologies with modern world practices.
8	Conduct the Household Budget Survey	BiH Statistics Agency, FBiH Statistics Bureau, RS Statistics Bureau	2004 – 2005	To collect new data on the household standard of living.
9	Conduct the Labor Market Survey	BiH Statistics Agency, FBiH Statistics Bureau, RS Statistics Bureau	2005 - 2006	To collect data on the labor market in BiH
10	Harmonize the producer price indeks with the EU methodology	BiH Statistics Agency, FBiH Statistics Bureau, RS Statistics Bureau	During 2004	To harmonize the methodology with modern practices
11	Replace the retail price indeks with the consumer price indeks. prepare annual indices of investment goods prices, import and export prices.	BiH Statistics Agency, FBiH Statistics Bureau, RS Statistics Bureau	2005 and beyond	For the level of BiH and entities.
12	Progressively strengthen the statistics in agriculture, through introduction of new statistical activities on the basis of sampling	BiH Statistics Agency, FBiH Statistics Bureau, RS Statistics Bureau	By 2007	Establishment of the registry of farms is indispensable.
13	Introduce a new employment indeks and a new labor force indicator, for the level of BiH and entities.	BiH Statistics Agency, FBiH Statistics Bureau, RS Statistics Bureau	By 2006	In line with the EU definitions, on the basis of the Labor Market Survey.
14	Develop an aggregated indeks of industrial production at the BiH level and harmonize the indexes of industrial production of FBiH, RS and Brcko District	BiH Statistics Agency, FBiH Statistics Bureau, RS Statistics Bureau	First half of 2004	To harmonize methodologies with modern practices.
15	Make the political decision about the timing of the census	BiH Council of Ministers	Second half of 2004	In consultation with the BiH Council on Statistics.
16	Define a harmonized structure of the data set that will be submitted to the BiH Statistics Agency, FBiH Statistics Bureau and RS Statistics Bureau by the customs administration.	BiH Statistics Agency, FBiH Statistics Bureau, RS Statistics Bureau	In the course of 2004	Strengthening the statistics in foreign trade.
17	Continue harmonization of the structure and format of BiH foreign trade statistics	BiH Statistics Agency, FBiH Statistics Bureau, RS Statistics Bureau	During 2004	According to the EUROSTAT recommendations.
18	Establish the following statistics registers: business registers, residence (household) register and farm register	BiH Statistics Agency, FBiH Statistics Bureau, RS Statistics Bureau	By end-2006	These registers must be in conformity with the EU Decree on Registers for Statistical Purposes and with the EUROSTAT Methodology. Implementation of appropriate regulations is required.
19	Harmonize statistical classifications with the international models.	BiH Statistics Agency, FBiH Statistics Bureau, RS Statistics Bureau	Continuously	To harmonize methodologies with modern practices.

No.	Activity	Responsible institution	Deadline	Goal/Comment
20	Define the form and determine the competences for dissemination of the statistical data.	BiH Statistics Agency, FBiH Statistics Bureau, RS Statistics Bureau	During 2004	To harmonize methodologies with modern practices.
21	Conduct regular trainings of statisticians	BiH Statistics Agency, FBiH Statistics Bureau, RS Statistics Bureau	Continuously	With the emphasis on the practical elements in the implementation of methodologies and samples, standards and IT.
22	Include other institutions (BiH Central Bank, finance ministries, tax administrations, State Border Service (DGS) etc.) into the system of statistics.	BiH Statistics Agency, FBiH Statistics Bureau, RS Statistics Bureau	Continuously	At present, these institutions are not parts of the system, although they conduct statistical activities.
23	Prepare a detailed plan on the staff and material needs for statistical activities	BiH Statistics Agency, FBiH Statistics Bureau, RS Statistics Bureau	During 2004	To secure technical and material resources for the development of the statistics system.
24	To secure additional finances to amend the questionnaire of the 'Living in BiH' Survey or to conduct a supplementary survey on the poverty rate in BiH	Office for Coordination of Economic Research and Monitoring of the Implementation of the Medium-Term Development Strategy of BiH (PRSP)	First half of 2004	To ensure development of indicators of the poverty rate in BiH and monitor the PRSP implementation ³⁰

ACTION PLAN – SECTORAL PRIORITIES

Action Plan – Social Policy and Pension System

No.	Activity	Responsible Institution	Deadline	Goals/Comments
PENSION SYSTEM				
	INSTITUTIONS			
1	Consider the possibility for establishment of a single Pension and Disability Insurance Fund in BiH	BiH Ministry of Civil Affairs, FBiH Pension Fund, RS Pension Fund	First half of 2004	To harmonize the pension system.
2	Carry out a rationalization, i.e. decrease the level of administration in the pension and disability insurance funds, in order to decrease administrative costs	PIO FBiH, Penzioni fond RS, FBiH Pension Fund, RS Pension Fund	Gradually through 2007	To reduce the administrative costs.
	MEASURES			
3	Enforce regular and full payment of wage contributions	FBiH Government, RS Government, FBiH Pension Fund, RS Pension Fund	Continuously	To strengthen pension funds.
4	Enforce regular payment of contributions levied on actual incomes for BiH citizens employed with foreign or international organizations and institutions, as well as in diplomatic missions and consular posts	BiH Council of Ministers, FBiH Government, RS Government, FBiH Pension Fund, RS Pension Fund	Continuously	To strengthen pension funds.
5	Conduct analysis of the basic functions and key shortcomings and problems in the operations of the pension funds.	FBiH Ministry of Labor and Social Policy, RS Ministry of Labor and Protection of Veterans and Disabled	Second half of 2004	With the World Bank technical assistance (Social Insurance Technical Assistance Project - SITAP).

³⁰ See the section 'PRSP Implementation, Monitoring and Evaluation Mechanism' in the BiH Medium-Term Strategy.