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Government Finance Statistics in Bosnia and Herzegovina: How far we have come

Статистика владиних финансија у Босни и Херцеговини: докле смо стигли

Abstract

Fiscal reporting is the first principle of fiscal transparency. Its main purpose is to present accurate picture of government finance and to provide markets, legislatures and citizens with the necessary information to hold the government accountable. Fiscal reporting is expected to give a comprehensive overview of fiscal activities of the public sector, provide frequent and regular information on relevant, internationally comparable and historically consistent basis, compiled and disseminated in accordance with the international standards. In the last two decades significant changes in this area have begun with the adoption of accrual-based reporting and the extension of the coverage of reports. This paper presents recently developed norms for reporting fiscal statistics and analyses their appliance. In the Analyses it is shown that there has been considerable progress in the development of official public statistics in Bosnia and Herzegovina. Yet, its National Statistical System is confronted with an increasing number of new requirements to align with international recommendations, standards and best practices. The purpose of this paper is to describe the international standards of government finance statistics, analyse the existing system

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of compilation and dissemination of the official public finance statistics in Bosnia and Herzegovina, compare the state of its compatibility with international standards and highlight challenges and future direction in this statistical area.

Key words: fiscal reporting, official statistics, government finance statistics

Introduction

Government² reporting on its fiscal position through fiscal statistics and other documents is essential for public financial management, which requires more timely and complete statistics based on a common methodology. It is vital to governmental decision making and holding the government accountable. The important development in this area has started with the adoption of accrual-based reporting³. Before the adoption of a new accrual-based international statistical and accounting standard, cash reporting was used. Namely, it did not present costs in a timely manner. Another important development was related to the extension of the coverage of reports beyond only the central government. Local governments and more public entities were covered in order to limit off-budget spending (Blondy, Cooper, Irwin, Kauffmann & Khan, 2013, pp. 249-283).

The interest in fiscal transparency⁴ as a critical element of effective fiscal policy-making, has grown significantly in the past two decades. The improvements in government finance statistics have occurred in all regions, but Europe stands out as having the most comprehensive statistics of any region, partly because of its high average income, but most probably because of the influence of the European Union's fiscal rules, the compliance it is tested with using data very similar to the government finance statistics reported to the International Monetary Fund (IMF). As a result, Eurostat and national statistical agencies have devoted considerable resources to producing and improving fiscal data (IMF, 2015, pp. 17).

Having in mind elaborated importance of fiscal reporting, this paper presents international standards and recently developed norms for reporting fiscal statistics and analyses their application. Furthermore, the organization of public finance statistics production and dissemination system in European Union and Bosnia and Herzegovina is presented and discussed. In the Analyses it is shown

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³ The concept of recording revenues when earned and expenses as incurred opposite to the same basis of accounting, under which revenues are recorded when cash is received, and expenses are recorded when cash is paid.

⁴ Fiscal transparency is defined as clarity, reliability, frequency, timeliness and relevance of public fiscal reporting and openness to the public of the government's fiscal policy-making process (IMF, 2012, pp. 4).

that there has been considerable progress in the development of official public statistics in Bosnia and Herzegovina (BiH). Yet, National Statistical System (NSS) of BiH is confronted with an increasing number of new requirements to align with international recommendations, standards and best practices. This paper emphasises challenges and future direction for BiH official public finance statistics system to be compatible with international standards in this statistical area.

1. Government Finance Statistics Methodological Framework and Practices

1.1. General Government Sector

With the intention of ensuring that financial and other statistical reports provide precise overview of government's financial position, it is important to encompass all the financial operations which are in the responsibility of government. For that reason, international standards such as European System of Accounts and Government Finance Statistics determined accurate definition of public sector and classified it into subsectors. Usually each subsector includes not only the main government institutions (such as central, regional government and municipalities), but also a chain of institutions which are under control and mostly financed by governments at all levels (schools, hospitals). Apart from that, many governments are responsible for enterprises in a business sector or they even own them (public corporations). Table 1 defines criteria used to classify units between public and private sector and within public sector between government sector and public corporations. Private sector consists of private corporations and non-profit institutions serving households depending on whether they produce market or non-market output.

Table 1.
Criteria on Public/Private sector units

Criteria	Controlled by government (public sector)	Privately controlled (private sector)
Non-market output	General government	Non-profit institutions serving households (NPISHs)
Market output	Public corporations	Private corporations

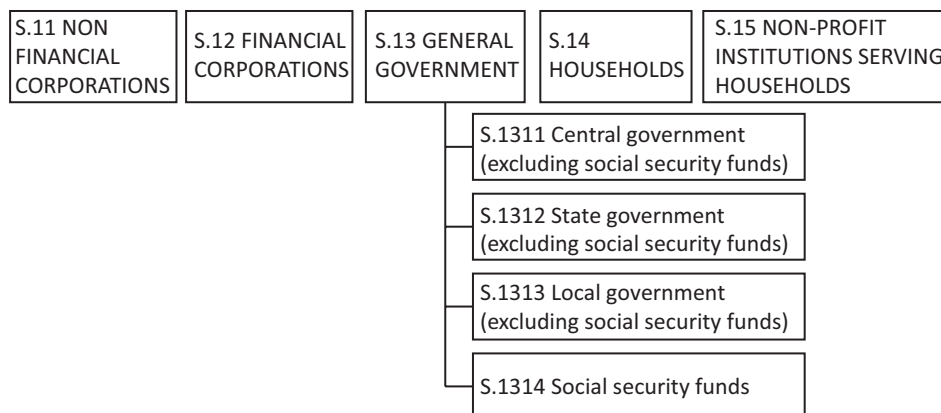
Source: European Parliament and Council (2013) pp. 40

Delineation of general government is defined by Paragraph 2.111 of the Regulation on the European System on National and Regional Accounts in the European Union: the general government sector (S.13) consists of institutional units which are non-market producers, whose output is intended for individual and

collective consumption and which are financed by compulsory payments made by units belonging to other sectors, and institutional units principally engaged in the redistribution of national income and wealth. As shown in Diagram 1 the general government sector is subdivided into four subsectors: central government, state government (where applicable), local government and social security funds (European Parliament and Council, 2013, pp. 62, 76).

Diagram 1.

Sectors and Subsectors



Source: European Parliament and Council, 2013, Author's illustration

According to the International Monetary Fund (IMF), the government of a country consists of the public authorities and their agencies, which are entities established through political processes that exercise legislative, judicial and executive authority within a territorial area. There may be more than one level of government within a country, depending on the administrative and legal arrangements. Statistics should be compiled for each level of government. Usually, there are three levels of government: central, state, provincial or regional and local. In practice of organization of intergovernmental relations, some countries have only central government or central government and one lower level. Also, there are countries with more than three levels. In addition to the levels of government, the existence of social security funds and their role in fiscal policy may require compilation of the statistics for all social security funds as a separate subsector of the general government sector. The sectors of government are defined in terms of institutional units, which are economic entities that are capable of owning assets, incurring liabilities and engaging in economic activities and transactions with other entities in their own right. These characteristics render institutional units a subject of economic and statistical interest that can be satisfied by the compilation of a full set of accounts for them. (IMF, 2001, pp. 6).

1.2. Government Finance Statistics Methodology

The conceptual framework for defining and analysing public sector is given in international statistical systems:

1. Government Finance Statistics (GFS) as the International Monetary Fund's statistical system;
2. European System of Accounts (ESA) as a statistical system of the Statistical Office of the European Communities (Eurostat);
3. System of National Accounts (SNA) as the United Nations' statistical system.

In 1986 International Monetary Fund published its first Government Finance Statistics Manual (GFSM) as a basis for standardized application of budget transactions recording. GFSM is harmonized with other macroeconomic statistical guidelines. In 2001, IMF published revised GFSM 2001 adopting accrual-based reporting. It provides the economic and statistical reporting principles to be used in compiling the statistics and describes guidelines for presenting fiscal statistics within an analytic framework that includes appropriate balancing items. The GFSM 2001 includes a functional classification of government's expenditures as defined by the Classification of Functions of Government (COFOG). COFOG was developed by the Organization for Economic Cooperation and Development (OECD) and it is published by the United Nations Statistical Division (UNSD). COFOG is regarded as the appropriate basis for examination of the structure of government expenditure. It is a 3-level classification with 10 divisions at the top level, each of which is broken down to about 6 groups at the next level of detail, which in turn are subdivided into classes. This functional classification allows policy makers to analyse expenditures on categories such as general public services, education, health, environmental protection, social protection, public order and safety (Eurostat, 2011, pp.14).

GFSM 2014 is the third edition of manuals and presents further alignment of government finance statistics framework with another systems and public sector accounting standards. The GFSM 2014 is designed for compilers of GFS, fiscal analysts, and other users of fiscal data. It may also be informative to compilers and users of other macroeconomic statistics in understanding the relations between the various sets of macroeconomic statistics, in particular to compilers of the national accounts who may depend on GFS as an input to their work (IMF, 2014, pp. v). The IMF publishes GFS as two publications: *International Financial Statistics* and *Government Finance Statistics Yearbook*.

European System of Accounts (ESA) as a statistical system of the Statistical Office of the European Communities (Eurostat). ESA is an internationally comparable statistical methodology used for systematic, detailed and comprehensive presentation and measurement of economy, its components and their interde-

pendencies. The predecessor of the current ESA 2010, the ESA 95, was published in 1961. The ESA 2010 methodology has the same structure as the ESA 95 publication for the first 13 chapters, but then it has 11 new chapters elaborating aspects of the system which reflect developments in measuring modern economies, or in the use of the ESA 95 in the European Union. The ESA 2010 exists alongside the 2008 System of National Accounts because of the uses of national accounts measures in the EU.

The ESA 2010⁵ methodology as defined by EU regulations and the Eurostat instructions has been in use by EU member states since September 2014. ESA 2010 is the newest internationally compatible European Union (EU) accounting framework for a systematic and detailed description of an economy. The ESA 2010 is based on concepts and it is compatible with United Nations' (UN) SNA 2008 methodology and with IMF's GFS 2014 methodology in the public revenues and expenditures. Still, there are several differences in presentation between the ESA 2010 and the 2008 SNA. The ESA 2010 concepts are in several instances more specific and precise than those of the 2008 SNA. The Member States are responsible for the collection and presentation of their own national accounts to describe the economic situation of their countries. Member States also compile a set of accounts which are submitted to the European Commission (EC) - Eurostat as a part of a regulatory data transmission program⁶ for key social, economic and fiscal policy uses in the Union. Those uses include determination of Member State monetary contributions to the EU budget via the 'fourth resource', the aid to regions of the EU through the structural funds program and surveillance of Member States' economic performance in the framework of the excessive deficit procedure and the Stability and Growth Pact (Eurostat, 2013).

The System of National Accounts (SNA) is the internationally agreed standard set of recommendations on how to compile measures of economic activity. The SNA describes a coherent, consistent and integrated set of macroeconomic accounts in the context of a set of internationally agreed concepts, definitions, classifications and accounting rules. The SNA is intended for the use of all countries and designed to accommodate the needs of countries at different stages of economic development. It also provides an overarching framework for standards in other domains of economic statistics, facilitating the integration of these statistical systems to achieve consistency with the national accounts, as described on the UN Statistics Division website. SNA 2008 is an updated version of the System of National Accounts, 1993 (1993 SNA). It is the fifth version of the SNA,

⁵ ESA 2010, the Regulation of the European Parliament and the Council, entered into force in 2013.

⁶ This document presents the program of national accounts data delivery within the framework of the new European System of National and Regional Accounts (ESA 2010), as defined in Annex B of the Council Regulation (EU) No 549/2013 of the European Parliament and the Council dated 21 May 2013.

the first of which was published over fifty years ago. At its thirty-third session in 2003, the Statistical Commission requested that the 1993 SNA be updated to bring the national accounting framework into the line with the needs of data users. The background was that the economic environment in many countries evolved significantly since the early 1990s when the 1993 SNA was developed and, in addition, methodological research over the past decade or so resulted in improved methods of measuring some of the more difficult components of the accounts (EC, OECD, IMF & UN, 2009, pp. xlvii).

1.3. Government Finance Statistics – EU Practices

In the European Union the compilation of government finance statistics has developed rapidly in a relatively short period of time in terms of methodological rules and practices. New EU policies require more timely and complete statistics, based on a common methodology. The underlying methodological framework remains the European System of Accounts (ESA 95), although the new version of the ESA, ESA 2010, is finalized and has been implemented since 2014. Eurostat collects more detailed data on government finances within the framework of the transmission program which results in the submission of national accounts data. User needs for government expenditure statistics according to the main functions of government have grown rapidly in recent years. This results in greater demand on data suppliers in terms of both quality and more details on these statistics. EU Member States have to compile annual data in accordance with the classification of COFOG, by ESA economic category, and report them to the EC (Eurostat). The main aggregates collected for general government are provided to Eurostat twice a year, whereas statistics on the functions of government should be transmitted within one year after the end of the reference period and detailed tax and social contribution receipts within nine months after the end of the reference period. Most countries now also provide, on a voluntary basis, COFOG statistics at the more detailed level. Under the terms of the excessive deficit procedure, EU Member States are required to provide the EC with their government deficit and debt statistics before 1 April and 1 October every year.

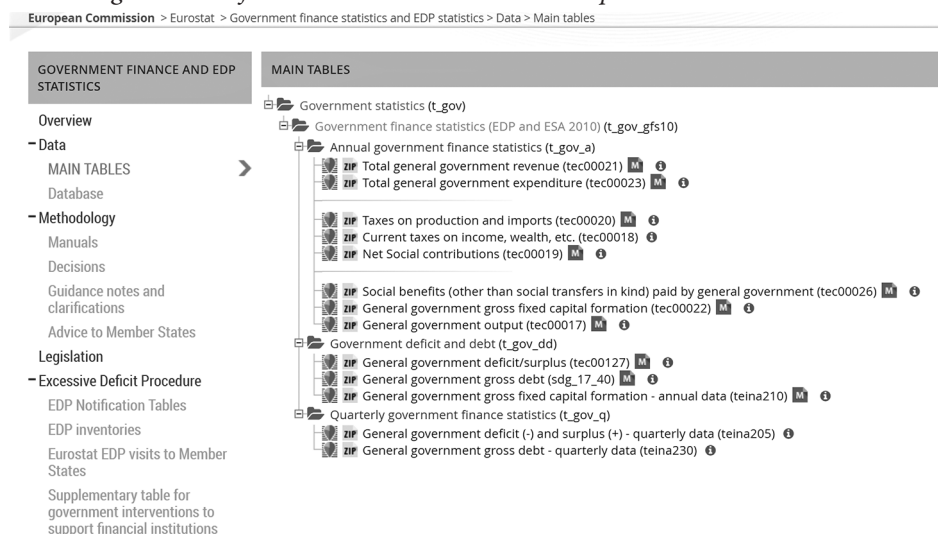
The financial and economic crisis has resulted in serious challenges posed to many European governments. The main concerns were connected with the ability of national administrations to service their debt repayments, take the necessary action to ensure that their public spending was brought under control, while at the same time trying to promote economic growth. Each year, EU Member States provide the European Commission with detailed information on their economic policies and the state of their public finances. Euro area countries provide this information in the context of the stability programs, while other Member States do so in the form of convergence programs. The European Commission assesses

whether the policies are in line with agreed economic, social and environmental objectives and may choose to issue a warning if it believes a deficit is becoming abnormally high. This action can lead to the Council finding the existence of an excessive deficit, which requires a deadline to be set for its correction⁷.

General government data presented in the statistical tables include historical series and the latest economic forecasts of the European Commission. Tables are derived from AMECO, the macroeconomic working database of the Directorate General for Economic and Financial Affairs. The original main data source is Eurostat, the statistical office of the European Union. Eurostat makes available data on the following government statistics: Government finance statistics according to ESA 2010 (annual and quarterly statistics) and historical data on Government finance statistics according to ESA 95. Figure 1 presents the form and the type of government finance statistics available on Eurostat's web portal. Available data show the yearly unadjusted time-series for the general government transactions and balances of Member States and the EU/Euro area as a whole. Data on cyclical adjustment of budget balances are shown for the general government of each Member State and the EU/Euro area as a whole: total revenue, total expenditure and net lending or borrowing. Actual data, the cyclical component and cyclically adjusted data are presented for each of these accounts.

Figure 1.

Tables on government finance statistics on Eurostat's web portal



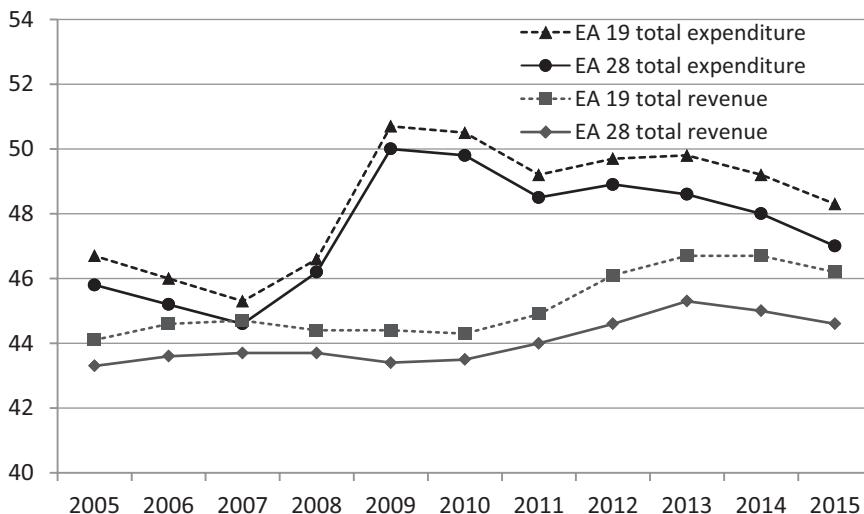
Source: Eurostat, <http://ec.europa.eu/eurostat/web/government-finance-statistics/data/main-tables>

⁷ This practice and procedure are taken from Eurostat's official website – Statistics Explained

Graph 1 shows, as an example, graphic presentation of data on Development of total expenditure and total revenue, 2005–2015 (% of GDP) in the EU as presented on Eurostat's web portal Statistic Explained.

Graph 1.

Eurostat: Development of total expenditure and total revenue, 2005-2015 (% of GDP)



Source: Eurostat, http://ec.europa.eu/eurostat/statistics-explained/index.php/Government_finance_statistics/hr

The role of the European Central Bank, regarding official EU statistics, is that it carries out specific tasks statistics. As defined in the Memorandum of understanding between ECB and Eurostat⁸ responsibilities regarding economic and financial statistics at the European Union level are determined as follows:

- General economic statistics are primary responsibility of Eurostat;
- Monetary and financial statistics, statistics on the international reserves of the Eurosystem, and statistics on the nominal and real effective exchange rates of the Euro are primary responsibility of the European Central Bank;
- Balance of payments statistics and financial and non-financial accounts broken down by institutional sector are shared responsibility of the two institutions.

The European Central Bank (ECB) was consulted on the draft of SNA 2008, and contributed at the expert level via the Advisory Expert Group of the Inter-

⁸ Memorandum of Understanding on Economic and Financial Statistics between the Directorate General Statistics of the European Central Bank (DG Statistics) and the Statistical Office of the European Communities (Eurostat) was signed in Brussels on 10 March 2003.

secretariat Working Group on National Accounts and promoted its adoption through the United Nations Statistical Commission. Given that the European System of Central Banks (ESCB) and the European Statistical System work in close cooperation to compile European statistics, the ECB agreed, at the Eurostat's request, to draft various chapters of the ESA 2010 which are closely related to the ESCB statistical framework. The quarterly Euro Area Accounts (EAA) are produced jointly by the ECB and Eurostat, and apply the standards of the ESA. They are based on non-financial and financial statistics compiled and transmitted by the EU Member States and the Eurosystem. ECB publishes a complete set of quarterly financial accounts for all euro area countries. All data are available free of charge from the ECB's website and can be downloaded from the Statistical Data Warehouse (the URL of Statistical Data Warehouse website is <http://sdw.ecb.europa.eu/>), as the main channel for the dissemination of time series and supplementary statistical tables and charts (ECB, 2013, pp. 1-4).

1.4. Government Finance Statistics in Bosnia and Herzegovina

The framework that established the organization, production and dissemination of official statistics in Bosnia and Herzegovina (BiH) is given in the Law on Statistics of Bosnia and Herzegovina (hereinafter: Law on Statistics), adopted in April 2004⁹. The main role for production and dissemination of official statistics of BiH is given to the statistical institution on the level of the state - the Agency for Statistics of Bosnia and Herzegovina (BHAS). In accordance with the administrative organization of BiH and constitutional jurisdiction, the Law on Statistics assigns responsibilities for statistical functions to BHAS and to the statistical institutions in the entities, the Republic Institute for Statistics of the Republic of Srpska (RSIS) and the Federal Institute of Statistics of the Federation of Bosnia and Herzegovina (FIS). The Statistical Office of Brčko District is integrated into BHAS.

BHAS and the Central Bank of Bosnia and Herzegovina (hereinafter: the Central Bank) are the only producers of official statistics at the state level. The Central Bank is in charge of monetary, balance of payments and government finance statistics. The Central Bank is responsible for compilation and dissemination of Monetary and Financial Statistics, Balance of Payments and International Investment Position Statistics, as well as for Government Finance Statistics. All other official statistics are the responsibility of BHAS.

⁹ The Law was published in the Official Gazette of Bosnia and Herzegovina and entered into force in 2004, two years after the High Representative's Decision Enacting The Law on Statistics of Bosnia and Herzegovina.

The statistical activities of the Central Bank are not defined by the Law on Statistics. The Law on Central Bank of Bosnia and Herzegovina¹⁰ authorizes the Central Bank in its Article 68 directly or through its main units to collect the statistical information from the competent institutions of Bosnia and Herzegovina, the Federation of BiH and the Republic of Srpska (RS) on economic and financial issues, provided that they are not regarded as confidential by the relevant authorities. The Central Bank contributes to the harmonization of the rules and practices governing the collection, compilation and distribution of statistics within its fields of competence. The regulations of Governing Board of the Central Bank define statistical information required and the form in which such information is to be provided to the Central Bank, the persons that are to provide such information to the Central Bank, and the confidentiality regime that shall apply to statistical information provided to the Central Bank.

Beside the Law there are several by-laws, in particular the Governing Board's Decision on the compilation of data necessary for Monetary and Financial Sector Statistics, Balance of Payments Statistics, Government Finance Statistics and External Debt of BiH. The authority and responsibility to compile government finance statistics is given to the Central Bank by the regulation from 2002 which was amended in 2006. The Central Bank and BHAS confirmed and clarified the responsibilities of both institutions in the field of official statistics of BiH signing the Memorandum of Understanding and also regulating mutual responsibilities regarding compilation of statistics and data sharing. BHAS and the Central Bank have clear division of activities and cooperate closely.

Statistic activities of the Central Bank are included in the multi-annual Statistical Program of BiH. In order to encompass priorities of official BiH statistics as a whole, regardless of the assigned responsibilities, the Annual Plans of statistical activities of the Central Bank form a part of BHAS Annual Plans that are submitted to the state level authorities (BHASb, 2016). Statistics within the Central Bank is organized within the Department for Statistics and Economic Research which has full responsibility for statistical methodology and data dissemination.

The Central Bank compiles government finance statistics on a basis of the international standards produced by the IMF defined in the Government Finance Statistics Manual 2001 (GFSM 2001) and its revised version GFSM 2014, with subsequent development of government sector accounts according to ESA 2010. Namely, as defined in Article 88 of the Stabilisation and Association Agreement between Bosnia and Herzegovina, on one side, and the European Communities and their member states, on the other side (hereinafter: SAA)¹¹, cooperation in

¹⁰ The Law was published in the Official Gazette of Bosnia and Herzegovina and entered into force in 1997, after which it was amended five times.

¹¹ SAA entered into force on 1 June 2015.

the field of statistics shall notably be aimed at developing efficient and sustainable statistical systems capable of providing comparable, reliable, objective and accurate data needed to plan and monitor the process of transition and reform in Bosnia and Herzegovina. It should also enable the state and entity Statistical Offices to meet the needs of their national and international customers better (both public administration and private sector). The statistical system should respect the fundamental principles of statistics issued by the UN, the European Statistical Code of Practice and the stipulations of the European Statistical law and develop towards the Community acquis (SAA, pp. 34)¹². The development of government sector accounts is planned in the framework of Instrument for Pre-Accession Assistance (IPA).

The activities to be used to implement strategic priorities and improve efficiency of statistics of BiH include alignment of the Statistics of BiH with international legislation, standards and practice in the period 2013-2020. Expected outcomes are application of EU regulations and increase in scope of data delivered to Eurostat using standards and forms stipulated by Eurostat. Improvement and development of macroeconomic statistics include activities on development of the Balance Sheet for the general government and its subsectors in the period 2013-2020 and introduction of Financial Accounts Statistics in line with EU standards in the period 2013-2016. Expected outcomes are methodological prerequisites for the development of government finance statistics in line with EU requirements and in close cooperation with other institutions from BiH, annual and quarterly financial accounts (flows) and balance sheet, financial balance sheet for government sector disseminated for both BiH and entities (BHAS, FIS & RSIS, 2013, pp. 51, 56).

Additionally, as defined in the Statistical Program of BiH 2017-2020, Module 2.03.02, dissemination and publication of fiscal accounts according to EU Regulation and ESA 2010, financial account for all sectors on an annual basis and government financial account on a quarterly basis are planned. Also, Module 2.04.01 Government finances expects results in preparing methodological basis for data compilation and adopting documentation on methodological compilation of GFS data in accordance with ESA 2010 requirements (BHASa, 2016, pp. 31-33).

Bosnia and Herzegovina has specific administrative organization of government, with very few government functions being performed on the state level. Therefore, the classification of the general government sector into sub-sectors is rather specific, which makes difficult its comparison with other countries. The state level, the entity level, Brčko District and the cantons are assigned to the Central Government, while municipalities and cities are classified as Local Government. The data for full general government sector include administrative data

¹² Access to the full text of SAA is available on the Eur-lex website.

collected from Ministries of Finance of all levels of government, Social Security Funds of all levels of government, Entities' Public Companies for Roads and Entities' Public Companies for Motorways. Annual data for consolidated revenues/expenses include local level of government (municipalities and towns), Public Company for Roads of all levels of government of Federation of BiH, Public Company for Roads of RS, Public Company for Motorways of Federation of BiH and Public Company for Motorways of RS, while quarterly data do not include them as the source data are not available¹³. Data are compiled on an accrual basis. The data are provided by more than 50 reporting authorities with different accounting rules and principles, and different legal reporting forms. That is the reason data processing is very demanding and time consuming.

The Central Bank publishes a release calendar, Annual Reports, Quarterly Bulletins and Monthly Economic Surveys, publications and bulletins. Figure 2 shows data on Government Finance of BiH – Government Sector Units as presented in Central Bank's Quarterly Bulletin.

Figure 2.

Central Bank's Quarterly Bulletin - Table 44: Government Finance of BiH – Government Sector Units – BAM million

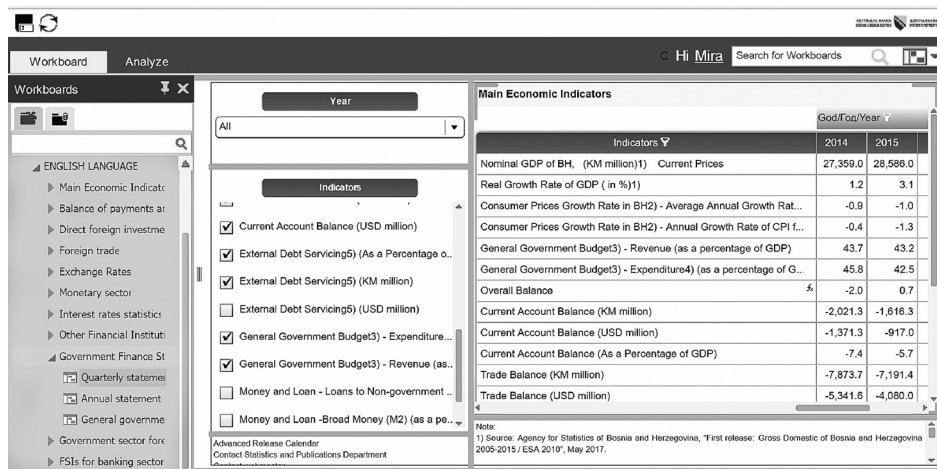
	BiH Institutions				Consolidate Revenues	BiH Institutions				Consolidated Expenditures
	FBIH	RS	Brčko	FBIH		RS	Brčko			
2007	885,0	5.901,0	2.919,1	241,5	9.832,7	753,9	5.532,4	2.458,9	197,5	8.828,8
2008	980,7	6.537,5	3.264,5	236,6	10.903,1	876,4	6.651,2	3.003,7	184,5	10.599,6
2009	1.086,6	6.074,6	3.080,3	210,9	10.342,5	975,5	6.292,4	3.316,6	189,9	10.664,5
2010	1.009,8	6.474,1	3.234,6	235,7	10.862,6	996,5	6.324,5	3.410,6	200,4	10.840,3
2011	968,6	6.571,2	3.685,6	237,4	11.357,1	983,6	6.449,7	3.372,1	209,1	10.908,7
2012	1.045,6	6.642,8	3.652,6	246,1	11.459,5	952,9	6.595,9	3.534,1	215,5	11.170,8
2013	1.069,8	6.608,6	3.604,4	232,6	11.406,5	939,0	6.474,5	3.415,1	219,2	10.938,8
2014	1.109,8	6.972,1	3.769,8	223,7	11.961,7	940,3	6.652,2	3.652,3	219,0	11.350,1
2015	1.088,4	7.196,5	3.931,3	232,0	12.335,1	935,9	6.843,5	3.700,6	220,1	11.587,0
2009 Q1	217,6	1.180,9	577,7	42,8	2.001,0	203,8	1.255,5	621,7	28,3	2.091,2
Q2	377,2	1.419,5	610,5	50,5	2.408,7	252,0	1.422,4	741,0	45,8	2.412,3
Q3	222,0	1.442,8	621,7	56,9	2.332,1	235,7	1.352,1	711,6	50,3	2.338,4

Source: the Central Bank of BiH (2016) pp. 34

¹³ The Central Bank gives methodological remarks about the data sources which are not available at the moment.

Figure 3.

Presentation of Central Bank's Government Finance Data Access: Statistical Web Portal
Panorama Necto



Source: Central Bank of BiH, http://statistics.cbbh.ba:4444/Panorama/novaview/SimpleLogin_en.aspx

Also, the Central Bank provides a time series database. Processed statistics are made available to the general public through publications, web site (through the dynamic portal Panorama Necto) as shown in Figure 3, which allows flexible extraction of tables and graphs. Tables of government expenditure classified by COFOG are not produced because of a lack of adequate data sources. The data are submitted to international organizations, mostly to the IMF. Government finance statistics is published periodically as shown in Table 2.

Table 2.

The Central Bank's Government Finance Statistics Advanced Release Calendar

Data category	Periodicity	Release dates - 2016	
		(Q2/2016)	(Q3/2016)
GFS - Central Government - Statement of Government Operations	Quarterly	until 30 th September 2016	until 31 st December 2016
GFS - Consolidated FBiH¹ - Statement of Government Operations	Quarterly	until 30 th September 2016	until 31 st December 2016
GFS - Consolidated RS¹ - Statement of Government Operations	Quarterly	until 30 th September 2016	until 31 st December 2016
Stock of External Debt - by creditors	Quarterly	until 30 th September 2016	until 31 st December 2016

Data category	Periodicity	Release dates - 2016	
		(Q2/2016)	(Q3/2016)
Servicing of foreign debt	Monthly	up to 30 days after the end of previous month	
Maastricht debt	Quarterly	up to 90 days after the end of previous quarter	
		(Annual for 2015)	
GFS - General Government - Statement of Government Operations	Annual	until 30 th June 2016	
GFS - Consolidated FBiH - Statement of Government Operations including local level	Annual	until 30 th June 2016	
GFS - Consolidated RS - Statement of Government Operations including local level	Annual	until 30 th June 2016	
Financial Balance Sheet of BiH General Government	Annual	until 30 th June 2016	

Note: ¹ without local level of government

Source: Central Bank, <http://cbbh.ba/content/read/29?lang=hr>

In the context of fiscal reporting it is important to mention that at the end of 2004 there was the initiative to establish unit for monthly monitoring system of fiscal operations of all levels of government in BiH. Macroeconomic Unit of the Governing Board of the Indirect Tax Authority of BiH (OMA) was established in 2005. In relation to other institutions, its great advantage is transparency manifested in issuing on monthly basis reports in electronic forms available on the website (the URL of OMA webpage is <http://www.oma.uino.gov.ba>). OMA also issues in the form of Excel tables reports on financial data in the General government report, as shown in Table 3. It includes: revenues and expenditures of the budget of Institutions of BiH, revenues and expenditures of the budget of the Federation of BiH, cantons, cantonal directorates for roads, municipalities and funds in Federation of BiH, revenues and expenditures of the budget of the RS¹⁴, directorates for roads/highways, municipalities and funds in RS, revenues and expenditures of the budget of Brčko District and funds in BD.

¹⁴ It includes extra budgetary resources recorded in Treasury General Ledger of the RS, total foreign debt for projects realized through municipalities and enterprises, as well as data on budget users of the RS who have their own bank accounts (including foreign project implementation units established by ministries).

Table 3.
General government of BiH, preliminary report, I-III 2016 (in million BAM)

Revenue		2.799,1
Taxes		1.476,5
	Direct taxes	273,7
		Taxes on income, profits and capital gains
		235,4
		Taxes on income, profits and capital gains
		2,5
		Taxes on payroll and workforce
		35,7
		Taxes on property
		1.198,3
	Indirect taxes	4,5
	Other taxes	1.002,7
	Social security contributions	9,0
	Grants	6,7
		Foreign grants
		2,3
		Transfers
		310,9
	Other (non-tax) revenue	
Expenditure		2.680,1
Expense		2.615,3
	Compensation of employees	827,3
	Use of goods and services	478,2
	Social benefits	1.120,0
	Interest	47,9
		Interest payments to non-residents
		26,0
		Interest payments to residents
		21,9
	Subsidies	39,0
	Grants, transfers	21,3
	Other expense	81,7
Net acquisition of nonfinancial assets		64,7
	Acquisition of nonfinancial assets	75,0
	Disposal of nonfinancial assets	10,3
Gross/Net operating balance (revenue minus expense)		183,7
Net lending / borrowing (revenue minus expenditures)		119,0
Net financing = (Minus) Net lending / borrowing		-119,0

Source: Macroeconomic Unit of the Governing Board of the Indirect Tax Authority of BiH (OMA)
http://www.oma.uino.gov.ba/09_izvjestaji.asp?l=e

Consolidated report includes: revenues and expenditures of the budget of Institutions of Bosnia and Herzegovina, revenues and expenditures of the budget of the Federation of Bosnia and Herzegovina, revenues and expenditures of the budget of the RS¹⁵ and revenues and expenditures of the budget of Brčko District.

Conclusion and Recommendations

One of the basic prerequisites for taking timely and effective measures by economic policy makers is a statistical base of a good quality. Fiscal Reporting is expected to give a comprehensive overview of fiscal activities of the public sector and to provide frequent and regular information on relevant, internationally comparable and historically consistent basis. Fiscal statistics should be reliable, facilitate accountability, presented on comparable basis, compiled and disseminated in accordance with the international standards. In this paper, international methodological rules and practices of government finance statistics in European Union and Bosnia and Herzegovina are presented.

With the Agency for Statistics of BiH, the Central Bank of BiH is a producer of official statistics at the state level and participates in the realization of the plans of statistical research in Bosnia and Herzegovina. Official statistics of the Central Bank of BiH is an integral part of macroeconomic statistics, produced within the statistical system of BiH and covering three areas of macroeconomic statistics: statistics of monetary and financial sector, external sector statistics and government finance statistics. The Central Bank of BiH produces and disseminates Government Finance Statistics following as much as possible international standards published in the GFSM of the IMF. However, it is shown that the National Statistical System of Bosnia and Herzegovina is confronted with an increasing number of new requirements to align with international recommendations, standards and best practices. Therefore, it is necessary to work intensively on further harmonization of the existing regulations in the area of financial accounts statistics with the EU regulations (ESA 2010) and implementation thereof. In this regard, it is necessary to establish a more intensive and better quality coordination and communication between the Central Bank, the Agency for Statistics of BiH and the Ministries of Finance on the state and entity level in order to define legal solutions that will provide data harmonized with the EU legislation in the area of financial accounts statistics.

¹⁵ It includes extra budgetary resources recorded in Treasury General Ledger of the RS, total foreign debt for projects realized through municipalities and enterprises, as well as data on budget users of the Republic who have their own bank accounts (including foreign project implementation units established by ministries). The Fund for Pension and Disability Insurance of RS is included in the budget of RS as of 1st January 2016.

Considerable efforts are needed to develop government finance statistics. The premise for proposing measures and activities in the field of ESA 2010 methodology implementation is establishing the international practice according to which national statistics office has the leading role in defining statistical reporting methodology on public finances towards Eurostat. National Central Bank has the same responsibility towards the European Central Bank, whereas the Ministry of Finance has a responsibility towards IMF.

It is recommended that a strategic document for implementing ESA 2010 methodology in public finance statistics is drafted and adopted. The activities in this area should include:

- Gather a team of experts with mandate to work on all issues of importance for methodology implementation which include institutional, economic and functional classification, defining reporting rules and procedures;
- Adopt a manual as a basis for institutional classification of all sectors in compliance with ESA 2010 respecting state specifics; forming the list of components of general government (state, regional and local governments, public enterprises and other institutions established by government authorities); forming the list of all taxes and other public revenues, subsidies, other state aid and other public expenditures;
- Conduct analysis and revision of the existing economic classification of accounting charts and their compatibility with ESA requirements and perform necessary changes;
- Educate the staff to compile data on functional classification according to Eurostat's methodology;
- Define reporting procedures for government sector;
- Amend the existing legislation framework.

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Резиме

Основно начело фискалне транспарентности јесте представљање стварне слике владиних финансија и омогућавање тржиштима, законодавцима и грађанима потребне информације како би могли оцијенити рад владе. Фисклано извјештавање треба да пружи свеобухватан преглед фискалних активности јавног сектора, да омогући

периодичне и редовне информације на релевантним, међународно упоредивим и историјски конзистентним основама, произведеним и дисеминираним у складу с међународним стандардима. У посљедње двије деценије значајне промјене на овом подручју започеле су извјештавањем на акруалној основи, те проширењем обухвата извјештавања. У овом раду посебно је описан концепт и методе приказивања фискалних трансакција државе у оквиру интегрисане презентације података националних рачуна који првенствено почивају на службеној методологији Евростата и Уједињених нација. У анализи се актуелизује питање улоге и значаја државне статистике и наглашава потреба даљњег унапређења статистичког система у Босни и Херцеговини. Показано је да је учињен значајан напредак у развоју службених јавних статистика у Босни и Херцеговини. Ипак, статистички систем Босне и Херцеговине суочава се с повећаним бројем нових захтјева за уједначавање с међународним препорукама, стандардима и најбољим праксама. Допринос овог рада се првенствено огледа у презентацији међународних стандарда статистике владиних финансија, анализи постојећег система компилације и дисеминације службених јавних статистика у Босни и Херцеговини, те компарацији стања њихове компатибилности с међународним стандардима. Потенцијални допринос овог рада побољшању система статистике владиних финансија у Босни и Херцеговини могућ је рјешавањем истакнутих изазова и предузимањем активности на указаним правцима дјеловања у овој статистичкој области.

Кључне ријечи: фискално извјештавање, службена статистика, статистика владиних финансија.