FOUNDATIONS OF METHODOLOGY FOR MONETARY AND FINANCIAL SECTOR STATISTICS, EXTERNAL SECTOR STATISTICS, GOVERNMENT FINANCE AND FINANCIAL ACCOUNTS STATISTICS OF BOSNIA AND HERZEGOVINA,

FOUNDATIONS OF METHODOLOGY FOR MONETARY AND FINANCIAL SECTOR STATISTICS, EXTERNAL SECTOR STATISTICS, GOVERNMENT FINANCE AND GOVERNMENT SECTOR DEBT STATISTICS OF BOSNIA AND HERZEGOVINA

1. OBJECTIVE

The objective of these Foundations is to prescribe the method for the compilation and dissemination of data on monetary and financial sector statistics, external sector statistics, and government finance and government sector debt statistics
The Statistics and Publications Department of the Central Bank of Bosnia and Herzegovina (hereinafter: the Central Bank) is responsible for the collection, processing, and dissemination (publication and delivery) of the aforementioned statistics.

2. GENERAL PRINCIPLES

In accordance with the fundamental principles of official statistics of the United Nations (hereinafter: UN), the compilation of statistics specified under point 2 of this document shall adhere to the following principles:

- Reliability – data will represent the best possible approximation as an estimate of unknown real values
- Objectivity – data will be produced using objective and transparent methods, which will be determined strictly according to professional criteria
- Relevance – sources and methods will be presented alongside the published data
- Quality – continuous strengthening of professional capacities will enable raising the quality of statistical information
- Importance – the quality of decisions greatly depends on reliable statistical data, and therefore these data play a highly significant role in formulating monetary policy and monitoring economic developments in Bosnia and Herzegovina (hereinafter: BH)
- Statistical confidentiality – data collected from reporting units are confidential and will be used exclusively for the production of aggregated statistical indicators.
- Transparency – compiled statistical indicators will be presented in accordance with the applied thematic standards, sources, and methods.

In the production of statistics, applicable international standards and methodologies are applied to the greatest extent possible.

Details on data sources, collection methods, deadlines and forms for data collection, as well as the presentation and dissemination of the produced statistics, will be prescribed by the appropriate instruction.

3. SCOPE OF STATISTICAL DATA

In order to fulfill its role and perform the assigned tasks, the Statistics and Publications Department of the Central Bank should produce statistical indicators from the following statistical areas:

- Monetary and financial sector statistics,
- External sector statistics ,
- Government finance statistics
- Financial accounts statistics

4. DATA SOURCES

Statistical data are collected from the competent institutions of BH, the Federation of Bosnia and Herzegovina (hereinafter: FBH), the Republika Srpska (hereinafter: RS), the Brčko District of Bosnia and Herzegovina (hereinafter: Brčko District), cantons, banks, insurance and reinsurance companies, microcredit organisations, leasing companies, investment funds, brokerage firms, stock exchanges, and other non-banking financial institutions and companies, foreign embassies, international organisations, and, if necessary, other legal and natural persons in Bosnia and Herzegovina.

data on the balances of financial and non-financial assets and liabilities of the banking sector, the other non-banking financial sector (hereinafter: OFI sector), as well as data on average weighted lending and deposit interest rates for new and existing business, together with the corresponding amounts. These statistics represent an integral part of the country's macroeconomic statistical system, and provide a basis for analysing the interrelation of the financial sector with other resident institutional sectors, as well as with non-residents.
In accordance with the Law on the Central Bank of Bosnia and Herzegovina, the Central Bank of Bosnia and Herzegovina (hereinafter: CBBH) is responsible for the compilation and dissemination of monetary and financial sector statistics.
The compilation and presentation of financial sector statistics in Bosnia and Herzegovina are performed in accordance with the basic rules from the IMF's Monetary and Financial Statistics Manual (MFSM 2000) and the Monetary and Financial Statistics Compilation Guide (2007).

5.1 Monetary Statistics

The Central Bank of Bosnia and Herzegovina, in accordance with the Law on the CBBH, is responsible for the compilation and dissemination of statistics for the monetary, i.e. banking, sector of Bosnia and Herzegovina.

The CBBH compiles and publishes monetary statistics data, namely harmonised data on the balances of financial and non-financial assets and liabilities of the monetary/banking sector. These data cover the Central Bank and banks in Bosnia and

Herzegovina, as well as their relationships with resident institutional sectors and non-residents.

The Central Bank of Bosnia and Herzegovina represents the monetary authorities in Bosnia and Herzegovina; its goals and tasks are defined by the Law on the Central Bank of Bosnia and Herzegovina. Banks are institutions engaged in collecting deposits, granting loans, and performing other banking operations in accordance with the applicable entity laws on banks.

Data for monetary statistics are collected on a monthly basis through standardised reporting forms recommended by the International Monetary Fund, namely: form 1SR for the Central Bank and form 2SR for banks (SR – Standardised Report, according to IMF methodology). The Central Bank has been compiling and publishing monetary statistics data series since 1997.

The monetary statistics framework is based on two levels of data compilation and presentation. At the first level, the balance sheets of individual institutions are aggregated into the sectoral balance sheets of the Central Bank of Bosnia and Herzegovina and banks. These balance sheets contain summarised data for individual subsectors of financial institutions, whereby data consolidation is performed within each subsector, presented in forms 1SG for the Central Bank and 2SG for banks.

At the second level, data from the consolidated subsectoral balance sheets of the Central Bank and banks are further consolidated into the monetary sector overview of Bosnia and Herzegovina (3SG). The monetary overview is a key data source for macroeconomic analysis, as it contains information on banks' liabilities that form the components of broad money according to the national definition, banks' claims on domestic institutional sectors, as well as claims and liabilities to non-residents, and other assets and liabilities.

The monetary overview allows for monitoring the mechanism of multiplying the monetary base into the money supply monetary aggregate at the national level. The monetary overview is an important analytical tool for monetary policy makers in the process of formulating and controlling monetary policy guidelines.

According to the national definition, the following monetary aggregates are compiled:

- **M1 (narrow money)** – cash outside banks and transferable deposits of all domestic sectors in the domestic currency, excluding central government deposits;

- **QM (quasi-money)** – other deposits in the domestic currency, transferable deposits in foreign currency and other deposits in foreign currency of all domestic sectors, excluding central government deposits;

- **M2 (money supply)** – the sum of the monetary aggregates money M1 and quasi-money QM.

Monetary sector statistics are compiled on a monthly basis and expressed in the domestic currency. Data are collected electronically, directly from the Accounting and Finance Department of the Central Bank and indirectly from banks, through the main units of the CBBH,
Monetary sector statistics data are published on the website of the Central Bank in accordance with the Statistical Data Release Calendar, as well as in the regular

publications of the CBBH, including monthly reviews, quarterly bulletins and annual reports. Monetary statistics data for Bosnia and Herzegovina are also published in the annual publication of the International Monetary Fund, International Financial Statistics (IFS).

Summary information on monthly trends in the monetary sector is prepared in the form of a "Commentary on Monetary Trends" for the reporting month and is published on the CBBH website five to six weeks after the end of the reporting month. The information contains a graphical and tabular presentation of monthly changes and annual growth rates of monetary aggregates, data from the monetary overview, loans and deposits of domestic sectors, and the foreign exchange reserves of the CBBH.

The revision of monetary statistics data is performed in the event of changes to the submitted data during the publication of data for the first subsequent reporting month. With each revision, a brief note is published informing users that the data have been revised. In the event of methodological changes, users are provided with detailed methodological explanations to facilitate easier understanding and correct interpretation of the data.

Data on the assets and liabilities of banks are consolidated at the level of Bosnia and Herzegovina, as well as at the entity level, using the headquarters of the bank as the criterion. During the collection, processing, and presentation of monetary and financial statistics data, special attention is paid to the correct application of the residency principle and the sectoral classification of institutional units, in accordance with the internationally accepted framework for the compilation of monetary and financial statistics.

A non-resident is considered to be any natural or legal person whose residence or headquarters is located outside of Bosnia and Herzegovina. A resident of Bosnia and Herzegovina is a natural person who resides or intends to reside in the country for more than one year and earns and spends the largest part of their income in Bosnia and Herzegovina. Legal persons acquire resident status by registration in the court register of Bosnia and Herzegovina. Consequently, registered subsidiaries and branches of non-resident companies are considered residents of Bosnia and Herzegovina.

For the purposes of compiling monetary statistics, resident institutional units are classified into the following sectors:

The general government sector encompasses the institutions of Bosnia and Herzegovina, the entity governments of the Federation of Bosnia and Herzegovina and the Republika Srpska, the Government of the Brčko District of Bosnia and Herzegovina, the governments of cantons, cities, and municipalities, as well as social security funds (health insurance funds, pension and disability insurance funds, employment funds, and other similar funds).

For the purposes of monetary statistics, the general government sector is divided into the following:

- **central government**, which consists of the institutions of Bosnia and Herzegovina, the entity governments, and the Government of the Brčko District of Bosnia and Herzegovina;

- **non-central government**, which consists of the governments of cantons, cities, and municipalities, as well as social security funds.

For the purposes of monetary statistics, the entity government sector also includes the following public companies: JP Ceste Federacije Bosne i Hercegovine, JP Autoceste Federacije Bosne i Hercegovine, JP Putevi Republike Srpske, and JP Autoputevi Republike Srpske.

The Central Bank of Bosnia and Herzegovina represents **the monetary authorities.**

Banks, i.e. the banking sector, comprises all banks that hold a license to perform banking operations on the territory of Bosnia and Herzegovina.

Other financial institutions (OFI sector) comprise financial institutions that, unlike banks, do not receive deposits, but provide various financial services. This sector includes insurance companies, stock exchanges, investment funds, leasing companies, microcredit organisations, brokerage houses, and other related institutions.

Non-financial public companies comprise companies that are majority-owned or controlled by the state, and whose principal activity is the production of goods and provision of services for the market. Public companies that are included in the government sector for the purposes of monetary statistics are excluded from this sector.

Non-financial private companies and associations comprise companies and other legal entities predominantly in private ownership that produce and sell market goods and services.

Non-profit institutions serving households comprise organisations whose primary objective is not to generate profit. This group includes humanitarian and religious organisations, citizens' associations, sports clubs, political parties, trade unions, and chambers of commerce.

Households comprise one or more persons who live together and participate in the generation and spending of income. This sector also includes sole proprietors, cottage industries, and small craft workshops that are not registered as separate legal entities.

Other sectors comprise resident institutional units that are not classified in any of the previously mentioned sectors.

To ensure the uniform application of methodology and reporting, the Central Bank of Bosnia and Herzegovina prepares and publishes methodological guidelines for the compilation of statistical reports. These guidelines are available on the CBBH website, together with technical guidelines intended for banks and other reporting units, with the aim of improving the quality of the collected data and facilitating their interpretation by users.

The statistical data compiled by the Section for Monetary and Financial Sector Statistics are regularly published on the CBBH website, together with the Statistical Data Release Calendar.

In addition to the data from the 2SR report, the Central Bank collects additional statistical data from banks, including:

- data on the foreign exchange position of banks;

- analytical data on claims on all levels of government and funds in Bosnia and Herzegovina, including individual data on loans and securities of the government sector;
- data on deposits of all levels of government and funds in Bosnia and Herzegovina;
- data on household loans by purpose;
- data on household deposits by maturity;
- data on loans with a currency clause;
- data on ESCROW accounts.

Within the framework of monetary statistics, data from internal sources of the Central Bank of Bosnia and Herzegovina are also published, including data on the purchase and sale of the convertible mark (KM), the maintenance of banks' required reserves with the Central Bank, exchange rates, as well as data on payment transactions through the gyro clearing and RTGS systems.

5.2 Statistics of the other non-banking financial institutions sector / OFI sector

The Central Bank of Bosnia and Herzegovina compiles and publishes statistical data for the sector of other non-banking financial institutions (hereinafter: the OFI sector). These statistics provide harmonised data on the balances of financial and non-financial assets and liabilities of all institutional units of the OFI sector that are established in accordance with applicable legal regulations, have their headquarters and operate in the territory of Bosnia and Herzegovina. Institutions of the OFI sector are engaged in financial intermediation and support the functioning of various segments of the financial system, without collecting deposits; their operations are regulated by applicable entity laws.

The compilation and presentation of OFI sector statistics in Bosnia and Herzegovina are carried out in accordance with the basic rules from the IMF's Monetary and Financial Statistics Manual (MFSM 2000), the Monetary and Financial Statistics Compilation Guide (2007), as well as the recommendations of International Monetary Fund missions.

The institutions of the OFI sector covered by these statistics are grouped into the following subsectors: insurance companies, investment funds, leasing companies, microcredit organisations, brokerage houses, and stock exchanges. The compilation of data for the purpose of producing OFI sector statistics is carried out quarterly through the 4SR report. The 4SR report is the balance sheet for a specific reporting period, compiled on a gross basis, in accordance with the IMF methodology.

The first level of compilation involves the collection of data through 4SR reports from all institutions of the OFI sector and their grouping by subsectors. In the next phase, the data is aggregated into sub-sectoral balance sheets, while further aggregation forms the balance sheet of the total OFI sector.

The second level of compilation encompasses the consolidation of mutual claims and liabilities within the OFI sector, thereby producing the consolidated overview of the OFI sector (4SG) at the level of Bosnia and Herzegovina.

The consolidated overview of the financial sector of Bosnia and Herzegovina (5SG) represents a further consolidation of the monetary sector (3SG) and the OFI sector (4SG), and provides data on the claims and liabilities of the overall financial sector towards domestic institutional sectors and non-residents.

The Central Bank publishes a data series for OFI sector statistics on an annual basis for the period from 2006 to 2010, on a semi-annual basis from 2011, and on a quarterly basis from 2019, in accordance with IMF recommendations.

The OFI sector statistics are characterised by a large number of institutions, specificities of operations and legal regulations, as well as different charts of accounts. The quality of the established statistics is confirmed by the publication of data for Bosnia and Herzegovina in the annual publication of the International Monetary Fund, International Financial Statistics (IFS).

A Commentary on trends in the OFI Sector in Bosnia and Herzegovina is published on the website of the Central Bank of Bosnia and Herzegovina, as a concise overview of the volume and structure of data, alongside graphical representations of semi-annual trends in the areas of insurance, microcredit organisations, investment funds, and leasing companies.

Revisions of OFI sector data are carried out if data changes occur in the subsequent reporting quarter. Each data revision is accompanied by a corresponding note on the revised data, while in the event of methodological changes, users are provided with detailed methodological explanations to ensure the transparency and consistency of statistical series.

5.3 Statistics of average weighted interest rates

The statistics of banks' average weighted interest rates are a part of the regular monetary and financial sector statistics in the Central Bank. The Central Bank has been compiling and publishing interest rate statistics since 1998. At the beginning of 2013, the Central Bank established and published the new Interest Rate Statistics harmonised with the methodology prescribed by the European Central Bank; data according to this methodology have been published on a monthly basis since January 2012. For the purposes of compiling interest rate statistics, the Central Bank collects data from all banks in BH on the reporting form MFS2. In the process of compiling interest rate data, banks apply international statistical reporting standards established by the Manual on MFI interest rate statistics, ECB (ECB/2001/18), which is applied by all EU and euro area member states.

Interest rate statistics include harmonised data on the level of banks' average weighted active and passive nominal interest rates and the accompanying amounts of loans and deposits for the companies and household sectors on an annual basis, classified by currency structure, maturity, purpose, and business volume. For the purposes of these statistics, the companies sector includes public and private companies, while the household sector includes households and non-profit institutions serving households.

Interest rates on new business represent the weighted average interest rates on all new loan and deposit business originated during the reporting month. New business encompasses all new loan or deposit contracts concluded between the bank and the client during the reporting month, except for debt restructuring loans at interest rates significantly below market rates. New business includes all financial arrangements for which conditions are agreed upon for the first time during the reporting month, as well as all existing contracts for which new conditions are agreed upon with the active participation of the client. The weights for calculating the weighted interest rates are the amounts of loans contracted during the reporting month, and the amounts of deposits contracted during the reporting month, respectively.

Outstanding amounts include the book balances of bank loans in gross amount (without value adjustments) and the book balances of deposits on the last day of the reporting month. Loans classified as non-performing loans and debt restructuring loans at interest rates significantly below market rates are not included in outstanding amounts when reporting interest rates. Interest rates on outstanding amounts are calculated as weighted averages of interest rates applied to the book balances of loans and deposits on the last day of the reporting month.

The revision of interest rate statistics data is carried out if there are changes in the data of the first subsequent reporting month, provided that for each data revision, a brief note is given indicating that the data have been revised. In the case of methodological changes, more detailed methodological explanations are provided for users.

5.4 Bank Lending Survey

Based on the recommendations and conclusions of the European Commission and the European Central Bank in the 2018 Economic Dialogue process with Bosnia and Herzegovina, the Central Bank launched the Bank Lending Survey in September 2020 on a quarterly basis. The survey is aligned with the same survey conducted in central banks in the euro area (Bank Lending Survey BLS), with certain adjustments for the specificities of the credit market in BH.

A certain number of banks, based on a sample selected by asset size and granted loans, participate in the quarterly survey research on the lending activities of banks in BH. The objective of this survey is to gain insight into the developments of bank lending standards and terms (supply), as well as changes in loan demand in Bosnia and Herzegovina. By conducting the Bank Lending Survey, the Central Bank seeks to improve the quality of analysis of trends in the loan market, particularly the analysis of loan supply and demand factors. Complementary to the quantitative statistics on interest rates and bank loans, qualitative information from the Survey on bank lending standards and the terms of loan supply and demand contributes to a better assessment of trends in the loan market and, in this sense, is useful to all economic entities. The Central Bank prepares and publishes the results of this survey quarterly in the form of the Bank Lending Survey in BH.

6. EXTERNAL SECTOR STATISTICS

6.1. Balance of Payments Statistics

The balance of payments is a statistical statement that systematically presents the economic transactions of the reporting economy with the rest of the world.

In an economic sense, a transaction is an economic flow that reflects the creation, transformation, exchange, or extinction of economic value and involves changes in ownership of goods and/or financial assets, the provision of services, or the engagement of labour and capital.

Balance of payments transactions primarily take place between residents of the reporting economy and non-residents. A non-resident is any individual, company, or other organisation that has its residence in any country other than BH. Any natural person who resides or intends to stay for more than one year, and who generates and spends the majority of their income in BH, is considered a resident of BH. A legal entity acquires resident status at the moment of its registration in the court register in BH; therefore registered offices and branches of non-resident companies are considered residents of BH. Similarly, foreign offices and branches of BH companies are non-residents.

Balance of payments transactions involve the exchange of goods, (non-factor) services, factor incomes, and financial claims and liabilities with the rest of the world. Most commonly, a transaction involves a flow of equivalent economic values in two directions. If the flow of value is unidirectional, its offsetting entry in the balance of payments is recorded as a transfer.

For clearer presentation, the balance of payments is divided into three sub-balances: the current account balance (goods, services, income, and current transfers), the capital account balance, and the financial account balance (flows of direct, portfolio, and other investments, and changes in the country's international reserves).

The Central Bank of Bosnia and Herzegovina, in accordance with the Law on the CBBH, the Law on Statistics of BH, and the Memorandum signed between the Agency for Statistics of BH and the CBBH, is the institution responsible for the compilation and dissemination of balance of payments statistics for Bosnia and Herzegovina (BH).

The balance of payments statistics of BH are compiled in accordance with the methodology presented in the IMF's Balance of Payments Manual, Sixth Edition (BPM6); therefore the aforementioned definitions are in full compliance with internationally recognised and accepted standards, namely the IMF's methodology for compiling balance of payments statistics.

In the compilation of the balance of payments by the CBBH, four primary methods of data collection are used, namely:

-Direct surveys (survey on direct investments, survey on trade credits and advances, transport services, insurance and reinsurance, PTT and telecommunication services, services of processing foreign-owned goods, and aviation services),

- Statistical and administrative data sources (publications of the ECB, BIS bank, OECD, EUFOR, money transfer companies, embassies and international organisations in BH, as well as statistical offices of neighboring countries and various BH state ministries, BH statistical institutions, pension and disability insurance funds, NOS - Independent

System Operator, Service for Foreigners' Affairs, Directorate of Civil Aviation, etc.),

- Statistics compiled at the CBBH (monetary and financial sector statistics, government finance statistics, and data from the banking, treasury, monitoring and analysis, and accounting departments),

- International Transaction Reporting System – a report by commercial banks in BH at a monthly aggregated level on payment and collection transactions performed by banks between residents and non-residents, and not for their own account. The report does not contain individual data on bank clients' transactions but includes monthly data on transactions aggregated by transaction similarity based on codes.

Starting from 2001, balance of payments reports have been compiled quarterly and published in the BH currency (convertible mark). The deadline for publishing the reports is harmonised with the deadlines defined by the EU, no later than 85 calendar days after the end of the previous quarter. The deadlines for publishing the reports are available in the statistical data release calendar located on the CBBH website.

When compiling the quarterly balance of payments, data for the previous quarters of the current year are also revised; when compiling annual reports, quarterly data are revised for a total of four previous years, with a textual explanation provided for significant data revisions.

6.2 International Investment Position Statistics

The International Investment Position (hereinafter referred to as IIP) is a statistical report that, at a specific date, shows the value and composition of:

- The total financial assets of residents of an economy, which represent the claims of the observed economy on non-residents, as well as gold bullion held as reserve assets, and
- The total financial liabilities of residents of an economy, which represent the liabilities of the residents of the observed economy to non-residents.

The difference between financial assets and liabilities is the net international investment position. If the net investment position is negative, it means that the residents of the observed economy have greater net liabilities than net assets, while a positive net position shows the opposite situation. Therefore, in the case of a negative net international investment position, the observed economy has a net debt to the rest of the world, whereas in the case of a positive net international investment position, the observed economy is a net creditor to the rest of the world.

In addition to reflecting the consequences of financial transactions, the IIP is also caused by other economic changes that occurred during the observed period. The composition of the IIP entirely corresponds to the composition of the financial account in the balance of payments. Therefore, the basic components of both IIP assets and liabilities are foreign direct investments, portfolio investments, financial derivatives, and other investments, while assets also include reserve assets.

The Central Bank of Bosnia and Herzegovina (hereinafter the CBBH), in accordance with the Law on the Central Bank of BH, the Law on Statistics of BH, and the Memorandum signed between the Agency for Statistics of BH and the Central Bank of BH, is the institution responsible for the compilation and dissemination of international

investment position statistics for Bosnia and Herzegovina (hereinafter BH). The compilation and dissemination are conducted in accordance with internationally recognised standards established by the International Monetary Fund (hereinafter the IMF), most recently published in 2009 in the sixth edition of the Balance of Payments and International Investment Position Manual (hereinafter BPM6).
For the compilation of the international investment position, the CBBH uses the following data collection methods:

- Direct surveys (survey on direct investments, survey on trade credits and advance payments),
- Statistical and administrative data sources (Bank for International Settlements, various BH state ministries, BH statistical institutions), and
- Statistics compiled in the CBBH (monetary and financial sector statistics (hereinafter MFS), government finance and financial accounts statistics (hereinafter GFFAS), and data obtained from the Monitoring and Analysis Department, the Accounting and Finance Department, and the balance of payments statistics of BH).

Reports on the international investment position for BH are compiled and disseminated on a quarterly basis. The deadline for publishing the reports is harmonised with the deadlines defined by the EU, no later than 85 calendar days after the end of the previous quarter. The deadlines for publishing the reports are available in the statistical data release calendar on the website of the Central Bank of BH.
During the compilation of the quarterly IIP report, data for previous quarters of the current year are revised, while along with the compilation of the IIP for the second quarter of the current year, quarterly data for a total of four years back are also revised. Revisions related to changes in methodology as well as significant data revisions are described in detail.
The international investment position is published in the BH currency (convertible mark). Market values are used whenever possible when compiling the IIP.
Currently, the international investment position for BH is presented in relation to the rest of the world, without geographical distribution.

6.3. Total External Debt Statistics of BH

The total external debt statistics is a statistical report that encompasses the state of actual current, and not potential, liabilities that residents of the country have toward non-residents at a specific date, which require the payment of principal and/or interest by the debtor at some point in the future. For a liability to be included in the external debt, it must exist and be unpaid.
The Central Bank of Bosnia and Herzegovina (hereinafter the CBBH), in accordance with the Law on the Central Bank of BH, the Law on Statistics of BH, and the Memorandum signed between the Agency for Statistics of BH and the Central Bank of BH, is the institution responsible for the compilation and dissemination of total external debt statistics for Bosnia and Herzegovina (hereinafter BH). The gross external debt position for BH is compiled in accordance with the latest available methodology of the International Monetary Fund for compiling external debt statistics: the 2013 External Debt Statistics: Guide for Compilers and Users. In accordance with the applied methodology for external debt statistics, compilation and dissemination are performed following the concepts and definitions of the latest available standards presented in the

sixth edition of the Balance of Payments and International Investment Position Manual (hereinafter BPM6), last published in 2009, and the BPM6 Compilation Guide.
The composition of the total external debt entirely corresponds to the composition of the liabilities of the international investment position of BH, excluding equity shares and financial derivatives. Data are classified according to the following sectors: General Government, Central Bank, Depository Corporations except the Central Bank, and Other Sectors, while direct investment (intercompany lending) is a separate category. Each sector (except direct investment) is further classified by original maturity (short-term and long-term) and by debt instruments. Debt instruments include all debt instruments defined by the BPM6 methodology.
The legislation of Bosnia and Herzegovina regarding the registration of private sector external debt is assigned to the Entity ministries of finance (Federal Ministry of Finance, Ministry of Finance of Republika Srpska). Therefore, the aforementioned ministries are responsible for managing and maintaining databases on private sector external debt. Also, data on the projection of principal and interest payments are not available to the CBBH.
When compiling the statistics of total external debt, the CBBH uses the same data collection methods as in the compilation of the international investment position.
Reports on the total external debt for BH are compiled and disseminated on a quarterly basis. The deadline for publishing the reports is aligned with the deadlines defined by the World Bank, before the end of the quarter for the previous quarter. The deadlines for publishing the reports are available in the statistical data release calendar on the website of the Central Bank of BH.
When compiling the quarterly report on the total external debt, data for the previous quarters of the current year are revised, while together with the compilation of the total external debt for the second quarter of the current year, quarterly data for a total of four previous years are also revised. Revisions related to changes in methodology, as well as significant data revisions, are described in detail.

6.4. Direct investment statistics

Direct investment is a category of cross-border investment associated with a resident of one economy who has control or a significant influence on the management of a company that is a resident of another economy. Direct investment is equity capital that provides the right of control or influence; also, direct investment includes investments associated with such a relationship, including investments in companies over which there is an indirect influence or control, investments in affiliated companies, debt, and reverse investment (investment in the investor). Control or influence can be achieved directly through a share in equity capital that provides voting rights in the company, or indirectly, through voting rights in another company that holds voting rights in the observed company. An immediate direct investment is considered a relationship in which the direct investor directly owns equity capital that affords it 10 or more percent of the voting power in the direct investment company. An indirect direct investment relationship arises through the ownership of voting power in one direct investment company that possesses voting power in another company or companies. Direct investment encompasses most financial transactions and positions between affiliated residents from different economies. The standard components of direct investments are equity capital and debt instruments. Reinvested earnings are recorded as a separate item of direct investment equity capital in the financial account. Reinvested earnings associated with direct investments represent the portion of the company's profit that has not been distributed. Unlike the balance of payments, in which reinvested earnings are recorded as a separate item of the financial account, in the IIP report, reinvested earnings are included in the total position of equity capital.

The CBBH regularly conducts a quarterly (sample-based) and annual (full coverage of companies with direct investments exceeding 100,000 KM) direct survey on direct investments in BH. The survey covers financial and non-financial companies that have, or are presumed to have, foreign investments from abroad, which themselves invest abroad or may borrow funds from abroad. For companies with direct investments below the mentioned threshold, the CBBH estimates direct investments based on data on registered foreign capital in BH available to the competent courts.
The survey on direct investments in BH is designed to also enable the collection of data on portfolio investments of those companies that have direct investments. If the direct investor's ownership share is less than 10%, such investments are classified as portfolio investments.
Foreign direct investments (flows and stocks) are compiled in accordance with the methodological guidelines and recommendations of the International Monetary Fund (IMF) and the Organisation for Economic Co-operation and Development (OECD).
Data on direct investments for the purposes of the balance of payments of BH and the report on the international investment position of BH are presented based on the asset-liability approach, while by geographical distribution and activities, direct investment statistics are compiled according to the directional approach. The difference between these two approaches arises from differences in the treatment of reverse investments (investment in the investor) as well as investments between sister companies. According to the directional approach, direct investments are presented as direct investments in BH from abroad or as direct investments abroad from BH.

Quarterly and annual data on the flows and positions of direct investments, classified by country and economic activity, are published in the Central Bank's publications and website. Reports on direct investment flows are compiled and disseminated on a quarterly basis, with data for the previous quarters of the current year being revised. The deadline for publishing the reports is aligned with the deadlines defined by the EU, within a maximum of 85 calendar days after the end of the previous quarter. Reports on direct investment positions are compiled and disseminated on an annual basis, with data for the previous two years being revised. The deadline for publishing the reports on direct investment positions is 8 months after the end of the year, and no later than 15 August of the current year for the previous year. When publishing annual data on foreign direct investment positions, revised quarterly data are also presented, thereby establishing consistency between position data and flow data, as well as alignment between quarterly and annual data.

The deadlines for publishing the reports are available in the statistical data release calendar on the website of the Central Bank of BH.

6.5. International trade in services statistics

The Section for Balance of Payments Statistics of the Statistics and Publications Department is responsible for the compilation and dissemination of external sector

statistics for Bosnia and Herzegovina (BH). Within this scope of responsibility, the Section compiles and disseminates international trade in services statistics on an annual basis. Regular revisions of previously published data are conducted in accordance with Eurostat's revision policy, which mandates that when compiling statistics for the previous year, revisions are also made for the three preceding years. In addition, data are revised for a longer period in the event of the introduction of new statistical standards and concepts or major methodological changes.
The compilation and dissemination of international trade in services statistics are performed according to the Extended Balance of Payments Services Classification (EBOPS 2010), which provides a breakdown of the balance of payments item – trade in services (debit and credit) as defined in the Balance of Payments and International Investment Position Manual (BPM6), by type of service. The classification thereby satisfies numerous user requirements, including the provision of more detailed information on trade in services, as required by the General Agreement on Trade in Services (GATS).
When compiling external sector statistics, the CBBH uses four primary methods of data collection, namely:
- Direct surveys (survey on direct investments, survey on trade credits and advances, services of resident transport carriers, insurance and reinsurance, postal and telecommunication services, services of processing foreign-owned goods, aviation services,).
- Statistical and administrative data sources: state-level statistical institution (Agency for Statistics of BH – BHAS), entity statistical institutes (Federal Institute of Statistics of the Federation of BH – FZS and Republic Institute of Statistics of Republika Srpska – RZS), various BH state ministries, Entity pension and disability insurance funds, statistical institutes of neighboring countries, money transfer organisations.
- Statistics compiled in the CBBH (monetary and financial sector statistics, government finance statistics, and from the departments for: banking, treasury, monitoring and analysis, and accounting),
- System for recording international transactions – report of commercial banks in BH at a monthly aggregated level on payment and collection transactions performed by banks between residents and non-residents, and not for their own needs. The report does not contain individual data on bank clients' transactions but includes monthly data on transactions aggregated according to the similarity of transactions and based on codes.

Conceptual framework: Transactions resulting from the provision or use of services are recorded when the service is rendered (for a more detailed explanation, see paragraph 3.47, BPM6). EBOPS 2010 is primarily based on who provides the service; however, the classification also includes the transactor criterion, such as for travel, construction services, and government goods and services. The classifications cover cross-border services provided to other countries and services received from other countries, classified into twelve main service components:

- Processing services on goods owned by others
- Maintenance and repair services (not included elsewhere)
- Transport
- Travel
- Construction services
- Insurance and pension services
- Financial services
- Charges for the use of intellectual property

- Telecommunications, computer, and information services
- Other business services
- Personal, cultural and recreational services
- Government goods and services (not included elsewhere)

6.6. Effective exchange rate statistics, nominal and real (NEER/REER)

The nominal effective exchange rate (hereinafter NEER) is the weighted average of the bilateral exchange rates of the convertible mark of Bosnia and Herzegovina (hereinafter KM) against the currencies of the most significant foreign trade partners.
The real effective exchange rate (hereinafter REER) is defined as the nominal effective exchange rate deflated by relative prices (consumer price index – CPI), and/or industrial producer price index (PPI), in the domestic economy and the economies of trading partners denominated in a single currency.
Compilation and dissemination are carried out in accordance with the methodology of the Bank for International Settlements (hereinafter BIS) presented in the BIS economic papers No. 39 Turner, P. and Van't Dack, J. (1993): "Measuring international price and cost competitiveness", which is also used by Eurostat, except that for BH the most significant foreign trade partners are taken into account (currently 24 countries), while Eurostat takes 42 countries which are the most important foreign trade partners of the European Union.
NEER is obtained by weighting the relative exchange rates of trading partners weighted by their share in the total foreign trade of BH. The share of individual trading partners in the total foreign trade of BH is obtained based on UNCTAD (UN Commodity Trade Statistics Database) data. Import weights represent a simple share in the total imports of BH for each trading partner, while the export weight is a combination of the simple share and a double-weighted export weight that takes into account competition in third markets. The weights for calculating effective exchange rates are based on the structure of imports and exports of manufacturing industry goods. Trade weights are time-varying and are calculated over three-year periods, which do not overlap. Also, the weights are fixed, in the sense that the same weights are used for the entire period, until the data (three-year foreign trade data) for the next period become available.
REER serves as an indicator of international price and cost competitiveness. Changes in price and cost competitiveness depend not only on exchange rate movements but also on the trend of price and cost movements. REER is calculated as a geometrically weighted average of bilateral nominal exchange rates that are deflated using relative prices, with price monitoring based on the consumer price index (CPI) and the industrial producer price index (PPI).
The reason for using time-varying weights is that trade trends change over time, and an index with fixed weights cannot capture these effects, making their weights unreliable over time (using fixed weights would lead to either the overestimation of a particular country or the underestimation of its significance).
Therefore, one of the ways to eliminate the problem where the index is calculated using a base period is to use the "chain linking" approach. An index created using this approach links the exchange rate and trade weights from period to period.
Monthly and annual indices of NEER and "chain linked" NEER, REER – CPI deflator, and "chain linked" REER – CPI deflator, which are available from January 2005, are published in the publications and on the website of the Central Bank, while data for

REER – PPI deflator and "chain linked" REER – PPI deflator are not published but are available internally, and externally as needed, from January 2007.
When publishing the Index for the current period, all indices for previous periods are also revised, in accordance with the deflator changes published by the official statistical institutes of trading partners, thereby ensuring the timeliness of this indicator.

6.7. External trade statistics

The competent department of the Central Bank prepares quarterly data series on the export and import of goods on a balance of payments basis and with seasonal adjustment.
Since 2005, the data source for external trade statistics has been the Agency for Statistics of BH (BHAS). In the external trade statistics of BH, an extended definition of the special trade system is used, which is in accordance with Eurostat recommendations.
To present data on the export and import of goods on a balance of payments basis, the Central Bank department makes adjustments relating to the coverage, value, time of recording, and classification of transactions in order to present data on the export and import of goods on a balance of payments basis.
As a separate data set, the Central Bank department compiles data on exports and imports in BH by type of goods and by country. These data are compiled monthly and published in publications and on the website of the Central Bank. Data on the export and import of goods are classified according to the combined nomenclature which is based on the Harmonised Commodity Description and Coding System – HS, developed by the World Customs Organisation (WCO).
According to the methodological standards of the UN and the European Union (hereinafter: EU), in the case of imports, the country of origin of the goods is taken as the partner country, while the country of consignment is taken as additional information. The country of origin of the goods is the country where the goods were produced, and the country of consignment is the country from which the goods were directly delivered to the importing country.
According to the same standards, in the case of exports, the country of the last known destination is taken as the partner country. The country of destination, i.e., intended use, is the country where the goods are consumed or further processed.

7. GOVERNMENT FINANCE STATISTICS

Government finance statistics represent are reports of the general government sector and its subsectors, which provide information on the overall activities and financial position of the government through the presentation of balance sheet items.
The analytical framework of government finance statistics is based on the double-entry accounting principle, which links the accounting recording of flows and stocks, in order to provide a comprehensive picture of the fiscal position of the general government sector.
Statistical indicators of the government sector are based on the same conceptual framework as the macroeconomic statistical indicators of other sectors in the country's economy, and they are directly comparable with the indicators of national accounts, the external sector, the monetary and financial sector, etc.

Government finance statistics enable government policymakers, analysts, and other users of statistical data to analyse the state and development of the general government sector in a consistent and systematic manner.
The primary source of data for government finance statistics is the financial reports of budget users, defined by the rulebooks on financial reporting and annual budget accounting at all levels of government in BH.
The rulebooks prescribe the format and content of financial reports, guidelines for preparing quarterly reports and annual statements, the periods for which the reports are prepared and compiled, as well as the method and deadlines for their submission.
The financial reports of budget users rely on the national concept of budget accounting records, which is specific to each country. As such, the data are not comparable at the macro level, but are the fundamental source for statistical reporting on financial operations in the general government sector.

The Central Bank of Bosnia and Herzegovina (hereinafter the CBBH), based on the applicable Law on Statistics of BH and the Memorandum signed between the Agency for Statistics and the CBBH, is the institution responsible for the compilation and dissemination of government finance statistics for Bosnia and Herzegovina.
Government finance statistics are produced in accordance with the International Monetary Fund's manual GFSM 2014 (Government Finance Statistics Manual 2014) and the Eurostat manual – European System of National and Regional Accounts (hereinafter ESA 2010).
The aforementioned methodologies are largely harmonised and based on the SNA 2008 (System of National Accounts 2008) methodology, but they differ in their purpose. The GFSM 2014 methodology is focused on a detailed analysis of public revenues, expenditures, and fiscal flows of the state, whereas the ESA 2010 methodology observes the state's economy from the perspective of national accounts and emphasizes the interconnectedness of all sectors in the overall economy. Common to both methodologies are the same conceptual framework, definitions, sectoral classification, accrual basis of recording economic events, etc.

According to the sectoral classification, the General Government Sector is one of the five resident sectors in the overall economy of the state.
The General Government Sector (S.13) encompasses all institutional units that are non-market producers, whose output is intended for individual and collective consumption, and which are mainly financed by compulsory payments made by units belonging to other sectors, and/or all institutional units principally engaged in the redistribution of national income and wealth.
The general government sector of BH consists of three subsectors: **central government (S.1311), local government (S.1313), and social security funds (S.1314).**
The central government (S.1311) is divided into the budgetary central government and other central government units or extrabudgetary central government units.
The budgetary central government consists of ministries, state agencies, and other legal entities established through a political process, which exercise legislative, judicial, and executive authority over the territorial area of the country (BH Institutions, Brčko District, entity and cantonal levels of government - 14 institutional units).
Other central government units or extrabudgetary units consist of non-market non-profit institutions and other institutional units that are controlled and partly financed by

the government but have their own budgets, comprising the public companies JP Ceste and JP Autoceste at all levels of government (entity, cantonal level, and Brčko District).
The local government subsector (S.1313) consists of cities and municipalities in BH.
The social security funds subsector (S.1314) encompasses institutional units that are controlled by the government and manage social security schemes for a large part of the population, comprising pension funds, health care funds, and employment services at the level of entities, cantons, and Brčko District. The social security funds subsector also includes funds for the professional rehabilitation and employment of persons with disabilities at the entity level (FBH and RS), the Solidarity Fund for Diagnostics and Treatment of Diseases, Conditions, and Injuries of Children Abroad of the RS, and the Public Fund for Child Protection of the RS.
Social security funds are most commonly classified into the social security funds subsector within the general government sector, which is in accordance with the ESA 2010 methodology. According to the GFSM 2014 methodology, social security funds can be classified as a separate social security funds subsector (like ESA 2010) or they can be part of the central government subsector.
In Bosnia and Herzegovina, pension funds at the Entity level—since 2016 the Pension and Disability Insurance Fund of Republika Srpska and since 2020 the Pension and Disability Insurance of the Federation of BH—are included in the budgets of the Entity governments and, as such, from the stated periods form part of the central budgetary government.

7.1. Reporting in accordance with the international GFSM 2014 methodology

The GFSM 2014 methodology describes a comprehensive analytical framework in which data on non-financial and financial transactions, as well as total financial flows and balance sheets of the government sector, are systematically recorded and analytically presented.
The analytical framework can be used to analyse the operations of a specific level and transactions between different levels of government, as well as the overall general government sector. These statistical indicators can be used for purposes such as assessing the size of the general government sector in the overall economy, its share in relation to total demand, investment, and savings; the impact of fiscal policy on the economy, including resource utilization and indebtedness, the tax burden, etc.
In accordance with the GFSM 2014 methodology, four basic statistical statements are defined; three are based on accrual accounting (Statement of Government Operations, Statement of Other Economic Flows, and Balance Sheet), and one on a cash basis (Statement of Sources and Uses of Cash).
The Statement of Government Operations is an overview of all transactions of revenue, expense, net acquisition of nonfinancial assets, net acquisition of financial assets, and net incurrence of liabilities.
Total expenditure consists of total expense and net acquisition of nonfinancial assets
Total revenue/expenditure is the increase/decrease in net worth resulting from transactions.
Gross operating balance is revenue minus expense, which does not include the consumption of fixed capital due to depreciation
Net acquisition of nonfinancial assets is the acquisition of fixed assets minus the disposal of fixed assets (which includes depreciation) and increased by the net value of the revaluation of fixed assets.

Net lending (+) / borrowing (-) (*NLB*) is revenue minus expenditure and is the basic fiscal indicator of government activity.
The annual consolidated statement also includes transactions in financial assets, i.e., net acquisition of financial assets and net incurrence of financial liabilities.
Transactions in financial assets show the net acquired financial assets and net incurred liabilities across all categories of financial instruments. For each category of financial instruments, the results of transactions on the asset and liability sides are presented in net amounts.
Net lending (+) / borrowing (-) in financial transactions (NLBf) represents transactions in financial assets less transactions in financial liabilities.
(NLB -NLBf) is an indicator of the consistency of non-financial accounts with financial accounts
The balance sheet is a report on the value of the balance sheet items on the asset and liability sides that an institutional unit or a group of units holds at a specific point in time. The balance sheet is usually compiled at the end of the reporting period.
Closing balance sheet = opening balance sheet + flows (transactions + other economic flows)
Consolidation is a method of presenting statistical data for multiple reporting units that are grouped and presented as a single reporting unit. The consolidation process involves the elimination of all mutual debtor-creditor transactions that appear during consolidation.
Government finance statistics are compiled and disseminated on a quarterly and annual basis.
Quarterly consolidated reports on the operations of the central government sector of BH have been available since the second quarter of 2004. The Quarterly Report on the Operations of the Central Government of BH includes all budgetary units of the central government and social security funds on the territory of the state (government institutions at the BH level, consolidated FBH, consolidated RS, and the Brčko District). The quarterly consolidated report does not include extrabudgetary units of the central government and the local government level.
Annual consolidated reports on the operations of the general government of BH have been available since 2003. The report includes all budgetary and extrabudgetary units of the central government, the local government level, and social security funds (government institutions at the BH level, consolidated FBH, consolidated RS, and the consolidated Brčko District).
The consolidated balance sheet of the general government sector of BH has been produced on an annual basis since 2016 and includes all institutional units covered by the annual consolidated report on the operations of the general government in BH. The report has been submitted and published in the IMF publication since 2016 and is additionally used internally at the CBBH.
The consolidated balance sheet of the general government sector is used for the statistical presentation of other forms of reports on the financial position of the general government sector.
The data sources for the described reports are specified in the Instruction on the Method and Deadlines for Data Collection.

7.2. Reporting in accordance with EU regulations and the methodological requirements of ESA 2010

The European System of National and Regional Accounts (hereinafter **ESA 2010**) is the European standard for the production of national accounts and provides a comprehensive, comparable accounting framework that enables the overall economy of a country to be viewed in a systematic and detailed manner and compared with other countries within the European Statistical System.
Within the framework of ESA 2010, the accounts of the general government sector and government finance statistics are specifically processed and presented.
Detailed guidelines on specific areas of government finance statistics can also be found in the Manual of Government deficit and debt (MGDD). The MGDD is continuously supplemented with additional methodological guidelines and instructions prescribed by the European Commission and Eurostat.
In addition to the methodological guidelines, a data transmission program has been developed and prescribed within ESA 2010, called the Transmission programme of data ESA 2010; it consists of a series of tables that are submitted to Eurostat, in accordance with predefined formats and submission deadlines.
Within the framework of the Transmission programme of data ESA 2010, the CBBH produces and publishes tables relating to the reporting on non-financial accounts of the general government sector, namely Table 2, Table 9, and the NTL table.

ESA 2010 Table 2 - Main macroaggregates of general government - is an annual overview of the structure of the main categories of revenue and expenditure of the general government sector and its subsectors: central government, local government, and social security funds. The difference between total revenues and total expenditures is presented through the final balancing item of the non-financial accounts Net lending/net borrowing (NLB net lending +/net borrowing-) or (B.9) and is an important indicator of the fiscal activity of the general government sector.
The ESA 2010 methodology prescribes the accrual basis as the key principle for recording economic flows. In the financial reports of budget users in BH, business transactions are recorded on a modified accrual accounting basis, according to which revenues are recorded and recognised in the period in which they are available and measurable - the cash basis, while expenditures are recognised at the moment the obligation is incurred - the accrual basis.
In accordance with ESA 2010, the CBBH performs certain methodological adjustments in the compilation process, where data collected on a cash basis are harmonised with the principles of accrual recording of business transactions. Specifically, for the recording of taxes and social contributions, the Time Adjusted Cash (TAC) method is used, where collected VAT revenues are recorded for the period in which the tax obligation arises. The monthly reports of the Indirect Taxation Authority are used as the data source.
The process of consolidating reports in ESA Table 2 is carried out within item D7 – Other current transfers and item D4 interest, specifically at the level of the central government subsector and the general government sector. Consolidation entails the elimination of mutual transactions between institutional units belonging to the same sector or subsector, in order to avoid double counting of revenues and expenditures in the aggregated data. The consolidation amounts refer to revenues from indirect taxes collected by the Indirect Taxation Authority of BH, which are distributed to other levels of government in accordance with the applicable fiscal rules.
Methodological adjustments enable better international comparability and harmonisation of government finance statistics with European statistical standards, as well as high-quality monitoring of the state's fiscal position.

ESA Table 9 – Detailed breakdown of taxes and social contributions by type of tax or social contribution, is a detailed statistical report classified by type of tax and social contributions for the general government sector and the subsectors of central government, local government, and social security funds. Administrative data from the ministries of finance, social security funds, and the Indirect Taxation Authority of Bosnia and Herzegovina are used as the data source.
Table 9 is structured into two parts. The first part relates to taxes and contains a detailed overview of all types of taxes according to the ESA 2010 classification for the government sector and subsectors. The second part relates to social contributions and shows the contributions of employers, employees, self-employed persons, as well as any imputed contributions.
Table 9 is compiled based on the National Tax List (NTL).
Based on the collected data on taxes and social contributions, a detailed list of taxes and social contributions, the NTL is created, representing a granular view of taxes and social contributions. Sub-analytical (additional) codes are created and assigned to existing ESA codes in order to cover each individual tax and contribution from the data sources. Detailed data on individual taxes and contributions include the name of the tax and social contribution, the amount of funds collected, the institution collecting them, and the period to which they refer.
The next step is the classification of each tax according to ESA transaction codes, i.e., the aggregation of additional sub-analytical (additional) codes into ESA codes. In accordance with the ESA methodology, taxes and social contributions are classified into categories such as taxes on production and imports, taxes on income and wealth, capital taxes, and social contributions.
The aforementioned transmission tables are submitted to Eurostat twice a year, as part of the April and October notifications.

7.3. Reporting on the Excessive Deficit Procedure (EDP)

The Excessive Deficit Procedure is the European Commission's framework for monitoring the fiscal discipline of countries through statistical reporting on the budget deficit and general government sector debt.
Statistical reporting consists of a harmonised set of EDP notification tables and additional prescribed reporting forms that countries submit to Eurostat on an annual basis. The tables contain data for the last four years and estimated data for the current year. The data are analysed by Eurostat and published three weeks after the notification deadline. The data are published for each country individually and in total for the European Union countries. Candidate countries prepare notifications as a prerequisite for future membership.
EDP notification tables part of Annex 1, Reporting on government deficit and debt, consist of four different tables that additionally relate to subsectors.
EDP Table 1 presents a concise and clear overview of the most important aggregated data on (NLB net lending +/net borrowing-) or (B.9) of the general government sector with subsectors, data on gross domestic product, general government debt classified by financial instrument category (AF.2 currency and deposits; AF.3 securities; AF.4 Loans), related data on gross fixed capital formation as well as data on consolidated interest.
EDP Table 2A-D describes the adjustments between the budgetary accounting balance, which represents the "total financial result" (Working balance -WB), and the item (NLB

net lending +/net borrowing-) or (B.9) according to the ESA 2010 methodology. The Working balance -WB is the financial result that is to be officially adopted by the legislative authorities in BH. EDP Table 2A-D consists of four tables for each subsector (in BH, table 2B "State government" is not applicable) and shows all necessary adjustments. Technically, the structure of EDP tables 2A-D is the same and applies to all levels of government within a single country, thus facilitating data comparability between different administrative structures of government as well as between EU Member States.
The ESA 2010 methodology makes a clear distinction between non-financial and financial transactions.
The "Working balance" in the budgetary accounting reports of BH is calculated according to the formula: WB = (revenues + receipts) – (expenditures + outlays).
Adjustments made according to the ESA 2010 methodology are classified into three parts: reclassification of transactions; sectoral reclassification; and the time of recording business events.
The aforementioned is implemented through the following activities: recording financial transactions included in the "Working balance", recording non-financial transactions not included in the "Working balance", recording the difference between paid (+) and accrued (-) interest, recording other accruals of revenues and expenditures, recording the "Working balance" for other central government units, and finally, recording other adjustments not provided for in the previous items (debt cancellation, debt assumption, etc.).
The final result arising from EDP Tables 2A-D for the general government sector and subsectors is net lending/net borrowing, or B.9, which is also presented in EDP Table 1.

EDP Table 3(A-E) (in BH, table 3C "State government" is not applicable) consists of five tables for the general government sector and subsectors. The table analyses and shows the contribution of a number of relevant factors that affect changes in the annual level of gross debt for the general government sector and subsectors. The data sources used are the consolidated balance sheet of the general government sector with subsectors, the report on relevant financial flows, data on NLB (net lending +/net borrowing-) or (B.9) from EDP Tables 2A-D, and data on the Maastricht debt of the general government with subsectors, flows and stocks.
In EDP Table 3(A-E), the starting item is NLB, or B.9, which is entered with the opposite sign. Then, all changes in the net acquisition of financial assets are entered. All changes in net incurred other liabilities and changes that are not included in the Maastricht debt are also entered. The table also contains statistical discrepancies that represent the difference between non-financial and financial accounts (B9 – B9f) and are an important indicator of the consistency and quality of fiscal reporting. The last item in the table shows the change in the consolidated gross debt for the general government sector and subsectors, which is specifically calculated according to the Maastricht criterion, the so-called Maastricht debt.
EDP Table 3(A-E) enables a deeper understanding of the gross debt movements of the general government sector and its subsectors, and helps users assess the fiscal stability of a country, as well as its comparability with other countries.

EDP Table 4 shows other data in accordance with the Statements contained in the Council minutes of 22 November 1993, namely the items for the stock of liabilities for trade credits and advances (AF.81 L) and gross national income at current market prices (B.5*g)

Annex 3.
Table 1.2. Revision of the consolidated gross debt of the general government, contains an overview of the revised data for the October notification.
Data on the deficit and debt of the general government sector are submitted twice a year through the so-called EDP notifications, which are published in April and October.

The consolidated balance sheet of the general government sector in BH is prepared according to the GFSM 2014 methodology on an annual basis and is currently used to produce reports on the Excessive Deficit Procedure (EDP).

8. FINANCIAL ACCOUNTS

Financial accounts are the value of stocks and transactions, valuation and exchange rate adjustments, and other changes in financial assets and liabilities for all institutional sectors in the economy, which are classified by sectors and financial instruments. Financial statistics data are closely related to national accounts statistics data.
The initial methodological basis for the compilation of financial accounts is defined by SNA 2018 and ESA 2010, which define the basic guidelines related to sectorization, classification of financial instruments, recording of data on stocks and transactions, and other adjustments.
In the country's economy, resident institutional units (S.1) are grouped into the following institutional sectors:

Non-financial companies sector (S.11)
Financial institutions sector (S.12)
General government sector (S.13)
Households sector (S.14)
Non-profit institutions serving households sector (S.15)

In addition to the five aforementioned resident sectors, there is also the non-resident sector (S.2), which consists of non-resident units that engage in transactions or have other economic ties with resident units. The accounts of the non-resident sector provide a general overview of the economic relations of the national economy with the rest of the world.
According to the practice of EU countries, central banks are required to report financial accounts statistics, which also serve as an indicator of financial activity and the interconnectedness of all sectors in the economy. The development of financial accounts statistics for all sectors in the economy is a long-term process, conditioned by the availability of data sources and the level of development of national accounts statistics.

9. GOVERNMENT SECTOR DEBT STATISTICS

The basic conceptual framework used for the compilation of government/public sector debt statistics is the Public Sector Debt Statistics (PSDS 2011) manual, which is harmonised with SNA 2008, ESA 2010, GFSM 2014, etc.

Within its competences, the CBBH follows international methodological guidelines and reporting forms, and prepares the statistical reports on government/public debt presented below.

9.1.Statistics on the stock and servicing of external debt of the BH government sector

The stock and servicing of external debt of the BH government sector is classified according to the type of creditor into: (1) public creditors (international and regional organisations, and governments of other countries and their agencies) and (2) private creditors.
The External Debt Department of the Ministry of Finance and Treasury of BH, which maintains the external debt database on the principle of separate recording of each individual loan, is the data source for statistics on the stock and servicing of the government sector's external debt.

Based on the collected data, and in accordance with the prescribed procedures, the CBBH produces quarterly reports on the stock, and monthly reports on the servicing of external debt of the BH government sector. The report on the debt stock does not include accrued interest. In the External Debt Servicing Report, principal servicing and interest servicing are presented separately. Data on the stock and servicing of external debt are expressed in the BH currency, convertible marks (KM).

9.2.Public debt statistics for quarterly reporting to the World Bank

The World Bank, together with the International Monetary Fund, has developed a database for the quarterly statistical monitoring of the public debt stock with the aim of ensuring comparable data for macroeconomic analysis.The created reporting format on the public debt stock consists of six tables covering the following sectors/subsectors: general government, central government, budgetary central government, non-financial public corporations, financial public corporations, and the total public sector.

In accordance with data availability, the Service submits data on the gross debt of the general government of BH and data on the gross debt of the central government subsector of BH. The central government subsector of BH includes budgetary and extrabudgetary reporting units and social security funds. Debt data are presented by maturity, currency of denomination, and creditor residency.

The financial instruments that comprise the gross debt of the general government sector of BH are -Special Drawing Rights (SDR), securities, loans, and other accounts payable.

SDR represents the indebtedness of the entity governments of the FBH and RS for the amount of funds received by BH under the rapid financial assistance granted to BH to mitigate the consequences of the COVID pandemic.

Debt securities are classified into short-term and long-term liabilities and are expressed at nominal value. Short-term liabilities consist of treasury bills, while long-term liabilities represent long-term bonds. Debt based on debt securities is also valued at market value for the general government sector of BH and the central government subsector of BH and is presented as a memorandum item in accordance with the World Bank's reporting format. Data on the indebtedness of the Government of BH based on

securities are taken from an internal database (Excel) which is continuously updated with data from the Sarajevo Stock Exchange, the Banja Luka Stock Exchange, and ministries of finance at all levels of government in BH, as well as the Vienna and London Stock Exchanges.
Loans are classified by maturity into short-term and long-term, and by currency into domestic currency loans and foreign currency loans. Additionally, domestic currency loans that are indexed to a foreign currency are identified separately; these, together with foreign currency loans, form part of the foreign currency debt presented by currency of denomination. Data on the external debt balance are taken from a database (Excel) consisting of data obtained from the Ministry of Finance and Treasury of BH, the Government of the Brčko District, and the Information on Guarantees of BH. Data taken from the Section for Monetary and Financial Sector Statistics are data on loans extended by commercial banks to the general government sector of BH.
Other accounts payable for the general government sector of BH and the central government subsector of BH are taken from the Balance Sheet Report of the general government sector of BH. Given that the data are available only on an annual basis, quarterly data are estimated.
The total debt of the general government sector of BH and the central government subsector of BH for each aforementioned instrument is also presented by currency of denomination (domestic and foreign currency) as well as by the residency of the creditor (domestic and foreign creditors).

The data used for statistical reporting on the general government debt and the central government debt of BH to the World Bank are taken from the sources listed in the Instruction on the Manner and Deadlines for Data Collection and Dissemination of Statistical Data of the CBBH.

9.3. Government debt for EDP reporting purposes – Maastricht debt

The Maastricht debt is the debt of the general government S.13 and is a necessary indicator for calculating the Excessive Deficit Procedure (EDP).
For the purposes of EDP reporting, the definition of debt is supplemented by Council Regulation (EC) No 479/2009 and the amended Commission Regulation (EU) No 220/2014, which updates the definition of financial liabilities in accordance with ESA 2010.
Government debt is defined as the total gross debt at nominal value (excluding accrued interest), outstanding at the end of the reporting quarter and consolidated within the sector and between the subsectors of the general government. In BH, according to the methodology, Maastricht debt is calculated at the level of the general government sector (S.13) and three subsectors: central government (S.1311), local government (S.1313), and social security funds (S.1314).
The general government sector debt stock according to the Maastricht criterion comprises three financial instruments:
AF.2 Currency and deposits
AF.3 Debt securities
AF.4 Credits and loans
In BH, currency and deposits (AF.2) do not exist as a debt instrument. The reason for this is the unique role and responsibility of the CBBH as the sole issuer of banknotes and coins in the country.

Debt securities (AF.3)
The primary data sources for the debt securities instrument are data from auction reports of the Sarajevo Stock Exchange (SASE), the Banja Luka Stock Exchange (BLSE), the Vienna and London Stock Exchanges, decisions on FBH bond issues for the settlement of liabilities based on verified old foreign currency savings accounts via the website of the FBH Government, and ministries of finance. The data are further processed at the CBBH in an internal database (Excel) that contains all elements of government indebtedness arising from debt securities according to the methodologies applied at the CBBH.

Debt securities are divided into short-term and long-term securities.
In BH, short-term securities comprise all treasury bills issued by the entity Ministries of Finance (FBH and RS).
Treasury bills are issued in domestic currency and valued at the undiscounted value of the principal to be paid at maturity. They are usually issued for a period of 91, 182, or 365 days.
Long-term securities/bonds are issued by the ministries of finance of the Entities (FBH and RS), local governments (FBH and RS), and the Brčko District. These bonds, issued on the domestic market, can be denominated in domestic or foreign currency, which affects the currency structure of the debt. If entity government bonds are issued on the foreign market, they are denominated in the currency in which they are issued.

Credits and loans (AF.4)
The primary data sources for the loan instrument are the Section for Monetary and Financial Sector Statistics of the CBBH (for domestic loans) and the Ministry of Finance and Treasury of BH (for external debt). The Section for Monetary and Financial Sector Statistics provides data on domestic loans granted by commercial banks by subsector, as well as according to their maturity and currency structure. For the purpose of calculating the Maastricht debt, these data are further processed in an internal Excel database, representing a complete overview of all instruments that make up the coverage of the Maastricht debt.
Short-term loans include loans up to one year, granted by domestic credit institutions. Long-term loans are granted by domestic and foreign creditors. The majority structure of long-term loans consists of external debt. According to the previously described methodology, the stock of external debt does not include accrued interest, whereas it is included in the amount of domestic loans.
Data revision is performed as needed, in accordance with the revisions of input data, and the data published 240 days after the end of a specific quarter are considered final data.

10. DATA PRESENTATION AND DISSEMINATION

The Central Bank of BH (CBBH), in accordance with the Decision on the Collection and Dissemination of CBBH Statistics, regularly submits compiled statistical reports on a monthly, quarterly, and annual basis to:

a) the International Monetary Fund (IMF),
b) Eurostat,
c) the World Bank,
d) the Bank for International Settlements (BIS),
e) the European Bank for Reconstruction and Development (EBRD),

f) the United Nations Conference on Trade and Development (UNCTAD),
g) the Secretariat of the Central European Free Trade Agreement (CEFTA),
h) to the Fiscal Council of BH,
i) via the website of the Central Bank of BH,
j) to users within the Central Bank,
k) to other internal and external domestic and foreign users in accordance with submitted requests.

The Section for Planning and Publications has the role of coordinating work on the preparation of all CBBH publications among different organisational forms/units of the CBBH, as well as work with external associates. Activities include the technical preparation and control of publications, proofreading, coordination of DTP and copyediting tasks, and publishing publications on the website. The Service has access to the website's content management system (CMS) and performs tasks related to the publication of regular and occasional CBBH publications. As part of these activities, it initiates procedures with the National Library of BH for the assignment of ISSN numbers for all regular publications.

Regular publications of the CBBH:

Annual Report – is the most important and most comprehensive annual publication of the CBBH. The publication contains a report on economic developments, a report on the activities of the CBBH during the year, and a financial report. In accordance with the Law on the Central Bank, the CBBH is required to submit the Annual Report for the previous year to the Presidency of BH and the Parliamentary Assembly of BH by March 31.

Bulletin – a quarterly publication that includes monetary and financial statistics data, payment transactions data, real sector data, and external sector data (balance of payments and international investment position) of Bosnia and Herzegovina.

Monthly Economic Review (MEP) – brief information on the latest trends in the macroeconomic environment, i.e., a concise analytical overview of the state of the economy and the financial sector in Bosnia and Herzegovina.

Macroeconomic Imbalances Report – this report is designed to observe the domestic economy in the context of risks from internal and external imbalances, rather than just trends in key macroeconomic variables.

Financial Stability Report (FSR) – a report that analyses the state of the financial system in BH and assesses how resilient that system is to risks and potential crises.

Financial Stability Risk Assessment – a report focused on the current risk situation, identification of potential problems, as well as the assessment of the banking system's vulnerability in the short term.

In addition to regular publications, the Section is also responsible for the technical preparation, publication, and updating of the supplements and information of the Statistics and Publications Department. This includes statistical information: *Commentary on trends in the non-banking financial institutions sector, Survey on bank credit activity in BH, Commentary on monetary trends, Survey on inflation expectations. Also, the Section updates the Statistical supplement, the Release calendar, and other accompanying content.*

As needed, press releases are published on the occasion of the dissemination of new and/or revised data series, especially those data series for which there is increased interest from the general public.

11. OPERATIONAL PROCEDURES

Data collection and compilation of statistics are performed in accordance with the prescribed procedures applicable to the Section for Monetary and Financial Sector Statistics, the Section for External Sector Statistics, and the Section for Government Finance and Financial Accounts Statistics of the Statistics and Publications Department of the Central Bank.

Quality control of the compilation of statistical data is performed in accordance with prescribed procedures, according to which the accuracy of the data must be checked during data collection. These checks relate to logical checks, as well as checks for accuracy and comparability with other data.

The necessary data are collected either on the basis of forms prescribed by the Instruction or on the basis of standard reports from reporting units.
All statistical data are of a confidential nature, especially data on foreign exchange reserves, until the moment of their publication.

12. FINAL PROVISIONS

These Foundations of Methodology for Monetary and Financial Sector Statistics, External Sector Statistics, Government Finance and Financial Accounts Statistics of Bosnia and Herzegovina shall enter into force on the day of their adoption.

GOVERNOR

Dr. Jasmina Selimović