

## Project Fiche – IPA National programmes / Component I

### 1 IDENTIFICATION

<b>Project Title</b>	<b>Enhanced statistical capacity and provision of economic and social statistics</b>
<b>CRIS Decision number</b>	2013/023-583
<b>Project no.</b>	04
<b>MIPD Sector Code</b>	2. Public administration
<b>ELARG Statistical code</b>	03.18 - Statistics
<b>DAC Sector code</b>	16062
<b>Total cost</b> (VAT excluded) <sup>1</sup>	<b>EUR 770.000</b>
<b>EU contribution</b>	<b>EUR 700.000</b>
<b>Management mode</b>	Centralised
<b>Implementation management</b>	Delegation of the European Union Montenegro
<b>Implementing modality</b>	Stand-alone project
<b>Project implementation type</b>	C01 – project type interventions
<b>Zone benefiting from the action(s)</b>	Montenegro

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<sup>1</sup> The total project cost should be net of VAT and/or of other taxes. Should this not be the case, clearly indicate the amount of VAT and the reasons why it is considered eligible.

## 2 RATIONALE

### 2.1 PROJECT CONTEXT: ISSUES TO BE TACKLED AND NEEDS ADDRESSED

The deficiencies in the statistical system of Montenegro have been flagged by all EC Progress Reports so far. Focus is put on the need to substantially strengthen MONSTAT and the rest of the national statistical system. Development of the administrative capacity, statistical infrastructure and human and financial resources is considered by the EC a priority in order to deliver timely, reliable and accurate statistics in accordance with EU standards. In addition to these structural requirements, criteria for quality of the produced statistics have to be met. Priority areas for improvements in statistics are macroeconomic statistics in particularly national accounts, business statistics, and social statistics. In parallel more resources and a stronger management are a prerequisite to achieve further progress. MONSTAT has to start with strengthening the quality and dissemination policy in order to be recognized as the official coordinator of statistical system of Montenegro. In the area of national accounts and business statistics progress has already been made in raising the quality levels through improved methodologies, however, much more needs to be done, and in the social sector EU quality reports are not yet produced.

In addition to the improvement of macroeconomic, business statistics, and social statistics, MONSTAT should also focus on linking and improving information systems so that the data collection from administrative sources is improved. According to the new Law on Official Statistic and Official Statistical System (Official Gazette of Montenegro 18/12) administrative sources shall be used instead of survey when available. Although much administrative data exist, they are incomplete, and above all, they are not linked. Consequently, monitoring of certain indicators which is requested by EU is hampered. The project thus will be focused on both - linking of all relevant administrative sources (in terms of information and organisation) and improvement of several information systems.

The concept of the role of Official Statistics was changed with the new Law on Official Statistics which designates Monstat as the main coordinator of the statistical system of Montenegro. Monstat shall ensure figures and representative data, and information on economic, demographic, and social phenomena, as well as on phenomena in the area of environment in Montenegro. Thus the Statistical Office of Montenegro becomes the core of the system as it is the competent body, the main holder and disseminator of statistical data, as well as responsible professional body, organiser and coordinator of official statistics system, and it shall represent the official statistics of Montenegro in the international statistical system.

In the Progress Report 2011 the main recommendations for Chapter 18 were focused on the strengthening of the statistical infrastructure and the coordination role of MONSTAT in the statistical system. For government of Montenegro this was a clear sign that it is not up to MONSTAT to develop the system by itself, but it is obligation of Government to create a legal environment were MONSTAT will be able to create its coordinating role. With the new law on Statistics, the Government established a system of governance in which all relevant parties have a clear mandate, and the possibility to operate in the efficient and professional manner.

New Law on State Administration of Montenegro guarantees autonomy and independence of Statistical Office, and stress out that the work should be based on expert and scientific approaches.

### 2.2 LINK WITH MIPD AND NATIONAL SECTOR STRATEGIES

**MIPD 2011-2013** recognised statistics as one of the priority objectives for the EU support:

“A priority for IPA is to support Montenegro's efforts through significant strengthening of administrative and implementation capacities in the areas of the *acquis*; to consolidate efforts in the

statistics in line with EU requirements; to establish reliable labour market and social data and related statistics; to establish a solid basis of precise agricultural statistics.”

Strategic areas for the development of the Montenegrin statistical system have been identified in the Strategy of the Development of the Statistics 2009-2012.

### **2.3 LINK WITH ACCESSION PARTNERSHIP (AP) / EUROPEAN PARTNERSHIP (EP) / STABILISATION AND ASSOCIATION AGREEMENT (SAA) / ANNUAL PROGRESS REPORT**

Stabilization and Association Agreement (SAA) Article 90 addresses the need of developing efficient and sustainable statistical systems capable of providing reliable, objective and accurate statistics needed to plan and monitor the process of transition and reform in Montenegro. It also focuses on the contribution of the Statistical Office in Montenegro in producing accurate data to allow public administration and private sector decision-making policy. Special focus is put on ensuring confidentiality of individual data, progressively increasing data collection and statistical production, transmission to the European Statistical System and exchanging information on methods, transfer of know-how and training.

Annual Progress Report for 2011 states that “good progress can be reported in the area of statistics, but, overall, significant challenges remain before Montenegro reaches a satisfactory level of alignment with the *acquis*. Weaknesses in the areas of agricultural, business and macroeconomic statistics need to be addressed as a matter of urgency.”

### **2.4 PROBLEM ANALYSIS**

The deficiencies in the Montenegrin **statistical system** have been underlined in all EC Progress Reports so far. Focus in these reports is put on the need to substantially improve the capacities of MONSTAT and the rest of the national statistical system. Statistics is important factor for the planning of the various activities as well as for a number of accession chapters. Having in mind challenges ahead significant efforts are needed to overcome the gaps in statistics and in particular in business, social and macroeconomic statistics. Sustained and continuous EU support is essential element of capacity building process of the MONSTAT and of the statistical system as a whole.

### **2.5 LINKED ACTIVITIES AND DONOR COORDINATION**

Montenegro has received EU support for the development of a sustainable and EU harmonized statistical system since 2002. This, among others, includes:

- IPA 2007 “Strengthening Institutional Capacities of Statistical Office - MONSTAT”;
- IPA 2007 “Multi-beneficiary Statistical Cooperation Programme”;
- IPA 2008 “Multi-beneficiary Statistical Cooperation Programme”.

A project is currently being implemented under the multi beneficiary IPA 2009 (“Statistical Cooperation”). This project is designed to continue upgrading and strengthening of the statistical systems in the IPA beneficiaries, thereby improving the availability, quality, comparability and timeliness of statistical data. The programme will produce improved actions not only in the statistical offices but also with main partners involved in producing official statistics (e.g. ministries of finance and agriculture, customs authorities, central banks) and will promote cooperation between them.

Furthermore, MONSTAT will be beneficiary of the IPA 2010 project “Improving Statistical information system” that will be implemented as of the IV quarter 2012. The purpose of the project is to strengthen the capacity of MONSTAT for collection and distribution of data in 4 sectors: agriculture statistics; national accounts; business statistics; and IT sector. It is expected that the outputs of this IPA 2010 project in the area of national accounts and business statistics will be further built upon with the activities under the proposed IPA 2013 project. Also, “IPA 2011 Multi-beneficiary Statistical Cooperation Programme” is expected to be implemented in MONSTAT.

The structure of donor support coordination consists of working group for donor support coordination, whose members are representatives of the cabinet of Prime Minister and from each of the Ministries of the Government of Montenegro.

Members of the Working Group are responsible for monitoring the implementation of projects of individual donors as well as to integrate data on projects funded by donor organizations.

The basic mechanisms of donor support coordination include:

- Regular meetings of the Working Group for donor support coordination to Montenegro;
- Regular delivery of Working Group members data on projects in a particular sector whose realization is in progress, and which are financed by the funds from donor support, as well as priority projects in the future;
- Holding regular quarterly meetings of the Working group with the representatives of the donor community in Montenegro;
- Holding six-month meetings of Prime Minister with the representatives of ministries, in order to determine priorities and strategies of international support for the future and their presentation at the regular meetings of Prime Minister and representatives of donor community in Montenegro;
- Publication and distribution of annual report on implementation of projects that are financed by the funds from donor support.

One of the recommendations of the Working group is that every line ministry organize sector donor meetings where they could discuss about current projects that need to be implemented in their institutions. Ministry of Finance will organise regular meetings with the donor community and other stakeholders involved in the sector in order to coordinate activities, generate new ideas and avoid overlapping.

## **2.6 Lessons learned**

The lessons learnt through previous assistance outline a number of challenges that have to be addressed properly: project implementation could be hampered by both insufficient staff or/and high turnover of staff, and insufficiency of the allocated resources; the most effective style of work requires a pragmatic and participatory approach; efforts should be invested in raising the awareness of the high level officials on the importance of further progress in those areas which are of the crucial importance for the process of EU integration; good and efficient coordination among main stakeholders involved is needed, in order to ensure successful implementation of project activities; realistic planning is of the crucial importance; strict and result oriented monitoring is needed.

In response to the challenges of these issues, MONSTAT has a commitment from the government to increase its staff by 12 (an increase of 10%), which means that during implementation of this project the absorption capacity will be increased. Similarly, in terms of implementation management, the personnel from MONSTAT responsible for the project have understood that the most pragmatic and effective methodology for the deployment of technical assistance experts is to create 'Working Groups' that are trans-sectoral. This helps to ensure continuity and coherence from the assistance provided.

## **3 DESCRIPTION**

### **3.1 OVERALL OBJECTIVE OF THE PROJECT**

Improved use of statistics for effective public policy making.

### **3.2 SPECIFIC OBJECTIVE(S) OF THE PROJECT**

Improved quality of business, macroeconomic, social, and research and innovation statistics in accordance with EU and international standards

### **3.3 RESULTS**

#### **Result 1 – Improvement of macroeconomic statistics**

Macroeconomic statistics, including Government Finance Statistics and House Price Index, in line with the EU standards

Min indicators for success include

1.1 Improved national accounts (accepted by Eurostat), incl.

- Improved Supply and Use tables
- Revised methodology of National Accounts according to ESA 2010
- GDP by income approach compiled

1.2 Improved Government Finance Statistics, particularly statistics on public deficit and debt (accepted by Eurostat)

1.3 House Price Index introduced

#### **Result 2 – Improvement of business statistics**

Business and foreign trade statistical measures harmonized with EU regulation relating to Structural Business Statistics, introducing Foreign Affiliates Statistics (FATS) and Short Term Statistics

Min indicators for success include

2.1 Structural Business Statistics (SBS) - Enhanced use of administrative sources and electronic data collection introduced

2.2 Introduced Foreign affiliates statistics (FATS)

2.3 Short Term Business statistics (STS) in energy/transport/tourism available

#### **Result 3 – Improvement of Science, technology and innovation (STI) statistics**

Implementation of an improved system for collecting data on business and Research & Development and Innovation

Main indicators for success include

3.1 Better use of administrative data sources for statistics on science and technology (R&D) and statistics on Innovation.

- Available sources assessed

- modernised system implemented for secure and efficient use of administrative data
- Further alignment with EU methodology
- Data transmitted to Eurostat

#### **Result 4 - Improvements of social statistics**

##### Improved surveys for HBS (Household Budget Survey), LFS (Labour Force Survey) and SILC (Statistics of Income and Living Conditions)

###### 4.1 Household Budget Survey (HBS)

- Revised questionnaire, revised sample, methodology

###### 4.2 Labour Force Survey (LFS)

- Revised questionnaire, revised sample, methodology

###### 4.3 SILC

- Fully harmonised survey with the acquis.
- Data transmitted to Eurostat

###### 4.4 Time Use Survey (TUS)

- Prepared methodology and questionnaires for Time Use Survey

###### 4.5 Wages and salaries Survey

- Harmonized with recommendation of EUROSTAT

###### 4.6 Labour costs Survey

- Harmonized with recommendation of EUROSTAT

### **3.4 MAIN ACTIVITIES**

One Technical Assistance Service Contract will provide support to MONSTAT to implement the necessary capacity building activities which will include:

- Review and assessments of current systems and methodologies
- Provision of guidelines for implementing methodologies and quality assurance
- Revising presentation structures for dissemination of target statistics
- On-the job mentoring, coaching and formal training for over 100 persons
- Review of EU best practices
- Analytical reports on how to make better use of administrative data sources, including how to improve connection between administrative registers and statistical data collecting process
- Providing methods for the use of administrative sources in the statistical data collection process

The project will be implemented through the following Components, which mirror the results as described above

### **Component 1 – Macro-economic statistics**

Macro-economic statistics was covered with one national project which included harmonization of methodology of national statistical system with EU system (ESA 95 and SNA 93). An IPA 2007 National Project focused on experimental implementation of making of quarter national accounts and the biggest attention was paid to introducing of quarter GDP using indirect method.

The area of macro-economic statistics is very wide and it includes many components from institutional sectors, institutional accounts and aggregates. The sector of national accounts is quite complex, with methodology that is still developing and strong inter-connections with other statistical sectors and activities. Thus, change of one activity implies continuous change and adjustment of another one.

Current project will be built upon the previous achievements. Thus, with view to the development of the quarterly national accounts, the progress will be gradual. IPA 2007 project provided for the first pilot quarterly accounts. The IPA 2010 national project will ensure higher level of harmonisation - calculation of quarter GDP will be done together with calculation using direct method and regular survey. Further, one of the main activities which will be developed during next two years, through IPA 2010 project is elaboration of supply-use tables (SUT) by all activities. SUT provide economic analysis of production process and product usage, as well as analysis of income production in economy. They also make simpler calculation of certain economic indicators related to calculation provided by accounts. Analyses are necessary in order to present production costs structure and income made in production process, as well as new trends of goods and services produced in national economy.

The IPA 2010 will introduce GFS statistics. In this moment Ministry of Finance is the institution which is responsible for calculation of Government deficit and debt. Through this project we are expecting to assess all existing data sources that were used for calculation of this statistics, if data sources are enough and if they are harmonized with the EU standards. The main focus of the IPA 2010, regarding this statistics, will be to create the way to find all missing data or to find some other optimal way for the calculation. The harmonization of GSF will further continue through IPA 2013 project. The main activity planned by IPA 2013 is to educate statisticians to make the calculation in line with the EU standards, which will allow the transmission of data to EUROSTAT.

Project IPA 2013 will also upgrade the achievements of IPA 2010 project with view to introducing of ESA 2010 methodology, which would require a parallel between SNA 93, ESA 95 and ESA 2010 methodologies, in order to emphasise differences between them and identify gaps that need to be addressed. This is long-term process requiring identification of data source, how to reach them and how to ensure their good quality.

House Price Index is very important for Montenegro national needs, and it will be only introduced through IPA 2013 as no previous resources were available for this activity.

#### **Activities to be carried out include:**

- Introduction of ESA 2010
- Improvement of GFS
- Improvement in Supply-use table
- Introduced House Price Index

## **Component 2 – Business and Foreign Trade Statistics**

IPA 2010 project will help Monstat in making certain improvements in the SBS by revising the questionnaire. SBS questionnaire is very demanding since it includes all sectors, beside agriculture, and there are 150 variables. Thus, shortening and adjusting to national needs is crucial for improving the quality of the SBS survey

A key objective of the IPA 2013 project is to assist MONSTAT to develop a sustainable programme of SBS and FATS survey consistent with European standards and regulations. Considering constant changes in regulations and EUROSAT requests the adjustment will be a continuous process. Certainly, this is also a very long-term process taking time and development in one area has significant influence on development of the other. Thus, IPA 2010 national project will ensure that the SBS is compatible with EU standards, while the IPA 2013 will help Monstat in harmonization of survey related to quality and reporting to EUROSAT. The same process will follow FATS statistics that is to be conducted in MONSTAT.

A key objective of the IPA 2013 project is to assist MONSTAT to develop a sustainable programme of short-term business surveys consistent with European standards and conforming to international classification systems which are relevant to the key elements of the Montenegrin economy and which provides important data for those involved in the compilation of national accounts. In this respect to the development of tourism statistics, transport statistics and energy statistics is crucial as these statistics are becoming increasingly important for users and the participation of these statistics in GDP rises.

Because of their importance for decision making of the relevant sectors, these statistics will be already covered by the IPA 2010 project. Under IPA 2010 Monstat will work on the development and harmonization of the methodology of work and implementation of the related surveys. The focus will be put on the quality of data. But it is not sufficient to develop only the technical issues like methodology and questionnaire of the mentioned surveys; it is Monstat interest to focus on further development of entire system of collection and production of data in the shortest period in order to have satisfied principle of timeliness. Because of this the focus of the IPA 2013 will be development of the electronic data collection process which will improve productivity of the work.

This is a continuing process because of the constant development and new requirements which have to be implemented. Because of this Monstat will need to constantly focus on harmonization of methodology (with new regulations and requirement) and changes in the process of collection (changes in the use of modern technology and increasing usage of the administrative sources).

### **Activities to be carried out include:**

- FATS statistics – Transferring of data to Eurostat
- SBS statistics – Introduction of Quality report and transferring data to Eurostat.
- Tourism statistics – implementation of the new survey which will give results on the number of the overnight stays in the individual accommodation in the area of grey economy. Creation of the electronic data collection
- Transport statistics – implementation of new surveys (road freight transport) and harmonisation with European surveys, preparation of new questionnaires' and introduction of new calculation which are based on good sample. Creation of the electronic data collection
- Energy statistics –improvement of methodology, and new survey for prices in sector of energy. Creation of the electronic data collection



### **Component 3 - Research & Development and Innovation Statistics**

The EC progress reports and Opinion focus on the lack of the reliable statistics on R&D, especially in the business sector. In the EC Opinion on membership of Montenegro in the EU it is stated: “Due to the lack of statistics and means of collecting data on investment by the private sector, there are no reliable figures on investment in research by the private sector available. The lack of reliable statistics makes the monitoring of identified targets very difficult. Montenegro is, however, working on the reform of statistics in science and research to bring its statistics into line with EU criteria”. Even though activities were undertaken in 2009 and 2010 on aligning of statistical questionnaires on R&D according to the EU regulation (using TAIEX instrument and through inter-institutional cooperation), there still exist significant system failures in obtaining quality data (inappropriate record keeping in reporting units, uncompleted reporting of companies through statistical annex – part on R&D – to the financial sheets, methodological inconsistency in defining the scope of companies to be covered by R&D and innovation surveys etc.)

There has not been any support so far on introducing the innovation statistical survey, in line with EU in Montenegro.

The project has to ensure continuous information on the R&D statistics from all the sectors (higher education, government, business, private non-profit), as well as to support the introduction of innovation statistics. Coordination of the relevant institutions and automatization of collection and processing of data is an important activity in this respect as it should establish the pre-condition for obtaining quality data on R&D and innovation.

The project would enable setting up of the system for continuous monitoring of statistics of research, development and innovation, in line with EU regulation. The data are needed for better planning at the level of the state and line ministries when competitiveness of the economy and following of progress of EU integration of Montenegro are concerned.

#### **Activities to be carried out:**

- Adoption of manuals that define authority and processes
- Training of employees in the Ministry of Finance, MONSTAT, Ministry of Science, Directorate for SME Development, Central Bank of Montenegro, Tax Administration, Institute of Certified Accountants and Auditors for at least 50 persons.
- Design and installation of hardware and software
- Revision of existing information services

### **Component 4 – Social statistics**

During the past years MONSTAT invested a lot in the macroeconomic and business statistics, and social statistics was not a major focus. MONSTAT is aware of the fact that social statistics has to be improved. Currently Monstat conducts the following surveys in the field of social statistics: HBS, a pilot SILC and poverty according the consumption method-the absolute poverty line. Until now the sector of social statistics was not covered by any project, and now the necessity of external help is obvious in both identifying gaps compared to EU standards and methodologies and further improvement of those statistics

Monstat Department of Labour market, living conditions, social services and household consumption conducts the following surveys: HBS, SILC, LFS, wages and salaries, labour costs. HBS, LFS and wages and salaries are regularly survey, and in general they are considered compliant with the current

EU recommendation. However, further harmonisation will be required with view to improving practices also at EU level. A pilot SILC survey was conducted in the end of 2011 and the Questionnaires were harmonised with Document 065, of EUROSTAT. Labour costs will be the regular survey in 2013.

MONSTAT does not conduct Time use survey (TUS). Time Use Survey (TUS) measures the amount of time people spend doing various activities, such as paid work, household and family care, personal care, voluntary work, social life, travel, and leisure activities. The aim of the Time Use Survey is to provide detailed information on how individuals spend their time. It allows shedding light on unpaid work, activities outside the work place and issues related to reconciliation of work and family life. IPA 2013 project will provide opportunity for MONSTAT to introduce this survey and prepare the methodological part and questionnaires.

#### **Activities to be carried out;**

- HBS - further harmonization with recommendation of EUROSTAT
- LFS - further harmonization with recommendation of EUROSTAT
- EU SILC – further harmonization with recommendation of EUROSTAT (regulation, Document 065)
- TUS – Preparation of methodology and questionnaires for Time Use Survey
- Wages and salaries – further harmonization with recommendation of EUROSTAT
- Labour costs - further harmonization with recommendation of EUROSTAT

### **3.5 ASSESSMENT OF PROJECT IMPACT, CATALYTIC EFFECT AND CROSS BORDER IMPACT (WHERE APPLICABLE)**

Official statistics play an important role in the Stabilisation and Association Process and EU membership negotiations. First, an individual chapter of the *acquis* on statistics that defines harmonisation procedures with EU standards and rules which have to be implemented in the pre-accession period. Second, official statistics serve other policy areas by providing the necessary data for monitoring changes and assessing the impact of the applied policies. In particular economic and agricultural statistics is of major importance in the accession process.

### **3.6 SUSTAINABILITY**

The increased capacity especially regarding the national statistical office is the best guarantee for the project sustainability. In this respect the Government is taking measures to increase the staffing of MONSTAT by 10%.

### **3.7 ASSUMPTIONS AND PRE-CONDITIONS<sup>2</sup>**

- MONSTAT will continue to strengthen its capacity and its coordinating role, especially in the field of quality inter-institutional cooperation, and with view to identification of working operational mechanisms for coordination in provision of quality data in a timely manner.
- MONSTAT will adopt a strategic approach regarding the development of human resources incl. recruitment, constant training and motivation programmes and career prospects. All needed documents should be in place before the project start.
- The national authorities, supporting the reforms in the statistical area, will provide sufficient financial, office and human resources, so MONSTAT can adequately implement the project and ensure its sustainability.

## **4 IMPLEMENTATION ISSUES**

The Contracting Authority will be the EU Delegation to Montenegro. MONSTAT will be the main beneficiary and also the responsible institution for the technical implementation of the project. The results will be achieved through one service contract for technical assistance.

Ministry of Science will be one of the stakeholders, and coordination between two institutions will be managed by the contact persons (project managers) of both institutions.

In addition to MONSTAT and Ministry of Science, all relevant institutions, will be involved in the project for ex. in part of business statistics: Central Bank, Tax Administration, Directorate for Development of Small and Medium Sized Enterprises, and Ministry of Finance.

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<sup>2</sup> Assumptions are external factors that have the potential to influence (or even determine) the success of a project but lie outside the control of the implementation managers. Such factors are sometimes referred to as risks or assumptions but the Commission requires that all risks shall be expressed as assumptions. Pre-conditions are requirements that must be met before the sector support can start.

#### 4.1 INDICATIVE BUDGET

##### Indicative Project budget (amounts in EUR)

PROJECT TITLE			SOURCES OF FUNDING										
			TOTAL EXPENDITURE	TOTAL PUBLIC EXPENDITURE	IPA CONTRIBUTION		NATIONAL PUBLIC CONTRIBUTION						PRIVATE CONTRIBUTION
	IB (1)	INV (1)	EUR (a)=(b)+(e)	EUR (b)=(c)+(d)	EUR (c)	% (2)	Total EUR (d)=(x)+(y)+(z)	% (2)	Central EUR (x)	Regional/Local EUR (y)	IFIs EUR (z)	EUR (e)	% (3)
Activity 1	X		770.000	770.000	700.000	90	70.000	10	70.000				
Contract 1	X		700.000		700.000	100							
Contract 2 <sup>3</sup>	X		70.000	70.000			70.000	100	70.000				
.....													
<b>TOTAL IB</b>			770.000	770.000	700.000	90	70.000	10	70.000				
<b>TOTAL INV</b>													
<b>TOTAL PROJECT</b>			<b>770.000</b>	<b>770.000</b>	<b>700.000</b>	<b>90</b>	<b>70.000</b>	<b>10</b>	<b>70.000</b>				

Amounts net of VAT

(1) In the Activity row, use "X" to identify whether IB or INV

(2) Expressed in % of the **Public** Expenditure (column (b)) (3)

Expressed in % of the **Total** Expenditure (column (a))

<sup>3</sup> In fact Contract 2 covers numerous contracts to ensure the introduction of new surveys as well as the supply of the needed hardware and software.

## 4.2 INDICATIVE IMPLEMENTATION SCHEDULE (PERIODS BROKEN DOWN BY QUARTER)

Contracts	Start of Tendering/ Call for proposals	Signature of contract	Project Completion
Contract 1 (IPA)	Q3 2013	Q2 2014	Q4 2015
Contract 2 (National co-funding)	Q1 2013	Q4 2014	Q4 2015

Contract 1 is a service contract covering all project activities with the exception of the supply of the needed software and hardware, which will be covered by Contract 2. Contract 2 includes in fact a number of supply and service contracts to ensure both the implementation of the planned surveys as well as the needed software and hardware.

## 4.3 CROSS CUTTING ISSUES

### 4.3.1 *Equal Opportunities and non discrimination*

There is extensive legislation in Montenegro relating to equal opportunities. The beneficiaries under the proposed project have equal opportunity employment and related policies in place, and will ensure that they are implemented. The results of this proposed project will further equal opportunities because reliable and disaggregated statistics will provide a platform for future decision making on this key issue.

### 4.3.2 *Environment and climate change*

Statistics provide material for a variety of decision makers including those working on environmental issues.

### 4.3.3 *Minorities and vulnerable groups*

There are current legislative provisions for protection of minority rights. The beneficiaries under the proposed project will be required to ensure that they are properly implemented amongst their workforce and interlocutors. Reliable and comprehensive statistics will enable policy and decision makers to monitor the key economic and social indicators on ethnic minorities.

### 4.3.4 *Civil Society/Stakeholders involvement*

MONSTAT is the primary Beneficiary and main stakeholder for this project, however, the design and implementation of the project is being carried out with the collaboration of the Ministry of Science.

In terms of wider consultation, there is a national Statistics Council which meets at least once a year to review and advice on the needs for improving statistics in Montenegro, which impacts on the design and delivery of interventions such as this. The Council includes membership from business representatives, banks, the media, and a range of public bodies.

## ANNEX 1: Logical framework matrix in standard format

LOGFRAME PLANNING MATRIX FOR Project Fiche		Project title and number:		Enhanced statistical capacity and provision of economic and social statistics
		Contracting period expires		Execution period expires
		Total budget	770.000 EUR	
		IPA budget:	700.000 EUR	
<b>Overall objective</b>	<b>Objectively verifiable indicators (OVI)</b>	<b>Sources of Verification</b>		
Improved use of the statistics for effective public policy making	As of 2014 an increase of 10% of the statistics data used in national programming and used in media publications			
<b>Specific objective</b>	<b>Objectively verifiable indicators (OVI)</b>	<b>Sources of Verification</b>		<b>Assumptions</b>
Improved quality of the business, macroeconomic, social and research and innovation statistics in accordance with EU and international standards	<p>Future EC annual progress reports for Montenegro contain positive conclusions and recognise progress in selected areas of support in comparison with 2011 Progress Report</p> <p>As of 2014 increase of 10% of Montenegrin statistical data included into the Eurostat publications and databases in comparison to 2012</p> <p>As of 2014 an increase of 10% of Montenegrin statistical data into the national official documents in comparison to 2012</p>	<p>EC annual progress reports</p> <p>Conclusions from Committee and sub-Committees for SAP</p> <p>Web pages of the Government of Montenegro</p> <p>Web pages of the Monstat</p>		<p>Economic situation in Montenegro is stabile (no significant reduction of resources)</p> <p>Continuation of the political support</p> <p>All actors involved in the public administration reform committed</p> <p>Inter-sectoral communication and cooperation maintained</p>
<b>Results</b>	<b>Objectively verifiable indicators (OVI)</b>	<b>Sources of Verification</b>		<b>Assumptions</b>

<p><b>Result 1</b></p> <p>Macroeconomic statistics, including Government Finance Statistics and House Price Index in line with the EU standards</p> <p><b>Result 2</b></p> <p>Business and foreign trade statistical measures harmonized with EU regulation relating to SBS, introducing FATS and STS surveys</p> <p><b>Result 3</b></p> <p>Implementation of an improved system for collecting data on business and Research &amp; Development and Innovation</p> <p><b>Result 4</b></p> <p>Improved surveys for HBS (Household Budget</p>	<p>Data on government deficit and debt sent to EUROSTAT via ESA Data Transmission Programme for 2012 and 2013 year on annual level.</p> <p>Supply and use tables (SUT) at current and constant prices for 2013 sent to Eurostat and GDP by income approach compiled and published.</p> <p>Established House Price Index</p> <p>70 % of STS Data collection implemented electronically</p> <p>STS surveys fully harmonized with the surveys according to the EUROSTAT Compendium 2015</p> <p>Increase of 10% of STS surveys by 2016 in comparison to 2012</p> <p>Quality report for SBS in compliance with Regulation no. 295/2008</p> <p>FATS statistics Data transmission to EUROSTAT in compliance with Regulation no .716/2007</p> <p>CPI classification 2008 fully implemented in foreign trade by 2016</p> <p>Implemented system for collecting data on business and Research &amp; Development and Innovation by 2016</p> <p>COICOP classification fully harmonized with EU standards</p> <p>Data transmission to EUROSTAT preformed for all social statistics</p>	<p>EC progress reports</p> <p>Web pages of the Government</p> <p>Web pages of the EC</p> <p>Web pages of the Monstat</p> <p>Statistical Yearbook of Montenegro 2014, 2015, 2016</p> <p>EUROSTAT Yearbook 2014, 2015, 2016</p> <p>EUROSTAT mission report 2014, 2015, 2016</p> <p>SMIS reports</p>	<p>Effective co-operation between different public administration bodies/entities is maintained;</p> <p>Continuation of the inter-institutional cooperation and stakeholder commitment in the statistical system</p>
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Survey) , LFS (Labour Force Survey ) and SILC (Statistics of Income and Living Conditions)	All ad-hoc modules, standardized by EUROSTAT, for the LFS survey implemented into the questionnaires  Fully harmonized SILC with EU regulation and Document 065		
<b>Activities to achieve results</b>	<b>Means / contracts</b>	<b>Costs</b>	<b>Assumptions</b>
<ul style="list-style-type: none"> <li>• Review and assessments of current systems and methodologies</li> <li>• Preparation of guidelines for implementing new methodologies and quality assurance</li> <li>• Review of EU best practices and introduction in Monstat daily work</li> <li>• Revising presentation structures for target statistics</li> <li>• On-the job mentoring, coaching and formal training</li> <li>• Analytical reports and coaching on improving the connection between administrative registers and statistical data collection process</li> <li>• Advisory services on EU harmonisation</li> </ul> <p><b>Activity block 1:</b></p> <ul style="list-style-type: none"> <li>• Introduction of ESA 2010</li> <li>• Improvement of GFS</li> <li>• Improvements Supply-use table</li> </ul>	1 Technical Assistance Service contract	<p>IPA budget: 700.000 EUR (1 service contract)</p> <p>Co-financing: 70.000 EUR from Monstat budget to cover the introduction of the new surveys as well as provision of software and hardware according to Monstat needs. Cofinancing will be ensured through several contracts.</p>	<p>The required office, human and financial resources put at the disposal of Monstat</p> <p>Strategic development approach of Monstat agreed with Government (recruitment, training and motivation programme adopted)</p>



- Introduced House Price Index

**Activity block 2:**

- FATS statistics – Transferring of data to Eurostat
- SBS statistics – Introduction of Quality report and transferring data to Eurostat.
- Tourism statistics – implementation of the new survey which will give the results regarding the number of the overnight stays in the individual accommodation in the area of grey economy. Creation of the electronic data collection
- Transport statistics – implementation of new surveys (road freight transport) and harmonisation with European surveys, preparation of new questionnaires' and introduction of new calculation which are based on good sample. Creation of the electronic data collection
- Energy statistics –improvement of methodology, and new survey for prices in sector of energy. Creation of the electronic data collection

**Activity block 3:**

- Adoption of manuals that define authority and processes
- Training of employees in the Ministry of Finance, MONSTAT, Ministry of

Science, Directorate for SME  
Development, Central Bank of  
Montenegro, Tax Administration,  
Institute of Certified Accountants and  
Auditors

- Design and installation of hardware and software
- Revision of existing information services

**Activity block 4:**

- HBS - further harmonization with recommendation of EUROSTAT
- LFS - further harmonization with recommendation of EUROSTAT
- EU SILC – further harmonization with recommendation of EUROSTAT (regulation, Document 065)
- TUS – Preparation of methodology and questionnaires for Time Use Survey
- Wages and salaries – further harmonization with recommendation of EUROSTAT
- Labour costs - further harmonization with recommendation of EUROSTAT

### In order to make distinction between projects from IPA 2010 and IPA 2013:

IPA 2010	activities	IPA 2013	activities
<p>To strengthen the capacity of MONSTAT in 4 sectors:</p> <ol style="list-style-type: none"> <li>1. Agriculture statistics</li> <li>2. National accounts</li> <li>3. Business statistics</li> <li>4. IT sector and sampling</li> </ol>		<p>Improved quality of business, macroeconomic, social, and research and innovation statistics in accordance with EU and international standards</p>	
<p><i>Result 1:</i></p> <p>Agriculture statistics improved through;</p>	<p>The construction of the SFR</p> <p>Introduction of new (sample) surveys methods for data collection for crop and livestock (incl. animal production)</p> <p>Upgrading of agro-monetary statistics</p>	<p><i>Result 1:</i></p> <p>Macroeconomic statistics, including Government Finance Statistics, and Consumer Price Indices, in line with the EU standards</p>	<p>Introduction of ESA 2010</p> <p>Improvement of GFS</p> <p>Improvements Supply-use table</p> <p>Introduced House Price Index</p>
<p><i>Result 2:</i></p> <p>Further harmonised national accounts and price statistics through;</p>	<p>Quarterly GDP data produced and disseminated;</p> <p>Introduction of an experimental system of Supply and Use Tables</p> <p>Introduction of GFS statistics</p> <p>Introduction of an experimental allocation of institutional units into institutional sectors</p> <p>Harmonized indices of consumer prices (HICP)</p>	<p><i>Result 2:</i></p> <p>Business and foreign trade statistical measures harmonized with EU regulation relating to SBS, introducing FATS and STS surveys</p>	<p>FATS statistics – Transferring of data to Eurostat</p> <p>SBS statistics – Introduction of Quality report and transferring data to Eurostat.</p> <p>Tourism statistics – implementation of the new survey which will give the results regarding the number of the overnight stays in the individual accommodation in the area of grey economy. Creation of the electronic data collection</p> <p>Transport statistics – implementation of new surveys (road freight transport) and harmonisation with European surveys, preparation of new questionnaires’ and introduction of new calculation which are based on good sample. Creation of the</p>

			<p>electronic data collection</p> <p>Energy statistics–improvement of methodology, and new survey for prices in sector of energy. Creation of the electronic data collection</p>
<p><i>Result 3:</i></p> <p>Business statistics harmonized with EU standards through;</p>	<p>Short term statistics made more exhaustive, including new pilots carried out and establishment of additional STS surveys; and results used in compilation of national accounts</p> <p>Structural business statistics made more exhaustive, including new pilots carried out and establishment of new SBS surveys; and results used in compilation of national accounts</p> <p>Total energy balance data produced;</p> <p>Further improvement of the business register with the inclusion of group of enterprises.</p> <p>Producer price indices improved and published.</p>	<p><i>Result 3:</i></p> <p>Improved system for collecting data on business and Research &amp; Development and Innovation</p>	<p>Adoption of manuals that define authority and processes</p> <p>Training of employees in the Ministry of Finance, MONSTAT, Ministry of Science, Directorate for SME Development, Central Bank of Montenegro, Tax Administration, Institute of Certified Accountants and Auditors</p> <p>Design and installation of hardware and software</p> <p>Revision of existing information services</p>
<p><i>Result 4:</i></p> <p>Improved IT support, metadata and sampling methods in line with EU and international standards through:</p>	<p>Further development of metadata – availability of an IT system and IT databases for meta information system</p> <p>Electronic questionnaires available for on-line data entry for selected survey</p> <p>Improved scope and quality of data dissemination on website; PC AXIS Implementation</p> <p>Improved capacity to produce sample designs based on new registers in agriculture, business and social statistics</p>	<p><i>Result 4:</i></p> <p>Improved surveys for HBS (Household Budget Survey) , LFS (Labour Force Survey ) and SILC (Statistics of Income and Living Conditions)</p>	<p>HBS - further harmonization with recommendation of EUROSTAT</p> <p>LFS - further harmonization with recommendation of EUROSTAT</p> <p>EU SILC – further harmonization with recommendation of EUROSTAT (regulation, Document 065)</p> <p>TUS – Preparation of methodology and questionnaires for Time Use Survey</p> <p>Wages and salaries – further harmonization with recommendation of EUROSTAT</p> <p>Labour costs - further harmonization with recommendation of EUROSTAT</p>

## **Annex 2**

### **Description of Institutional Framework**

MONSTAT will appoint a senior staff member to act as a National Project Coordinator

Ministry of Science will appoint a contact person-project manager who will be responsible person for submitting all relevant documentation to the National Project Coordinator. The communication between two institutions will be managed by the National Project Coordinator (MONSTAT) and contact person-project manager (Ministry of Science).

Both institutions have to communicate on the daily base regarding the main development of the project in all the phases of the preparation and implementation of the project.

Any written communication related to the management of this Contract shall be addressed to the National Project Coordinator. Copies of all communication between the Contractor and Eurostat on technical issues shall be sent to the National Project Coordinator. The obligation of the National Project Coordinator is to forward all relevant information of the project to the contact person- project manager of the Ministry of Science.

Additionally, regular monthly meetings are to be organised by the Contractor with the participation of the EUD Project Manager, the National Project Coordinator and the contact person-project manager (Ministry of Science) to discuss the project progress.

The Regulations on internal organization and systematization of the Institute of Statistics, adopted by the Government of Montenegro in April 2008, provides for 203 places for civil servants in MONSTAT.

MONSTAT is currently organized into five sectors, one department, one agency and regional units.

The organizational units are organized:

#### **1. SECTOR OF MACRO-ECONOMIC STATISTICS, NATIONAL ACCOUNTS AND PRICES**

Department of Macro-economic statistics and National accounts

Department of External trade statistics

Department of prices (industrial, construction, agricultural and CPI)

Department for International cooperation and EU integrations

#### **2. SECTOR OF BUSINESS STATISTICS**

Department of Structural business statistics and registers

Department for short-term indicators

#### **3. SECTOR OF SOCIAL STATISTICS AND DEMOGRAPHY**

Department of Demography statistics and Population censuses

Department of labour market statistics, living conditions, social services and household consumption

Department of education, research and development, culture, crime and administration statistics

#### **4. SECTOR OF AGRICULTURAL AND ENVIRONMENT STATISTICS**

Department of agricultural statistics

Department of forestry and environment statistics

## **5. SECTOR OF STATISTICAL COORDINATION AND ICT**

Department for ICT

Department for national coordination, classifications, metadata and sampling

Independent organizational units are:

- 1. DEPARTMENT FOR DISSEMINATION, PUBLIC RELATIONS AND DATABASES**
- 2. ADMINISTRATION AND FINANCIAL SERVICE**
- 3. REGIONAL OFFICES**

Currently there are 104 employed in MONSTAT. Still, there are many vacant places. However, the recruitment of the new staff is dependent on the premises which are not sufficient. Ensuring the required premises for the MONSTAT staff remains a crucial issue, which has to be addressed before the project start.

### **Reorganisation of MONSTAT**

- MONSTAT launched the process of reorganisation in the second half of 2011. The first step in this process is the centralisation of MONSTAT and decrease in the number of regional units from 16 to 6.
- The remaining 6 regional units will be strengthened through a training and educational programme and closer supervision by the Central Office (MONSTAT);
- In the new structure, within the Central Office, there are 6 persons monitoring the work of the regional units. In this way they are better connected, and they have the possibility to accelerate the whole process of updating the data, such as identification data of the enterprises, address books, etc.

## **ANNEX 3**

### **Reference list of relevant laws and regulations only where relevant**

- Law on Official Statistics and System of Official Statistics (“Official Gazette of Montenegro, 18/12, 30 March 2012).
- Development strategy of statistics 2009-2012
- Programme of Statistical Surveys 2009-2013 (“Official Gazette of Republic of Montenegro”, No. 17/09)
- MONSTAT’s Annual plan for 2012 (“Official Gazette of Republic of Montenegro”, No. 53/11)
- Stabilisation and Association Agreement between the European Communities and their Member States and the Republic of Montenegro
- Council Decision of 22 January 2007 on the principles, priorities and conditions contained in the European Partnership with Montenegro (2007/49/EC)
- National Program for Integration (NPI) 2008 – 2012
- Multi-Annual Indicative Planning Document for the Republic of Montenegro (MIPD)

## ANNEX 4

### Details per EU funded contract (\*) where applicable:

The project will be implemented through 1 EU service contract, which will cover all activities described in this project. However, MONSTAT will provide additional funding to ensure conducting of all surveys envisaged in the project as well as to ensure the needed equipment and software.

The project will be implemented by a Consultant, selected through a restricted international procurement procedure. The project team will comprise of 4 key experts: Team leader and Activity block leaders (1 for macroeconomic statistics, 1 for social statistics, 1 for business statistics and 1 for research and development). Short-term experts will be involved where necessary. The indicative number of working days to be delivered is minimum **620** days.

MONSTAT will assign one person as a National Project Coordinator, who will interact with the Contractor and the EU Delegation and EUROSTAT where necessary. The work of the national project coordinator will be supported by the heads of the responsible departments as follows:

- Activity block 1: Head of the Sector of macro-economic statistics and national accounts
- Activity block 2: Head of the Sector of business statistics
- Activity block 3: Head of the Sector of social statistics
- Activity block 4: Head of the Sector of social statistics and Ministry of Science

Additionally, MONSTAT will have to:

- Ensure the participation of the appropriate people in all project events and activities;
- Actively cooperate in making available information relevant to the project;
- On own initiative and upon request by the Contractor, establish contacts with people and organizations that are considered instrumental in achieving the project objectives;
- Provide all possible assistance to solve unforeseen difficulties related to implementation;
- Provide financial, technical and organizational support for the implementation of the surveys.

The project implementation will be overseen by a Steering committee (SC) to be established during the inception phase. It will include representatives from the European Commission Delegation to Montenegro, the Beneficiary, the Statistical council and the Ministry of Finance. Representatives of the key data providers institutions and stakeholders, may also be invited at the meetings of the SC in their consulting capacity. The Contractor will provide the SC with expert and secretarial support.

The main functions of the SC are:

- To assess Project progress and guide it strategically;
- To assess the performance of the Consultant;
- To jointly discuss any critical points or bottlenecks for further activities;
- To propose and discuss remedy actions to be taken in order to tackle problems;
- To issue recommendations affecting timing, cost or contents;
- To comment and/or discuss the Consultant's reports.

The national co-financing (EUR 70,000) will be used by Monstat for conducting the surveys planned in the project as well as the required additional hardware and software.

## **ANNEX 5**

### **Project visibility activities**

Participants on EU-funded training courses, conferences, seminars etc. will be made aware that the EU is financing the events. Possible communication tools includes: stationery, report presentation, display panels, press conferences, newsletters, web pages, promotional items etc.