

Project Fiche – IPA National programmes / Component I

1 IDENTIFICATION

Project Title	Strengthening the Serbian Statistical System
CRIS Decision number	2012/022-967
Project no.	05
MIPD Sector Code	1. Public Administration Reform
ELARG Statistical code	03.18
DAC Sector code	16062
Total cost (VAT excluded) ¹	EUR 4,8 m
EU contribution	EUR 4,8 m
Management mode	Centralised
<i>Centralised mngmt:</i> EU Delegation in charge <i>Decentralised mngmt:</i> Responsible Unit or National Authority/Implementing Agency	EU Delegation to the Republic of Serbia
Implementation management	Statistical Office of the Republic of Serbia (SORS)
Implementing modality	Stand alone project
Project implementation type	Project-type interventions
Zone benefiting from the action(s)	Republic of Serbia

¹ 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

Justification for incorporating this project in IPA 2012 is based on needs identified through implementation of some ongoing or recently finalized projects, cross-referenced with EC recommendations and MIPD programmatic priorities. Prioritization of the needs to be addressed within the scope of this project narrows down to ICT improvements leading to standardization of statistical data exchange, further improvement of the system for producing National Accounts, and development of a set of Sustainable Development Indicators in line with the EU Sustainable Development Strategy.

The Republic of Serbia, supported by the EU, places significant importance in improving the statistical system to bring it up to international standards. Further development of official statistics is directly connected with the process of EU accession, with the number of requests for different statistical indicators growing during the negotiations on stabilization and accession to the EU, as well as for monitoring the indicators that refer to economic criteria for membership and negotiations in the process of EU accession. This project will help the Statistical Office of the Republic of Serbia (SORS) to adopt more modern methodologies and adequate mechanisms, recognized and accepted by Eurostat, as well as IMF, OECD and other relevant international organizations and institutions. In order to respond to the challenges of complying with the European Statistical System, this project will help SORS upgrading its ICT system, improvement of the system of producing National Accounts (NA) and develop a set of Sustainable Development Indicators (SDIs).

2.2 LINK WITH MIPD AND NATIONAL SECTOR STRATEGIES

This project is directly related to the **Multi-annual Indicative Planning Document 2011-2013 (MIPD)** Chapter 3.2 on Public Administration Reform (Subchapter 3.2.3 Sector Objectives for EU support over next three years (2011-2013), page 18), which calls for: further alignment of the statistical system with the EU *acquis* and further enhancement of coordination of statistical activities, as well as improvement in production and dissemination of reliable statistical data.

The Programme of Official Statistics in the Period 2011-2015 aims to fully harmonise statistical surveys and indicators with international standards, mainly with EU standards, until the end of the referent period.

The Development Strategy of the Official Statistics in the Republic of Serbia (2009) contains the review of expected results of official statistics development in the period 2009-2012. Beside the basic strategic development activities, this document also includes the programme of changes, along with the plan of its realisation in the forthcoming period.

Information Communication Technology (ICT) Development Strategy 2006-2010 (updated in 2010) lays out the necessary changes in methodology, execution and coverage of the statistical surveys that are envisaged for the referent period, due to the need to meet increased demands for statistical data and additional requirements relative to the quality, timeliness and availability of data.

Sustainable development indicators (SDIs) developed by this project are very important for the successful evaluation of the measures and activities needed to implement the **Sustainable Development Strategy of the Republic of Serbia (2008)**. Sustainable development is focused on developing models which provide quality response to social-economic needs and interests of citizens, while at the same time eliminating or significantly reducing impacts which are a threat or damage to the environment and natural resources. In order to be internationally comparable, the selected indicators are in accordance with the new, revised UN list of indicators of

sustainable development, which includes indicators based on the Millennium Development Goals.

Finally, in terms of the **Needs Assessment of the Republic of Serbia for International Assistance (NAD 2011-13)**, the project principally relates to the sector of Public Administration Reform (PAR), notably priorities 1, 2 and 4, but the relevance of statistics is also to be recognized for the majority of other Sectors defined in the NAD.

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

SORS has become highly responsive to EUROSTAT recommendations and guidance and is thereby obliged to anticipate - and cope as much as possible with - the requirements similar to those faced by EU MSs. An important pillar of the EUROPE 2020 Strategy is a *smart, sustainable and inclusive growth* which relies with indicators required by EU Sustainable Development Strategy (EU SDS). The spirit of the EUROPE 2020 Strategy is to insure compliance, where relevant, with other internationally recognized targets, such as promoting growth and fulfilling Millennium Development Goals (MDGs). Both EU SDS and MDGs are references for the present project and SORS has formulated a particular set of activities within the third result of the project intended exactly for the improvement of the SDIs as a tool for monitoring fulfilment of the above development frameworks applied for the Serbian target.

European Partnership underlines the need to further develop statistical systems. The project is directly in line with the following EP priorities: short term priorities, Sectoral policies, Statistics: “Continue the development of national accounts to ESA 95 including improving the data sources”; medium term priorities, Sectoral policies, Statistics: “Further develop all sectoral statistical areas”.

Stabilization and Association Agreement (SAA), Article 90, concerns Statistical cooperation: “Cooperation between the Parties shall primarily focus on priority areas related to the Community acquis in the field of statistics. It shall notably be aimed at developing an efficient and sustainable statistical system capable of providing, reliable, objective and accurate data needed to plan and monitor the process of transition and reform in Serbia. It should also enable the Statistical Office in Serbia to better meet the needs of its customers in the country (both public administration and private sector)[...]”. In this respect, the project addresses the SAA by the improvement of data quality envisaged by the introduction of National Accounts and the Sustainable Development Indicators. Moreover, the improvement of statistical cooperation is given by the data and meta-data exchange that will be possible through the upgrading of the ICT equipment.

The National Plan for Integration of the Republic of Serbia into the European Union, section 3.18 describes priorities in statistical areas. Subsections which consider macro-economic statistics and priorities (3.18.4.2 and 3.18.3.2) define the following priorities for the years 2011 and 2012 which are directly in line with the present Project: producing the Supply and Use tables in the frame of IPA national project; expenditure method of GDP calculation, in constant prices.

EC Analytical Report accompanying Commission Opinion on Serbia’s application for membership of EU summarizes developments in statistics as follows: “Production of statistics is at an advanced level. Progress has been made in most areas and the range of statistics is increasing, though challenges remain, especially in the areas of agricultural statistics. Additional human and financial resources will also need to be made available. The SORS is well-positioned to perform its role. Although certain progress has been made lately, coordination with other bodies within the administration needs to be strengthened.”

2.4 PROBLEM ANALYSIS

SORS is perceived by international organisations and the general public as the sole competent and authorised institution to provide objective statistical information on socio-economic trends in the Republic of Serbia. This implies that official statistics should be ready to meet EU and other international requirements. In order to respond to the challenges of complying with the European Statistical System, SORS has embarked on a process of upgrading its ICT system.

This project should enable the implementation of the recommendations for ICT improvement given in the IPA 2007 project. The multidimensional assessment of the current ICT System at SORS aimed at pointing out problematic issues and weaknesses concerning the system. The results clearly show the advantages of the Open System environment against the two-platform system. Therefore, the main objective of the new ICT Strategy is to set forth the directions for a rapid and efficient transition from the existing system to a homogeneous Open System environment. In fact, in the current SORS ICT system statistical data are generally held across a variety of platforms. In addition to geographical storage disparity, the data is often in different formats and this together requires a substantial effort when performing more complex statistical analyses, when merging data from different surveys or in time series calculations. This data disparity and inconsistency of formats is the main driver for the development of a statistical data warehouse. The data warehouse would form single data storage for all statistical data. In addition to the data warehouse, it is required to develop and manage comprehensive metadata. Hence, the implementation of the ICT infrastructure upgrade, as per IPA 2007 recommendations, as well as software system upgrade and the introduction of standards are of outmost importance. This is exactly planned within the scope of the first result of the Project Fiche for IPA 2012. Moreover, detailed presentation of the supply needs to be addressed by the supply contract is attached to this Project Fiche as Annex 6. The Annex is developed taking into consideration the ICT Feasibility study produced in year 2009 with the support of Technical Assistance within IPA 2007 Project. This study also served as the basis for the revision of the ICT Strategy²

The standardization of the statistical data exchange should enable inter-operability among national and international organizations and reduce the national reporting burden to European and international institutions. In order to harmonize the statistical information system, it is necessary to establish standards for all statistical processes in line with the EU standards. In terms of data exchange, it means introducing the Statistical Data and Metadata Exchange standard (SDMX). The aim of SDMX is to develop and use more efficient processes for recommendations, the improvement and upgrading of the software currently in use will ensure the establishment of a metadata driven production system.

A *second* relevant challenge ahead of SORS is the further improvement of the system of producing National Accounts (NA) and thereby promoting adherence to ESS requirements and methodologies in line with EU requirements and statistical legislation. The improvement of NA is compliant with recommendations of ESA95, but the complete process has not been performed yet, also due to lack of the Supply and Use Tables (SUT). SORS has started the process of compilation of the SUT which has been planned through three stages (for compatibility please refers to section 2.5 on lined activities). The areas which would be covered with the present project are the following:

- detailed analysis of the first results of the SUT compilation and preliminary figures, such as the evaluation of the Serbian model and application for balancing the items of supply

² Full ICT strategy may be found on the following web address:

<http://webrzs.stat.gov.rs/WebSite/userFiles/file/O%20nama/Dokumenti/IKTstrategijaE.pdf>

- and use, its structure and consistency with the initial system;
- creation of the tables linking the SUT to the sector accounts, identification and solutions for critical issues, integration with other available data sources such as *labour force surveys* (LFS) and other enterprise statistics and *structural business statistics* (SBS);
- methodological and practical training in solving issues in relation with missing and contradicting data, integration of the non-observed economy, treatment of imbalances, additional data needed, techniques and hints in making alternative estimates;
- compilation of trade and trade margin matrices, evaluation of preliminary results, techniques for estimation in case of missing and low quality data, usage of other data sources;
- methodological and practical training in distribution of margins, taxes especially VAT and subsidies and products for the transformation of the basic prices to purchasers prices;
- creation of the first balanced SUT and GDP balanced from all three approaches.

Thirdly, SORS needs to develop a set of Sustainable Development Indicators (SDIs). The EU Sustainable Development Strategy (SDS) requires the European Commission to develop indicators at the appropriate level of details to monitor progress with regard to each particular challenge. In the statistical system of Serbia a set of SDIs already exists and besides SORS they are sourced from different institutions, such as: the Ministry of Finance and Economy and the National Bank. There is a strong need for:

- increasing the knowledge on existing data in order to identify which agency institution/body) is producing what and who is using it; and
- assessing gaps, streamlining data collection and improving coordination for a better use and compilation of SDI's.

Likewise, it is necessary to achieve a good overview of input from official statistics derived from other data sources and of any remaining gaps in the information base when compiling metadata. Though some SDIs could also be calculated on the basis of existing data, some others that could be of significant interest for Serbia are to be identified and obtained through pilot surveys. Finally, in order to achieve good communication with users, as well as to enhance SDI's fitness for policy management, it is necessary to provide a "users' guide" for each indicator, so to help in their interpretation. It is necessary to spend time and effort developing indicators and making them useful for monitoring policies, producing indicator reports, sets of indicators, publications, and web pages.

2.5 LINKED ACTIVITIES AND DONOR COORDINATION

The present project is directly linked with the IPA 2007 Project on Improving the Structural Capacity of the Serbian Statistical Office to approximate European Statistical System (ESS) requirements, which made the basis for ICT upgrading as well as for the introduction of the SUT. The IPA 2007 project ended in July 2011.

Hence, the following tasks should be fulfilled:

- the implementation of the ICT infrastructure upgrade as per IPA 2007 recommendations³;
- software system upgrade and the introduction of standards.

³ SORS's ICT system is based on an expensive and obsolete hardware-software solution based on two platforms: a mainframe and an open system solution.

According to recommendations from the Feasibility study and ICT Strategy produced within the IPA 2007 project, **internal effort will be made for preparation of technical specification by the strong expertise of IT SORS staff. This will not be part of the service contract of the project.** A preliminary overview of the elements for technical specifications is incorporated in Annex VI.

Within the scope of IPA 2007 Project, the first experimental SUT for 2007 and 2008 has been elaborated using existing data sources. This exercise provided opportunity for training of the NA staff in production of SUT (first stage) and it will contribute to the success of the Project submitted under IPA 2011 Assistance for the Serbian Statistical Office in view of approximating European Statistical System (ESS) requirements. More specifically, IPA 2011 Project will support an analytical survey on economic entities in order to collect detailed and analytical data on income and expenditure structures of economic entities. Experimental compilation of SUT for 2007 and 2008 revealed missing data and inconsistencies regarding various data sources, therefore the IPA 2011 Project will support the conduct of a similar survey. This survey will provide data which cannot be obtained from existing administrative and statistical sources, but are at the same time, of utmost importance for SUT, being the core statistical instruments in the system of NA (second stage/step). The IPA 2011 project is planned to start in the second half of 2012. The third step (to be undertaken within the scope of the project planned for IPA 2012 financing) would be activation of the balancing procedures and full integration of the SUT into the NA system, for example, the integration of the SUT with calculation of GDP and GNI and compilation of sector accounts.

In the past, the first national CARDS technical assistance in the field of statistics started early 2005. The project was implemented by the Italian National Institute of Statistics, in partnership with the Central Statistical Offices of Hungary and Sweden. Linked to the present project, the objective of the CARDS 2005 assistance was to start building up a system of accounts and bring GDP compilation closer to the methodology of the European System of Accounts (ESA95). Development of price indices and implementation of a Structural Business Statistics survey made important components of the project, as they constitute important input for GDP. Also, the CARDS 2005 assistance contributed in the upgrading of the 14 Regional Statistical Offices (through the procurement of hardware and software as well as through a number of ICT trainings) mainly responsible for data collection and field operations throughout Serbia, by providing an ambitious capacity building programme that will naturally turn useful in the identification and development of SDIs.

In relation to the present project, the statistical system is benefiting or has benefited from the assistance of other International Donors, including: OECD, Eurostat and EFTA Regional projects on Non Observed Economy aimed at achieving exhaustiveness in NA; the Swedish Development Agency (SIDA) has been extensively supporting SORS through the project "Partnership in Statistics" and, as far as this project is concerned, it has improved cooperation with users and producers of official statistics, which will become a prerequisite for a comprehensive identification and development of SDIs. The objective of this project was also improvement of the Business Register (directly linked to SUT and SDI components as the frame for conducting necessary surveys) and development of regional accounts (where SUT component would contribute to the better quality of those accounts). The SIDA project also improved energy statistics and balances, environment statistics and indicators (waste statistics, water pollution and emission to air, etc.) directly linked to the SDI component. The third phase of the SIDA project is presently in its final stage and the discussions on the further support to be extended beyond the horizon of year 2012 are currently under way. As was the case in the previous support provided to SORS by SIDA, the assistance will be structured around several basic principles which complement other donor-funded interventions. Those principles can be summarised as follows:

- Project components shall be in line with SORS priorities and with a wider European agenda of the Serbian Government, underpinning its efforts in fulfilling obligations emerging from the candidacy status for the membership in the EU. This principle is rooted in the experience gained so far in networking with other providers and users of official statistics (such as the Ministries in charge of environment and spatial planning, of finances and economy, of regional development, as also the national institution in charge for gender equality, etc.) which was a particular focus of previous SIDA assistance.
- Project components shall be in line with Swedish Government policy for this part of Europe. Therefore, areas of intervention such as time-use tables in statistics, statistics of prices in agriculture, statistics on air pollution emissions, financial accounts and statistics on financial flows in environment sectors, statistics on business tendencies, statistics on Roma population and on gender vulnerability, will constitute an important part of the new project.
- Project components shall be suited to SORS capacity and shall not overlap with other technical assistance projects to be implemented in SORS, especially by the IPA projects.

Likewise, SORS has a very positive experience with Multi-beneficiary programmes, especially with MB IPA 2009. The main feature of this project is to cover a significant number of components, fairly uniform and suitable for the development of the region, and represent common denominator needs of the region. A number of smaller projects primarily aimed at promoting harmonization with the European statistical system in different statistical fields. The majority of the projects aim at supporting general statistical assistance such as: participation in technical meetings including working group meetings, seminars, workshops, study visits to other statistical offices etc. Similar support is in the pipeline for MB IPA 2011 and IPA 2012. However, the type of support ensured through MB IPA is quite different from the tailored support identified for the present project in the scope of National IPA 2012, the latter being specified for the particular soft and hard needs of the SORS as explained in the section 2.4.

The following table summarises the activities described above, and shows an overview of the main previous assistance/donors in relation with the proposed three results (components) within IPA 2012 project:

	ICT	NA	SDI
CARDS 2005	✓	✓	✓
SIDA		✓	✓
MB IPA programmes	✓	✓	✓
IPA 2007 national	✓	✓	
IPA 2011 national		✓	

2.6 Lessons learned

The feasibility study done during the IPA 2007 project showed the advantages, financial and non-financial, of the Open System platform. It is clear that the further development of SORS ICT infrastructure has to go towards the outcomes of this study. Moreover, IPA 2007 Project elaborated necessary basis for ICT upgrading, while the respective technical specifications will be additionally fine-tuned by the SORS and prepared for prompt launching of supply procurement upon approval of the Project.

One of the biggest issues faced by SORS in approximating statistics to EU standards consists of the lack of data on economic efficiency of economic subjects and detailed information on products and services used in production activity. This information is very valuable because it is the basis for creating the use matrices and SUT and can be obtained only through special surveys. All EU Member States conduct such surveys. The lesson learnt gained from the implementation of the

IPA 2007 project *on Improving Structural Capacity of the Serbian Statistical Office in view of approximating European Statistical System (ESS) requirements*, is the need for introduction of this survey as a first step in production of SUT. As a matter of fact, experimental compilation of SUT for 2007 and 2008 showed number of missing data and inconsistencies regarding various data sources, therefore the IPA 2011 Project will support the conduction of such a survey.

By conducting regular and ad-hoc statistical surveys, a number of indicators related to DevInfo⁴ and to environment have been developed by the previous projects. Those projects provided the significant lessons learnt in further developing of SDIs in compliance with Eurostat standards.

3 DESCRIPTION

3.1 OVERALL OBJECTIVE OF THE PROJECT

Harmonized methodologies, standards and good practices applied for the production of a reliable statistical basis necessary for Serbian social and economic system in view of the EU accession, and relevant statistics and indicators are available for use as basis for public policies in all key areas.

3.2 SPECIFIC OBJECTIVE(S) OF THE PROJECT

Statistical System substantially upgraded in terms of improved availability, quality, comparability and timeliness of statistical data in accordance with requirements of the process of approximation to the European Statistical System.

3.3 RESULTS

Result 1: SORS's ICT system consolidated, optimized and standardized to better perform functions of exchange and dissemination of statistical data and metadata (according to the Five Year Program of the Official Statistics SORS is collecting, processing, and disseminating data for about 300 surveys);

Result 2: Institutional capacity, system and sources for the production of National Accounts (according to ESA 95) improved and supply and use tables compiled;

Result 3: Improved statistical production for a set of Sustainable Development Indicators (SDIs) for monitoring the quality of life, social development, environmental protection and long-term macroeconomic policy-making.

Indicators (mentioned in the Annex 1- Logical Framework Matrix) have been developed with specific regards to the technical parameters of the planned Project based on monitoring of the quality/level and timeliness of data production and exchange between SORS's units and between SORS and external partners, reduction of the associated costs, harmonisation and revision in GDP calculations, development of new SDIs and of respective common data bases, etc. At the headline level, the project should ultimately contribute to Serbia's improved performance against international metrics, such as Eurostat, IMF and other reports which will thus serve as basic sources of verification.

⁴ Indicators such as: at the global level, Millennium Development Goal, Leaken indicators, WHO, Gender equality indicators; and, at the national level, PRSP, Social inclusion and poverty reduction, National action plan for children, Nationalised Millennium Development Goal.

3.4 MAIN ACTIVITIES

Activities related to Result 1: ICT and SDMX

Activity 1.1: Software and Hardware upgrading

Software and hardware have to be procured and installed according to the recommendations given as an outcome of the previous IPA project (2007 budget).

Namely, from the point of view of methodology for the implementation of this activity, it is important to take into account the work to be done by the SORS and which will precede the actual purchasing and installing of the ICT infrastructure. According to recommendations from the Feasibility study and ICT Strategy produced within the IPA 2007 project, the IT experts of the SORS will prepare detailed technical specifications. There is already a preliminary overview of the elements for technical specifications incorporated in Annex VI of this Project Fiche, based on which the further work on compiling the tender dossier will be continued prior to the start of IPA 2012 project. Once the procurement procedure for the software and hardware is completed, the work on installing and adjusting the purchased items will start in order to ensure the compatibility and smooth functioning in the existing ICT environment at the SORS. It is expected that IT working at the SORS experts will be intensively engaged in the scope of this activity, while the suitability of the hardware and software for the intended purpose and possible an introductory training for their proper usage will involve also the staff of other/all user departments of the SORS.

Activity 1.2: Preparation and testing

In line with the ICT upgrading, the productivity potential for data collection and consolidation is tested. On this basis, also common database standards and procedures will be tested.

In practice, the implementation of this activity goes beyond the testing of the SW and HW for their suitability for the purpose, and concerns further compatibility tests to explore potentials of the upgraded ICT environment. Firstly the development and afterwards also the testing of the common database standards and procedures will be necessary. It is expected that along with the external experts engaged within the scope of the Service contract the staff of the SORS will be actively involved in reaching common understanding on the best use of new ICT potentials. From the conceptual point of view, implementation of the activity will require going through (but not only) the following aspects:

- Undertaking comprehensive analysis of existing documents on ICT infrastructure;
- Elaboration of implementation guidance documents to ensure coherence and standardization of statistical data leading to development of statistical data warehouse which will integrate diverse application processes
- Development of interoperability strategy in accordance with e-government recommendations, UNECE Generic Model, Eurostat standards and Statistical Data and Metadata Exchange standard; etc.

Activity 1.3: Statistical Data and Metadata Exchange

The development of metadata driven integrated statistical data management system conceived upon the analyses on preconditions and procedures for the introduction of SDMX standards and the implementation of SDMX.

There are various tasks interrelated to ensure quality implementation of this activity. It is therefore expected that substantial resources will be allocated with this regards and that the assistance will be provided to the SORS at least in the following aspects:

- Design of the migration plan for stand alone statistical project software application architecture migration to integrated statistical data warehouse system, which will manage and store all statistical data. Migration plan to enterprise statistical data warehouse will consist of core metadata, micro data, macro data and time series
- Design of the adequate dissemination storages architecture, with the analysis of dissemination requirements (users, time frames, report format, report content etc.)
- Business requirement analysis and design of the business related software, which would allow to generate applications for data input, validation, aggregation, analysis and output preparation on the basis of metadata descriptions stored in core metadata base and moving from stovepipe to process oriented statistics production approach
- Design and development of the software application for management of statistical registers, classification subsystem, with the possibility of electronic data collection based on metadata description
- Analysis and development of document that describes comprehensive reporting system, including both static predefined reporting and OLAP
- Definition of interoperability preconditions for integration with major national data sources, such as National Bank of Serbia, and Ministries in charge of finance, interior, labor and social policy etc.
- Maintenance and functional upgrade of corporate web portal
- Training of the SORS ICT professional staff for maintenance, management and utilization of the newly developed system
- Training of the SORS professional staff for utilization of newly developed system
- Definition and execution of 3 pilot software applications for testing of compliance with SDMX standard
- Definition and execution of pilot interoperability tests of common databases with chosen partner institutions

Activities related to Result 2: SUT for NA

Activity 2.1: Integration of SUT in the NA System

The detailed analysis of the first results of the SUT compilation and preliminary figures, followed by the creation of the instruments (trade and trade margin matrices) to allow SUT integration with other sources and links with the sector accounts.

Production of the well defined and quality assured National Accounts represent the backbone of the official statistics, which is the reason why the NA system has been given significant attention in recent years in Serbia and several projects designed (or already under implementation) to improve this area. With the present project for IPA 2012 a resume of the previously launched actions shall be made and experiences drawn from the piloting results shall be given broader and more systemic perspective. From the methodological point of view it is expected that the

technical assistance through the project shall be channelled primarily towards the SORS's staff employed at the National Accounts Department and operated towards a more efficient application of the SUT in further work with National Accounts. Particular attention shall be given to the production of GDP which provides for a horizontal and vertical snapshot of the national economy. Therefore, the project should result in methodological improvements leading to a more precise identification of the GDP, production of the GDP per quarters, etc. The 2011-2012 SUT survey in the Republic of Serbia resulting in significant amount of data on the economy shall be summarized in a way and all the data presented in adequate database form will require expertise guidance for SORS in the most effective application of the SUT.

Activity 2.2.: Capacity building

Methodological and practical training to the SORS staff in solving different issues (missing and contradicting data, integration of the non-observed economy, treatment of imbalances, techniques in making alternative estimates, distribution of margins, taxes especially VAT and subsidies and products for the transformation of the basic prices to purchasers prices).

The capacity building activities shall target again dominantly the staff employed at the National Accounts Department and it is expected that they will be carried out in the form of on-the-job trainings and/or group-tailored workshops. The exercises shall be based on the actual material gathered in practice and will capacitate the staff to work unassisted afterwards. However, in defining the training/capacity building methodology and the target group of beneficiaries it will be important to keep in mind that whatever is exercised with regards to integration of SUT in the NA system and with NA in general, has a great potential in creating a spill-over effect in all the adjacent statistical branches and not only the NA "niche". In other words, the better the capacity building is carried out in this particular component, the better quality of producing and using of other statistical data can be expected for example in structural and business statistics, etc

Activity 2.3: Improvements and testing of statistical calculations

Improvement and testing of methodology for statistical calculation of macroeconomic indicators and on-the job assistance in improving NA aggregates data quality.

This is methodologically rather focused activity but nevertheless a demanding and challenging one as the NA system as a whole still needs to be improved. In this sense, it will be important that statistical calculation methodologies are tested and improvements introduced in the course of the project. The calculation solutions opted for in this iterative approach should be documented as they will be a useful element in "institutional memory" of the SORS, for justifying the selected methodology if needed, for introducing new staff to the processes, etc.

Activities related to Result 3: SDIs

Activity 3.1: Development of SDIs

Familiarisation of SDIs to the SORS staff and definition of development priorities through the assessment of current situation of existing SDIs variety and quality (*Quality Profile* for each SDI), compiling the "users' guide" for each indicator and elaborate suitable communication, information flow, production of indicator reports, sets of indicators, publications, web pages, etc.

In this phase exploiting of existing information is needed. There is a need for increasing the knowledge on existing data in order to identify which agency (or institutional body) is producing relevant data and who is using it, and to assess gaps, streamline data collection and improve coordination for a better use and compilation of SDI's. An increased effort is needed to evaluate communication aspects. Familiarising the staff to the SDIs and defining the priorities for development and Assessment of current situation from the aspect of existing SDIs by types and their quality are preconditions for continued work.

In order to achieve a good communication with users, as well as to enhance SDI's fitness for policy management, it is of the great significance to provide "user guide" for each indicator, as help for the interpretation of indicators. It is necessary to spend great time and effort on communicating the information about indicators and making them useful for monitoring targets of policies, through producing of indicator reports, sets of indicators, publications, web pages, etc. It is important to bear in mind this communication aspect through conducting all phases of the Project.

Activity 3.2: Conceptual and technical infrastructure of SDIs

Establishing conceptual and technical infrastructure of SDIs in line with EU standards, compilation of tables based on existing SDIs and preparation for further development of indicators and SDIs database.

The work on this activity will start with getting a good overview of inputs from official statistics and inputs derived from administrative data sources. Achieving this goal can be difficult, and great effort is needed for detailed analysis. When compiling metadata, remaining gaps in the information base are recognized and other data sources such as new surveys are considered.

Under this activity, database for a set of directly and indirectly calculated SDIs shall be developed.

Activity 3.3: Pilot surveys

Defining needs for a number of SDIs that are missing and conducting pilot surveys in order to identify and establish SDIs of significant relevance.

During previous steps analysing of existing data sources will be undertaken. Further to this a need for certain data that are defined as inputs for a number of SDIs is obvious and this exactly will be the focus of the present activity. Planning and conducting Pilot surveys are way to satisfy these new data needs. While planning Pilot surveys, it will be necessary to determine the best methods to exploit and interlink the relevant data in order to make calculations for set of new SDIs

Activity 1.1 will be implemented through one Supply Contract⁵
All **Activities from 1.2 to 3.3** will be implemented through one Service Contract⁶

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

Project Impact

The project will contribute to the increased quality of the statistical system as a whole and reliability and precision of statistical data. Through the introduction of SUT as well as in the identification of SDIs, the project will noticeably influence the improvement of the reliability and precision of calculations.

⁵ As clarified also in the text of the section 2.5 above, preparation of technical specifications for the procurement within supply contract shall be undertaken by SORS and does not represent a task for the TA envisaged under IPA 2012

⁶ Please refer to the section 4. of the Project Fiche for an explanation/justification of the choice to deploy Service Contract rather than a Twinning contract

SDIs are very important for successful estimation of measures and activities undertaken within the National Sustainable Development Strategy. In fact, the development of a set of SDIs will contribute to stress qualitative criteria in strategy's implementation.

Improvement of NA will have a positive impact regarding the quality and consistency of the public finance system of Serbia and increase reliability and precision of calculations of GDP and estimations of other macroeconomic aggregates. Coupled with that, consolidation of the SORS's ICT system and standardization of exchange and dissemination of statistical data and metadata, will contribute to the harmonization with EU legislation and requirements concerning this area of statistics.

New hardware infrastructure is meant to replace obsolete existing equipment that is near the end of its working life and to support SORS in organizing itself in a more consolidated way. Implementation of such an infrastructure will significantly speed up data management processes and production of timely reports, and result in the system functioning in a safe, secure and open environment that will improve SORS core business by at least 30%.

Catalytic Effect

The project's catalytic effect will primarily relate to upgrading SORS ICT infrastructure.

Upgraded ICT would enable SORS to effectively play the coordination role given by the Law of the Official Statistics, including the following: creating and maintaining databases resulting from official statistics; conducting dissemination of official statistical data and setting implementation standards to be adopted by all authorized producers of official statistics.

Such basic operational principles and mechanisms of cooperation with other authorized producers will also have a catalytic value in all processes where harmonisation and data integration are required for the identification and further development of SDIs, which require a comprehensive and multi-sourced set of data provided from different data producers. Establishing prioritized SDIs will enable inclusion of environmental policy into other policy areas as well as the protection and improvement of environment.

Last, but definitely not least, the production of NA will have a catalytic effect in providing a more reliable and accurate platform to calculate GDP leading to improvement in policy making and national investment planning. More generally, the project will improve decision making process in all areas in which statistical and national accounting data are used (economic and structural policy making, regional development, economic analysis and modelling etc.).

Cross Border Impact

N/A

3.6 SUSTAINABILITY

Project sustainability in terms of ICT infrastructure upgrading will provide grounds for integration of processes, improvement of data quality, and significantly improve work effectiveness. Data and applications will be operating in a more secure and safe environment, cutting risks of information losses.

By replacing obsolete and difficult-to-maintain systems with new equipment, SORS will cut costs in the area of maintenance and support and will also be in position to better manage human resources and to be more productive. Optimisation of ICT will put SORS ICT staff in a position to concentrate on core business activities, rather than on maintaining a disintegrating system. Moreover, employment process and potential outsourcing will be easier by introduction of more updated and standardised platforms.

3.7 ASSUMPTIONS AND PRE-CONDITIONS⁷

The key assumption for this project is the strong and ongoing commitment of the Government of Serbia to the EU integration process which is the main driver of the need to develop and align the statistical sector to EU standards. Substantial participation and feedback by the Ministry of Finance and Economy, National Bank and other institutions involved in identification and production of SDIs, will be of great significance for the success of the Project implementation. It also pre-supposes the willingness of the individual stakeholders, on the central and local levels, to work together effectively, share information and operate to a common purpose. It depends on the available capacity within these bodies to participate in project activities and apply the results to their everyday functioning, i.e. to the genuinely comprehend the concept of planning and decision making based on quality and accurate data

4 IMPLEMENTATION ISSUES

The main beneficiary and the focal institution for overall Project implementation, coordination, monitoring, and reporting, shall be SORS, supported by EUD for the purely centralised aspects of implementation. Over the years, SORS has developed a multifaceted cooperation with relevant international institutions in the area of statistics. However, in the view of Project implementation, given demanding and substantially different aspects that need to be covered with significant in-the-field activities, required expertise can be better delivered in the form of a service contract than that of institutional twinning. Thus, the implementation modalities are as follows:

Activity 1.1 will be implemented through one Supply Contract.

All activities from 1.2 to 3.3. will be implemented through one Service Contract

⁷ 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) (for centralised management)

PROJECT TITLE			TOTAL EXPENDITURE	SOURCES OF FUNDING								
				IPA CONTRIBUTION		NATIONAL CONTRIBUTION					PRIVATE CONTRIBUTION	
	IB (1)	INV (1)	EUR (a)=(b)+(c)+(d)	EUR (b)	% (2)	Total EUR (c)=(x)+(y)+(z)	% (2)	Central EUR (x)	Regional/Local EUR (y)	IFIs EUR (z)	EUR (d)	% (2)
Activity 1.1												
Contract (Supply)	1	-	X	1,000.000	1,000.000	100						-
Activities 1.2-3.3												
Contract (Service)	2	X	-	3,800.000	3,800.000	100						-
TOTAL IB				3,800.000	3,800.000	100						
TOTAL INV				1,000.000	1,000.000	100						
TOTAL PROJECT				4,800.000	4,800.000	100						

NOTE: DO NOT MIX IB AND INV IN THE SAME ACTIVITY ROW. USE SEPARATE ROW

Amounts net of VAT

- (1) In the Activity row, use "X" to identify whether IB or INV
- (2) Expressed in % of the **Total** Expenditure (column (a))

4.2 INDICATIVE IMPLEMENTATION SCHEDULE (PERIODS BROKEN DOWN BY QUARTER)

Dates indicated in the schedule cannot go beyond the contracting and execution deadlines in the financing proposal

Contracts	Start of Tendering/ Call for proposals	Signature of contract	Project Completion
Contract 1 (Supply)	T+1Q	T+3Q	T+7Q
Contract 2 (Service)	T+1Q	T+4Q	T+12Q

ToR for the service contract will be prepared by SORS in close cooperation with the EUD. In the case of supply contract, technical specifications are going to be pre-prepared by SORS (based largely on IPA 2007 outputs) and the tendering procedure is to be performed by EUD with participative involvement of representative(s) of SORS

Conditionality

The project is a continuation of a long lasting process of improving SORS capacities in view of EU accession, there is no precondition to be in place for the project to start. On the contrary, it is necessary to ensure its timely implementation in order not to lose the momentum and suitably exploit the positive impulse produced by previous assistance.

Sequencing

Both contracts within the project structure are going to be launched in the first quarter after the signature of the Financing Agreement:

- being the necessary technical specifications already detailed by IPA 2007 Project, a Supply Contract for the purchasing of the ICT infrastructure will be launched as the first stage of implementation of the new project;
- likewise, the Service Contract for the provision of adequate Technical Assistance alongside all three Project's planned results will start in close sequence to the signature of the supply contract, which will allow the adequate allocation of experts' resources throughout the overall 2 years of envisaged implementation.

The time interval between the starting of the two Contracts makes sense as their implementation is interlinked and cannot run separately.

4.3 CROSS CUTTING ISSUES

4.3.1 *Equal Opportunities and non discrimination*

N/A

4.3.2 *Environment and climate change*

Development and implementation SDIs in the statistical system will provide faster completing of the relevant databases. Data are going to be made available for surveys in the fields of environment, agro-environment, regional and rural development in line with main national and international requests, such as from Eurostat, EEA, FAO, OECD, EC, UN and for other different sector analyses.

4.3.3 *Minorities and vulnerable groups*

N/A

4.3.4 *Civil Society/Stakeholders involvement*

The involvement of civil society organizations and other relevant stakeholders has already been ensured notably in the design phase of the Project throughout the work of the Working group for projects in the Sector of Public Administration Reform and in line with the Action Plan for IPA programming proposed by SEIO. In accordance with the steps agreed in the respective Plan, and using a new mechanism of consultations with members of the CSOs' network for PAR Sector, some useful inputs have been obtained and subsequently integrated in the text of the project proposal. Likewise, the concept of work within Sector groups allowed for verification on the usefulness and timeliness of the project proposal by other relevant stakeholders from the Government (such as Secretariat General of the Government, Ministry of Finance and Economy, National Bank of Serbia) and Donor Community.

ANNEX 1: Logical framework matrix in standard format

LOGFRAME PLANNING MATRIX FOR Project Fiche		Programme name and number: Strengthening Serbian Statistical System by Upgrading Methodologies, Standards and appliance of the Good Practices	
Strengthening the Serbian Statistical System by Upgrading Methodologies and Standards and by the appliance of Good Practice		Contracting period expires 3 years after the signing of the FA	Disbursement period expires 5 years after the signing of the FA
		Total budget : EUR 4,8 m	IPA budget: EUR 4,8 m
Overall objective	Objectively verifiable indicators	Sources of Verification	
Harmonized methodologies, standards and good practices applied for the production of a reliable statistical basis necessary for Serbian social and economic system in view of the EU accession, and relevant statistics and indicators are available for use as basis for public policies in all key areas	Considerable improvement of the Serbian Statistical System registered Compliance with requirements of the <i>acquis</i> (Chapter 18: Statistics)	EC Progress Report Statistical Requirements Compendium	
Project purpose	Objectively verifiable indicators		Assumptions
Statistical System substantially upgraded in terms of improved availability, quality, comparability and timeliness of statistical data in accordance with requirements of the process of approximation to the European Statistical System	The level and timeliness of data exchange between SORS's units and between SORS and external partners improved National Accounts in compliance with the EU methodologies and standards New Sustainable Development Indicators developed and existing in higher compliance with EU and Serbian Sustainable Development Strategy	EC and Eurostat Progress Report Report from SMIS (Statistical Information Management System) Annual Statistical Report Reports by Serbian Government; Reports and publications by Eurostat, SORS and other public institutions Project progress reports Reports by the IMF and FAO	Government commitment to EU integration Financial support towards the statistical sector for the production of statistics Coordination of donor support
Results		Sources of Verification	Assumptions
Result 1. SORS's ICT system consolidated, optimized and standardized to better perform functions of exchange and dissemination of statistical data and metadata	Result 1: Timeliness of statistical data production and exchange improved for 10% HR input reduced Response burden reduced	Result 1: Calendar of statistical publications SORS's administrative time use survey. Yearly statistical implementation plan SORS and Eurostat reports, publications SORS's financial reports	Users' awareness on the need for planning and decision making based on quality and accurate data
Result 2. Institutional capacity, system and sources for the production of National Accounts (according to ESA 95) improved and supply and use tables compiled	Increased amount and quality of produced statistical information as compared to the period before project implementation Costs of collecting, compilation and production of statistical data reduced by 15-25% Common data bases in place via the cooperation with other users	Reports and publications by Eurostat, Serbian Government, SORS and other public institutions TA Final Report	Users' awareness on the need for planning and decision making based on quality and accurate data

<p>Result 3. Improved statistical production for a set of Sustainable Development Indicators (SDIs) for monitoring the quality of life, social development, environmental protection and long-term macroeconomic policy-making</p>	<p>and producers of the official statistics</p> <p>Result 2: Harmonised GDP compilation by production, expenditure and income approaches Data sources improved as a result of the better cooperation with other official statistics producers Annual and quarterly GDP calculation revised (at current and constant prices)</p> <p>Result 3: Database for a set of existing SDIs developed Database for a set of indirectly calculated SDIs developed Number of undertaken pilot surveys Information on the interpretation of each SDI provided</p>	<p>Result 2: Eurostat's annual progress assessments IMF reports Ministry of Finance and Economy and National Bank's reports TA Final Report Memorandum of cooperation in the area of macroeconomic and financial statistics</p> <p>Result 3: Eurostat's annual progress assessments IMF reports Reports of relevant Ministries of the Republic of Serbia TA Final Report</p>	<p>Strong support from the National Bank, the Ministry of Finance and Economy and other institutions involved in the identification and production of SDIs</p>
<p>Activities</p>	<p>Means</p>	<p>Costs</p>	<p>Assumptions</p>
<p>Related to Result 1: ICT and SDMX Activity 1.1: Software and Hardware upgrading Activity 1.2: Preparation and testing Activity 1.3: Statistical Data and Metadata Exchange Related to Result 2: SUT for NA Activity 2.1: Integration of SUT in the NA System Activity 2.2.: Capacity building Activity 2.3: Improvements and testing of statistical calculations Related to Result 3: SDIs Activity 3.1: Development of SDIs Activity 3.2: Conceptual and technical infrastructure of SDIs Activity 3.3: Pilot surveys</p>	<p>Supply Contract/system SW and HW purchasing Service Contract/Technical Assistance for all three results</p>	<p>IPA costs: 4.8 million EUR Supply Contract – 1.0 mil EUR Service Contract – 3.8 mil EUR</p>	

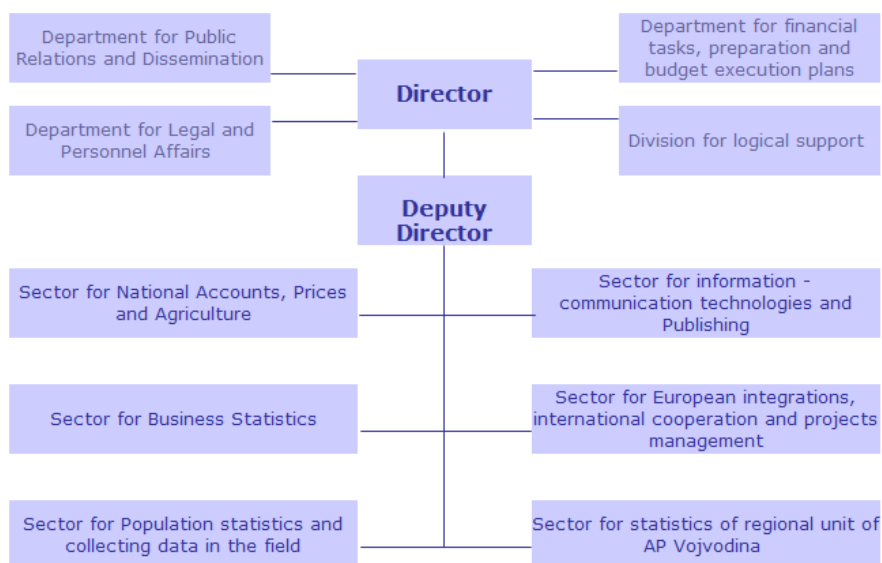
ANNEX 2 – Description of Institutional Framework

The main mechanism for coordination of development assistance consists of 8 Sector Working Groups. SORS is actively participating in the Sector Working Group for Public Administration Reform via the officially appointed representative of the institution. Apart from SORS, representatives of following other institutions are officially appointed for the membership in the group: Serbian European Integration Office, General Secretariat of the Government, National Assembly, Ministries in charge for Human and Minority Rights, Public Administration, Finance and Economy, Culture, Information and Information Society, Regional Development and Local Self-government and the Office of the National Council for Decentralization. However, representatives of donors, civil society and other key stakeholders are invited to participate in the work of groups in specific moments of the development assistance programming and implementation cycle. Sector working groups meet regularly at least four times a year but often more frequently (with regards to drafting of Needs Assessment document, consultations with donors and CSO representatives, programming of development aid, etc). Their task is to ensure inter-ministerial coordination of the relevant institution(s) with regards to planning, programming, monitoring and reporting on development assistance at operational level and improve programming of IPA Funds.

The Official Statistics Law ("Official Gazette of RS ", no. 104/2009) provides the legal frame for the production and dissemination of official statistics and also for the organization of the system of official statistics of the Republic of Serbia.

System of official statistics consists of: SORS, which realizes over 80% of overall statistical activities, National Bank of Serbia, City administration of the city of Belgrade – the territory of the city of Belgrade and other responsible producers of official statistics, such as Ministry in charge for Labour and Social Policy, Republic Fund for Pension and Disability Insurance, National Employment Service, Ministry of Health, Republic Fund for Health Insurance, etc. According to the previously mentioned, the SORS is in charge of preparation of the legal acts and institutional frame that provide the conditions for: obtaining the most significant statistical indicators; development of official statistics in the direction of methodologies, classifications, nomenclatures and statistical practices harmonization, according to the internationally accepted standards; increasing the level of comparability of official statistics with statistics of other countries and statistics of international organizations, promoting the role and importance of official statistics in the society. This primarily refers to the Law on Official Statistics, Development Strategy of the Official Statistics, Five year Program of Official Statistics, Annual Plans of Statistical Surveys and internal system and systematization within the SORS.

Organizational chart of the SORS



In the process of official statistics development, regional departments of the Office play the significant role. Namely, the greatest number of statistical surveys is conducted in the field, via regional departments, thus making the departments very important for the whole statistical system. Direct contacts with the reporting units and data sources present great advantages and they make the obtained data timely and of higher quality. Upgrading the already existing ways of data collecting and also introducing some new methods (phone, Web, etc.), as well as better organization of field work will certainly contribute to improved quality of the whole statistical system. The main preconditions relate to enhanced technical equipment in regional offices, also including the possibility of constant expert trainings of the employed.

Detailed overview of the regional departments of the SORS is available on the following electronic address: <http://webrzs.stat.gov.rs/axd/en/podrod.php>

Steering committee:

Control and guidance of Project implementation will be the responsibility of the Project Steering Committee (PSC). The PSC will encompass representatives of the beneficiary (SORS), other key partners involved in Project implementation and the EU Project Manager.

Project Management Unit (PMU) will be established in order to ensure the internal co-ordination of the Project operations, continuous interaction with the Technical Assistance team, and particularly to synchronize actions and feed the discussion of the PSC with relevant reports and implementation plans.

Senior Program Officer (SPO) within the scope of the IPA 2012 Project is Director of the SORS, Mr. Dragan Vukmirovic. SPO will also chair the meetings of the Project Steering Committee.

ANNEX 3 - Reference list of relevant laws and regulations only where relevant

- COMMISSION REGULATION (EC) No 1201/2009 of 30 November 2009 as regards the technical specifications of the topics and of their breakdowns;
- COMMISSION REGULATION (EU) No 1151/2010 of 8 December 2010 regarding the modalities and structure of the quality reports and the technical format for data transmission;
- Council Regulation (EC) No 2223/96 of 25 June 1996 on the European system of national and regional accounts in the Community;
- The Official Statistics Law (“Official Gazette of RS”, No. 104/2009);
- The Statistical Surveys Act (“Official Gazette of RS”, No. 83/92);
- The Regulation Act on Defining of Statistical Surveys (“Official Gazette of RS”, No. 110/2009)
- Program of Official Statistics in the period 2011-2015 (Adopted by Government 08.11.2010, to be adopted by National Assembly)
- National Sustainable Development Strategy (“Official Gazette of RS”, No. 52/08)
- Serbian Strategy of IT Society Development (“The Official Gazette RS” Nr.87/06)

European Partnership

- Short term priorities, Sectoral policies, Statistics: “Continue the development of national accounts to ESA 95 including improving the data sources”
- Medium term priorities, Sectoral policies, Statistics: “*Further develop all sectoral statistical areas*”

Stabilization and Association Agreement (SAA), Article 90

National Plan for Integration of the Republic of Serbia into the European Union, section 3.18. Subsections 3.18.4.2 and 3.18.3.2:

- producing the Supply and Use tables in the frame of IPA national project;
- expenditure method of GDP calculation, in constant prices.

Programme of Official Statistics in the period 2011-2015 (Adopted by Government, to be adopted by National Assembly).

Development Strategy of the Official Statistics in the Republic of Serbia (2009).

Information Communication Technology (ICT) Development Strategy 2006-2010 (2005).

Sustainable Development Strategy of the Republic of Serbia (2008).

The five-year EU Statistical Programme (Decision No.1578/2007/EC)

Sixth Environmental Action Programme (6th EAP 1600/2002)

EU Sustainable Development Strategy (EU SDS SEC (2005) 161 final) - and “Renewed Strategy” 10917/2006)

Lisbon Strategy (environmental aspects) in order to complete the database for the calculation of national, structural and sustainable development indicators

Multiannual Indicative Planning Document 2011-2013 (MIPD) Chapter 3.2 on Public Administration Reform (Subchapter 3.2.3 Sector Objectives for EU support over next three years (2011-2013), page 18):

- to further align the statistical system with the EU acquis and to further enhance coordination of statistical activities;
- production and dissemination of reliable statistical data.

The Needs Assessment of the Republic of Serbia for International Assistance (2011-13)

Priority 1, Enhance professional development of employees and institutional capacity of the civil service at all levels.

- Measure 1.3, Improving the functioning of public administration bodies and strengthening their capacities

Priority 2, Improve development and implementation of efficient public policies.

- Measure 2.1, Ensuring conditions for the improvement of the strategic and operational planning process.

Priority 4, Reengineer administrative processes through the introduction of new IT solutions.

- Measure 4.1, Improving the efficiency of the PA process through the application of new IT solutions
- Measure 4.2, Establishing high quality ICT infrastructures

ANNEX 4 - Details per EU funded contract (*) where applicable:

Implementation of the present Project is envisaged via 2 EU-funded contracts:

Contract	Description	Cost Estimates (EUR m)
Supply Contract	<p>One Supply Contract for the purchasing of the system software and hardware necessary for the consolidation of the SORS's ICT infrastructure on the basis of the technical specifications included in the Feasibility Study produced within the framework of the IPA 2007 project.</p> <p>The supply will consist of implementing the newest technologies (virtualization, cloud computing etc.) with the aim to make the ICT infrastructure technologically more efficient and effective, easier maintainable according to the value for money criteria in both Central and the 14 regional statistical offices:</p> <ul style="list-style-type: none"> - Hardware infrastructure procurement - Consolidation of the ICT infrastructure <p>For additional information on supply contract see also Annex VI</p>	1,0 million EUR

Contract	Description	Cost Estimates (EUR m)
Service contract	<p>In line with the activities listed in this project fiche, one Service Contract for the mobilisation of Technical Assistance to implement:</p> <ul style="list-style-type: none"> • Consolidation of the SORS' ICT infrastructure <ul style="list-style-type: none"> - Preconditions and procedures analysis for the introduction of the SDMX standard - Implementation of the SDMX standard - Common database standards and procedures prepared and tested • National Accounts • Sustainable Development Indicators 	3,8 million EUR

ANNEX 5 - Project visibility activities

As this is, according to most of the planned interventions, a project on strengthening of structural capacities of SORS, there shall not be many outreach activities of interest for wider public. For the totality of the project at least it will be ensured that EU support is adequately presented in the Reports prepared by SEIO on planned and (later on) past EU assistance. However, for the activities within the scope of the third result of the present project on SDIs, in order to achieve a good communication with institutions perceived as sources of relevant data (MoFE, NBS), as well as with users, and in order to enhance SDI's fitness for policy management, it shall be necessary to provide "users' guide" for each indicator, so to help in their interpretation. Thereby, SORS is prepared to invest significant time and effort on information about indicators and making them useful for monitoring policies, producing indicator reports, sets of indicators, publications, web pages, etc. Project will contribute in making cross-institutional analyses and increase the knowledge on existing data in order to identify which agency institution/body is producing what and who is using it, as well as to assess gaps, streamline data collection and improve coordination for a better use and compilation of SDI's.

ANNEX 6

Needs assessment for the Supply contract of the Project Fiche: “Strengthening Serbian Statistical System by Upgrading Methodologies, Standards and appliance of the Good Practices”

1. Background

1.1. Context and rationale

This project will help the Statistical Office of the Republic of Serbia (SORS) to adopt more modern methodologies and adequate mechanisms, recognized and accepted by Eurostat, as well as IMF, OECD and other relevant international organizations and institutions. In order to respond to the challenges of complying with the European Statistical System, this project will help SORS upgrading its ICT system, improvement of the system of producing National Accounts (NA) and develop a set of Sustainable Development Indicators (SDIs). The project will contribute to the increased quality of statistical system as a whole and reliability and precision of statistical data. Through the introduction of SUT as well as in the identification of SDIs, the project will noticeably impact in the improvement of reliability and precision of calculations. Upgraded ICT would enable SORS to effectively play the coordination role given by the Law of the Official Statistics; especially for the purpose of: creating and maintaining databases resulting from official statistics; conducting dissemination of official statistical data and setting implementation standards to be adopted by all authorized producers of official statistics.

The standardization of the statistical data exchange should enable interoperability among national and international organizations and reduce the national reporting burden to European and international institutions. In order to harmonize the statistical information system, it is necessary to establish standards for all statistical processes in line with the EU standards. In terms of data exchange, it means introducing the Statistical Data and Metadata Exchange standard (SDMX). The aim of SDMX is to develop and use more efficient processes for exchanging and sharing statistical data and metadata.

The needs for the supply contract for this project have been identified through the project “Improving Structural Capacity of the Serbian Statistical Office in view of approximating European Statistical System (ESS) requirements” (IPA 2007), which made basis for ICT upgrading as well as for the introduction of the SUT. The IPA 2007 project has terminated in July 2011. The project proposed for financing under IPA 2012 should enable the implementation of the recommendations for ICT improvement given in the IPA 2007 project. It has been estimated that those recommendations can be addressed to a great extent by means of experts’ engagement, i.e. within the scope of a Service Contract. This has been envisaged accordingly within the present project, so apart from providing assistance for components on NAs and SDIs, the Consultant shall be given tasks related to undertaking procedural analyses and establishing preconditions for the introduction of the SDMX standard, implementation of the SDMX standard as well preparation of standards and procedures for the common database and the subsequent testing

The supply contract is conceived to address purchase and consolidation of the ICT infrastructure as outlined in the table below.

1.2. Legal context (including requirements from EU acquis and new legislation)

EU Acquis and legislation

- ***EU Acquis Chapter18:*** This supply contract and this project will contribute towards further progress in implementation of the *acquis* in this specific area treated within the chapter 18 on Statistics. More particularly, the supply contract copes with the objectives of the subchapter on Statistical Infrastructure within the Statistics *acquis* chapter.
- COMMISSION REGULATION (EC) No 1201/2009 of 30 November 2009 as regards the technical specifications of the topics and of their breakdowns;
- COMMISSION REGULATION (EU) No 1151/2010 of 8 December 2010 regarding the modalities and structure of the quality reports and the technical format for data transmission;
- Council Regulation (EC) No 2223/96 of 25 June 1996 on the European system of national and regional accounts in the Community;
- The five-year EU Statistical Programme (Decision No.1578/2007/EC)

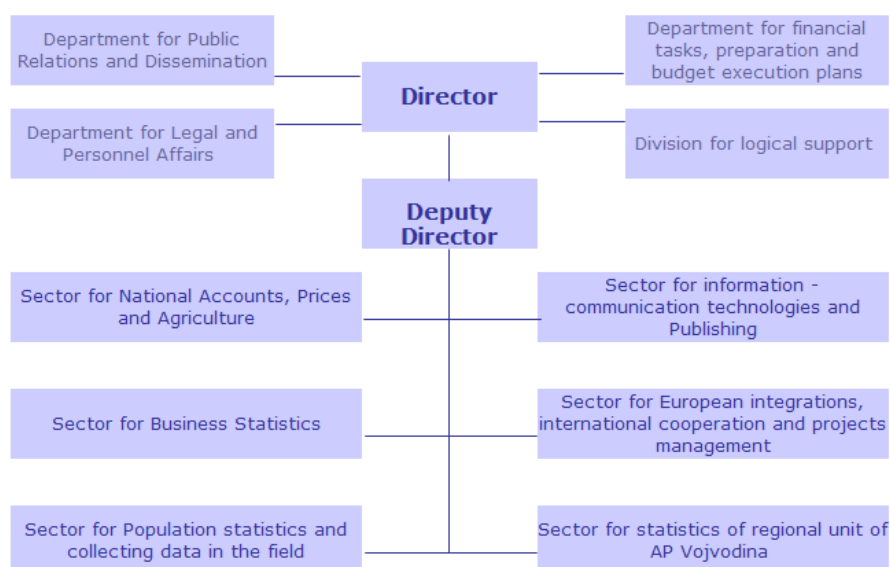
National Strategies and legislation

- National Sustainable Development Strategy (“Official Gazette of RS”, No. 52/08)
- Information Communication Technology (ICT) Development Strategy 2006-2010 (2005).
- Serbian Strategy of IT Society Development (“The Official Gazette RS” Nr.87/06)
- The Official Statistics Law (“Official Gazette of RS”, No. 104/2009);
- The Statistical Surveys Act (“Official Gazette of RS”, No. 83/92);
- The Regulation Act on Defining of Statistical Surveys (“Official Gazette of RS”, No. 110/2009)
- Program of Official Statistics in the period 2011-2015 (Adopted by Government 08.11.2010., to be adopted by National Assembly)
- Law on Official Statistics, Development Strategy of the Official Statistics, Semi – annual Program of Statistical Surveys and internal system and systematization within the Office.

1.3. Institutional context

The Statistical Office is in charge of preparation of the legal acts and institutional frame that provide the conditions for: obtaining the most significant statistical indicators; development of official statistics in the direction of methodologies, classifications, nomenclatures and statistical practices harmonization, according to the internationally accepted standards; increasing the level of comparability of official statistics with statistics of other countries and statistics of international organizations, promoting the role and importance of official statistics in the society. This primarily refers to the Law on Official Statistics, Development Strategy of the Official Statistics, Semi – annual Program of Statistical Surveys and internal system and systematization within the Office.

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In the process of official statistics development, regional departments of the Office play the significant role. Namely, the greatest number of statistical surveys is conducted in the field, via regional departments, thus making the departments very important for the whole statistical system. Direct contacts with the reporting units and data sources present great advantages and they make the obtained data timely and of higher quality. Upgrading the already existing ways of data collecting and also introducing some new methods (phone, Web, etc.), as well as better organization of field work will certainly contribute to improved quality of the whole statistical system. The main preconditions relate to enhanced technical equipment in regional offices, also including the possibility of constant expert trainings of the employed. Detailed overview of the regional departments of the SORS is available on the following electronic address: <http://webrzs.stat.gov.rs/axd/en/podrod.php>

2. Gap assessment

The multidimensional assessment of the current ICT System at SORS aimed at pointing out problematic issues and weaknesses concerning the system. The results clearly show the advantages of the Open System environment against the two-platform system. Therefore, the main objective of the new ICT Strategy is to set forth the directions for a rapid and efficient transition from the existing system to a homogeneous Open System environment. In fact, in the current SORS ICT system statistical data are generally held across a variety of platforms. In addition to geographical storage disparity, the data is often in different formats and this together requires a substantial effort when performing more complex statistical analyses, when merging data from different surveys or in time series calculations. This data disparity and inconsistency of formats is the main driver for the development of a statistical data warehouse. The data warehouse would form single data storage for all statistical data. In addition to the data warehouse, it is required to develop and manage comprehensive metadata.

Hence, the implementation of the ICT infrastructure upgrade, formulated through the recommendations of the project “Improving Structural Capacity of the Serbian Statistical Office in view of approximating European Statistical System (ESS) requirements” (IPA 2007), as well as software system upgrade and the introduction of standards are of outmost importance.

This Supply Contract is for the purchasing of the system software and hardware necessary for the consolidation of the SORS’s ICT infrastructure on the basis of the technical specifications included in the Feasibility Study produced within the framework of the IPA 2007 project.

More specifically, the supply will consist in implementing the newest technologies (virtualization, cloud computing etc.) with the aim to make the ICT infrastructure technologically more efficient and effective, easier maintainable according to the value for money criteria, such as:

- developing centralised IT infrastructure required to perform data collection, validation and aggregation in both Central and the 14 regional statistical offices;
- implementing centralised storage solution for backups and archives (blade servers as virtual servers, SAN type storage system, and updated SW such as SAS, SPSS, Blaise, ecc.)

establishing stable communication channels between Central and Regional offices
ensuring work from Regional offices with the servers located in the Central office

3. Financial sustainability

Project sustainability in terms of ICT infrastructure upgrading will provide grounds for integration of processes, improvement of data quality, cutting redundancies and significantly improve work effectiveness. Data and application will be operating in more secure and safe environment, cutting risks of information losses.

By replacing obsolete and difficult-to-maintain legacy system with new equipment, SORS will cut costs in area of maintenance and support and will also be in position to better manage human resources and to be more productive. Optimisation of ICT will put SORS ICT staff in a position to concentrate on core business activities, rather than on maintaining of a disintegrated system. Moreover, employment process and potential outsourcing will be easier by introduction of more updated and standardised platforms. In a process of consolidation of procured equipment, level of utilization of every single item will be increased

4. Indicative list of equipment (incl. estimated prices based on market analysis and locations)

Basic Technical Specifications	Total Cost
1. Hardware infrastructure procurement	€807,500.00
1.1. Central server system equipment in central location	€190,000.00
1.2. Storage and backup infrastructure in central location	€90,000.00
1.3. Supporting servers in central location	€85,000.00

1.4. Server system equipment and storage and backup features of disaster recovery site	€100,000.00
1.5. Workstations for central office (100 pcs)	€50,000.00
1.6. Workstations for regional offices (80 pcs)	€40,000.00
1.7. Adequate server infrastructure equipment for regional offices	€55,000.00
1.8. Active communication equipment	€90,000.00
1.9. Passive network equipment	€35,000.00
1.10. Installation of wireless access points	€25,000.00
1.11. Uninterruptible power supply equipment for central location	€10,000.00
1.12. Uninterruptible power supply equipment for regional offices	€13,000.00
1.13. Security devices for central location data center	€25,000.00
2. Consolidation of the ICT infrastructure	€120,000.00
2.2. Services for installation of data center equipment in central location	€45,000.00
2.3. Services for installation of data center equipment in disaster recovery site	€45,000.00
2.4. Services for installation of data center equipment in regional offices	€30,000.00
3. Licences for basic application softwares	€72,000.00
Total estimated cost of the investment	1,000,000.00 €

5. Indicative Timetable/scheduling/sequencing

Both contracts within the project structure are going to be launched in the first quarter after the signature of the Financing Agreement:

- being the necessary technical specifications already detailed by IPA 2007 Project, a Supply Contract for the purchasing of the ICT infrastructure will be launched as the first stage of implementation of the new project;
- likewise, the Service Contract for the provision of adequate Technical Assistance alongside all three Project's planned results will start in close sequence to the signature of the supply contract, which will allow the adequate allocation of experts' resources throughout the overall 2 years of envisaged implementation