

Standard Summary Project Fiche – IPA centralised programmes

Project 5: Support for alignment of Albanian Statistics with EU standards

1. Basic information

1.1 CRIS Number: 2007/19353

1.2 Title: Support for alignment of Albanian Statistics with EU standards

1.2. A: Capacity building in National Accounts

1.2. B: Economic census of non-agriculture enterprise

1.2. C: Agricultural census in order to improve and strengthen the Agricultural statistics.

1.3 Sector: 03.18

1.4 Location: Albania

Implementing arrangements:

1.5 Contracting Authority (EC)

European Commission Delegation

1.6 Implementing Agency: European Commission Delegation

1.7 Beneficiary (including details of project manager): INSTAT

1.8 Overall cost: 2.850.000 Euro

1.9 EU contribution: 2.850.000 Euro

1.10 Final date for contracting: 3 years following the date of conclusion of the Financing Agreement.

1.11 Final date for execution of contracts: 2 years following the end date for contracting

1.12 Final date for disbursements: Disbursements will continue for up to one year after the end date for the execution of contracts

2. Overall Objective and Project Purpose

2.1 Overall Objective: Improving the Albanian Statistics in order to meet the EU requirements and offer better service to all users.

2.1. A: To ensure full implementation of EU standards in the compilation of the national GDP and to help to establish a system of national accounts in the country.

2.1. B: The economic census will bring an updated statistical business register according to the international recommendations (EUROSTAT) and standards which will serve to produce various range of economic statistics reliable, accurate and as fast as possible to the users' hand.

2.1. C: To establish an updated Farm register in order to produce reliable agriculture statistics in line with EU requirements that will contribute to

improvement of the National Account System in Albania and the establishment of a regular system of sample-based farm surveys.

2.2 Project purpose:

2.2. A: Produce GDP figures and improve the coverage and timelines of national accounts aggregates in line with Eurostat standards.

2.2. B:

1. Ensure the complete coverage of all economic units operating in the country
2. Improve the quality of the different variables of enterprises
3. Ensure the registration of all small units
4. Avoid duplicated enterprises in the register
5. Improve the business register by cleaning it from sleeping enterprises.

2.2. C:

1. Establish a Farm Register.
2. Use the Farm Register for conducting Agricultural Surveys.

2.3 Link with AP/NPAA / EP/ SAA

According to the European Commission recommendations established in the European Partnership Document and the obligations coming from the SAA, the middle-term priorities (2008-2009) in the area of statistics are:

- *The development of social and business statistics, including the labour market statistics and progress in the implementation of all European classifications, including the classification of statistical regions.*
- *INSTAT, within 5 years from the entry into force of the SAA, should be able to submit to the European Commission its GDP per capita figures harmonised at NUTS II level according to the article 38 of the Bilateral Agreement.*
- *Assure the raise of a stable and effective statistical system able to offer objective and accurate data necessary for planning and monitoring the transition and the reforms process in Albania as well as the progress in the implementation of SAA as well.*
- *The Statistical Collaboration should make possible for INSTAT to better meet the needs of national customers (both public administration and private sector). The Statistical System should respect the fundamental principles issued by the United Nations and the stipulations of the European Statistical Law and develop towards the Acquis Communautaire.*

The statistical activities to be carried out in order to implement the abovementioned priorities are the following:

- General registration of all economic agricultural units, in order to create a Farm Register to be used as sampling frame for agriculture surveys.
- The Labour Force Survey (LFS) for the improvement of the labour indicators.
- A trimester survey nearby the borderlines and hotel enterprises for the tourism indicators. The approximation of legislation shall be carried out over the middle-term period in the area of statistics focusing mostly on the social and regional statistics and on the continuity of the activities for the economic statistics. Here, the implementation activities planned to be undertaken are:

- The implementation of NACE II according to the Regulation 31990R3037
- Field work, data possessing of LFS
- LFS publication
- Household budget survey
- Improvement of methodology for collecting statistics in accordance with the Council Regulation no.31995L0064
- Improvement of water, merchandise and passengers statistics in accordance with the Council Regulation no.31998D0385
- Publication of statistical data on water transportation in accordance with the Council Regulation no.32001D0423
- Implementation of CPA 32001D0423 revised in accordance with the Council Regulation no.31993R3696
- Improvement of tourism trimester statistics (ATN) in accordance with the Council Regulation no.31995L0057
- Design of survey methodology in borderlines in accordance with the Council Regulation no.31999D0035

For the implementation of the Acquis in these areas, INSTAT will also be supported by the technical assistance of CARDS 2005, CARDS 2006 and Regional CARDS 2003 programmes.

Those middle-term activities to be undertaken in the framework of the reporting of GDP at NUTS II level are:

- Annual Survey of New Enterprises (SNE) and Structural Enterprises Survey (SES).
- Improvement and updating of the Statistical register.
- Improvement of indicators for sub-sectors S.123 and S.124 and of other financial intermediaries and of the general agriculture census. Input/Output analysis at current prices should be undertaken building up assessment supply and use tables and implementing the constant prices methodology.
- Based on the prepared methodology for the assessment method of the income account, the calculation of GDP should be piloted based on the revenues method starting from the wage assessment and other elements as well.
- A statistical survey on the economic agricultural units prices

2.4 Link with MIPD Priority

This project is proposed according to the 2.2.3.3 and 2.2.2.3 sections of the IPA/MIPD 2007 - 2009 titled "Programmes to be implemented".

2.5 Link with National Development Plan (where applicable):

This project is consistent with the 5-year Official Statistics Programme 2007-2011 in Albania.

2.6 Link with national/ sector investment plans (where applicable): NA

3. Description of project

3.1 Background and justification:

3.1.A: Although recent methodological improvements have been introduced to the calculation of national GDP figures, further progress needs to be made in areas such as those of various indexes, household consumption, Non Profit Institutions consumption, Gross fixed capital formation estimation, so GDP by type of expenditure, exhaustiveness of GDP and quarterly GDP. First a programme of regular flash estimates of GDP and then the development of supply and use of tables will be launched.

The success of the implementation of these recommendations depends very much on the mobilisation of all INSTAT internal resources as well as on the full support of foreign technical assistance to be attached to INSTAT, for at least one year.

3.1. B: INSTAT has established since 1994 an administrative business register of non agricultural enterprises. The setting up of the business register was accomplished based on the administrative data coming from the regional tax-office. The importance of this administrative register is related with its functions, such as, the base for sampling frame to conduct statistical surveys, demographic analyses of enterprises, publication of enterprises data, and finally as a marketing tool by offering to the users lists of enterprises upon their request for market analyses.

The current business register of enterprises despite having played a very important role, suffers from some problems related to the low quality of different variables, duplicates in the register, existence of unregistered enterprises, presence of non active enterprises and of limited information on the description of the economic activity as well as a lack of information on employees, etc. Those problems are mainly due to the low quality of administrative sources of information. An economic census will solve the main issue related to the above mentioned register which is the coverage country wide and will ensure better presence of all economic operators in the Albanian economy and for sure will bring better quality to the enterprises statistics. In parallel to it, a sufficient conceptual know-how to prepare the methodology and definitions for business surveys will have to be built up in line with EUROSTAT's requirements.

3.1. C: Agriculture is the dominant sector of the Albanian economy, contributing to 25-30% of the GDP. The general census of agricultural economic units in 1998 enabled INSTAT to create then an accurate overview on the sector structure. However the lack of other ongoing statistical activities resulted in the lack of outcomes to measure development. To complete the important registration activity, INSTAT would need to set up an updated register of agricultural economic units for the further achievement of sampling surveys in this field; as the result of lack of funds and necessary human resources, these activities have been achieved superficially and in an inconsistent manner. The current situation of agriculture statistics can be described as follows:

- a. insufficient information on structures of agricultural holdings
- b. insufficient information on production and distribution of agricultural and livestock products
- c. Lack of information about the periodical changes of livestock heads

3.2 Assessment of project impact, catalytic effect, sustainability and cross border impact (where applicable)

- Introducing quarterly GDP figures together with the yearly improved one will serve better not only decision-makers but also the whole Albanian society.

- Holding large scale operations like the economic census combined with calculation of an official GDP figure constitutes a major building block for a future system of surveys. In the area of surveys with non agricultural businesses, one regular annual survey and one quarterly survey on a sampling basis (plus non-sampling surveys for price data) have existed, but they were based on a rather fragile basis of the statistical business of these enterprises.
- The project will support the establishment of a regular system of sample-based farm surveys.
- The project will definitely generate a high interest from the government combined with putting additional funds for follow-up statistical activities.

3.3 Results and measurable indicators:

Results in relation with activity 1:

- Yearly GDP figures produced according to the National Time-Table of publication.
- Better estimation of Non-Observed economy.

Results in relation with activity 2:

- Establishing an updated register of Legal Units, Enterprises and Local Units.

Results in relation with activity 3:

- Establishing an updated Farm register.

Measurable indicators in relation with activity 1:

- New statistics including GDP figures published; EU quality indicators related to GDP figures by expenditure types

Measurable indicators in relation with activity 2:

- Improved quality of the statistical business register; reduced number of unregistered companies

Measurable indicators in relation with activity 3:

- Structures of agricultural holdings made known; production and distribution of agricultural and livestock products properly identified

3.4 Activities:

(including **inputs** = precise list of **contracts** to be deployed in relation to it / including where applicable national funded contracts concurring to the activity as well as identification of source of co financing funding and its availability)

Activity 1: Capacity building in National Accounts

Activities to be covered by IPA programme 2007: (Long-Term adviser in National Accounts, 6-10 months)

- Technical advice to develop additional data sources.

- Technical advice to increase internal capacities for carrying out further analysis and studies.
- Training in house and study visits, to share the experience with other countries in the field of statistics.
- Development of IT systems and provision of equipment.

Activity 2: Economic census of non-agriculture enterprises

2.1 Activities to be covered by INSTAT

- Design and approve the specific law for conducting an economic census, already required in the new statistical law.
- Set-up the project unit to ensure the implementation of economic census's project
- Use of the information from existent sources for identifying in a better way the units in rural areas.

2.2 Activities to be covered by INSTAT through technical assistance from Swedish statistical office (ref. project document, - support and technical assistance for Albanian economic statistics, 2006-2009)

- Design the methodological framework of the economic census including design of questionnaires, determine the proper definitions, classification, variables, statistical indicators, etc, according to the EU standards.

2.3 Activities to be covered by IPA programme 2007(Implementation of the economic census including the following activities):

- Update the cartography system to serve better identification of economic units in urban areas.
- Production/printing of questionnaires,
- Training of enumerators and training facilities,
- Data collection through enumerators by personal interviews,
- Transport of census 's materials,
- Provision of equipment for data entry, data processing , tabulations ,analyses
- Preparation and dissemination of final census results
- Training in house and study visits, to share the experience with other statistical countries.

Activity 3: Agricultural census

3.1Activities to be covered by INSTAT (National Steering committee)

- Design and approve the specific law for conducting an agriculture census, already required in the new statistical law.
- setting up of the working group with representatives from INSTAT and the Ministry of Agriculture for allocation of tasks needed for the preparation of census and post census activities (reference to Official Statistical Programme 2007-2011) and the Memorandum of Understanding)
- Use of the information from existent sources for better identification of the units in rural areas.
- Design the methodological framework of the agriculture census including design of questionnaires, determine the proper definitions, classification, variables, statistical indicators, etc, according to the EU standards.

3.2 Activities to be covered by IPA programme 2007 (Implementation of the agriculture census includes the following activities):

- Up-dating of the system of cartography to serve for better identification of the agriculture units.
- production /printing of questionnaires
- training of enumerators and training facilities,
- data collection through enumerators by personal interviews,
- transport of census 's materials,
- provision of equipment for data entry, data processing , tabulations ,analyses
- preparation and dissemination of the final census results
- Training in house and study visits, to share the experience with other statistical countries.

3.5 Conditionality and sequencing:

- Conditions attached to the project: A political commitment from the government to maintain and further the reform agenda is needed combined with sufficient financial resources for statistics coming from the national budget.
- The relevant ministries must cooperate with INSTAT notably regarding National Accounts, enterprise and agriculture statistics. A factor of success will be effective allocation of tasks of the working group with representatives from INSTAT and Ministry of Agriculture, which is needed for the preparation of census and post census activities.
- In this process, it is essential that the government adopts the respective specific statistical laws in carrying out economic and agriculture census while the five-year programme of Instat should be ratified by the parliament.
- Coordination and joint planning with Eurostat with regard to the components of this programme would be necessary.

3.6 Linked activities:

A Multi-beneficiary Statistical Cooperation Programme led by Eurostat will be implemented under IPA 2007 (to cover all Western Balkan countries except Croatia), at total of EUR 3 million. The Multi-beneficiary project will focus on macro-economic statistics, price statistics, external trade statistics, agricultural statistics, population statistics and improved transmission of statistical data. During the programming of both the Multi-beneficiary and the national programmes, overlaps have been avoided and complementarity of the two projects has been ensured.

The Eurostat preparatory project on agricultural censuses would usefully **precede** the IPA 2007 national project.

On the macro-economic statistics Eurostat has tentatively identified as targets improvement of the national accounts/alignment with ESA 95 and improvement of price statistics used for deflation of current figures. However, the activities as described in project fiche, page 5, do not overlap but are complementary.

Current statistical activities are also contributing to the improvement of the quality of the statistical business register such as the survey on newly created enterprises as well as other statistical surveys on enterprises on yearly and quarterly basis. Since 2001, a project on improving the Albanian statistical business register (both surveys and register) is being implemented by the Sweden Statistical Office. This support to the area of business

statistics will also be used as input to improve the quality of GDP estimations from the production side.

The World Bank has sponsored a Living Standards Measurement Survey plus a Household Budget Survey. Rather than setting-up competing surveys, the short and medium term objective is to use these surveys as input for the National Accounts compilations from the expenditure side. If necessary, the World Bank should be convinced to modify its methodology to accommodate EC requirements.

Albania is also benefiting from 2003 CARDS Regional Programme, which has started in June 2006. This Regional Programme comprises 3 pilot projects on external trade statistics, purchasing power parities and migration statistics. In addition, it includes technical assistance for participation in Eurostat Working Group meetings, training courses, study visits and provision of short-term expert's advice. The Regional Programme will be complementary to the National Programme and the results for instance on external trade statistics will be used for the improvement of National Accounts statistics foreseen in the framework of the National Programme.

3.7 Lessons learned

3.7. A: From the last project financed by both the EU and the IMF, a list of recommendations has been proposed to INSTAT and has been taken into account in designing this project.

The main topics to be further developed in National Accounts in order to consolidate the results achieved so far from the Twining project under CARDS 2002 Programme are:

1. expand the scope of annual accounts to include the income account, the capital account, and the rest of the world account;
2. improve demand side GDP estimates at current and constant prices (in particular the household consumption and change in inventories);
3. further investigate the deflation methodology of output in particular for the service sector;
4. increase the information currently available on labour input in NA in order to implement a calculation of labour productivity;
5. develop a methodology to estimate the generation of income account starting from the estimate of wages and salaries;
6. concerning NOE, to introduce further methodological innovations, in particular by implementing a check procedure on economic data declared by enterprises to correct/estimate the underreporting of value added;
7. deepen the Input/Output analysis at current prices by introducing the supply and use of tables estimates and to implement the methodology for constant prices;
8. improve timeliness of the GDP estimates to comply with the General Data Dissemination System recommendation (9 months).
9. include non deductible VAT in the valuation of intermediate consumption to comply with the ESA 95 concept of purchasers' price; and

10. develop quarterly national accounts.

3.7. B: Professional experience gained so far, through two other censuses already conducted by INSTAT, the population and buildings census in 2001, and the census in agriculture sector in 1998, brings more in focus the importance of conducting the economic census of enterprises under this IPA 2007 project.

4. Indicative Budget (amounts in €)

Activities	TOTAL COST	SOURCES OF FUNDING										
		EU CONTRIBUTION				NATIONAL PUBLIC CONTRIBUTION					PRIVATE	
		Total	% *	IB	INV	Total	% *	Central	Regional	IFIs	Total	% *
Contract 1 (one service contract covering the 3 activities)	2.65 M	2.65 M	100	2.65 M	0	0	0	0	0	0	0	0
Activity 1 (National Accounts)	0.3 M	0.3 M	100	0.3 M	0	0	0	0	0	0	0	0
Activity 2 (Economic census)	0.9 M	0.9 M	100	0.9 M	0	0	0	0	0	0	0.7 M Swedish Statistical Office	0
Activity 3 (Agricultural census)	1.45 M	1.45 M	100	1.45 M	0	0	0	0	0	0	0	0
Activity 1 (National Accounts)												
Contract 2.1 (IT equipment)	0.05 M	0.05 M	100	0	0.05 M	0	0	0	0	0	0	0
Activity 2 (Economic census)												
Contract 2.2 (IT equipment)	0.1 M	0.1 M	100	0	0.1 M	0	0	0	0	0	0	0
Activity 3 (Agricultural census)												
Contract 2.3 (IT equipment)	0.05 M	0.05 M	100	0	0.05 M	0	0	0	0	0	0	0
TOTAL	2.85 M	2.85 M	100	2.65 M	0.2 M	0	0	0	0	0	0.7 M	0

* expressed in % of the Total Cost

5. Indicative Implementation Schedule (periods broken down per quarter)

Contracts (EC contribution)	Start of Tendering	Signature of contract	Project Completion
Contract 1	1 st Quarter 2008	2 nd Quarter 2008	4 th Quarter 2010
Contract 2.1	1 st Quarter 2008	2 nd Quarter 2008	4 th Quarter 2010
Contract 2.2	1 st Quarter 2008	2 nd Quarter 2008	4 th Quarter 2010
Contract 2.3	1 st Quarter 2008	2 nd Quarter 2008	4 th Quarter 2010

6. Cross cutting issues (where applicable)

6.1 Equal Opportunity

The INSTAT observes equal opportunity rules in its recruitment and human resources development policy. In addition, gender-disaggregated data will be included in the project activities where relevant.

6.2 Environment: N/A

6.3 Minorities: N/A

ANNEXES

- 1- Log frame in Standard Format
- 2- Amounts contracted and Disbursed per Quarter over the full duration of Programme
- 3 - Reference to laws, regulations and strategic documents:
Reference list of relevant laws and regulations
Statistical Law, February 2004,
5-year Official Statistics Programme, 2007-2011
MOU with Tax administration, 2005
MOU with Ministry of Agriculture
ESA 95,
Various *acquis communautaires* in the areas of agriculture statistics, and enterprises.

Reference to AP /NPAA / EP / SAA

The proposed project will support the improvement of the national statistical system in the country and specifically the areas covered directly from INSTAT as well as other statistical agencies, such as the Ministry of Agriculture.

The objectives of this project are in line with:

- the main strategic objectives of 5-year Official Statistics Programme, 2007-2011
- the requirements of the SAA, specifically, producing improved GDP figures at II digit levels of NUTS (Statistical Classification of Territorial Units).

Reference to MIPD:

This project is proposed according to the 2.2.3.3 and 2.2.2.3 sections of the IPA/MIPD 2007 -2009 titled “Programmes to be implemented”.

Reference to National Development Plan: NA

Reference to national / sector investment plans: NA

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

For *TA contracts*:

Contract 1 is a service contract which will deliver Technical Assistance* in the field of National Accounts, economic census of non-agriculture enterprises and agricultural census.

*The rationale for having Technical Assistance rather than Twinning is the urgency of the agriculture and business censuses to be prepared. A team should be in place to guide the census implementation units, which are usually set up well in advance of the censuses (even one year before the censuses take place). In case of twinning, there is a risk that the deadlines will not be met for mobilising the team. In addition, in terms of the specific professional expertise required, this project would need to have in place teams that have a sound knowledge of systems (not only of national ones) and have participated in international co-operation programmes involving multiple donors.

For *twinning covenants*: account of tasks expected from the team leader, resident twinning advisor and short term experts

N/A

For *grants schemes*: account of components of the schemes

N/A

For *investment contracts*: reference list of feasibility study as well as technical specifications and cost price schedule + section to be filled in on investment criteria (**)

An equipment component is foreseen as part of this project under supplies contracts 2.1, 2.2 and 2.3. The types of the equipment to be supplied are scanner, personal computers for data entry, server, as well as statistical software. The technical specifications as regards IT hardware and equipment will be drafted under the short term experts foreseen under the technical assistance component.

For *works contracts*: reference list of feasibility study for the *constructing works* part of the contract as well as a section on investment criteria (**); account of services to be carried out for the *service part* of the contract

N/A

(*) non standard aspects (in case of derogation to PRAG) also to be specified

(**) section on investment criteria (applicable to all infrastructure contracts and constructing works):

- Rate of return
N/A
- Co financing
The project will be fully covered by EU funds.
- compliance with state aids provisions
N/A
- Ownership of assets (current and after project completion)
Albanian Government, INSTAT, local statistic offices

ANNEX 1: Logical framework matrix in standard format

LOGFRAME PLANNING MATRIX FOR Project Fiche		Programme name and number	
Support for alignment of Albanian Statistics with EU standards		Contracting period expires 3 years following the date of conclusion of the Financing Agreement	Disbursement period expires One year after the end date for the execution of contracts
		Total budget : 2.85 Million Euros	IPA budget: 2.85 Million euros
Overall objective	Objectively verifiable indicators	Sources of Verification	Assumptions
Improving the Albanian Statistics in order to meet the EU requirements and better serve to all users	Number of relevant SAA obligations fulfilled	Local sources of legislation; Assessment of Eurostat's and donor country reports; Experts Mission reports,	Political commitment from Government to maintain and further reform agenda. Co-operation from various stakeholders (mainly Ministries) regarding national accounts and agriculture statistics
Project purpose	Objectively verifiable indicators	Sources of Verification	Assumptions
To enable National Accounts, fully in line with EU standards	Improved GDP figures	Evaluation report from various donors; visible databases at INSTAT	Sufficient national budget allocation; Availability of staff with necessary skills
To ensure the complete coverage of all economic units	Register of all economic units	Census data and the number of Statistical publications,	Sufficient national budget allocation; Availability of staff with necessary skills
To establish a farm register	Farm Register ,to be used for agriculture statistics surveys	Census data and the number of Statistical publications INSTAT's website.	Strong cooperation between INSTAT and other statistical agencies and in particular the Ministry of Agriculture.
Results	Objectively verifiable indicators	Sources of Verification	Assumptions
Yearly GDP figures produced according to the National Time-Table of publication; Improvement of estimation of Non-Observed economy	New statistics including GDP figures published; EU quality indicators related to GDP figures by expenditure types	Products and publications from the statistical offices. Analysis of used definitions. Comparison with EU Regulations.	Willingness to comply with EU requirements related to national accounts; Avoid use of conflicting methodology proposed by other donors.
Updated Register of Legal Units, Enterprises and Local Units established.	Improved quality of the statistical business register; reduced number of unregistered companies	Census data and the number of Statistical publications; INSTAT's website.	Specific Law on economic census adopted. Staff of the statistical offices and enumerators properly trained. Sufficient national budget allocation.
An Updated Farm Register established	Structures of agricultural holdings made known; production and distribution of agricultural and livestock products properly identified;	Internal information. Statistical council reports. Evaluation mission report from various donors. Eurostat reports	Strong co-ordination of INSTAT with the Ministry of Agriculture and other statistical agencies. Willingness to adopt EU indicators in the census
Activities	Means	Costs	Assumptions
Experts advice, study-visit, training courses, economic census and agriculture census	Setting –up of the working group among the beneficiaries and their commitment will guarantee the success of the implementation of project.	The total cost is 2,85 million Euros, under the IPA programme 2007	Strong commitment of INSTAT and professional experience gained so far.

ANNEX II: amounts (in €) Contracted and disbursed by quarter for the project

Contracted	1st Quarter 2008	2nd Quarter 2008	3rd Quarter 2008	4th Quarter 2008	1st Quarter 2009	2nd Quarter 2009	3rd Quarter 2009	4th Quarter 2009	1st Quarter 2010	2nd Quarter 2010	3rd Quarter 2010	4th Quarter 2010
Contract 1		2.650.000										
Contract 2.1		50.000										
Contract 2.2		100.000										
Contract 2.3		50.000										
Total		2850000										
Cumulated		2850000										
Disbursed		2nd Quarter 2008						4th Quarter 2009				4th Quarter 2010
Contract 1		1.590.000										1.060.000
Contract 2.1		29.837						20.163				
Contract 2.2		60.000						40.000				
Contract 2.3		29.837						20.163				
Total		1.709.674						80.326				1.060.000
Cumulated		1.709.674						1.790.000				2.850.000