

Standard Summary Project Fiche – IPA centralised programmes
Project fiche: 11

1. Basic information

1.1 CRIS Number: 2010/022-154

1.2 Title: Improving Statistical information system

1.3 ELARG Statistical code: 03.18 - Statistics

1.4 Location: Montenegro/Podgorica

Implementing arrangements:

1.5 Contracting Authority: Delegation of the European Union to Montenegro

1.6 Implementing Agency: N.A.

1.7 Beneficiary (including details of project manager):

Statistical Office of the Republic of Montenegro (MONSTAT)

Project manager:

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Financing:

1.8 Overall cost (VAT excluded)¹: €1.300.000

1.9 EU contribution: €1.200.000

1.10 Final date for contracting: 2 year from the date of conclusion of the Financing Agreement

1.11 Final date for execution of contracts: 2 years from the final date for contracting

1.12 Final date for disbursements: one year from the final date for execution of contracts

2. Overall Objective and Project Purpose

2.1 Overall Objective:

Harmonization of statistical system of Montenegro with European statistical system.

2.2 Project purpose:

¹ The total cost of the project should be net of VAT and/or other taxes. Should this not be the case, the amount of VAT and the reasons why it should be considered eligible should be clearly indicated (see Section 7.6)

To strengthened the capacity of MONSTAT for collection and distribution of data in 4 sectors: agriculture statistics; national accounts; business statistics; and IT sector

2.3 Link with AP/NPAA / EP/ SAA

The project correspondent to the priorities and objectives specified in the following key documents:

1). European Partnership (EP)

The January 2007 European Partnership (EP) focuses on the role of statistical office in collecting and transmitting information in the economic, trade, monetary and financial areas, consistent with current EU practices. It also identifies as a key priority the revision and adoption of the master plan on statistics. Cooperation in statistics is envisaged as an issue as well.

2). Stabilization and Association Agreement (SAA)

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

2.4. Link with national development Plan

Not applicable.

2.5 Link with national/ sectoral investment plans

The Multi-Annual Indicative Planning document for the Republic of Montenegro 2009 – 2011 (MIPD) in Section 2.2.3.1 identifies reform of the MONSTAT as a priority with a particular focus on national accounts, agricultural statistics, price statistics and statistics related to economic activities (business, tourism, transport etc.). Chapter 2.3.1.3 focuses on pursuing reform and strengthening MONSTAT capacity, professional independence and coordination role with an aim on improving macroeconomic, business, price, agriculture, external trade, social and demographic statistics; as well as introduction of statistical regions aligned with the NUTS Regulation.

The National Programme for Integration (NPI) sets short-term and medium-term priorities to address the needs of the statistical system in a uniform and harmonized manner.

Short-term priorities

- Development of new systematization by the end of 2008;
- Adoption of the Law on Census of Agriculture by the end of 2008;
- Adequate business premises by the end of 2009;
- Adoption of the program of statistical surveys for the period of five years by the end of 2008;
- Adoption of the Strategy for Development of Statistics in Montenegro by the end of 2008;
- Amendments to the Law on Statistics and Statistical System by the end of 2009.

Medium-term priorities

- Adoption of the Law on Census of Population by the end of 2010
- Development of WEB applications for on-line data entry by 2010;
- Construction of dynamic web-site by 2010;
- Development of MetaData base for statistical surveys by 2011;
- Transition to data entry by optical readers 2011.

The Development Strategy of Statistics in Montenegro (2009-2012), adopted in January 2009, specifies the following key sectors that need to be further developed.

- Agriculture Statistics – The main strategic objectives are the implementation of the Census of Agriculture and the establishment of a Statistical Farm Register. The development of agro monetary statistics in line with EU standards is of major importance, in addition to improvements in the area of structural statistics (Agricultural Census and the structure of agricultural holdings), production statistics (crop production, animal husbandry), forestry, fishing and environmental statistics.
- Macroeconomic statistics and prices - the focus will be on the gradual development of national accounts according to ESA, gradual introduction of quarterly gross domestic product (GDP) by production and expenditure method, harmonization of consumer price index (CPI) and the introduction of fully harmonization model calculations according to COICOP classification.
- Business statistics – the focus is on establishing a consistent system of structural business statistics harmonization with the European Union that will enable the collection, production and dissemination of reliable, comparable and timely structural indicators of the holders of economic activity.
- IT infrastructure, development tools and human resources – focus on development of the database, appropriate metadata base, their modernization, to enable simple and comprehensive approach to data, in order to increase the rationality and efficiency in work. A significant goal is the development of software for data analysis, which will enable faster and higher quality of work on statistical data analysis.

3. Description of project

3.1 Background and justification:

Until the independence of Montenegro in June 2006, MONSTAT (the statistical office of Montenegro) was a part of the statistical system of the former State Union of Serbia and Montenegro. Much of the key statistical work was carried out by and under the supervision of the Statistical Office of the State Union in Belgrade. The reform in the statistical system in Montenegro started with the adoption of the Law on Statistics and Statistical system of Montenegro in 2005. In November 2006 the government relocated the supervision of MONSTAT from the Ministry of Labour and Social Welfare to the Ministry of Finance with the aim to strengthen MONSTAT's position and improve its operational capacity.

The 2005 statistical law was an important step forward in establishing the statistical system of Montenegro. However, this law does not fully address the need of statistical data collection and dissemination in a uniform way, the integration into European statistical system, the elaboration of the perennial statistical programme in compliance with EU standards in that field, as well as the smooth cooperation with other countries and international organizations. Although MONSTAT is the central institution in the Montenegrin Statistical System, it does not have the required coordinating role amongst the variety of institutions in Montenegro that have the operational responsibility for the production of official statistics. In January 2009 the Government of Montenegro adopted a Development Strategy of Statistics in Montenegro (2009-2012) which is a step forward in two aspects: a) it sets strategic, sectoral and administrative objectives for achieving full compliance with the EU Methodology for calculation of statistical data and the European Statistics Code of Practice. b) It gives MONSTAT the key coordinating role for the development of statistical system and producing of statistics, incl. the responsibility for instructing the other producers of statistics on implementation of methodology. However, this coordinating role should also be enshrined in the statistical law. In order to prepare a draft of the new statistical law, a working group was established in 2009, including the main stakeholders – MONSTAT, Statistical council, Ministry of finances and key statistical producers. The new law on statistics is expected to be adopted in 2010.

The deficiencies in the statistical system of Montenegro have been flagged by all EC Progress Reports so far. Focus is put on the need to substantially enhance MONSTAT and the rest of the national

statistical system. Development of the administrative capacity, statistical infrastructure and human and financial resources is considered by the EC a priority in order to deliver timely, reliable and accurate statistics in accordance with EU standards. In addition to these structural requirements, criteria for quality of the produced statistics have to be met. Priority areas for improvements in statistics are agricultural statistics, macroeconomic statistics and national accounts, and business statistics.

In the area of agricultural statistics Montenegro is at the initial stage in the process of aligning with the *acquis communautaire*. New statistics needs to be introduced, the existing agricultural statistics should be harmonised with EU standards and a statistical farm register, the backbone for producing agricultural statistics, must be established.

The last agricultural census in Montenegro was conducted in 1960 and a statistical farm register has not been developed. Currently a list of agricultural holdings derived from the 2003 population census is used as a sampling frame for agricultural surveys. However, the list is outdated and not suitable as a sampling frame. In order to establish a sound agricultural statistics system based on a combination of an agricultural census and agricultural surveys, Montenegro has decided to conduct an agricultural census, which will provide the basis for establishing a statistical farm register. The agricultural census is planned for 1-15 April 2010. The census will be implemented on a door-to-door basis to identify all agricultural households. A law on the agricultural census was adopted in 2009 and a memorandum of understanding was signed between MONSTAT and the Ministry of Agriculture. Financing is still to be secured.

The statistical farm register will serve as the sampling frame for the agricultural surveys. MONSTAT must establish routines for maintenance of the SFR between the decennial agricultural censuses. The livestock statistics and the milk and dairy products statistics are based on sample surveys, but the sample frame used is outdated. Crop statistics is based on estimates, not sample surveys as required by the EU regulation. The agricultural census and the establishment of a farm register will create the needed framework and support the transition to the sample method and the application of the standard international methodology. In addition to establishing an appropriate sampling frame, the methodology for producing agricultural statistics needs to be harmonisation with the EU standards.

MONSTAT does not produce economic accounts for agriculture (EAA). EEA is needed to allow measuring the economic size and efficiency of agriculture. For the purposes of calculating the national accounts, a survey of 2006 is used. However, serious improvements in this aspect are required. MONSTAT is planning to establish Agricultural Price Indices, thus responding to the need of providing monthly and annual price indices, which will help in defining the trends in producer and purchase prices and will allow the comparison of these trends. Price indices of agricultural producers will be used among other for a statistical deflation and a compilation of the Economic Accounts for Agriculture.

With regard to the national accounts, some progress has been made in the last few years, but much remains to be done to ensure compliance with ESA 95. GDP data for 2007 was published in December 2008. The new law on accounting adopted in 2009 introduces shorter deadlines for businesses to submit their financial statements, which should facilitate more timely publishing of national accounts. No major revision is envisaged at this stage. MONSTAT will benefit from the support of the IMF for improving the national accounts and compiling the data for 2007 and 2008. Another aspect of the IMF expert support concerns the preparation for introducing constant price estimates and the gradual integration of expenditure with production approach (incl. balancing, using supply-use tables). However, the calculation of GDP by expenditure approach at constant prices remains an issue to be addressed. The quarterly accounts are expected to be compiled for the first time in 2010/2011 with the support of the IPA 2007 national programme (pilot exercise), which will also support the production of figures on lower aggregated levels than currently and the introduction of NACE rev.2. However, continuous support in this respect is required to ensure the regular compilation of the quarterly accounts. 2007 IPA regional programme will result into the development of a national accounts inventory. MONSTAT requires continuous support to keep the momentum and ensure quality in producing the annual and quarterly accounts in full compliance with ESA 95. Further on, major

revision of the national accounts will be required. Development of macroeconomic aggregates and further improvement of the price indices are also high on priority needs. The availability of data by September on the following year has also to be ensured.

With regards to the business statistics, some developments have been made in the last years. MONSTAT conducted the first Structural Business Statistics survey for the reference year 2006 in 2007. In 2007 three Short Term Statistics surveys were initiated: a quarterly survey in construction, a monthly survey in retail trade and a quarterly manufacturing survey. A statistical business register is under development. It has reached a fairly advanced stage and it was used for drawing the samples for the above mentioned surveys. It is however not in wide use within the office. MONSTAT is harmonising the tourism survey on arrivals and overnight stays at accommodation establishments with EU standards with the support of IPA 2007 National programme. Focus is put on identifying the population, survey design, data collection, processing and analysis, documentation and dissemination. IPA 2007 National project involves also a review and improvement of the Statistical Business Register including introduction of NACE rev 2 and enterprise groups. Methodological improvements related to short-term business statistics are envisaged as well, namely survey design, weighting and imputation, data collection, processing and analysis, documentation and dissemination. The current project will extend further these activities and compliance with the EU standards.

3.2 Assessment of project impact, catalytic effect, sustainability and cross border impact

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

3.3 Results and measurable indicators:

Result 1: Agriculture statistics (incl. agro-monetary) improved by, introducing new surveys, improving methods for data collection and the development of the statistical farm register:

Indicators:

- Statistical Farm Register developed;
- Routines for maintaining and updating the farm register are established and documented;
- Pilot surveys on crop statistics and livestock statistics carried out and documented;
- Surveys based on the new sampling frame and aligned with EU methodologies carried out in livestock statistics;
- Agricultural monetary statistics developed including estimates of agricultural price indices.

Result 2: Further harmonised national accounts and price statistics

Indicators:

- Additional national accounts indicators, both new and lower aggregated, published
- Quarterly accounts produced and disseminated;
- Supply and Use tables produced;
- GDP by expenditure approach calculated at constant prices;
- Harmonized indices of consumer prices (HICP)

Result 3: Business statistics harmonized with EU standards

Indicators:

- Short term statistics made more exhaustive, including new pilots carried out and establishment of additional STS surveys;
- Structural business statistics made more exhaustive, including new pilots carried out and establishment of new SBS surveys;
- Total energy balance data produced;
- Further improvement of the business register with the inclusion of group of enterprises.
- Producer price indices improved and published.

Result 4: Improved IT support and metadata in accordance with EU and international standards:

Indicators:

- Further development of metadata – availability of an IT system and IT databases for meta information system
- Electronic questionnaires available for on-line data entry for selected survey
- Improved scope and quality of data dissemination on website; PC AXIS Implementation

3.4 Activities:

The project activities will be implemented through 4 activity blocks:

- Activity Block 1: Agriculture statistics
- Activity Block 2: National accounts
- Activity Block 3: Business and short-term statistics
- Activity Block 4: IT-related activities

The separation of these activity blocks is formal and serves mainly presentation purposes. All activities are logistically linked and lead to the same objective – improvement of the statistics of Montenegro in line with the EU *acquis* in statistics. The activities in each activity block will logically support the activities in other blocks. Thus, development of annual indicators for business entities and introduction of the new nomenclature of industrial products harmonized with the NACE Rev.2, will benefit out of the activities in activity block 4: IT sector and will, in its turn provide inputs for the activity block 2: national accounts, particularly the introduction of supply and use tables, input-output tables and balance sheet for total economy.

Additionally, each activity block will include the following set of activities:

- Activity 0.1. Assessments of the state of play in the different areas and developing recommendations for future work and an action plan for implementation;
- Activity 0.2. Establishing working groups for areas where others than MONSTAT are the producer of official statistics in the area and facilitating their work.
- Activity 0.3. Transfer of knowledge on EU and international standards through a series of seminars, workshops and trainings. One study trip under each of the activity blocks has to be organised. Hands-on training is to be ensured by the experts recruited through the service contract. Care must be taken to ensure full complementarity with other support projects.
- Activity 0.4. Develop guidelines on the various aspects of the statistics production system.

The particular activities in each activity block are described below:

Activity Block 1: Agriculture statistics will cover the following activities

- 1.1. Establishment of a statistical Farm Register

The Farm Register will record the agricultural and forestry holdings domiciled in Montenegro. This activity will include all steps in establishment of the farm register such as the analysis and selection of available sources to the development of the first version of the statistical farm register.

1.2. Implementation of Pilot survey in crop and livestock production statistics

This activity is aimed at the pilot production of crops and livestock statistics. It includes the development of the questionnaire and the methodology, the sample design and the implementation of the pilot surveys in addition to the analyses and documentation.

1.3. Introduction of agricultural price indices

This activity involves improvements of the methodological basis for calculating the indices and for provision of estimates and should include the implementation of a quarterly/monthly survey on the prices of the products/ live animals, defined in the nomenclature and in line with the EU methodology.

Activity Block 2: National accounts

This activity block will further extend the work on introduction of ESA95 methodology, which has started under the IPA 2007 project. The activities include:

2.1. Introduction of a full sequence of sector accounts. The outcome of this activity will be used for calculation of additional National Accounts aggregates;

2.2. Calculation of GDP by expenditure approach at constant prices.

2.3. Financial Intermediation Service Indirectly Measured (FISIM)

The project will develop a methodology for measuring financial intermediation services in line with the EU standards with special attention to allocation of FISIM by institutional sectors. Further on, allocation of the FISIM output to the different users of services will be achieved with view to GDP adjustment.

2.4. Non-observed economy

The project will support MONSTAT in introducing the international standards and best practices in measuring non-observed economy. This activity involves improvement of the conceptual and analytical framework by distinguishing the different types of non-observed economy, assessment of the national accounts and compilation methods and calculation of data by tabular approach.

2.5. Input-Output Supply and Use Tables Framework

This activity involves full harmonisation with EU Regulation No. 1392/2007 by introducing input-output supply and use tables and balance sheet for total economy.

2.6. Improvement of quarterly GDP calculation.

2.7. Consumer Prices Index (CPI) and Harmonised Indices of Consumer Prices (HICP) further improved. This activity will seek the improvement of the methodology for computing and aggregation with a special focus on collecting price data and weighting data. Since the CPI is the official indicator of inflation from 2009, it is planned to expand the list of products and services and to revise the current weights, while continuing the development of HICP. The project will introduce the EU general basic methodological requirements

and focus on technically difficult issues (such as quality adjustment, sampling and detailed product classification).

Activity Block 3: Business statistics

- 3.1. Development of new indicators in the construction and civil engineering sector. This activity will focus on introduction of a new indicator - production in construction. Methodological improvements are also envisaged in the survey design and instruments (questionnaires) of existing indicators.
- 3.2. Development of seasonally adjusted series on transport and other service sectors. This activity involves methodological introduction and training on seasonally adjustment of time series for each indicator.
- 3.3. Introduction of industrial producer prices index (PPI). The further development of PPI, correlate with development of export-import price.
- 3.4. Development of the nomenclature for industrial products and services. This activity involves further harmonization of nomenclature of industrial products with current Prodcom list and conducting annual survey according to Prodcom.
- 3.5. Further improvement of the industrial production index. New nomenclature on industrial products and NACE rev. 2 will be implemented simultaneously. Calculation of new weighting system is also envisaged.
- 3.6. Development of balance account for renewable energy sources and total energy balance account. MONSTAT will receive support for preparing questionnaires for renewable energy sources and compiling total energy balance in Montenegro and further development of existing questionnaires.
- 3.7. Improvement of tourism statistics, including collection and processing of detailed data on accommodation capacity, distributed according to the location types, types of objects, tourism resorts, municipalities and towns and private accommodation data. Introduction of new survey in tourism on same day visitors. New questionnaire will be created for these purposes.
- 3.8. Research on complex business entities structures (Profiling). The work with KAU like units of SBR is to be extended and groups of enterprises like units in the SBR are to be introduced.

Activity Block 4: IT sector

This activity block involves activities supporting all previous activity blocks and is focused at strengthening the IT department at MONSTAT as well as improving the IT skills of the statisticians. More particularly, the following issues will be covered:

- 4.1 Further improvement of content and structure of metadata base;
- 4.2 Needs assessment, analysis and drafting technical specifications for the adequate software and hardware.

- 4.3 Further development of all electronic forms of data dissemination. Further development of IT tools, including development of web applications for online data collection
- 4.4 Procurement of hardware and software
- 4.5 Training for staff on sampling and additional tools for data processing and dissemination
- 4.6 IT implementation for Farm Register
- 4.7 Improvement of IT implementation for SBR

3.5 Conditionality and sequencing:

- Agriculture census carried out in April 2010: The goal is to implement the census before the start of this project, and use the agricultural census as a basis for the development of the statistical farm register. Components covered by this project is the creation of a farm registry to establish a good framework for all survey in agriculture.
- Pilot survey for prices (APS) is carried out in 2009: Development of agro monetary statistics is in the starting phase. The proposed activities under this project can be permitted only if MONSTAT conducts the planned survey.
- Sufficient number of employees and adequate office space: By organizational scheme all working places are not fulfilled in Monstat. The Government of Montenegro is aware of these problems and is it ready to meet the needs of a Monstat. Before the project starts MONSTAT must have in place the sufficient number of staff and adequate office space.
- Available co-financing from the national budget: The total value of the budget for the IPA National 2010 is €1,300,000.. The national co financing is €100,000 which must be secured by the national budget in 2011.
- Reponse of other institutions (Ministry of Agriculture, Commercial Court, ect.) in establishment of administrative sources of date.

This project will be implemented through a number of contracts in addition to a service contract funded by EC which must be signed first. A number of service and supply contracts will be signed by MONSTAT to ensure the purchase of the needed equipment and conducting of the relevant surveys.

3.6. Linked activities

The Republic of Montenegro has received EU support for the development of a sustainable and EU harmonised statistical system since 2002.

Assistance and training was ensured under the national CARDS 2001 on economic statistics, statistical technical work, IT, organisation and management, population census as well as on procurement of equipment. Further on, CARDS 2004 provided support to strengthening the capacity of MONSTAT and the functioning of the statistical system through "Support to the Union & Republican Statistical Office" project. The main statistical area covered was national accounts. The project "Technical Assistance for the Reform of the Montenegrin Statistical System" funded under CARDS 2005 assessed the state of play with the aim to improve the production and dissemination of relevant, timely, accurate and comparable official statistics.

These activities run simultaneously with a number of regional initiatives. Within the frame of a Regional CARDS 2001 Project a number of pilot projects for production of data on purchasing power parities, external trade and business statistics were implemented. This initiative contributed also to improving the knowledge of the MONSTAT staff through consultations, training and participation in international meetings and EUROSTAT working groups. This project was continued through another Regional CARDS 2003 project (implemented in the period July 2006-March 2008), which, along with pilot projects in the areas of purchasing power parities and external trade statistics, covered also migration statistics and labour market statistics. Transfer of know-how continued to be delivered by trainings, traineeships, study visits, consultations and participation in EUROSTAT working groups.

Furthermore, a project is being implemented under the multi beneficiary IPA 2007. The project is designed to build on the previous CARDS regional programmes covering areas such as external trade statistics and purchasing power parities as well as expand on the areas covered by including national accounts, population census and agriculture statistics. The scope of the work in this Programme comprises firstly the provision of expertise via implementing sectoral pilot projects with the aim to improve the production, collection and dissemination of high quality statistics. The activities in this Programme are divided in seven sectoral Projects: Project 1: External Trade Statistics, Project 2: Price Statistics – PPPs, Project 3: Price Statistics – HICP, Project 4: Preparation of the population and housing censuses 2011, Project 5: National Accounts, Project 6: Preparation of agricultural censuses or farm structure surveys and Project 7: Transmission of statistical data

The statistical system has benefited from Swedish assistance provided by SIDA (2006-2008) in the area of economic, business and agriculture statistics.

OECD, Eurostat and EFTA have conducted (September 2004 – February 2008) two regional projects on Non-Observed Economy with the objective to improve the exhaustiveness of the national accounts in the Western Balkan region in line with Eurostat Tabular Approach to Exhaustiveness and the OECD handbook "Measuring the Non-Observed Economy".

The IMF conducts regularly short-term missions to MONSTAT to assess the state of play mainly regarding macro-economic statistics and to provide recommendations and advice on the implementation thereof. At present a residential IMF expert is placed with MONSTAT to provide support on national accounts until 2011.

IPA National 2007 project, which was launched in August 2009, aims at improving the quality, sustainability and efficiency of the Montenegrin statistical system. The project integrates three components - Component 1: Developing a quality system for key processes in the production of statistics, Component 2: Further harmonisation of economic statistics and national accounts with EU and international standards and Component 3: Further improvement of business statistics, particularly the short term and tourism statistics, in accordance with EU and international standards.

3.7 Lessons learned

The lessons learnt through previous of assistance outline a number of challenges that have to be addressed properly:

- *Conditionality*: Project implementation could be hampered by both insufficient staff or/and high turnover of staff, and insufficiency of the allocated resources. The issue of insufficient space has also to be addressed as being a key reason for non-recruiting new personnel. The availability of the needed human resources at MONSTAT has to be considered as a pre-condition for the project start. No clear commitment on behalf of the Ministry of Finance has to lead to delay/cancellation of the project implementation.
- *Coordination*: Further improvements in statistics are dependant, along with the capacity of MONSTAT, on the quality of inter-institutional cooperation, and on finding working operational mechanisms for coordination in provision of quality data in a timely manner.

The leading role of MONSTAT, methodological and coordinative, should be recognised in the national regulative framework.

- *Project methodology:* The most effective style of work requires a pragmatic and participatory approach. The public administration is relatively small and under considerable pressure. Exchange of experience is more successful when based on interactive approaches involving all concerned departments and units of MONSTAT. Tailor-made training should be preferred to standard ones. All interventions have to take into account the level of development and the needs of the beneficiary institution and have to propose solutions compatible to the available resources.
- *Public awareness:* MONSTAT has to communicate its success and challenges to a broader public and not only to sector specialists and experts. There is a need for building constructive and positive social climate that will support the development of professional independent national statistical office. In this respect, the media has a very crucial role to play. They have to inform and educate the citizens about the importance of the statistics. It is also the role of MONSTAT to communicate with media, to provide them with the right information in time and to explain professionally the meaning of the different indicators.
- *Use of statistics:* MONSTAT has to increase the visibility of its efforts to comply with the EU standards among the public administration and particularly among the decision-makers. Moreover, MONSTAT should invest efforts in raising the understanding of the high level officials on the importance of statistics in effective decision-making, particularly in the process of EU integration. This approach will have a double effect: once on gaining the support of high-level officials for the development of the statistical system of Montenegro, and second – for improving the use of statistics in planning and implementing policies.

4. Indicative Budget (amounts in EUR)

			SOURCES OF FUNDING									
			TOTAL EXP.RE	IPA COMMUNITY CONTRIBUTION		NATIONAL CONTRIBUTION					PRIVATE CONTRIBUTION	
ACTIVITIES	IB	INV	EUR (a)=(b)+(c) +(d)	EUR (b)	%	Total EUR (c)=(x)+(y)+ (z)	%	Central EUR (x)	Regional/ Local EUR (y)	IFIs EUR (z)	EUR (d)	%
contract 1	x	–	1,200,000	1,200,000	100							–
contracts 2 ²	x		100,000			100,000	100	100,000				–
TOTAL IB			1,300,000	1,200,000	92.31	100,000	7.69	100,00				
TOTAL INV												
TOTAL PROJECT			1,300,000	1,200,000	92.31	100,000	7.69	100,00				

Amounts net of VAT

² Numerous contracts are envisaged (service) for ensuring the surveys and data processing.

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

Contracts	Start of Tendering	Signature of contract	Project Completion
Contract 1 (IPA - services)	Q1 2011	Q3 2011	Q3 2013
Contract 2 (NC - series of contracts)	Q3 2011	Q4 2011 – Q3 2012	Q3 2013

6. Cross cutting issues

6.1 Equal Opportunity

There is extensive legislation in Montenegro relating to equal opportunities. The beneficiaries under the proposed project have equal opportunity employment and related policies in place, and will ensure that they are implemented.

The results of this proposed project will further equal opportunities because reliable and disaggregated statistics will provide a platform for future decision making on this key issue.

6.2 Environment

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

6.3 Minorities

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

Annex 1- Log frame in Standard Format

LOGFRAME	Programme name and number: Improving statistical information system		
	Contracting period expires two years from the date of the conclusion of the Financing Agreement	Disbursement period expires one year after the final date for execution of the contract	
	Total budget: 1,300,000 EUR	IPA budget: 1,200,000 EUR	
Overall objective	Objectively verifiable indicators	Sources of Verification	
Improved quality and availability of statistical information in Montenegro	<ul style="list-style-type: none"> - Government and the EC have more accurate and exhaustive data for development of policies and measures - Relevant statistical data available to set the opening benchmarks for the accession negotiations - Positive assessment of the peer review 	<ul style="list-style-type: none"> - ANNUAL Progress report from EUROSTAT - EC regular progress report - Government reports - 	
Project purpose	Objectively verifiable indicators	Sources of Verification	Assumptions
Strengthened capacity of MONSTAT for collection and distribution of data in 4 sectors: agriculture statistics; national accounts; business register; and IT sector	<ul style="list-style-type: none"> - By 2013 MONSTAT's compliance level increases to medium or high in most statistical themes, as measured annually in the Eurostat compliance monitoring tool SMIS+ - - data provided in time to EUROSTAT and included in annual EUROSTAT review 	<ul style="list-style-type: none"> - ANNUAL Progress report from EUROSTAT - Report IPA 2010 - Web-site-MONSTAT - - Eurostat Data inclusion report - Annual SMIS+ report 	<ul style="list-style-type: none"> - Further harmonization activities and projects developed - Further funding from national and EC sources available

Results	Objectively verifiable indicators	Sources of Verification	Assumptions
Result 1: Agriculture statistics (incl. agromonetary) improved by, introducing new surveys, improving methods for data collection and the development of the statistical farm register	<ul style="list-style-type: none"> - Statistical Farm Register developed; - Routines for maintaining and updating the farm register are established and documented; - Pilot surveys on crop statistics and livestock statistics carried out and documented; - Surveys based on the new sampling frame and aligned with EU methodologies carried out in livestock statistics; - Agricultural monetary statistics developed including estimates of agricultural price indices. 	<ul style="list-style-type: none"> - MONSTAT statistical yearbook - National accounts publications - Price data publications - Economic and fiscal programme by the Ministry of Finance - Central bank publications 	<ul style="list-style-type: none"> - availability of qualified staff retained - continuing support by the relevant Government institutions
Result 2: National accounts and price statistics improved and more accurate data provided	<ul style="list-style-type: none"> - Additional national accounts indicators, both new and lower aggregated, published - Quarterly accounts produced and disseminated; - Supply and Use tables produced; - GDP by expenditure approach calculated at constant prices; - Harmonized indices of consumer prices (HICP) and Implied rent index introduced 		
Result 3: Business statistics harmonized with EU standards	<ul style="list-style-type: none"> - Short term statistics made more exhaustive, including new pilots carried out and establishment of additional STS surveys; - Structural business statistics made more exhaustive, including new pilots carried out and establishment of new SBS surveys; - Total energy balance data produced; - Further improvement of the business register with the inclusion of group of enterprises. - Producer price indices improved and published. 		
Result 4: Improved IT support and metadata in accordance with EU and international standards:	<ul style="list-style-type: none"> - Further development of metadata; - IT strategy prepared - Document for training of IT staff is prepared - Optical reading of questionnaires introduced; - Electronic questionnaires available for on-line data entry for selected survey - Improved scope and quality of data dissemination on website; 		

Activities	Means	Costs	Pre-conditions	
Activity block 1: Agriculture statistics Activity 1.1. Establishment of a statistical Farm Register Activity 1.2. Implementation of Pilot (crop and livestock) survey Activity 1.3. Introduction of agricultural price indices	1 service contract, funded by the EU A number of contracts funded by MONSTAT	Total: €1,300,000 IPA: €1,200,000	<ul style="list-style-type: none"> - Good level of cooperation between twinning partners - Increased awareness of the other public institutions on importance of further statistics development - Co-operation established with all other relevant institutions 	
Activity Block 2: National accounts Activity 2.1. Full sequence of accounts at sub-sector level. Activity 2.2. Calculation of GDP by expenditure approach at constant prices. Activity 2.3 FISIM allocated by sectors Activity 2.4. Non-observed economy Activity 2.5. Input-Output Supply and Use Tables Framework Activity 2.6. Improvement of quarterly GDP calculation Activity 2.7. CPI and HICP Activity 2.8. Develop activity plan for the introduction of implied rent index.		National contribution: € 100,000		
Activity block 3: Business statistics Activity 3.1. Introduction of the new nomenclature of industrial products. Activity 3.2. Indicators in the construction and civil engineering sector. Activity 3.3. Seasonally adjusted series on transport and other service sectors. Activity 3.4. Introduction of industrial producer prices index (PPI). Activity 3.5. Development of the nomenclature for industrial products and services. Activity 3.6. Balance account for renewable energy, total energy balance account. Activity 3.7. Collection and processing of detailed data on tourism Activity 3.8. Research on complex business entities structures (Profiling).				Preconditions: <ul style="list-style-type: none"> - Agriculture census carried out in 2009 - Pilot survey for prices (APS) is carried out in 2009 - sufficient number of employees - available co-financing from the national budget - adequate office space and basic equipment available - additional staff recruited
Activity block 4: IT sector Activity 4.1. Improvement of content and structure of metadata base Activity 4.2. Needs assessment, analysis and drafting technical specifications Activity 4.3. Development of electronic tools and web applications Activity 4.4. Procurement of hardware and software Activity 4.5. Training for staff on sampling and data processing and dissemination Activity 4.6 IT implementation Farm Register Activity 4.7 Improvement of IT implementation for SBR Activity 4.8 Definition programme of training for IT staff				
Horizontal activities Activity 0.1. Assessments of the state of play in the different areas Activity 0.2. Establishing working groups Activity 0.3. Transfer of knowledge Activity 0.4. Development of guidelines.				

Annex 2- Amounts contracted and Disbursed per Quarter over the full duration of Programme

Amounts in EUR

Contracted	Q1 2011	Q2 2011	Q3 2011	Q4 2011	Q1 2012	Q2 2012	Q3 2012	Q4 2012	Q1 2013	Q2 2013	Q3 2013
Contract 1 (IPA)			1.200.000								
Cumulated			1.200.000								
Disbursed	Q1 2011	Q2 2011	Q3 2011	Q4 2011	Q1 2012	Q2 2012	Q3 2012	Q4 2012	Q1 2013	Q2 2013	Q3 2013
Contract 1 (IPA)			400.000			340.000		340.000			120.000
Cumulated			400.000			740.000		1.080.000			1.200.000

Annex 3 - Reference to laws, regulations and strategic documents:

- Law on Statistics and Statistical System of Montenegro (“Official Gazette of Republic of Montenegro”, No. 69/05)
- Law on Agricultural census
- MONSTAT’s Rulebook on internal organisation and systematisation
- Development strategy of statistics 2009-2012
- Master plan for developing and harmonising the official statistics of Montenegro for 2006 – 2008
- MONSTAT’s Annual plan for 2007
- Stabilisation and Association Agreement between the European Communities and their Member States and the Republic of Montenegro
- Council Decision of 22 January 2007 on the principles, priorities and conditions contained in the European Partnership with Montenegro (2007/49/EC)
- National Program for Integration (NPI) 2008 – 2012
- Multi-Annual Indicative Planning Document for the Republic of Montenegro 2007 – 2009 (MIPD)

Annex 4- Description of the Institutional framework

the Regulations on internal organization and systematization of the Institute of Statistics, adopted by the Government of Montenegro in April 2008, provides for 203 places for civil servants in MONSTAT, which represents an increase of 82 places in relation to the previous act of systematization.

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

The organizational units are organized:

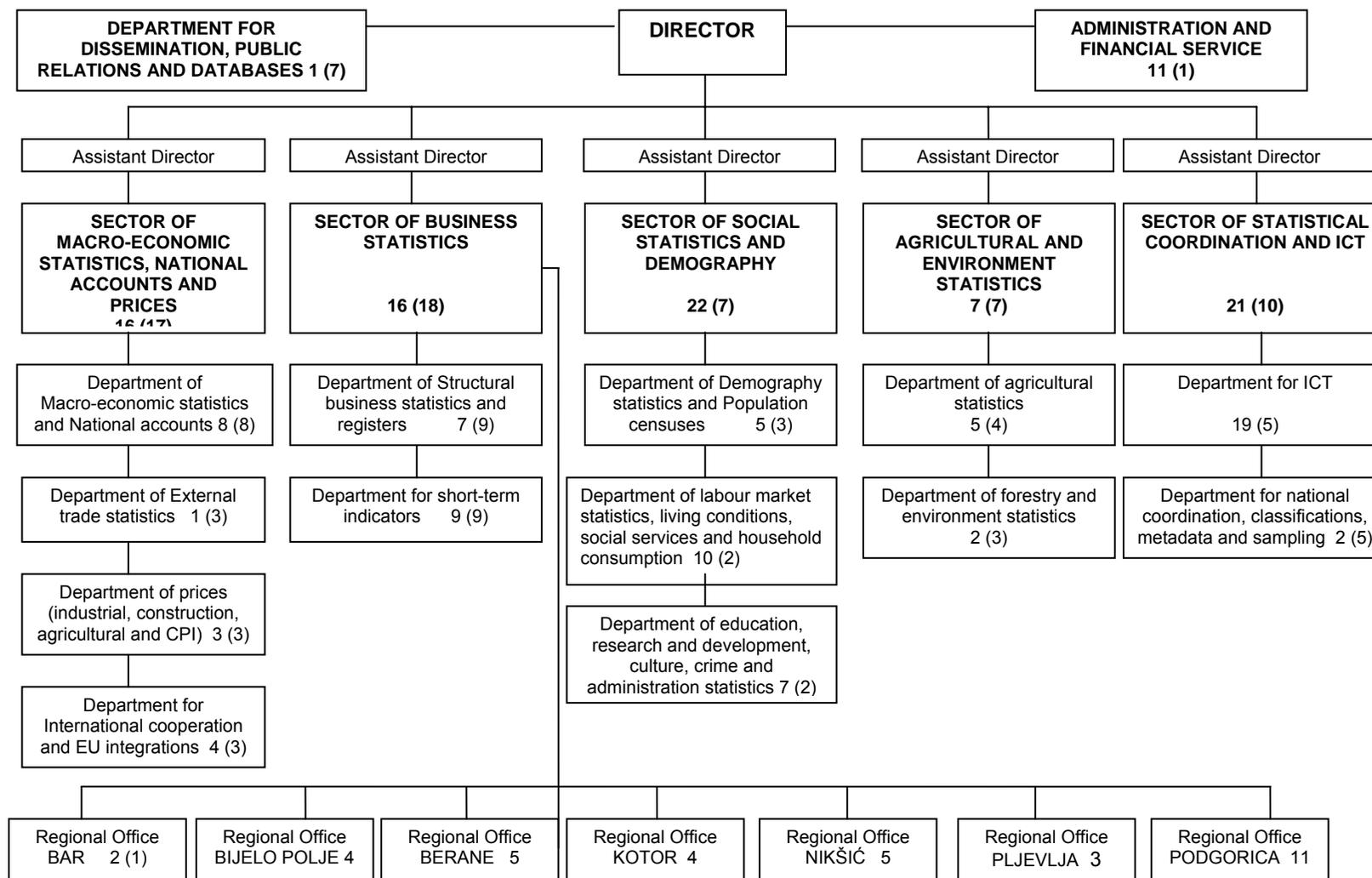
1. **SECTOR OF MACRO-ECONOMIC STATISTICS, NATIONAL ACCOUNTS AND PRICES**
 - Department of Macro-economic statistics and National accounts
 - Department of External trade statistics
 - Department of prices (industrial, construction, agricultural and CPI)
 - Department for International cooperation and EU integrations
2. **SECTOR OF BUSINESS STATISTICS**
 - Department of Structural business statistics and registers
 - Department for short-term indicators
3. **SECTOR OF SOCIAL STATISTICS AND DEMOGRAPHY**
 - Department of Demography statistics and Population censuses
 - Department of labour market statistics, living conditions, social services and household consumption
 - Department of education, research and development, culture, crime and administration statistics
4. **SECTOR OF AGRICULTURAL AND ENVIRONMENT STATISTICS**
 - Department of agricultural statistics
 - Department of forestry and environment statistics
5. **SECTOR OF STATISTICAL COORDINATION AND ICT**
 - Department for ICT
 - Department for national coordination, classifications, metadata and sampling

Independent organizational units are:

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

MONSTAT institutional capacity is gradually improving. There is an increase in the staff - currently there are 135 employed in MONSTAT, which represents 11% increase compared to the last year. Still, there are many vacant places. However, the recruitment of the new staff is dependent on the premises which are not sufficient. Ensuring the required premises for the MONSTAT staff remains a crucial issue, which has to be addressed before the project start.

Organisational Chart of MONSTAT (mid-2007)



Annex 5- Details per EU funded contract

The project will be implemented through 1 EU service contract, which will cover all activities described in this project. However, MONSTAT will provide additional funding to ensure conducting of all surveys envisaged in the project as well as to ensure the needed equipment. The national contribution will cover the APS survey and a least two more surveys of livestock and crop statistic.

The project will be implemented by a Consultant, selected through a restricted international procurement procedure. The project team will comprise of 5 key experts: Team leader and 4 Activity block leaders (1 for agricultural statistics, 1 for national accountants, 1 for business and short-term statistics and 1 IT expert). Short-term experts will be involved where necessary. The indicative number of working days to be delivered is minimum 800 days.

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

- Activity block 1: Head of the Sector of agricultural and environment statistics
- Activity block 2: Head of the Sector of macro-economic statistics, national accounts and prices
- Activity block 3: Head of the Sector of business statistics
- Activity block 4: Head of the department for ICT

Additionally, MONSTAT will have to:

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

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

The main functions of the SC are:

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