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**INTERNATIONAL STATISTICAL WORK IN SOUTH-EAST EUROPE**

Paper submitted by Eurostat

1. The purpose of this paper is to provide information about the ongoing activities in South-East Europe in the field of statistical co-operation. The countries covered are Albania, Bosnia and Herzegovina, Croatia, the former Yugoslav Republic of Macedonia and the Federal Republic of Yugoslavia including Serbia, Montenegro and Kosovo. It is intended to describe the problems the NSIs in the region have to face at the moment and to explain what are the priorities and the objectives for the countries themselves but also for the international community in the field of statistics. Furthermore it will describe how the co-ordination among the various donors is working and in which areas these donors are active.

**Background about the international policy in the region**

2. The Stability Pact, that was adopted after the EU Council in Cologne in June 1999 after the end of the Kosovo conflict represents a major step in the process of co-ordinating the efforts of all the countries interested and involved in policy matters in the region to strive for peace, stability and prosperity in South-East Europe. It provides for various political forums to discuss matters of common concern of the countries: democratisation and human rights, economic reconstruction, development and co-operation and security issues. It is also up to the countries in South-East Europe “*to recognise their responsibility (...) to develop a shared strategy for the stability and growth of the region and to*

*co-operate with each other and major donors”.*

3. The European Union has also launched an initiative to promote stability in the region by offering Stabilisation and Association Agreements (SAA) to be initially concluded with some countries and later with the others. By doing so, the EU has reaffirmed its readiness to draw the South-East European countries closer to the prospect of full integration into the structures of the European Union. Statistics is part of this integration. The SAAs will be tailor made to take into account the specific situation in a given country and are supposed to support the consolidation of democracy and rule of law, to establish a formalised framework for political dialogue, to promote economic relations and to provide a basis for cooperation.

4. Statistics have a double role in the SAAs. They are included as a chapter that has to be implemented and the main objective of this chapter is to define harmonisation with international standards and rules. They also have to serve all the other policy areas by providing the necessary information.

### **Recent achievements and problems of statistics in the region**

5. During the past few years the countries have achieved some progress in establishing and developing their statistical systems. Large scale survey operations have been carried out in some countries like the population census or a living condition survey, a planning system for statistical activities has been developed, basic classifications have been introduced and registers have been set up. Some know-how in modern techniques and new methodologies has also been transferred. In some countries, a dissemination policy has been developed and the NSIs have adopted a more user oriented approach.

6. The level of progress differs greatly from country to country and there is still a large number of problems that the NSIs are facing at the moment. Based on the experience of Eurostat, the common problems are:

- *For most of the countries the data that are produced lack approximation to international and EU standards due to appliance of national methodology, concepts and standards, lack of resources to harmonise national and international standards, lack of knowledge of those standards and due to differing needs inside and outside the country.*
- *Data available are not of a high quality*

7. The situation in the countries in general is still in transition from a socialist to a market economy and democratic society. Therefore, the public administration and the environment the NSIs are operating in have to change towards the needs of a modern society. This has a direct effect on statistics. Data produced do not meet the needs of their users yet, because there is a lack of understanding on what kinds of data are needed in a market economy. User orientation is not sufficiently developed. Data do not cover the phenomena of the whole society. This is due to an insufficient coverage and frequency of surveys, outdated registers which form the basis for any survey, lack of appropriate IT to process the

data and lack of knowledge of new survey techniques.

- *There is still a lack of confidence in statistics in the society as a whole and especially, among the users in the business community because of the data quality problems. The underdeveloped corporate image of the NSI, an inappropriate legal basis and an insufficient dissemination of data contribute as well to this lack of confidence.*
- *The NSIs like other state administration suffer from permanent budget restrictions in terms of staff and infrastructure.*

### **International donors and South-East Europe: objectives in statistical co-operation - Eurostat's views**

8. It is obvious from the above-mentioned problems that most of the NSIs in the region have to reform their statistical system entirely which will be a long process requiring lots of inputs and efforts from the countries themselves but also from the international community. It is therefore, essential to define the objectives for future statistical co-operation as clearly as possible.

9. The overall objective is to harmonise the national statistical systems with the concepts that are applied by other countries in the world and to increase their capability to produce data that are comparable with those of the global community. Eurostat has defined the following objectives for the region:

- 1) full integration of the National Statistical Systems (NSS) into the European Statistical System,
- 2) the National Statistical System fully develops its structure and role inside the nation in conformity with the International Principles (ref. to UN Charter for Statistics) and the European Statistical Law,
- 3) progressive adoption and compliance with the statistical legislation of EU (acquis) in statistics is a long term objective of the NSI.

10. In order to reach these objectives and given the current situation which differs from one country to another each concerned country will adopt, in consultation with Eurostat, an affordable policy and a strategy for the development of the NSS in the next five years.

11. This comprises the elaboration of a five year Master Plan for the development of the NSS implemented by annual Work Programmes adapted to the capacity of the country and the available funds and needs for technical assistance. Eurostat, together with other services of the European Commission, will undertake all necessary efforts to provide the required assistance.

12. NSIs should in addition concentrate on the following specific objectives:

- *The quality of data has to be improved considerably based on the following elements:*

- 1) The public administration of the country has to undergo reforms and ensure that co-ordination among institutions is improved, that the transition towards a market economy and democratic society will progress and that structures of the old system are abolished.
  - 2) The relevance of data should be improved by ensuring the users needs are monitored and met.
  - 3) The reliability of data shall be increased by improving the knowledge of internationally used methodology, using other administrative data for cross-checking and organising statistical surveys based on standard statistical techniques.
  - 4) Improving the basic infrastructure for data collection and increasing the frequency and number of relevant surveys shall widen the coverage of data.
  - 5) Timeliness of data should be improved by applying modern techniques and data collection methods.
- *Confidence in statistics shall be built up by establishing the appropriate legal basis for statistics (if not already existing), improving the dissemination of more relevant and objective data to users improving the knowledge on the users' needs, training the users about the role of statistics in market economy and finally promoting the use of statistics for policy decision in all areas*
  - *New ways of funding for statistical activities should be found to decrease the dependency on external aid and build a sustainable system of funding in the country, e.g. ensure that NSIs keep the revenues from sale of products and services for their own needs.*

### **Ongoing activities in the region and the international cooperation**

13. As the scope and number of problems is extensive and the resources available to support the reform process are rather limited priorities for statistical co-operation have been defined by both the countries themselves and by the international community. They can be described as follows:

- infrastructure development including statistical registers, classifications, the legal basis for statistics, management training, rebuilding of the premises, equipment and language training
- macro-economic statistics, including national accounts, price statistics, balance of payment and purchasing power parities
- business statistics
- social statistics, mainly covering living conditions and labour force survey
- external trade statistics
- population and agriculture censuses
- dissemination of data
- regional statistics.

14. It is evident that the international organisation have their own priorities within the region. These are the main areas the various donors concentrate on at present.

- The European Union as the biggest donor in the region provides substantial assistance through its Phare and Obnova programmes to Albania, Bosnia and Herzegovina and the Former Yugoslav Republic of Macedonia. The assistance programmes of the EU cover almost all the fields listed above by providing both technical advice as well as financing large scale surveys. New regulations for a newly launched co-operation programme for the region is expected to come out soon.
- UN/ECE concentrates on statistical capacity building as well as the population census via the UNFPA as donor's agency.
- OECD has defined as its priorities of work national accounts, non-observed economy and purchasing power parities.
- The World Bank has country specific programmes based on loans given to the countries. They mainly support institution building, training and infrastructure as well as particular fields like national accounts, prices, household surveys and external trade.
- ILO is mainly focusing on the development and improvement of labour market statistics, the related classifications and the necessary training.
- The IMF is involved in technical assistance in the field of banking and monetary statistics, national accounts, price statistics, government finance statistics and the general data dissemination system. In some of the countries long-term advisers are established.
- EFTA supports the countries in the region via its contribution to the Phare programme with assistance in the fields of national accounts, desktop publishing and training.

15. Some European countries, Member States and EFTA countries have bilateral assistance programmes apart from their participation in the Phare programme. Amongst them, Italy, Switzerland, France and Germany, all of whom concentrate on various areas like the censuses, national accounts, business statistics, management, infrastructure and training issues.

16. Some of the above mentioned organisations prefer a country by country approach whereas the European Union establishes both regional and national programmes.

### **Co-ordination aspects**

17. The list of donors described above is extensive and the fields of assistance vary considerably. It is therefore, essential that proper co-ordination among the various donors active in the region is ensured. The best co-ordination among the donors could and should be ensured by the beneficiary countries themselves. Each beneficiary country is the co-ordinator for international donors in their own country. Eurostat and other donors will help them to improve their management and programming skills. Eurostat could ensure the co-ordination for statistical co-operation at regional level and in addition promote

bilateral co-operation between donors and the countries in the region.

18. In the evidence of the European involvement for reconstruction of the region and the strong wish of most of these countries to be integrated in the European Union, Eurostat has to play a leading role in this process and this has been recognised and accepted by all partners of the International Statistical Community.

19. There are several tools available to make co-ordination work in an effective way:

- the Master Plans of the countries' NSIs,
- the priority list of statistical domains,
- the EU – World Bank Internet site that will have a link to the CIRCA (Communication and Information Resource Centre Administrator) site which is an Internet based tool developed by Eurostat to disseminate information and which is available since February 2000,
- donor meetings and meetings of the Co-operation Committees established in the framework of the Co-operation Agreements where also the beneficiary countries are present.

20. Whereas some of the beneficiary countries have already developed a master plan and others are about to do it the priority list of statistical domains established and agreed by all the donors is still missing. Once it is established the main partners for each country and domain could be identified. The respective country/organisation/institution could then be given the responsibility to organise co-operation: donors meetings, common actions.

21. Eurostat is offering for co-ordination purposes an Internet site linked with CIRCA. It should be used to circulate any information that donors consider valuable and necessary for the other interested parties in the region. This could include mission reports, assessment reports, statistical data, information about forthcoming missions, statistical programmes of the countries, their master plans and the like.

22. A donors group representing the various national and international donors active in the region has been established. It has met already and will continue to do so using other international meetings.

**23. The Conference of European Statisticians is invited to comment on the analysis of the situation of the statistical offices in the region, which is presented in this paper. It is also expected that other countries or international organisations might express their interest to support the ongoing reforms of the statistical systems in those countries. Any contribution to the above listed activities would help to continue the transition process.**

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