
Adapted Global Assessment of the National Statistical System of Albania

Final version

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PREFACE

The Adapted Global Assessment (AGA) of the national system of official statistics of Albania was undertaken in the framework of the Eurostat funded project ‘Global assessments of statistical systems of candidate and potential candidate countries as well as ENP countries’. The company ICON-INSTITUT Public Sector GmbH, under contract with Eurostat, was responsible for organising all activities and tasks related to the AGA.

The AGA process was initiated by Eurostat on request of the Institute of Statistics in Albania (INSTAT) made in February 2010. The assessment was conducted by the two experts Mr. Günter Kopsch (former director in DESTATIS, Germany) who was the leading expert, and Mr. Jan Byfuglien (Statistics Norway). The assessment findings are based on an extensive review performed during the assessment mission which took place from 20 till 24 September 2010. Besides the two experts, Mr. Torbiörn Carlquist (Eurostat) and the three observers Mr. Zdenko Milinovic (Agency for Statistics of Bosnia and Herzegovina), Mr. Nait Vrenezi and Ms. Vjosa Durmishi (Statistical Office of Kosovo) also participated in this mission. Many internal and external partners were met (see Annex 1). Written material was made available by INSTAT in advance or during the assessment mission. Major sources used for this evaluation include the “Law on Official Statistics” (see Annex 2) and the Programme of Official Statistics 2007 - 2012 (see Annex 3). The assessment mission was also prepared through replies to the questionnaire sent out in advance to INSTAT, covering main institutional formal and practical issues.

The assessing team very much appreciates the well-prepared visits and the openness of the communication both with staff of INSTAT and with representatives from other partner and stakeholder organizations. The assessing team is confident that the assessment will be of major benefit to the further development of the statistical system in Albania.

EXECUTIVE SUMMARY

- (1) The main goal of the Adapted Global Assessment (AGA) of the National Statistical System (NSS) of Albania is to evaluate the level of conformity vis-à-vis European standards, incorporating the UN Fundamental Principles of Official Statistics, the European Statistics Code of Practice, as well as the Eurostat Statistical Requirements Compendium. With that the AGA supports the improvement of the NSS and its alignment with international recommendations, standards and best practices.
- (2) The Institute of Statistics in Albania (INSTAT) is the main producer of official statistics and it is responsible for the coordination of the Albanian statistical system.
- (3) It was noted that the Albanian statistical system has made significant progress over the last few years, and that Albania is approaching compliance with the European acquis communautaire on statistics in some areas. At the same time, INSTAT (and other statistics producers as well) are confronted with an increasing number of new requirements, both from national and international stakeholders, and the system needs systematic and planned development in a number of areas, especially if Albania should become an EU candidate country.
- (4) The “Law on Official Statistics” is already in its present version a solid legal basis for the production of official statistics in a country on the way to a modern democratic information society and market economy. It is broadly in correspondence with the Fundamental Principles of Official Statistics of the United Nations and the corresponding part of the European Statistics Code of Practice. The law includes provisions for all essentials of a statistical law, and is applicable for the production of all official statistics in Albania.
- (5) The already planned revision of the “Law on Official Statistics” is nevertheless strongly supported. A major issue should be to strengthen the position of the Director General of INSTAT. He or she should have a fixed-term contract.
- (6) Following discussions with many interlocutors in the course of the assessment, the assessors came to the conclusion that the principles of professional independence and of statistical confidentiality are kept in practice by INSTAT. No evidence was found that the principles of professional independence and of statistical confidentiality are not observed within statistical units of other statistical agencies.

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- (7) The Statistical Council plays a very important role in the Albanian Statistical System. It is therefore of the utmost importance that the members of the Council represent all groups of stakeholders of official statistics adequately. It appears, however, that the present composition of the Council cannot be seen as adequately representing the stakeholders. The private sector of economy and society is clearly underrepresented. On the other hand it has to be considered whether a more user-oriented Council is the right body to have more than advisory functions. The solution may be to establish two bodies, one with more or less the functions of the present Council (with a small number of persons selected in their personal capacity and not as representatives of their institutions), and the second as an advisory committee in which all groups of users, in addition the main producers of official statistics, are represented.
- (8) INSTAT invests a lot in the collection of primary data from households as well as from enterprises. However, the face to face data collection in particular in business statistics but also in household statistics has a negative impact on the timeliness of the data and is very costly. The necessity is therefore seen to move towards new and more efficient ways of data collection using modern electronic communication instruments.
- (9) The further improvement of the use of administrative data for statistical purposes is acknowledged by INSTAT and has been made a clear objective of the office. INSTAT has already concluded some memoranda of understanding with providers of administrative data. Further memoranda should be concluded. It is recommended to include a rule in the law obliging all other public institutions to inform INSTAT on the implementation of any new administrative data files or of any changes of existing data files. INSTAT should on the other hand be more proactive in supporting the Ministries to properly run their administrative data files. It seems moreover necessary that INSTAT increases the quality control of administrative data they use for statistical purposes.
- (10) The forthcoming Programme of Official Statistics 2012 – 2016 should be used to develop a mid-term strategy about how to reach compliance with European requirements. For this it should include all developmental activities of the statistics producers and it should include estimations of the budget and of the international assistance needed for the implementation of all planned activities. Within INSTAT the programme should be complemented by an operational plan containing the activities needed and the milestones for the fulfilment of the activities.
- (11) INSTAT's instruments for the coordination of the Albanian Statistical System are its responsibility to prepare and to secure the implementation of the multi-annual Programme of Official Statistics as well as Memoranda of Understanding with other Statistical Agencies. Good progress seems to be reached with regard to Memoranda of

Understanding. Comprehensive Memoranda of Understanding, following the exemplary agreements with Bank of Albania and Ministry of Agriculture, Food and Consumer Protection, should be concluded as soon as possible with all other Statistical Agencies. INSTAT should also make efforts to reach agreements with all other Ministries and agencies producing administrative data. Users mentioned that there is no clear distinction between official statistics and statistics of Ministries. They criticized a lack of coordination between line Ministries and INSTAT.

- (12) The “Law on Official Statistics” gives comprehensive competencies to INSTAT in its function as the coordinator of the Statistical System in Albania. INSTAT, however, can only use these competencies if it has the resources which are needed to fulfil the labour-intensive tasks that are connected with the competencies. It seems that such resources are not sufficiently available.
- (13) It is recommended that the annual reports on programme implementation do not only include activities of INSTAT but of the whole Albanian Statistical System. Reporting on the multi-annual programme should not only be at the end but in addition in the middle of the time period of the programme.
- (14) The main conclusions of the institutional aspects of INSTAT are as follows:
- INSTAT has experienced a very positive development of staff resources over the last years. However, the present number of staff is still far from sufficient to allow INSTAT to produce statistics as required by EU, and the capacity of the statistical institute has to continue to be strengthened during the coming years.
 - A widespread network of data collectors and enumerators has contributed to ensuring a low non-response rate in Albania. However, in a small country like Albania it would prove to be increasingly inefficient to maintain 36 regional offices, occupying more than 40 per cent of the total staff, also taking into account new possibilities for data collection (by post, telephone and by using the internet). Thus a simplification in the structure should be considered urgently and implemented, taking into account practical limitations.
 - The budget of INSTAT has increased considerably over the last years. However, taking into account the ambitions for harmonisation and compliance with European requirements the resources available are still far from adequate to ensure the implementation of all EU legal acts in the field of statistics. This development requires planning and well defined priorities over the span of several years.
 - At present INSTAT seems to be able to recruit well qualified staff and retain their employees for relatively lengthy periods, partly due to an acceptable salary level, as well as other internal actions aimed at motivating and training staff. There seems to be a well structured recruitment procedure, combined with a general policy of integrating newcomers by introducing them to different parts of the

organization, as confirmed by the meeting with junior staff. Staff satisfaction appears also to be rather good, however it might be useful at some stage to implement a staff satisfaction survey.

- INSTAT is relatively well equipped at the main office with IT hardware and software, and the regional offices are also linked to the network. Subject matter specialists also receive training in order to be able to utilise the existing tools and to process data themselves, without too much specific IT support. At the moment there are relatively few IT specialists in the growing organization but this will improve with the planned recruitment. There is also need to standardise the use of some tools (SAS/SPSS), and possibly also to acquire or invest in tools to improve the efficiency of data entry, data control and editing. Furthermore, continuous training, both of staff of the IT department as well as of statisticians in other parts of the organization, is necessary to improve overall efficiency and a proper use of the different tools.
- INSTAT has put in place several routines and practises in order to assess and improve the quality of different surveys, especially with the support of international specialists. There seems to be a strong awareness of the general quality principles and quality is said to be monitored through the management hierarchy. Training is being provided also addressing quality issues. However, there are still some issues to be addressed concerning the quality of data based on some surveys and administrative data and quality management in general. It is especially important to improve documentation of data quality and to improve the timeliness of some surveys.
- INSTAT in general is following best practices concerning dissemination policy, by providing equal access to all users, based on a release calendar and providing a wide range of statistical information, both in publications and on their website. They also provide a description of the data, including an English version. However, there is a general need to develop a clearer dissemination policy and to implement several improvement actions explained in chapter 3.5 of the report.
- INSTAT has rather well-established contacts with some main users, who are also partly producers, through participation in the Statistical Council and/or through specific agreements. There seems also to be good contacts with some important users in some Ministries and in the scientific community. However, user contact in general could be better structured and developed. One possibility would be to establish user groups for consultation related to specific subject areas.
- INSTAT has an active approach towards international cooperation and apparently a large number of staff have a good knowledge of the English language. With a relative large component of donor-funded projects, it is important for INSTAT to ensure proper coordination, as well as to be able to develop clear priorities and plans. One option may be to establish a planning unit linked to international cooperation.

(15) Results of assessment of the compliance level with the European requirements in selected statistical areas are as follows:

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- The Business Census to be conducted in November 2010 will be the starting point for the establishment of the revised European activity classification (NACE Rev. 2.) It is already planned (and strongly supported) that NACE Rev. 2 will be implemented in the business register and in all areas of statistics using the activity classification (in particular structural and short-term business statistics and National Accounts) very soon after the Census. It is further recommended to start with the preparatory work for the conversion of the classification of products by activity to the recently revised CPA 2008. A decision on a regional statistical classification in line with the NUTS regulation is urgently needed and to be submitted by INSTAT to Eurostat.
 - A major quality problem with the demographic statistical data of Albania is the uncertainty concerning the population that should be registered as living in Albania, as emigrants living abroad for a long time still might be registered as living in the country. There is a strong need for INSTAT to closely cooperate with the General Directorate of Civil Status, both in order to improve the quality and completeness of the electronic population register under development, and to ensure a more consistent registration of vital statistics and immigration/emigration according to international standards. INSTAT should also ensure strong involvement in the development of the new address system which will benefit the performance of future censuses and surveys.
 - There is a clear need for better coordination with the Ministry of Health concerning statistical data related to births and deaths in order to avoid inconsistent figures, for instance on infantile mortality, also transmitted to international organizations.
 - The performance of the Population Census will be a very important milestone for the statistical system of Albania. The preparation of the Census seems also to be in line with European regulations and international recommendations. The Population Census is planned for April 2011 and a great deal of work remains to be done. One issue that deserves great attention is the inclusion of some sensitive questions related to religion and ethnicity.
 - The Household Budget Survey has a very high response rate (around 90 per cent) due to intensive follow up from enumerators. The survey is in line with surveys performed in EU countries and is being used for updating the basket for CPI and in national accounts as well as for the general study of living conditions. There is a need to review the role, content and timing of future Household Budget Surveys in relation to the possible new Living Standard Measurement Survey and the future development of the Survey on Income and Living Conditions (EU-SILC).
 - The Labour Force Survey appears to be rather compliant with the major (relevant) EU regulations, based on the continued support of international donors and experts. There is a need for better explanation of the relationship between labour market statistics based on administrative sources, for instance registered unemployment, and data based on the LFS. It is also necessary to improve documentation of quality issues related to data based on sample surveys, and some measures to improve timeliness should be considered. The present practice of disseminating micro-files in SPSS format should be evaluated further.

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- Strong efforts are needed in order to enlarge and improve National Accounts in Albania. What INSTAT urgently needs is a mid-term operational plan for the development of National Accounts which takes into account the already planned international assistance projects and the absorption capacity of the (also after the intended increase of the staff capacities) rather small National Accounts Directorate. In principle, the improvement and enlargement of the annual National Accounts calculations should have first priority in INSTAT, mainly with regard to the independent calculation of GDP by the expenditure approach and the development of institutional sector accounts. It is also recommended that INSTAT gives high priority to the estimation of the quarterly GDP from the expenditure side. INSTAT will need a further increase in its staff capacities and continuing support by Eurostat and the European Statistical System for a longer period to reach compliance with European legislation in the field of National Accounts.
 - INSTAT has the task to compile the full general government accounts (in accordance with ESA 95) based on the data from Government Finance Statistics of the Ministry of Finance. It seems that the cooperation between the Ministry of Finance and INSTAT as a user of this data for the compilation of general government accounts needs improvement. Both sides should seek ways how the needs of National Accounts in that field can be met in an efficient way.
 - It appears that Balance of Payments Statistics reached relatively high compliance with European and international requirements. The Bank of Albania should use the external trade of goods data produced by INSTAT for Balance of Payments Statistics in future.
 - INSTAT already calculates a rather advanced national Consumer Price Index. Improvements of the national CPI which are also of importance for the HICP are particularly necessary in the field of quality adjustments.
 - The quality of the Business Register is still not satisfactory. The planned Business Census is crucial for the further improvement of the register.
 - In Structural and Short-term Business Statistics several improvements are planned for the time after the coming Business Census. The intention to compile representative regional data and to introduce NACE Rev. 2 is to be particularly emphasized. Moreover, a new survey on manufactured goods in accordance with PRODCOM regulations is planned for 2012. For Short-term Business Statistics the use of electronic means for data collection is recommended.
 - The major part of agricultural statistics is now being collected by the Ministry of Agriculture, Food and Consumer Production. The memorandum of understanding between INSTAT and the Ministry of Agriculture, Food and Consumer Protection is a good foundation for improved cooperation in this area, even if the cooperation is already functioning well. The planned Agricultural Census will be of major importance for improved agricultural statistics. However there are some issues related to the future responsibilities regarding the updating and the utilisation of the planned Farm Register and for different fields of EU legal acts in the field of agricultural statistics that should be clarified. It was mentioned by a user that the quality of some figures in the field of agriculture might be dubious and might need better review and control.

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- (16) It is recommended to give priority to the following improvement actions:
- To revise the law “On Official Statistics” (strengthen the role of INSTAT as coordinator, procedures for recruiting Director general, role and composition of Statistical Council...).
 - To develop a Master plan for EU adaptation as part of a long-term and strategic programme and to estimate necessary resources for this adaptation.
 - To improve the efficiency of data collection including simplification of regional structures.
 - To improve quality management, especially to improve timeliness of some surveys and quality control of data based on administrative sources.
 - To develop a dissemination policy and to implement several initiatives in the field of dissemination.
 - Improvements are needed in several statistical domains, and especially;
 - o Enlargement and improvement of National Accounts calculations.
 - o Business Statistics, in particular improved Business Register and Short-term Statistics.
 - o Demographic statistics: the performance of the Population Census and the future utilisation of the National Register of Civil Status and the address register to improve quality of demographic statistics in general.
 - o Agriculture Statistics: the performance of the Agricultural Census, establishment of a Farm Register and the future responsibilities for updating the register and production of agricultural statistics.

1 LEGAL BASIS

1.1 General Overview

- (17) The “Law on Official Statistics” of Albania, decided by the Assembly of the Republic of Albania on 5. 2.2004, is the legal basis for the production of official statistics in Albania (the English text is enclosed in Annex 2 of the report). It is broadly in accordance with the “Guidelines and Recommendations for the Drawing-up of a Basic Statistical Legislation in Transition Countries Changing to a Market Economy” (Pattern for a Statistical Law) developed by Eurostat.
- (18) The “Law on Official Statistics” does not only apply to the Institute of Statistics of Albania (INSTAT), but to the production and dissemination of official statistics by all Albanian Statistical Agencies which are authorised by the Programme of Official Statistics to produce and disseminate official statistics.

1.2 Discussion of Essentials of a Statistical Law in Detail

- (19) The following aspects are considered as essentials of a statistical law:
- Guarantee of professional independence for the producers of official statistics;
 - Adoption of a multi-annual statistical programme by the relevant authorities for legislation;
 - Strong power to collect and access data for statistical purposes;
 - Firm guarantee of statistical confidentiality;
 - Impartial dissemination of the statistical information produced.
- (20) Further important aspects which should also be laid down in the statistical law are the organization and coordination of the statistical system (including the mandate of the statistical office), and in addition the role of the National Statistical Council. These aspects will be discussed in later chapters.

1.3 Professional Independence

- (21) According to the Fundamental Principles of Official Statistics, as well as the European Statistics Code of Practice, the producers of official statistics shall be professionally independent. The production of statistics shall be policy-remote and decided solely on professional reasons. Influence on statistics in order to manipulate the results could be notably sought in the choice of standards and methods, and the dissemination of the

statistical results. The statistical law should contain sufficient safeguards against all such possible interventions. Professionalism and independence are the fundamental principles for the credibility of a statistical system, and credibility is of the highest importance, due to the fact that statistical data deemed as unreliable will not be used, and is therefore useless.

- (22) The “Law on Official Statistics” states explicitly (in Article 4), that the professional independence of the producers of official statistics in Albania (while organising and implementing the Programme of Official Statistics) is guaranteed. The staff of INSTAT and of the other Statistical Agencies are allowed neither to seek, nor to take instructions from the government, other state authorities, political parties or any other interest groups, notably in the selection of data sources, statistical methods and procedures, in the contents, form and time of dissemination, and in the application of statistical confidentiality.
- (23) According to Article 9 the steering organs of INSTAT are the Statistical Council and the Director General. The Director General is appointed and dismissed based on the proposal of the Statistical Council (subject to the approval of the Prime Minister). The selection procedures for the appointment, as well as the qualifications sought after, and his or her terms of office (including rules against an early dismissal) are not laid down in the “Law on Official Statistics”. In INSTAT’s self-assessment it is said that the Director General’s duty ends with his/her resignation, suspension or discharging.
- (24) The Statistical Council plays a very important role in the Albanian Statistical System. According to the “Law on Official Statistics”, the Council supervises and supports INSTAT in its role in ensuring that the Programme of Official Statistics is produced in accordance with the Fundamental Principles of the United Nations. It reserves not only the right to make a proposal for the appointment or dismissal of the Director General, but also the authority to voice its opinion in the draft Programme of Official Statistics. This is submitted via the Prime Minister to the Parliament for approval. The Council has further on the responsibility to approve the five year strategic plan for INSTAT, the yearly operational plan of INSTAT, the annual budget plan, the Annual Report of INSTAT, the organizational structure of INSTAT, and the appointment of the Directors of INSTAT.
- (25) The legal status of a statistical system (and a statistical office) with regard to professional independence is a good prerequisite to be able to fully apply to the Independence Principle of the Code of Practice. It cannot however, be considered as a guarantee. Professional independence of the producers of official statistics also has to be accepted, in particular by the Government, in practice. After discussions with the management and other staff of INSTAT, as well as with various users of statistics, the

Peers have got the impression that INSTAT can work independently without being influenced in the selection of the methodology used and in the content and timing of its releases. It seems that also in other Statistical Agencies, in particular the Bank of Albania, the staff of the statistics department can work professionally independent in regard to the implementation of their part of the Programme of Official Statistics. The Memoranda of Understanding with the Bank of Albania and with the Ministry of Agriculture, Food and Consumer Protection include a paragraph in which these institutions guarantee the professional independence of their staff working in the field of official statistics.

1.4 Programming

- (26) A national law on statistics should ensure that a multi-annual statistical programme will be drawn up. The role of such a programme is to describe the scope of statistical activities during the next 4 or 5 years, setting clear priorities as to what is to be done. The programme should be adopted by the relevant authorities for legislation in the state because judgment of what is statistically relevant in the country is a political decision. The necessary details for the implementation of the programme can be decided at a lower level, e.g. by the Statistical Council or even by the head of the statistical office after consulting some advisory body. It should also be taken into consideration to install into the programme a link to the budgetary safeguards.
- (27) Article 6 of the law “On Official Statistics” is called “The Programme of Official Statistics”. It is laid down there that the programme, which shall span five years, will be approved by the Parliament and published in the Official Gazette of the Republic of Albania. The Programme is to be submitted to the Parliament by the Statistical Council via the Prime Minister. § 3 of Article 6 states what the programme shall include in detail, inter alia the institutions responsible for the production of the various statistics. A five year strategic plan for INSTAT, as well as plans for the implementation of the programme are included in the programme. Annual operational plans for INSTAT are approved by the Statistical Council. The drafting of these documents, the Programme of Official Statistics (including the five years strategic plan) and the annual operational plan of INSTAT are according to Article 8 of the law tasks of INSTAT. Moreover, INSTAT prepares and submits short reports on the progress of the implementation of the programme to the Statistical Council for discussion in short quarterly reports. INSTAT also drafts an annual report of its own activities which is approved by the Statistical Council and presented to the Economic Commission of the Albanian Parliament. With regard to the budgetary safeguards, the State Budget is required by law to finance INSTAT. In addition charges for publications, services and projects as well as any other legal income may be used.

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- (28) The present programme includes strategic objectives, a list of statistics to be produced in the planning period together with the activities directly related to the collection and processing of data, in addition with some developmental activities (for example, development and implementation of new methods, improvement of the information and communication technology infrastructure, establishment of new or enlargement of existing statistics and the additional resources that are required). The forthcoming Programme of Official Statistics 2012 - 2016 should be used for a strategic planning of all developmental activities in the middle term needed for the compliance with European requirements, and the resources and international assistance necessary to fulfil the tasks..

1.5 Mandate for Data Collection

- (29) A statistical law shall provide producers of official statistics with the right to decide the most appropriate way to acquire the necessary basic information for the compilation of their statistics from all data sources. Public organizations should be obliged to give access to administrative data for statistical purposes, and statistical units to provide the information needed.
- (30) According to Article 14 of the “Law on Official Statistics”, statistical units called upon to supply information for the production of statistics are obliged to provide INSTAT or other statistical agencies with all data necessary for the production of the statistics included in the Programme of Official Statistics. INSTAT and the other statistical agencies are furthermore given the right to access all administrative data sources as needed for the implementation of the programme. Holders of administrative data have the duty to make their data available for use, free of charge, in accordance with the requirements of the producers of statistics. Moreover, all other Albanian statistical agencies have the duty to provide INSTAT access to all data collected, processed and stored in the field of their responsibilities (if the data is necessary for statistical purposes). INSTAT has already concluded some memoranda of understanding with other data providers; further memoranda are planned. According to the law, INSTAT has the right to influence the production of all official statistics and of administrative data to be used for statistical purposes and should be provided with all information regarding the production of official statistics and of administrative data. In practice INSTAT cooperates with holders of administrative data to increase the usability of administrative data for statistical purposes. Judging by the answers provided to the assessment questionnaire and from the discussions with the management of INSTAT, it seems, however, that the flow of information between data providers and INSTAT is not without gaps and needs further improvement.

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- (31) The “Law on Official Statistics” gives INSTAT and the other statistical agencies the right to impose fines in the case of primary data collection on statistical units that do not provide accurate and complete data as requested by the producers of official statistics. The penalty provisions apply to legal persons, to the heads of such institutions, and to natural persons. However, penalty provisions have not been used yet because response rates are rather high in household surveys as well as in business surveys. INSTAT sees therefore no reason to use the penalty provisions of the law.
- (32) INSTAT has not yet succeeded in making it possible for enterprises to provide their data by electronic means. It has started, however, with preparatory work.
- (33) By the law “On Official Statistics” and in connection with the Programme of Official Statistics, INSTAT and the other statistical agencies is given the right to collect primary statistical data and to access administrative records. It appears, however, that the rules concerning the mandate of data collection could be made much more transparent in a possible revision of the law. At present the rules are spread out over many articles of the law and a concentration into one or two articles is deemed recommendable.

1.6 Statistical Confidentiality

- (34) Statistical confidentiality is one of the most important principles of official statistics. In order to safeguard the trust of respondents, their data must not be used in individual form and in a context where individual decisions are taken. A possible exception is the use of such data for scientific purposes, but under very strict and restrictive conditions. A law on statistics moreover should demand the installation of a technical data protection architecture which ensures the functioning of the confidentiality rules in all stages of the statistical production process.
- (35) Confidentiality of statistical data is regulated in the “Law on Official Statistics”, both as one of the principles on which official statistics is based in Albania, and in Article 15 “Confidentiality” (in a total of 9 paragraphs). In particular, the law states that data collected, processed and stored for the production of official statistics shall be treated as strictly confidential, if they may allow direct or indirect identification of statistical units, thereby disclosing individual information. This means that individual data collected from statistical units for the production of official statistics shall be used for statistical purposes only, that only the persons involved in the production of official statistics shall have access to confidential data and only to the extent necessary for the production of the said statistics, that access to individual statistical data without identifiers may be granted for scientific and research projects, under strict conditions stipulated in a contract, that statistical results must not be disseminated if there is a risk

of disclosing confidential data, and, last but not least, that INSTAT and other Statistical Agencies shall take all necessary technical and organizational measures required for the protection of confidential data.

- (36) Individual data collected and processed for statistical purposes by INSTAT are protected against disclosure. INSTAT established technical provisions that prevent its databases from destruction, misuse, misappropriation and unauthorised use. A database management that is inter alia responsible for the protection of confidential data was recently set up. Further improvements of the technology are planned. Staff signs legal confidentiality commitments as part of their contracts when appointed. Internal written instructions and guidelines for staff on how to deal with micro-data in all phases of the production process are, however, not yet available. The management of INSTAT explained that such a document is in preparation. The assessors are altogether convinced that statistical confidentiality is embedded in the culture of INSTAT, and that holds true also for the other Statistical Agencies the assessors met.
- (37) According to the law, the Director General of INSTAT may grant access to individual statistical data without identifiers for the purpose of carrying out scientific and research projects. The management of INSTAT explained that they didn't have up to now experience in the provision of such data because no demand was expressed from the side of researchers. Conversely, the website of INSTAT includes detailed data files (on micro level) from the Living Standard Measurement Survey and from the Labour Force Surveys 2007 and 2008 in SPSS format. Even if some identification information is removed, such as detailed geographical identification, these files contain birth dates and other detailed information on individual level. Thus this practice should be evaluated further and rather provide metadata and restrict more the access to detailed micro-data for specific research purposes under contract. It seems necessary that INSTAT prepares a document explaining in detail requirements and procedures for the access to individual data for research purposes. Such a document should be published on INSTAT's website.

1.7 Impartial Dissemination

- (38) According to the Fundamental Principles and to the European Statistics Code of Practice, dissemination is to be made on an impartial basis to honour citizen's right to public information. Statistical offices have the responsibility to ensure that statistical results are made public. A pre-announcement of important releases is a useful tool to guarantee the technical autonomy in dissemination.
- (39) The Albanian "Law on Official Statistics" states explicitly that the results of official statistics shall be disseminated in such a way that all users have equal and

simultaneous access. All appropriate media to reach the users may be employed. The information necessary for the assessment of the data quality, in particular information on the methods used for the production of statistics and on the principles applied, shall be publicly available. Furthermore INSTAT is obliged by the law to publish before the end of the year a detailed calendar of dates at which important official statistical results will be released in the following year, including the form of dissemination. A detailed description and assessment of the dissemination policy of INSTAT can be found below in Chapter 3.5.

1.8 Issues that may be considered for a future Revision of the Law

- (40) Though the “Law on Official Statistics” is already, at present, a solid legal basis for the Albanian Statistical System, some amendments and clarifications should be considered in a future revision process.
- (41) A few issues of special importance for the good functioning of a statistical system are described in the following:
- Article 7 “Role of the Institute of Statistics” should be amended by stipulating that the Statistical Office is the main producer and the coordinator of the System of Official Statistics and laying explicitly down its autonomy in performing its tasks in conformity with the law. Coordination means that the Institute of Statistics should be responsible for following up the performance of tasks assigned by the Programme of Official Statistics to other producers of official statistics in terms of their conformity to international standards, to perform quality control, and to provide technical support and ensure coordination in these issues (see the statistical law of Turkey, Bulgaria, Ireland, and Australia).
 - The System of Official Statistics should be defined in Article 2. The term “administrative statistics” should not be used in a revised law. Statistics should only be “official statistics” to prevent any confusion.
 - Article 12 “Tasks of the Director General” should be called “Role and Tasks of the Director General”. The Article should underline the role of the Director General as the guardian of the professional independence of the Office (an example from the law of Ireland). He or she should have a fixed-term contract of up to seven years, which is renewable at least once. It should further deal with the qualifications, the procedures of the appointment and a possible dismissal of the Director General. Examples could include the statistics laws of Turkey and Bulgaria.
 - The structure of the law should be improved. The rules in regard to the mandate for data collection of the producers of official statistics (which are scattered over many articles) provide an example of this.
 - The amendment of a separate article on quality which stipulates and defines the European quality dimensions should be considered (see the Regulation on

European Statistics), in which the European Statistics Code of Practice could also be mentioned.

- A change of the role of the Statistical Council, of the number of its members and of its composition should be considered. It would be better if the composition of the Council was implemented in the “Law on Official Statistics” itself, not only in a Decision of the Council of Ministers.
- According to the law, the Director General of INSTAT may grant access to individual statistical data without identifiers for the purpose of carrying out scientific and research projects. It seems that there are no clear criteria as to which institutions may receive such data and which procedure is to be followed. An amendment of the law seems to be necessary.
- Articles 8 and 16 give INSTAT the right to request access to administrative data, to access information on all surveys conducted by any public agency, and to exert a certain influence over the implementation of such surveys. From answers in the assessment questionnaire it seems, however, that a further strengthening of the rules regarding the use of administrative data is needed. The “Law on Official Statistics” should therefore be amended by a rule obliging all other public institutions to inform INSTAT on the implementation of any new administrative data files or any changes of existing data files and it should give INSTAT the right to intervene, so that the needs of statistics are taken into account (see examples in the laws of Ireland and Norway). Moreover, INSTAT should be provided with the metadata for the administrative data they use.

1.9 The legal Basis for regular Stakeholder Involvement

- (42) A Statistical Council is established by the “Law on Official Statistics”. The Council is given a very strong role because it is not only an advisory body as in many other countries, but according to Article 9 of the law, together with the Director General, one of the steering bodies of INSTAT. Its role is to supervise and to support INSTAT in its function of ensuring that the Programme of Official Statistics is implemented in accordance with the UN Fundamental Principles of Official Statistics. The tasks of the Council include in particular making a proposal to the Prime Minister for the appointment or the dismissal of the Director General, accepting the draft Programme of Official Statistics (that includes the five year strategic plan) and submitting it via the Prime Minister to the Parliament for approval, deciding on the annual operational plan, the annual budget plan and the annual report of INSTAT, as well as approving the organizational structure of INSTAT. The Council has furthermore the right to exert influence on the management of the other Statistical Agencies to ensure that all official statistics meet professional standards.
- (43) Nothing is mentioned in the “Law on Official Statistics” about the composition of the Statistical Council and which stakeholders should be represented. It is only laid down

that the Council should have eleven members appointed by the Council of Ministers. Details on the composition and the procedures of selection, appointment and dismissal of the members of the Council, as well as the functioning of the Council, are specified in a separate decision adopted by the Council of Ministers. According to decision No. 704 of 2005 Statistical Council consists of:

- Three members of the academic world, selected from the academic staff of the university of Tirana;
- Three members of civil society, elected from non-government organizations; one of the three must represent a union of professional journalists;
- Five members of other statistical agencies.

(44) Stakeholders of the statistical system are also the producers of official statistics in other countries and the international organizations. According to the “Law on Official Statistics”, INSTAT shall be responsible for maintaining up-to-date information on all relationships between Albanian statistical agencies and international agencies on matters relating to the current or prospective Albanian official statistics. Being a potential candidate country for membership in the European Union, the Albanian Statistical System has close connections with the European Statistical System, in particular with Eurostat, but also with international organizations like the International Monetary Fund (IMF), World Bank and the United Nations Development Programme (UNDP). Albania has subscribed to the General Data Dissemination System (GDSS) of the IMF. A subscription to the Special Data Dissemination Standard (SDDS) is planned.

1.10 Other relevant Legislation

(45) The Decision No. 153 of 31.01.2008 of the Albanian Parliament on the 5-year Programme of Official Statistics (2007 – 2011) is (in connection with the “Law on Official Statistics”) the legal basis for all activities in the field of official statistics in Albania. The programme is prepared by INSTAT once every five years in cooperation with the other Statistical Agencies and submitted by the Statistical Council via the Prime Minister to the Parliament for approval.

(46) According to the “Law on Official Statistics”, any general census shall be included in the programme; however the implementation of such a census shall be authorized by a separate law. The next Census of Population and Housing will be conducted in April 2011, ten years after the last census of 2001. It will be based on the law “Census on total Population and Housing” (Law no. 8669, Date. Act: 26/10/2000, Date of ratification: 07/11/2000, Official Bulletin no. 36, Page: 1745), amended at 23/02/2009, No. 10084, published in the Official Bulletin no. 32, page 1789.

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- (47) Law No. 10201 “On General Registration of Agricultural Economic Units” and Law No. 10202 “On General Registration of Non-Agricultural Units”, both dated 17.12.2009, form the legal basis on which the Agriculture Census in 2012 and a Business Census in 2010 will be conducted. The censuses will provide general information about all agricultural and non-agricultural economic units within the territory of the Republic of Albania, making it possible to establish a farm register and to improve the existing business register (which will include, after the census, a register of local business units).
- (48) Decision of the Council of Ministers concerning the composition of the Statistical Council, the selection, appointment and dismissal of its members and the Council’s internal procedures.
- (49) The “Law on Protection of Personal Data” includes rules on the use of personal data for the production of official statistics. It allows explicitly that personal data having been collected for any purpose may be processed again for statistical purposes and it allows explicitly the processing of sensitive data for the production of official statistics. It seems that the “Law on Protection of Personal Data” does not hinder the work of official statistics in Albania.
- (50) The Law No. 8269 of 23.12.1997 “On the Bank of Albania” lays down in Article 27 that the Bank compiles the Balance of Payments of the State of Albania as well as coordinating and directing the statistical system of the Balance of Payments. The responsibility of the Bank of Albania in other fields of statistics, in particular for Money and Banking Statistics, is not mentioned in the law.
- (51) Governments Decision no. 327, date 18.07.1994 “On activities nomenclature”.
- (52) Prime Ministers Order no. 76, date 20.06.2008 “On approval of structural organization of Institute of Statistics (INSTAT)”.

(53) **Assessment**

The “Law on Official Statistics” is already in its present version a solid legal basis for the production of official statistics in a country on the way to a modern democratic information society and market economy. It is broadly in correspondence with the Fundamental Principles of Official Statistics of the United Nations and the corresponding part of the European Statistics Code of Practice. The law includes provisions for all essentials of a statistical law, and is applicable for the production of all official statistics in Albania.

The planned revision of the “Law on Official Statistics” is nevertheless strongly supported. A major issue should be, as already mentioned, to strengthen the position of the Director General of INSTAT. He or she should have a fixed-term contract of up to seven years, which allows for at least one renewal. Further issues of some importance are already explained in point 25 of this report. The law also has to be brought in line with the new “Law on the Protection of Personal Data”.

Following discussions with many interlocutors in the course of the assessment, the assessors came to the conclusion that the principles of professional independence and of statistical confidentiality are kept in practice by INSTAT.

No evidence was found that the principles of professional independence and of statistical confidentiality are not observed within statistical units of other statistical agencies. A provision in the Bank of Albania’s Law (Article 58,2), however, stating that individual respondents data may be disclosed to tax authorities should be deleted as soon as possible so as not to give rise to doubts in the Bank of Albania’s adherence to statistical confidentiality.

The Statistical Council is given a very strong role in the Albanian Statistical System by the “Law on Official Statistics”. It is therefore of the utmost importance that the members of the Council represent all groups of stakeholders of official statistics adequately. It appears, however, that the present composition of the Council with nearly half of the members from Ministries and further nearly 30 % from one university cannot be seen as a good representation of the stakeholders. The private sector of economy and society is clearly underrepresented. On the other hand it has to be considered whether a more user-oriented Council is the right body to have more than advisory functions. The solution could be to establish two bodies, one with more or less the functions of the present Council (with a small number of persons selected in their personal capacity and not as representatives of their institutions), and the second one as an advisory committee (in which all groups of users and in addition the main producers of official statistics are represented).

INSTAT invests a great deal in the collection of primary data from households as well as from enterprises. As a result, response rates are rather high. INSTAT therefore sees no reason to use the penalty provisions as stated in the law. On the other hand, the face to face data collection in particular in business statistics, but also in household statistics, has a negative impact on the timeliness of the data and is very costly. Therefore it is necessary to develop new and efficient ways of data collection using modern electronic communication instruments (delivery of data per internet, CATI, CAPI etc.)

The further improvement of the use of administrative data for statistical purposes is very well recognized by INSTAT and a clear objective of the office. INSTAT already has concluded some memoranda of understanding with providers of administrative data, i.e. the Customs Directorate, the Directorate of Taxation. Further memoranda should be concluded. It is recommended to include a rule in the “Law on Official Statistics” obliging all other public institutions to inform INSTAT on the implementation of any new administrative data files or of any changes of existing data files. INSTAT should, on the other hand, be more proactive in supporting the ministries to properly run their administrative data files. It seems moreover necessary

that INSTAT increases the quality control of administrative data they use for statistical purposes.

The forthcoming Programme of Official Statistics (2012 – 2016), which must be adopted by the Albanian Parliament by law, should be used to develop a mid-term strategic orientation on how to reach compliance with European requirements. It should include all developmental activities of the statistics producer, as well as estimations of the budget and of the international assistance needed for the implementation of all planned activities. Within INSTAT, the programme should be complemented by an operational plan containing the activities needed and the milestones for the fulfilment of the activities (see also the recommendations in the section on INSTAT).

2 NATIONAL SYSTEM OF OFFICIAL STATISTICS

- (54) The National System of Official Statistics of Albania is not explicitly mentioned and is therefore also not defined by the “Law on Official Statistics”. The law stipulates, however, that the multi-annual Programme of Official Statistics (which is approved by the Parliament of the Republic of Albania and published in the Official Gazette), determines the institutions responsible for producing and disseminating official statistical information. The institutions include the Institute of Statistics of Albania, called INSTAT as well as other Statistical Agencies, determined by the programme.
- (55) In the meetings with other producers of official statistics and with providers of administrative data, the close cooperation with INSTAT in the field of data sharing was expressed. There are, however, some issues that can be improved within the system of statistics and which lead to an even better cooperation in the system.

2.1 Structure of the Albanian Statistical System

- (56) INSTAT (the Institute of Statistics of Albania) is in charge of the majority of the production of official statistics in Albania (about 80% according to INSTAT). The Programme of Official Statistics for the period 2007 – 2011 names INSTAT as the responsible institution in the fields of national accounts, economic statistics, social and demographic statistics, statistics of the labour market, of health and of education, and of foreign trade statistics. According to the programme, the other Statistical Agencies are:
- Bank of Albania,
 - Ministry of Finance,
 - Ministry of Agriculture, Food and Consumer Protection,
 - Ministry of Environment, Forests and Water Administration.

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- In addition, the Ministry of Economy, Trade and Energy (which is not mentioned in the programme 2007 -2011), is now considered a Statistical Agency due to some changes in the division of labour between Ministries. Its task seems to encompass electricity statistics.
- (57) Though the delimitation of the Statistical System of Albania and the determination which institutions are other Statistical Agencies is rather clear from a legal point of view it appears that it is not transparent for the users of statistics. It seems that it is difficult to define which data (published by public institutions other than INSTAT) can be considered as official statistics (as having been processed according to the law “On Official Statistics”), and which data is merely administrative data that has not been subjected to official statistics rules.
- (58) The Bank of Albania is responsible for Monetary and Financial Statistics, Balance of Payments Statistics, Trade in Services and Foreign Direct Investment Statistics, and International Investment Position and External Debt Statistics. Data sources for the production of monetary statistics are monthly data collections from commercial banks and other private entities. These surveys, together with other surveys compiled by INSTAT, also provide data for the estimation of the trade in services and of money transfers for balance of payments purposes. Foreign trade in goods statistics (produced on the basis of figures provided by the General Directorate of Customs) is further a major source for the balance of payments. The Bank of Albania has concluded a memorandum of understanding with INSTAT. The law “On the Bank of Albania”, as well as internal instructions issued by the bank, stipulates very strict confidentiality rules. Problematic (and not in compliance with the Code of Practice) is, however, Article 58 §2 of the law, which allows the disclosure of non-public information to tax authorities. According to the explanations of the representative of the Statistics Department of the Bank of Albania, the publication of new data is the responsibility of the statisticians.
- (59) Responsibility for Government Finance Statistics (which covers financial and non-financial data relating to expenditure, revenues and financing of government), lies with the Ministry of Finance. The Ministry of Finance (together with Bank of Albania) plays the central role in the assessment of government deficit and government debt. Ministry of Finance has concluded a memorandum of understanding with INSTAT.
- (60) The three further Ministries which also have the status of a Statistical Agency compile statistics on agriculture, environment and electricity.

(61) Assessment

According to the “Law on Official Statistics”, producers of official statistics in Albania include the Institute of Statistics (INSTAT) and the other Statistical Agencies specified in the Programme of Official Statistics as authorised to undertake activities relating to the production of official statistics. Combined, they form the Statistical System of Albania. With the planned revision of the “Law on Official Statistics”, the legal definition of the System of Official Statistics should be redefined.

As previously mentioned, the Albanian Statistical System consists of INSTAT and of five other statistical agencies. Many other ministries and agencies also have statistical units which are in part rather small, and lacking in professional expertise. Some of them also collect data, from both the public and private sector, and produce their own statistics. Representatives of the various ministries explained that there is no clear distinction made between official statistics, and the statistics from various ministries that are not part of the official statistical programme.

In general, it can be said that, particularly in small countries such as Albania, it would be more efficient to concentrate nearly all statistical expertise in one institution. A change in the responsibility for parts of agriculture statistics from the Ministry of Agriculture, Food and Consumer Protection to INSTAT could be possible after the agriculture census and the establishment of a statistical farm register within INSTAT. In the field of Government Finance Statistics it is already planned to give the responsibility for the fulfilment of the European requirements to INSTAT.

2.2 Programming and Coordination Mechanisms

- (62) Statistical systems undergoing extensive decentralization need to be well coordinated for the sake of the efficiency of the system. The Statistical Office should be given a leading role as the coordinator of the system, and the other producers should use the same standards, in particular regarding classifications provided by the Statistical Office. In addition, they should harmonize their methods with the methods used by the Statistical Office, and, last but not least, should include their work programme in the overall statistical programme to avoid any duplication. They should also provide their results to the Statistical Office for further dissemination. The Statistical Office, on the other hand, should support the work of the other producers, in particular by providing methodological assistance.
- (63) According to the “Law on Official Statistics”, INSTAT and the Statistical Council is given a strong role as coordinators of the Albanian Statistical System. Articles 7 and 8 of the law designate the Institute of Statistics INSTAT as the leading institution in the field of official statistics. INSTAT is, inter alia, responsible for:
- proposing the Programme of Official Statistics to the Statistical Council,
 - securing the implementation of the approved programme,

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- ensuring that data required for the programme are produced using the best professional practice,
 - determining all statistical definitions, classifications and nomenclatures,
 - examining the procedures for the production of official statistics by any statistical agency,
 - approving from the beginning any statistical survey,
 - preparing draft reports for consideration by the Statistical Council proposing actions or decisions by the Council of Ministers to ensure that any official statistics meet professional standards.

Contrastingly, the tasks of the other Statistical Agencies are limited to the production of the specific statistics mentioned in the programme.

- (64) Furthermore, INSTAT is required by law to conclude memoranda of understanding with all other Statistical Agencies and with holders of administrative records that are used in the production of official statistics, covering working arrangements and mutual obligations. Two types of agreements are possible:
- Bilateral agreements between INSTAT and the other data producer;
 - Multilateral agreements between several data producers including all duties and responsibilities of the parties involved.
- (65) The “Law on Official Statistics” also assigns an important role in the coordination of the statistical system to the Statistical Council. The Council is decisively involved in the development and the supervision of the implementation of the Programme of Official Statistics
- (66) INSTAT’s most important instruments for the coordination of the statistical system are its competences for the preparation of a draft of the five years Programme of Official Statistics and ensuring correct implementation using professional practices and complying with professional ethics. With that, INSTAT has, in principle, the possibility to influence the content of the statistics produced by others, the standards and methods they use, and the way in which the results are disseminated. At least the development of a common programme of all statistics producers helps to avoid the duplication of surveys at a national level. Being in charge of securing the implementation of all parts of the programme means for INSTAT, as stipulated by law, that they have to issue to all statistical agencies guidelines on professional standards in the production of official statistics, to examine the procedures for the production of statistics adopted by any statistical agency, to approve from the beginning any statistical survey, and some further issues. Programme implementation is furthermore monitored by quarterly and annual reports (carried out by INSTAT and submitted to the Statistical Council). The annual reports do not include, however, the

work of the other producers of statistics. A report on the performance of the multi-annual programme is only planned for the end of the time period.

(67) For the collection of administrative data and with the objective to guarantee the implementation of the multi-annual Programme INSTAT signed cooperation agreements with the following institutions:

- General Directorate of Customs,
- Ministry of Agriculture, Food and Consumer Protection,
- Bank of Albania,
- Ministry of Finance – General Directorate of Taxes,
- Ministry of Labour, Social Affairs and Equal Opportunities,
- Ministry of Economy, Trade and Energy,
- Ministry of Education and Science,
- Supreme Inspectorate of Declaration and Control of Properties.

Memoranda with institutions which are not Statistical Agencies basically define the inter-institutional exchange of data as to the type of data, the way of submitting the data, timeliness etc. The memorandum with the Ministry of Labour, Social Affairs and Equal Opportunities includes the agreement that INSTAT conducts surveys for and financed by the Ministry. Memoranda with other Statistical Agencies are much more comprehensive. They include the agency's guarantee to comply with the Fundamental Principles and to provide the human and financial resources for the implementation of their statistics, along with the establishment of a working group for the coordination of the activities of the parties, INSTAT's obligation to determine standards and to provide guidelines, the exchange of data in compliance with confidentiality rules, the exchange of information on the implementation of the programme and a few other issues.

Currently, discussions have started about a memorandum of understanding between INSTAT and the General Directorate of Civil Status (under the Ministry of Interior) on the use of the national civil register for the purpose of building up an electronic population register during and after the population census.

(68) *Assessment*

INSTAT's instruments for the coordination of the Albanian Statistical System include its responsibility to prepare and to secure the implementation of the multi-annual Programme of Official Statistics, as well as Memoranda of Understanding with other statistical agencies. Good progress seems to be reached with regard to Memoranda of Understanding. The memoranda signed so far are partly agreements with other Statistical Agencies and partly agreements with providers of administrative data (or with customers ordering and financing special surveys for their own purposes). Comprehensive Memoranda of Understanding (following the exemplary agreements with Bank of Albania and Ministry of Agriculture, Food and Consumer Protection),

should be concluded as soon as possible with all other statistical agencies. INSTAT should also make efforts to reach agreements with all providers of administrative data. Such agreements should, on the one hand, include rules for data sharing, however they should also express the willingness of both sides to avoid duplication of work and to improve the administrative data files so that they can better be used for statistical purposes.

The “Law on Official Statistics” gives comprehensive competencies to INSTAT in its function as the coordinator of the Statistical System in Albania. INSTAT, however, can only use these competencies if it has the resources which are needed to fulfil the labour-intensive tasks that are connected with the competencies. It seems that such resources are not sufficiently available. The organisational plan of the office should urgently include these important tasks in a separate unit or, even better, as part of the present sector for international relations and integration.

It is recommended that the yearly reports on the implementation of the programme do not only include activities of INSTAT, but of the whole Albanian Statistical System. Reporting on the multi-annual programme should be conducted not only at the end, but also halfway.

3 NATIONAL STATISTICAL SERVICE

3.1 Institutional Mission

(69) INSTAT describes its mission as:

INSTAT's mission is to provide transparent, neutral and timely statistics that help the user to judge on the developments of the transformation processes within the country.

(70) INSTAT's vision is further described as:

As only used statistics are useful statistics, INSTAT strives to become the major source of statistical information providing decision makers, research and education in Albania as well as in the international community with relevant, reliable and comparable statistical information; with a learning attitude and systematic network for marketing and disseminating statistical information making use of modern networking structures and information technology.

(71) **Assessment**

The institutional mission and vision provides a rather precise and comprehensive description of the tasks of INSTAT.

3.2 Organization of the National Statistical Service

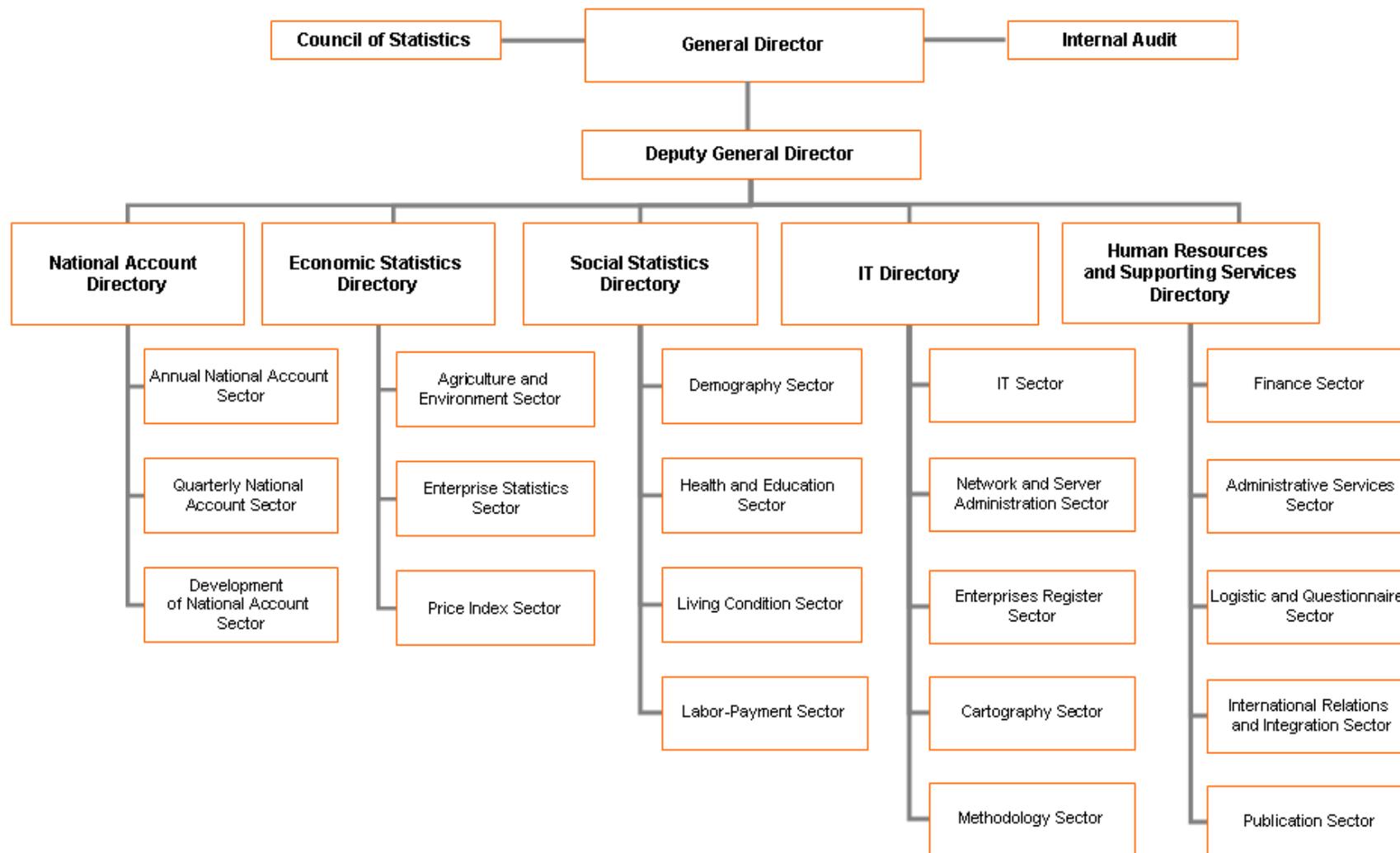
3.2.1 Organization of INSTAT

(72) The present organizational structure was established by the Prime Minister's Order No. 76 of 20.06.2008 "On Approval of Structural Organization of the Institute of Statistics (INSTAT)".

The organizational structure is composed of the General Director, one Deputy General Director and five directorates as follows:

- Directorate of Social Statistics; 16 persons
- Directorate of Economic Statistics; 16 persons
- Directorate of National Accounts; 11 persons
- Directorate of Information Technology; 21 persons
- Directorate of Human Resources and Supporting Services; 30 persons.

Figure 1: Organizational structure of INSTAT



- (73) The general number of institution staff (including Regional Offices) is approved at the beginning of each year by a special decision of the Council of Ministers. The current number of staff is 169, an increase of 29 employees since 2008. Of these, 97 work at the INSTAT head office, whereas 72 are located in the regional directorates.

Figure 2: Number of INSTAT staff 2007-2009

	2007			2008			2009		
	Total	HQ	Districts	Total	HQ	District	Total	HQ	Districts
Total staff	148	78	70	140	82	58	158	93	65
IT	6	6	0	8	8	0	9	9	0
Female	107	55	52	104	61	43	118	71	47
Male	41	23	18	36	21	15	40	22	18
Master degree	10	10	0	10	10	0	8	0	0
University degree	137	67	70	129	71	58	147	82	65
High school	11	11	0	11	11	0	11	11	0
Elementary school	0	0	0	0	0	0	0	0	0

- (74) The majority of staff has a 4 years university degree (equivalent to bachelor). At present, several are taking their masters degree while working at INSTAT. The employees, who are taking the master degree during this period, are attending the masters lessons during Friday afternoon and weekends. INSTAT claims to recruit the best candidates from the Faculty of Economics of the University of Tirana, stating that they provide systematic introduction and training during the employee's first period after starting work. For example, newcomers are always introduced to the different directorates, work areas and relevant IT tools. Especially during periods of increased hiring activity, it is important to ensure systematic introduction and training.

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- (75) It was pointed out that the turnover of staff is rather low now, partly because there had been a substantial increase in the wages last year. For IT staff and staff with a masters degree, the wage conditions were even better, thus they could avoid losing key staff.
- (76) INSTAT engages around 380 part-time interviewers who do the field-work for the different sample surveys. The interviewers are provided training for each survey. The training depends on the complexity of the survey.
- (77) The top management of INSTAT consists of the Director General, Deputy Director General and the directors of the five directories and has quite regular meetings on Mondays for discussion and decision making. Ad hoc meetings are also rather frequent for discussion, coordination and follow up. Furthermore there are regular meetings within the directories. Staff is informed about important decisions taken in a transparent way. There are no trade unions organizing the staff and civil servants are not allowed to be member of trade unions and cannot go on strike. Social activities are well taken care of within INSTAT for instance in connection with the celebration of New Year.

(78) **Assessment**

The self-assessment evaluates both the magnitude of staff and the quality of staff resources as rather adequate. It is also said that the scope and the detail of Albanian statistics is adequate to users' needs. However that evaluation seems to be too optimistic. As pointed out in the mission report from Eurostat (June 2010) the present number of staff is far from sufficient to allow INSTAT to produce statistics as required by EU, and the capacity of the statistical institute has to continue to be strengthened during the coming years; otherwise Albania will not be on track for EU accession. In this context it should be considered that only 97 staff members are working at the head office and that in several subject areas there are only very few experts. Few have higher academic degrees (MA/PhD experts). With a relatively high number of new staff it will also take time to build the necessary competences for statistical work in general, especially to acquire insight into the details of EU requirements. Thus, it is important for INSTAT to develop a master plan for EU adaptation with a prioritised time table for development of the different areas, and with an estimate of resources and international assistance required. This plan will be an important supplement to the new five years programme.

One issue to be considered is also the organizational structure, with rather small formal organizational units. This structure can create bottlenecks in case of changing work-load, thus enhancing the risk of delays when staff members are changing or for some reasons are not present. A somewhat more flexible structure can be an alternative.

3.2.2 Organization of Regional Offices

(79) At present there are 36 regional/district offices consisting of 72 employees. The offices are responsible for the collection of primary data and the publication of a statistical bulletin with data concerning the entire economic, social and agricultural activity within the region. The offices are now equipped with PCs and linked to the head office by a network. They also receive regular training, even if more training is needed for tasks related to tabulation and dissemination. In addition, they contribute to the recruitment and training of temporary staff hired for performing interviews for sample surveys. Concentration of tasks to the 12 offices at prefecture level is under way and will continue, based on a project supported by the European Union. These offices at prefecture level are called regional offices, and have a staff of 3 – 6 persons, whereas the majority of the other district offices only have one person. Staff of regional/ district offices are not civil servants.

(80) *Assessment*

A widespread network of data collectors and enumerators has contributed to ensuring a low non-response rate in Albania. However, in a small country like Albania it would become increasingly inefficient to maintain 36 regional offices, occupying more than 40 per cent of the total staff, as well as taking into account the new possibilities for collecting data by post, telephone and over the internet. Offices with very few employees are also quite vulnerable in case of changing work load or staff change. Furthermore, this set up is rather demanding with regard to training, quality control and technical infrastructure. Thus a simplification of the structure should continue based on existing proposals.

3.3 Resource Management

3.3.1 Finance and Budgeting

(81) INSTAT has received increasing allocations from the state budget; the budget for 2010 (429 mill. LEK) is equivalent to around 3,136 000 Euro, compared to 1,900 000 Euro in 2009 and 1,710 000 in 2008 (Table 2). For 2011 the proposed budget is around 5.3 million. Euro.

(82) Around 60 per cent of the total budget is used for salaries, and around 35 per cent for goods and services. One reason for this is the renewal of office space, which is no longer a limiting factor. The rather small parts for investments and IT expenditures is due to the fact that major investments were made some years ago and some investments are made by donors not included in the budget table. A minor part of the budget is financed by other national sources (called ‘Income resource’). This includes

income from the sales of publications and commissioned services, which so far is mainly a data collection project for the National Bank of Albania. INSTAT would be able to increase its income by providing more commissioned services. However, the capacity of the organization is a limiting factor.

Figure 3: INSTAT budget 2007 – 2011 (1000 LEK)

	REALISED			2010	2011
	2007	2008	2009	Allocated Budget	Project Budget
Expenses					
Salary (State Budget resource)	92,910	107,979	132,666	235,200	402,389
Salary (Income resource)	4,496	7,457	5,066	8,800	7,600
Salary	97,406	115,436	137,732	244,000	409,989
Insurance (budget resource)	18,652	21,647	22,682	18,500	65,483
Insurance (income resource)	801	1,489	1,055	1,500	1,300
Total	19,453	23,136	23,737	20,000	66,783
Goods and services (budget resource)	27,375	42,527	51,463	149,700	229,100
Goods and services (income resource)			808	2,300	2,800
Total	27,375	42,527	52,271	152,000	231,900
Transfers	2,053	2,572	1,660	3,000	3,100
Family budget's transfers			40		
Total Sum	146,287	183,671	215,440	419,000	711,772
Investments	24,152	17,491	4,986	10,000	10,000
TOTAL	170,439	201,162	220,426	429,000	721,772

(83) Assessment

INSTAT's budget has shown a considerable increase over the last few years. According to the self-assessment, financial resources are considered as fairly adequate. However, taking into account the ambitions for harmonisation and compliance with European requirements the resources available are still far from adequate to ensure the implementation of all EU legal acts in the field of statistics. Based on experiences from other countries adapting to European requirements, there is no doubt that the financial and human resources will have to increase considerably – as also pointed out in Eurostat mission reports. This development requires planning and well defined priorities over several years.

3.3.2 Staff, Recruitment, and Training

- (84) INSTAT's employees at the Head quarter enjoy the civil servant status in accordance with Law No. 8549., of 11.11.1999 “ On Civil Servant Status”. The Human Resource department of INSTAT is responsible for recruitment procedures as well as movement and promotion of staff. Staff recruited will have to fulfil several requirements, for instance concerning legal requirements for the level of education required and professional skills necessary for the appropriate position (according to general rules of the law on civil servant status) and the internal regulation of the institution, which covers the main responsibilities and duties of each sector.
- (85) The recruitment procedure for civil servants is completed by open competition based on merit. The announcement is done by HR department in two known newspapers and in INSTAT's website at least 30 days before the date set for the competition. The competition is completed in three phases:
- a) The first stage is the selection of the candidates (short listing) who meet the general and specific requirements, as it is announced in the notice for competition.
 - b) The second stage is testing procedure. To carry out this phase, the institution establishes special ad-hoc committees. These committees are composed of five members, two professors and three well known specialists from relevant fields. The ad-hoc committee drafts a list of three candidates with highest scores, based primarily on testing results (70 %) and then on qualifications, professional experience, scientific publications and special skills of the candidate (30 %).
 - c) The third phase is the final assessment of candidates. At this stage, the direct chief chooses one of the three candidates proposed by ad-hoc committee.
- (86) INSTAT organises internal training courses as well as traineeships at Eurostat and other statistical institutes supported by IPA and other international projects. For example, traineeships in quarterly national accounts and annual accounts have been

offered in 2010. Courses organized during the period of September 2010 to February 2011 include the following topics:

- Descriptive statistics
- Gross capital formation
- Introduction to national accounts
- Foreign affiliates statistics
- PRODCOM (several courses)

(87) In addition, the Albanian Training Institute of Public Administration (ITAP) provides training which is obligatory for civil servants.

(88) Staff turnover doesn't appear to be of concern at the moment, mainly because salaries have been improved over the last few years.

(89) *Assessment*

Competent staff is a critical factor for the efficient production of high quality statistics. At present INSTAT seems to be able to recruit well qualified staff and to retain them relatively lengthy periods, partly due to an acceptable salary level, and other internal actions implemented to motivate and train staff. There seems to be a well structured recruitment procedure and also follow up of newcomers by introducing them to different parts of the organization, as confirmed by the meeting with new employees. Comprehensive training is also provided both through courses and through traineeships. Staff satisfaction appears also to be rather high, based on discussions with the younger members of staff. However, it might be useful at some stage to implement a staff satisfaction survey.

3.3.3 Information Technology

(90) INSTAT has a separate IT Directory which includes five sectors:

- IT Sector;
- Network and Server Administration Sector;
- Enterprise Register Sector;
- Cartography Sector.
- Methodology Sector

(91) In the staff overview 9 persons are mentioned as IT staff. INSTAT is in the process of recruiting 6 more well qualified staff having a combined IT and economics background. The stability of IT staff is relatively good mainly due to increased wages

(92) All employees have their own PC with permanent access to the local network and internet. All employees also have their own email addresses. INSTAT has started using Intelligent Character Recognition (IC) for data capture, for processing Microsoft Visual studio.net, SQL Server 2005, SCPRO, ARCGIS and READSOFT. For analysis SAS, Crystal Report, Microsoft Office 2003, SPSS and EUROTRACE is used and for dissemination Microsoft Office 2003, Crystal Report, ACCESS, SAS, ARCGIS. Only some few data are sent to Eurostat using the eDAMIS web portal.

(93) *Assessment*

INSTAT is relatively well equipped at the main office with IT hardware and software, and the regional offices are also linked to the network. Subject matter specialists also receive training in order to be able to utilise the existing tools and to process data themselves, without too much specific IT support. For the moment, there are relatively few IT specialists in the growing organization; however this will improve after the planned recruitment phase. There is a need to standardise the use of some tools (SAS/SPSS,) and possibly to acquire or invest in tools to improve the efficiency of data entry, data control and editing. Furthermore, continuous training, both of staff of the IT department as well as of statisticians in other parts of the organization, is necessary to improve overall efficiency and a proper use of the different tools.

3.4 Internal and External Monitoring of Quality and Performance

(94) The "Law on Official Statistics" includes the principles of official statistics in order to ensure the quality, such as impartiality, reliability, professional independence, relevance, cost-effectiveness, statistical confidentiality and transparency. Thus INSTAT is also responsible for ensuring that official statistics complies with these principles.

(95) In practice, quality control is carried out by all parties involved, from the specialists via the heads of sectors to the directors of directories to the Director General. In several areas, international experts have assisted in the development of new routines and methods and improved quality monitoring. INSTAT provides a description of methodology used, and some quality parameters linked to statistics published.

(96) With the support of SIDA and Statistics Sweden, INSTAT has developed a metadata system with a template describing data both in English and Albanian. The technical solution is more or less ready, but it will take time to describe all different surveys in the system.

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- (97) INSTAT describes several procedures to monitor quality linked to the different stages of the statistical production process, from survey planning and survey design via data collection and data processing to data analysis and dissemination. Guidelines for filling questionnaires and survey methodology exist for each survey, and are also available to external users. The institution also provides training addressing quality issues for those involved in different surveys. Training is also provided to staff of regional/district offices and to part-time interviewers when preparing specific sample surveys.
- (98) There is no central responsibility for quality monitoring and reporting. However, INSTAT, with the support of SIDA and CARDS, has organised training in order to increase performance in the field of quality and management for the high level of management at INSTAT headquarters and for the staff of the regional offices.

(99) *Assessment*

INSTAT has implemented several routines and practises in order to assess and improve quality of different surveys, especially with the support of international specialists. There seems to be a strong awareness of the general quality principles and quality is said to be monitored through the management hierarchy. Training is also being provided to assist in addressing quality issues. However, there are still some issues to be dealt with and solved. There are several indicators (found in Eurostat mission reports, for example) that the quality of statistical data in some areas does not reach the expected level. Even if the problem can be linked partly to the low quality of some administrative data outside the control of INSTAT, INSTAT should improve its quality management in cooperation with its partners. It was pointed out by some users that INSTAT might have a more proactive role in relation to quality control of data received from line ministries.

At present there is no person or unit responsible for quality management and quality control within INSTAT. However, the survey methodology sector is responsible for the precision of the estimators in the different surveys. Also each of the subject matter specialists is responsible to check and to approve the results before being published. There are now 3 persons working in the Methodology sector. In Albania there is no dedicated faculty for statistics, but the INSTAT staff in general has a good background of statistics. It is also assumed that most of the new staff has good knowledge in theoretical and applied statistics. Still it might be useful to consider the option to appoint a person responsible for quality issues in all directorates of INSTAT.

There are neither any systematic indicators on quality and quality development nor any internal and systematic review of the quality of specific statistical surveys and products. Thus INSTAT should develop a plan for improved quality management, including organizational measures, procedures, training and specific actions. An important part of this will be to improve documentation (including that of methodological and quality issues) to improve transparency. There is, in general, a

need to look into the possibility to improve timeliness of several surveys, which might require looking into methods to speed up data collection as well as control and editing. There seems now to be very strong focus on accuracy, but this should be better balanced against other quality issues, in particular timeliness.

3.5 Dissemination Policy

- (100) The ‘Law on Official Statistics’ in article 17 underlines that official statistics shall be disseminated in such a way that all users have equal and simultaneous access. Furthermore it is said that all appropriate media to reach users may be used, that INSTAT and other statistical agencies shall seek to meet user requests and that charges may be levied for any dissemination activity.
- (101) Within INSTAT, there is a publication sector being part of Human Resources and Supporting Services Directory. The main task is to prepare publications and to improve the professional design of press releases, as well as collaborating with the IT department concerning the development of the new web site. The number of staff in this sector is 6.
- (102) As foreseen in the statistical law, INSTAT drafts an annual publication calendar with planned dates for publishing official statistics. It includes monthly statistics (CPI and foreign trade), quarterly statistics and some annual publications such as the Statistical Yearbook. Thus it is a mixture of releases of short term statistics and publications. There is no procedure for updating the calendar and no systematic assessment of timeliness in relation to the calendar. There is neither a fixed time for release of statistics on the day of release.
- (103) INSTAT has a policy of providing all users with access to releases at the same time and no exception was reported. Security measures are being implemented in order to avoid any leaks of information in advance.
- (104) There is a procedure in place to handle errors in publications, even if this is not strictly formalised. Normally, all users are informed by e-mail on changes and a notification about this error is also published on the website and corrected data are resent to all users and published on INSTAT’s website.
- (105) INSTAT can provide custom-designed statistics on request. INSTAT also receives a number of requests from users to provide specific tabulations and has for the moment no policy for handling such requests when it comes to pricing etc.

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- (106) It is said that around 80 per cent of the statistical output is available on INSTAT's website. However, this is not easy to verify as the tables available as excel format vary in detail and it is hard to get a complete overview, and not all publications are provided as PDF files. Some of the publications are also rather old and thus one might assume that more detailed and updated data will be available within INSTAT. The reason given for not providing the annual yearbook in PDF format was that this would limit the sales, which is rather limited anyway (around 80 copies).
- (107) Methodological explanations are available for each subject area both in Albanian and English. However, these are rather short and general and should be developed with more explanations of quality issues etc. (The statistics produced in the Nordic countries can serve as a reference here). The project under way to fill a metadata base with data, financed by a SIDA project, will be a major step to improve the situation, but it will take time to cover all areas.
- (108) A new web site is under construction and planned to be launched in January 2011. This will also include a dynamic dissemination data base using PC-Axis. Extending the data coverage of this data base will also take some time.
- (109) The publication activities of INSTAT are:
- Monthly publications:
 - o Consumer price index (press release + table)
 - o Foreign trade (press release + table)
 - Quarterly publications:
 - o Conjecture. Main economic indicators (Albanian and English)
 - o Statistika (Quarterly statistical bulletin) (Albanian and English)
 - o Construction Cost Index (Albanian and English)
 - o Retail Trade Indices (Albanian)
 - Annual publications:
 - o Statistical Yearbook (1500 copies printed. Around 100 sold. Last years available 1998-2007 (Albanian and English))
 - o Social indicators yearbook (Last year 2006)
 - o Albania in figures (Last year 2008) (Albanian and English)
 - Other publications:
 - INSTAT has produced a number of other publications under the heading of Social publications and Economic publications
- (110) Most of the publications are given away and the number of subscribers for each publication is rather limited and thus also the income from sales of publications. There

are some guidelines concerning standard layout and design of printed publications, but not covering all details concerning tables and graphics.

- (111) INSTAT has put data files with data on micro level (individuals) from the Living Standard Measurement Survey (LSMS) and from the Labour Force Surveys 2007 and 2008 on the web in SPSS format. Detailed geographical specifications have been removed, but the data contains a number of other detailed data such as birth date, marital status, ethnicity, citizenship, country of birth etc. Thus it seems to be a risk that the identity of a person might be found when combining the different pieces of information.
- (112) Albania participates in the GDDS Project of the International Monetary Fund. The last update on Albania is from January 2007. INSTAT has provided update to the national coordinator which is the Bank of Albania, and it is somewhat unclear as to why the GDDS web is not being updated. Albania is making progress in order to become a subscriber of the Special Data Dissemination Standard (SDDS). As Albania moves toward the subscription date, the data compiling agencies (BoA, MoF and INSTAT) are working on the preparation of the metadata in SDDS format and submit them to STA for review. An issue to be clarified is whether INSTAT should take over the coordination role in relation to GDDS/SDDS and what the main obstacles now are for subscription to SDDS.
- (113) INSTAT has carried out a user satisfaction survey some 4 – 5 years ago, but for the moment there are no plans for a new survey due to the heavy workload and other priorities.
- (114) Of the other producers of official statistics in Albania, the Bank of Albania has a rather well developed dissemination on their web including a release calendar, regular publications and bulletins and a time series database allowing flexible extraction of tables and graphs. This database also includes some data from the Ministry of Finance and INSTAT. The Ministry of Finance also disseminates some leaflets/publications covering macroeconomic indicators, also partly with data from the Bank of Albania and INSTAT, but not providing information concerning the source.

(115) *Assessment*

INSTAT in general is following best practice concerning dissemination policy by providing equal access to all users, based on a release calendar and providing a wide range of statistical information both in publications and on their web and giving some description of the data, also in English. However, there are several improvements that should be implemented:

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- *First of all INSTAT should develop a clearer written dissemination policy on how to better reach different user groups by using different media, the role of the web in relation to printed publications etc.*
 - *A part of this policy is to provide guidelines for the design of tables and graphs, also to be applied for dissemination on the web.*
 - *There is a general need to improve timeliness of releases and of publications.*
 - *All publications, also the yearbook, should be made available in PDF format on the web.*
 - *The publication calendar might be improved by clarifying better what is a 'release' – as different from a publication, and allowing the possibility for updating the calendar, especially for annual and other releases that are not part of monthly and quarterly statistics. The release calendar should also be used more actively as a tool to improve timeliness.*
 - *It would be useful to implement a fixed release time, for instance 10.00 a.m.*
 - *There is a strong need to develop the use of the web for more user-friendly and flexible dissemination. Thus the planned dissemination database, including more complete metadata covering different aspects related to data quality, will be an important step forward.*
 - *Further actions in relation to the training of users, especially media, might be considered.*
 - *The practice of publishing micro files on the internet in SPSS format should be further evaluated. The data are on such a detailed level that there might be risk of breach of confidentiality and it would be a better solution to provide metadata on what users can get of detailed data and providing access to specific users/researchers, based on a contractual agreement, in a more open file format and not only in SPSS.*
 - *A user survey should be implemented rather soon.*
 - *INSTAT, in cooperation with its main partners, should continue the process of subscribing to SDDS.*

3.6 Relations with main Users of Statistical Information

3.6.1 Relations with the Central Government

(116) INSTAT does not have any formal procedures for identifying user needs, and all users are treated with the same priority, including users from the central government. However, some central government institutions are represented in the Statistical Council (namely the Bank of Albania, Ministry of Education and Science, Ministry of Interior, Ministry of Finance and Ministry of Integration). The reason for their representation seems to be more as producer of statistics (statistical agency) than as a user of statistics. INSTAT in addition has signed agreements with the following institutions: the Bank of Albania, Ministry of Finance, Ministry of Agriculture, Food and Consumer Protection and Ministry of Labour, Social Affairs and Equal Opportunities. The main purpose of these agreements is also the exchange of information and data in order to improve the cooperation between producers of statistical information.

3.6.2 Liaison with Research Institutions and Universities

(117) The academic community is represented by three members in the Statistical Council. These members are selected directly from the academic body of the University of Tirana, based on some specific selection criteria. INSTAT also arranges meetings with the academic community to discuss for instance important surveys such as the population census. INSTAT in general has a close cooperation with the scientific community on methodological issues such as questionnaire design.

3.6.3 Liaison with the Business Community

(118) The relationship with the business community appears to be underdeveloped, and there might also be missing relevant organizations that need to be contacted. Thus it was not possible to meet a representative for the business community during the visit. This group of users/data providers should be represented in a future Statistical Council.

3.6.4 Relations with the Media

(119) One member of the Statistical Council must represent a union of professional journalists. There is some contact with media in press conferences, and the representatives from media met confirmed that they got good service when contacting INSTAT for explanations.

(120) Assessment

INSTAT has rather well-established contacts with some main users, who are also partly producers, through participation in the Statistical Council and/or through specific agreements. However, user contact in general could be better structured and developed and one possibility would be to establish user groups for consultation related to specific subject areas. It would especially be important to develop the contacts with the business community and media, for instance by offering some seminars/training on how to access and use official statistics.

3.7 International Cooperation

- (121) In Article 7, letter i) of the “Law On Official Statistics”, INSTAT is deemed responsible for maintaining up to date information on all relationships between Albanian statistical agencies and international agencies (on matters relating to the actual or prospective Albanian official statistics) and leading Albanian statistical representation when requested as well as in all cases where the implications may affect a number of Albanian statistical agencies. Thus INSTAT has a clearly defined coordination role in relation to international statistical cooperation.
- (122) Within INSTAT international cooperation is coordinated by the International Relations and Integration Sector within the Human Resource and Supporting Services Directory This sector is composed of 4 specialists. The main tasks are to coordinate the implementation of different international projects; to correspond with international partners; to report the progress implementation of SA Agreements to the Ministry of Integration; to cover logistic issues related to meetings, etc.
- (123) INSTAT in general encourages its staff to participate in international conferences, seminars and meetings, mostly financed by support from different donors, but also from INSTAT budget.
- (124) The “IPA 2008 Multi-Beneficiary Statistical Cooperation Programme” started in December 2009 and will end in July 2011. It is implemented by a consortium from the ICON Institute Public Sector with National Statistical Office of United Kingdom, Statistical Office of the Czech Republic and the Statistical Office of Hungary. The overall objective is to prepare the statistical authorities in the Beneficiaries for future EU membership by aligning their present methodologies and practices with the statistical acquis and integrating them into the European Statistical System.
- (125) It will upgrade and strengthen the statistical systems of the Beneficiaries, thereby improving the availability, quality, comparability and timeliness of statistical data in particular in the following main areas (names of pilot projects in brackets):

- macro-economic statistics (Project 6- national accounts)
- price statistics (Project 2- PPP; Project 3 - HICP)
- external trade statistics (Project 1 - external trade statistics)
- agricultural statistics (Project 7 - economic accounts for agriculture; Project 8 - transmission of FSS)
- demographic and social statistics (Project 4 - population census; Project 5 - job vacancy statistics)
- business statistics (Project 9 - SBS, Project 10 - PRODCOM; Project 11- business register)

(126) Another programme is Support for the Alignment of Albanian Statistics with EU standards, IPA NATIONAL 2007 with the following components:

- National accounts
- Census of non-agricultural economic enterprises
- Census of agricultural holdings / Agricultural statistics

(127) The programme started March 2010 and will end in March 2012. The implementing agencies are ISTAT (the Italian National Institute of Statistics), Statistics Sweden and MIPA, Consortium for the Development of Innovative Methodologies for the Public Administration.

(128) IPA 2009, Population and Housing Census 2011 is a project designed to support INSTAT in carrying out the Population and Housing Census and to increase capacity in the processing and dissemination of the Census data. The programme starts in 2010, will end in 2012 and is financed by the EU.

(129) A project financed by the Swedish International Development Agency (SIDA) has as an overall project objective to contribute to the development of a sustainable statistical system in Albania. This statistical system will facilitate decision-making based on relevant and reliable statistical information that meets domestic demands, supports the monitoring of the Swedish government's country strategy and complies with the EU standards. The programme started in January 2010 and will end in January 2013 and is being implemented by Statistics Sweden. The components are the following:

1. Price Statistics
2. Business Statistics
3. Survey Methodology
4. Metadata
5. Integrated Statistical Information System
6. Time Use Statistics
7. Management
8. Agriculture Statistics
9. Census(Census of Non Agriculture Economic Enterprises, Census of Agriculture)

(130) Assessment

INSTAT has an active approach towards international cooperation and most of its staff have a good knowledge of the English language. With a relatively large component of donor-funded projects it is important for INSTAT to ensure proper project coordination, and to be able to develop clear priorities and plans. A possibility could be a strengthened planning unit linked to international cooperation

4 STATISTICAL DOMAINS

4.1 Classifications

- (131) In INSTAT's organization there is no separate unit responsible for "Classifications". However, a working group is dealing with classifications.
- (132) The national Classification of Economic Activities, which is in use in the Statistical System of Albania, is fully based on the Classification of Economic Activities in the European Union NACE Rev. 1.1. Former versions of NACE have served as the basis for national activity classification since 1994. INSTAT has already started revising its Classification of Activities on the basis of the newly revised European activity classification NACE Rev. 2, which has been applied in the EU since January 2008. NACE Rev. 2 has been translated into Albanian and it is intended to use it in the coming business census at the end of 2010 for the first time.
- (133) The national product classification that is used at present as central classification for goods and services is based on the European Classification of Products by Activity (CPA 2002). There are no clear plans for a conversion to CPA 2008 yet.
- (134) The European Classification of Types of Construction is not fully applied in Albanian Statistics.
- (135) In Foreign Trade Statistics the European Combined Nomenclature for the classification of goods is used within the customs procedure, statistical processing, and the publishing of the data. For analytical purposes also the Standard International Trade Classification (SITC) is used.
- (136) The Statistical System of Albania has taken on further important international classifications. The Classification of Individual Consumption by Purpose (COICOP) is used in the Household Budget Survey, and in the calculations of the consumer price index and of household consumption in National Accounts. The Classification of the

Functions of Government (COFOG) is used in Government Finance Statistics and for the calculation of general government consumption in the compilation of GDP from the expenditure side. A further classification used includes the International Standard Classification of Occupations (ISCO 88).

(137) A decision on the definition of territorial units (statistical regions) for Albania aligned with the Nomenclature of Territorial Units for Statistics (NUTS) is still pending.

(138) Assessment

The Business Census (to be conducted in November 2010) will be the starting point for the establishment of the revised European activity classification NACE Rev. 2. It is already planned and strongly supported that very soon afterwards NACE Rev. 2 will be implemented in the business register and in all statistics using activity classification, in particular structural and short-term business statistics, and National Accounts. It is further recommended to start with the preparatory work for the conversion of the classification of products by activity to the recently revised CPA 2008.

A decision on a regional statistical classification in line with the NUTS regulation is urgently needed and to be submitted by INSTAT to Eurostat.

4.2 Demographic and Social Statistics

4.2.1 Demographic statistics

(139) Data of births, deaths and marriages are received from the Civil Registration Offices to the regional offices of INSTAT, at present in paper form. The Fundamental Population Register is a hand written book that registers every family with the legal dwelling in the country. Definition of the family is referred to the household with some specialty: the members of the family are defined according to blood relationship, marriage or adoption.

(140) The total number of abortions is published by the Ministry of Health, while the total number of divorces is published from the Ministry of Justice. Until 2004, the Ministry of Justice collected detailed data on divorces. Now it is collecting and publishing their total number only.

(141) A new electronic National Register of Civil Status (NRCS) is under development within the General Directorate of Civil Status under the Ministry of the Interior, through a technical assistance project funded by the European Union, OSCE and the United States. For the moment this register is not complete as it only contains persons

with an ID number and the timetable for a complete version seems to be unclear. INSTAT had been working with the Directorate in order to improve and extend the content of the register, but has been met with some difficulties. Still, this register would be important as a reference in the census operation and the intention is to be able in future to utilize electronic extracts from this register for the production of demographic statistics. Linked to this register development is also the development of an address system in Albania, which will be of major importance for future censuses and surveys to be carried out by INSTAT.

- (142) The major quality problem in the field of vital statistics is the missing registration of emigrants. Thus the present estimations of resident population in Albania have a high degree of uncertainty. No clear plans on how to address this issue were presented.
- (143) It was noted that the Ministry of Health also collects and publishes some demographic data that are not necessarily consistent with figures from INSTAT, for instance data regarding births and deaths.

4.2.2 Population Census

- (144) The future Census of Population and Housing will be conducted in April 2011, ten years after the last census of 2001 which was based on the “Census on total Population and Housing” law (Law no. 8669, Date. Act: 26/10/2000, Date of ratification: 07/11/2000, Official bulletin no. 36, Page: 1745). The amendment of 23/02/2009, No. 10084, published in official bulletin no. 32, page 1789 is the legal basis for the new census.
- (145) The Population and Housing Census 2011 will use new concepts and definitions. It will be based on the free declaration of individuals and will utilise the concept of “Usual Resident Population”, and the concept “Household” which is different from that of “Family”. The new 2011 Census will be based entirely on the recommendations of Eurostat and United Nations. Thus it will be comparable to census data of other countries.
- (146) The census will include questions on religion and ethnicity. This was mentioned as an issue that would need to be handled with care in the performance of the census. The census organization is in the process of being established and the planning appears to be well under way.
- (147) INSTAT will be careful to preserve the confidentiality of these data, also by using scanning for data entry.

(148) Assessment

A major quality problem of demographic statistics of Albania is the uncertainty concerning the population that should be registered as living in Albania, as emigrants living abroad for long time still might be registered as living in the country. There is a strong need for INSTAT to closely cooperate with the Directorate for civil registration both in order to improve the quality and completeness of the electronic population register, and to ensure a more consistent registration of vital statistics and immigration/emigration according to international standards. This new population register will require adaption of the production system for demographic statistics of INSTAT but will also provide new possibilities for demographic statistics and analysis, as well as for the development of other parts of social statistics. INSTAT should also ensure strong involvement in the development of the new address system, which will benefit the performance of future censuses and surveys.

Better coordination with the Ministry of Health concerning statistical data related to births and deaths will also be useful in order to avoid inconsistent figures (perhaps also transmitted to international organizations).

The performance of the population census will be a very important milestone for the statistical system of Albania, as it will provide an updated and comprehensive picture of the demographic and social situation of the country, and lay the foundation for future improvement of social statistics in general. The preparation of the census seems to be in line with European regulations and international recommendations. The population census is planned for April 2011 and a great deal of work remains to be done.

4.2.3 Household Budget Survey

(149) The Household Budget Survey (HBS) is a statistical survey performed to obtain data on household expenditures for consumption, self-consumption, income and socio-economic environment in which households live. The survey also provides data on some key indicators on living conditions (housing, durables, conditions of dwelling, etc), as well as data on the demographic, economic and social characteristics of households.

(150) The main objectives of the HBS are:

- To assess the structure of household budget to use it in updating the basket and weights used for calculating the Consumer Price Index
- To estimate households budgets as part of GDP.
- To calculate the welfare indicator of households.

(151) The first HBS was done in 2000, but only covering urban areas of Albania. In October 2006 this survey was fully revised and conducted in the whole territory.

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- (152) So far the Household Budget Survey has been carried out on an annual basis. Currently, the most recent HBS data available for external and internal users is from 2006-2007. Data from the 2008-2009 survey will be available soon. In the future it is planned to carry out a continuous quarterly HBS survey.
- (153) The HBS is designed to provide a representative sample at prefecture level and for urban/rural areas. The first stage units are the enumeration areas, and second stage units are the households (around 5700 households). The total number of households selected was divided in 4 sub-samples, one for each 3 months distributed geographically during the whole year to take in consideration seasonal variations. Each month about 475 households are interviewed, distributed across all areas selected, to be sure about the representativity for all months of the year.
- (154) The response rate in 2006-2007 was 94.4% and in 2008-2009 it was 90.2%. This high response rate required intensive follow up.
- (155) The base for selecting those to be interviewed is the dwelling. Data collection was based on two different forms of information collection:
- keeping a diary for 14 days, recording expenditures for purchasing products/services of consumption and, when necessary, recording self-consumption (recording not only the products produced and consumed by household itself during those 14 days, but also the price estimations)
- (156) Direct interview carried out by enumerators with a questionnaire containing questions about less frequent big expenditures, as well as questions covering socio-demographic data on the household composition.
- (157) The first HBS was done with assistance from the World Bank, DIFID, and with the technical assistance of ISTAT Italy in order to be fully harmonised with Eurostat recommendations. The World Bank assisted with the data analyses.
- (158) The new classification of goods and services (COICOP-HBS) which was recommended by Eurostat (*“Household Budget Surveys in the EU, Methodology and Recommendation for Harmonisation 2003”*) has been used.
- (159) One major challenge is the future implementation of the European Survey on Income and Living Conditions (EU-SILC) and it might be necessary to adapt the present Household Budget Survey as well as the existing Living Standard Measurement Survey. So far there are no concrete plans for implementing EU-SILC, and it was pointed out that this survey would require specific adaptations in a country with a relatively large part outside the market economy.

(160) Assessment

The Household Budget Survey has a very high response rate (around 90 per cent) due to intensive follow up from enumerators. The survey is in line with surveys performed in EU countries and is being used for updating the basket for CPI and in National Accounts, as well as for the general study of living conditions. There is a need to evaluate the role, content and timing of future Household Budget Surveys in relation to the possible new Living Standard Measurement Survey and the future development of the Survey on Income and Living Conditions (EU-SILC).

4.2.4 Labour Force Survey

- (161) Until 2007, official statistics on employment, unemployment and inactive population in Albania were based on administrative data. The information regarding employment was mainly based on declarations of enterprises and estimations from alternative sources as Housing and Population Census or Living Standard Measurement Survey, whereas information on unemployment covered only registered unemployment and was based on information from National Employment Service. Data on employment were relatively complete and detailed (for the public sector, not for the private sector). In order to improve the statistical coverage of the labour market and to get internationally comparable data, the labour force survey (LFS) was started in 2007 (carried out by INSTAT). The survey has been carried out on an annual basis until 2009, and will also be carried out for 2010. The field work of LFS 2010 is already done. The labour force survey is carried out in accordance with the methodological recommendations made by the International Labour Organization (ILO), adopted at the 13th International Conference of Labour Statisticians, and meets EU regulations.
- (162) The LFS sample consists of 7440 households, which is around 1 % of the total number of households in the country. The sample is two stage-stratified. In the first stage the geographical zone (Primary Sampling Units) using the PPS-systematic method, is selected. In the second stage households are selected within each PSU, after an update of the list of households. Selected households are interviewed once a year.
- (163) The survey is conducted using face-to-face interviews with questionnaires. Input is in CSPRO, while processing in SPSS. When data are processed, international classifications ISCO-88, NACE Rev. 1 are applied.
- (164) Databases for three consecutive years with data on labour force based on household surveys are provided. Data cover all categories of the working age population, i.e. employed, unemployed and non-active population. Data on each category are disaggregated by age-groups, gender, level of education etc.

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- (165) More detailed data cover: employment by industry, occupations, working hours, status in employment etc.; unemployed by duration of unemployment; estimates of discouraged unemployed and other inactive. The main indicators calculated are: activity rate, employment rate, unemployment rate, inactivity rate also by age-groups, gender, level of education etc.
- (166) The 2007 and 2008 Labour Force Survey data are widely disseminated (in a four page publication, in the yearly Publication "Labour Market" and other publications of INSTAT), while the 2009 LFS is in the data processing phase. These days Eurostat demanded and received a few figures from the LFS 2009 to be used in the Statistical Annex to the Progress Report on Albania, to be published by EU Commission in November 2010.
- (167) In 2007 INSTAT received valuable technical assistance from EUROSTAT regarding questionnaire design and the methodology of the Labour Force Survey. Also in 2010, in order to realise the transition to the continuous survey with quarterly estimations, INSTAT has been assisted with questionnaire design and especially with adapting the existing questionnaire for use of PDA-s. Assistance has been received on methodology for calculating sample size and on the design of rotation pattern, and it will be followed with assistance concerning sample selection, calculation of weights etc.

(168) Assessment

The Labour Force Survey appears to be rather compliant with the major relevant EU regulations, based on the support of international donors and experts. The LFS represents an important and consistent source of information on the labour market and some actions are still needed to improve quality and compliance. There is a need in the presentation of labour market statistics to better explain the relationship between labour market statistics based on administrative sources, for instance registered unemployment, and data based on the LFS. There is also a need to better document and explain quality issues related to data based on sample surveys. The processing of the LFS data takes rather long time, and some measures to improve timeliness should be considered. A challenge for the LFS, as well as for other sample surveys, is the old sample frame. However, it was mentioned that an update is being made within the selected sampling areas before the selection of households. Some LFS data are made available on the web as micro-data and with some identifying variables deleted in order to make the data anonymous. However, this data is published in a proprietary format, SPSS, and thus not available for everybody. A more general micro-data service for research purposes would be useful.

4.3 Macroeconomic Statistics

4.3.1 National Accounts

- (169) The responsibility for the compilation of National Accounts in INSTAT lies according to the new organization plan, which came into force in 2008, with a separate National Accounts Directorate which is one of five directorates of the institute. The directorate has at present 11 members of staff, a further 6 persons are promised. Most of the present staff has some years of experience in National Accounts. Staff turnover is not considered to be problematic. IT support is needed for the integration of the data from various administrative and survey sources.
- (170) INSTAT compiles and disseminates annual National Accounts aggregates based on the European System of Accounts (ESA95) which is the EU version of the world-level System of National Accounts of the United Nations (1993 SNA). The most recent publication covers the years 1996 – 2008. Gross Domestic Product (GDP) and its components are estimated for the total economy by the production and the expenditure approach at current and constant prices. In 2008 the estimation and publication of quarterly GDP figures at current and constant prices by the production approach could be achieved for the first time. Data are available from the first quarter of 2003. Estimates of the unobserved economy of about 30% of GDP are included in the annual and quarterly figures; illegal activities are, however, not covered. First estimations of the annual data are published 11 months after the reference period. Data is revised in May of the year $t+2$. INSTAT does not see at present a possibility to publish first annual results already in September $t+1$, in line with European standards. First quarterly estimations are published 90 days after the reference period and first revisions of these data together with the results of the next quarter.
- (171) National Accounts data produced by INSTAT only meets part of the Eurostat data requirements. The enlargement and improvement of National Accounts calculations should therefore be made a priority of the further development of official statistics in Albania. What is lacking are income aggregates, annual sector accounts, supply, use and input-output tables, regional accounts, quarterly expenditure and income aggregates, quarterly sector accounts, and financial accounts.
- (172) The main approach for calculating annual GDP is the production approach. Current and constant prices GDP and the aggregates of the production account are compiled by industries, consisting of 25 activities in total, using the European Classification of Economic Activities (NACE Rev. 1.1). For dissemination, the 25 activities are grouped into 7 major activities providing useful analysis of the Albanian economy.

The basic sources for GDP calculation by production approach are mostly financial statements (balance sheets and profit and loss accounts) of non-financial enterprises, results of regular statistical surveys, in particular structural business statistics, and Value Added Tax Data. For the agricultural sector information is provided by the Ministry of Agriculture, Food and Consumer Protection and the Directorate of Fisheries Policy, for the financial institutions by the Bank of Albania and the Financial Supervisory Authority, for the producers of government services by the Ministry of Finance. Annual GDP at constant prices is estimated in the prices of the previous year. Measurement of GDP at constant prices of a fixed base year is one of the objectives of the Programme of Official Statistics. However, improvements of price statistics are needed, in particular in the construction sector. Double deflation method can only be used for a few activities. In general constant price calculations need improvement.

- (173) On the expenditure side of GDP the following categories are compiled directly using available data:
- Final consumption of general government,
 - Final consumption of non-profit institutions,
 - Gross fixed capital formation,
 - Exports and imports of goods and services.
- (174) Final consumption expenditure of private households is estimated by extrapolation using a range of indicators from the production approach. Developing independent estimates of private household consumption expenditure is planned with international assistance within the national IPA 2007 programme. Changes in inventories are not estimated separately but are, combined with the statistical discrepancy, obtained as a residue between the results by the production and the expenditure approach for the categories mentioned above. That means that decisive factor for the size of GDP is only the production approach, without having any control from the expenditure side, and it means as well that the expenditure approach needs improvement.
- (175) In the framework of the regional IPA project 2007 a publication “Detailed description on sources and methods used for estimation of non-financial National Accounts” was drafted. The draft has been given to Eurostat for review and adoption. Moreover a “Self-Assessment” including the identification of strengths and weaknesses in National Accounts was elaborated.
- (176) In the framework of a former twinning project a model for the compilation of supply, use and input-output tables has been developed with a limited number of branches which is to be regarded as an experimental exercise for future development. Producing supply and use tables is one of the objectives of the development of National Accounts in the Programme of Official Statistics 2007 – 2011.

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- (177) Quarterly National Accounts have been compiled since December 2008. Data is estimated by the production approach in current and constant prices and was made available back to the first quarter of 2003. The quarterly GDP is published 90 days after the end of the quarter under review divided into 7 main economic activities. The methodology follows the methodology used for the calculations of the annual GDP as closely as possible. Users expressed, however, that there is nevertheless a lack of consistency in the quarterly data with the annual data. Data that is used to estimate the quarterly GDP's are obtained from quarterly statistical surveys and from different administrative sources. Seasonally adjusted data are also calculated. With regard to the expenditure approach only some theoretical analysis of the data which could be used for the estimation of some of the expenditure components was started.
- (178) First estimates of Gross National Income were carried out using the recommendations of a technical assistance mission of the IMF, but the results are not published yet.
- (179) The national IPA 2007 project that has started recently contains an ambitious component aimed at improving national accounts. The forthcoming economic census is also crucial for future development.
- (180) INSTAT doesn't estimate any National Accounts figures on a regional level at present. However, the "Stabilisation and Association Agreement" determines that Albania shall submit within five years from the date of entry into force of this Agreement to the Commission of the EU GDP per capita figures on a NUTS II level. The problem is that up to now no decision was taken on a territorial classification of Albania according to NUTS. The second problem will be the availability of regional data and the development of a concept for the estimation of regional National Accounts data. Progress will be made possible through the inclusion of information on local units in the business register after the economic census. As of next year, on the basis of the extended business register, representative regional data from structural business statistics and short-term business statistics on the prefecture level will be provided.

(181) Assessment

The National Accounts directorate is confronted with quite a lot of requirements to develop new parts of the National Accounts System. Strong efforts are needed to enlarge and improve National Accounts in Albania. According to the theme 2.01 "Annual National Accounts" of Eurostat's Statistical Requirements Compendium, INSTAT provides more or less the aggregates of the production account of the total economy. All the other modules of Theme 2.01 (annual sector accounts; supply, use and input-output-tables and regional accounts) are not available yet. Regarding the Quarterly National Accounts, INSTAT estimates quarterly GDP data based on the according to the production approach.

What INSTAT urgently needs is a mid-term operational plan for the development of National Accounts which takes into account the already planned international assistance projects and the absorption capacity of the (also after the intended increase of the staff capacities) rather small National Accounts Directorate. Such a plan should include the setting of clear priorities in accordance with the demands of the main users including the European Commission, the activities to be carried out with the support of assistance projects, and the milestones at which concrete results have to be provided. It should be made clear that not everything can be worked on at the same time.

In principle the improvement and enlargement of the annual National Accounts Calculations (mainly with regard to the independent calculation of GDP by the expenditure approach and the development of institutional sector account),s should have first priority in INSTAT. It is also supported that INSTAT gives high priority to the estimation of quarterly GDP from the expenditure side. Quarterly GDP data are strongly requested from the user side, and the estimation from two sides will help to improve the quality of the quarterly data.

The National Accounts directorate needs the provision of data of high quality from various statistical areas, and in particular from business statistics. The system of business statistics should be developed in the direction that all needs of National Accounts can be fulfilled through regular surveys and administrative data. National Accounts Directorate should actively make proposals for the development of business statistics.

National Accounts Directorate of INSTAT will need a further increase in its staff capacities and continuing support by Eurostat and the European Statistical System for a longer period to reach compliance with European legislation in the field of National Accounts.

4.3.2 Government Finance Statistics

- (182) According to the Programme of Official Statistics and the 2008 “Law on the Management of the Budget System in the Republic of Albania” the Ministry of Finance is responsible for the production of Government Finance Statistics in Albania. Responsibility lies with the operational data unit in the General Treasury Directorate. Data is published monthly, quarterly and annually on the website of the Ministry of Finance and in the Ministry of Finance quarterly fiscal bulletin. Moreover, data is passed on to international organizations, mainly the IMF, and posted in the Dissemination Standards Bulletin Board under GDDS. Budget performance tables are submitted to Parliament for approval.
- (183) Government Finance Statistics currently only partly comply with the Government Finance Statistics Manual of the IMF of 2001 (GFSM 2001). Data is compiled on a modified cash basis in a mixture of the 1986 as well as the 2001 GFS Manual. The full general government sector, including local authorities and social security funds, is

included. Tables of expenditure by COFOG (Classification of the Functions of Government) are also produced. A new financial reporting system which will be used for administrative and statistical purposes in parallel has been developed and will be implemented soon. With that Government Finance Statistics can be produced in compliance with GFSM 2001 from 2012. The new system includes accrual (fully accrual from 2015) and cash based accounting, as well as a summarized functional classification of expenditure (COFOG).

Technical problems such as how to convey the data to INSTAT and to convert the data into the categories of the general government accounts of ESA 95 still need to be solved.

(184) Assessment

The Ministry of Finance of the Republic of Albania produces Government Finance Statistics following international rules. Data is used mainly by the ministry itself for policy purposes and for publication as statistical information on the ministry's website. INSTAT has the task to compile the full general government accounts in accordance with ESA 95. It seems that the cooperation between the Ministry of Finance (as the provider of Government Finance Data) and INSTAT (as a user of these data for the compilation of general government accounts needs improvement). Both sides should seek ways to discover how the needs of National Accounts in that field can be met most efficiently, possibly by a temporary exchange of staff.

4.3.3 External Trade Statistics (Goods)

(185) One staff member in the Enterprise Statistics Sector produces external trade data based on customs declarations monthly. The customs declaration used in Albania is identical in form and content with the Single Administrative Document which is in use in the EU countries for the exchange of goods with non-EU countries. Data is provided to INSTAT by the Directorate General of Customs (administrative source) on the 18th or 19th of the month following the reference period. The Bank of Albania is processing monthly external trade data in parallel with INSTAT due to different requirements in particular on timeliness on the basis of the same data from the Directorate General of Customs.

(186) INSTAT compiles statistics on international trade broken down by partner countries (Geonomenclature – Nomenclature of countries and territories), and by commodities according to the Combined Nomenclature (CN) and the Standard International Trade Classification (SITC). For internal purposes the Classifications of Economic Activities (NACE) and of Products by Activity (CPA) are used. Data is published monthly on the 30th of the month after the reporting period. At present the website of INSTAT only includes tables on foreign trade statistics. The new website which is currently under construction will be much more user friendly.

(187) INSTAT compiles and publishes foreign trade data compiled by the special trade system only. A supplementary compilation by the general trade system is advisable. The representative of the Directorate General of Customs explained that all information for the compilation by the general trade system can be made available.

(188) Assessment

External trade statistics appear to be well developed. There are nevertheless still a few problems. Data is currently calculated according to the special trade system, a calculation of both special trade and general trade data should be considered. It seems that the necessary information can be provided by the Customs Directorate. An improvement in timeliness should be possible. Customs Directorate provides its data until the 18th or 19th of the month after the reference period. That should allow enough time for the data to be completed and published before the 30th of the month after the reference period as it is done at present. An earlier completion of external trade statistics data could also solve the issues caused by INSTAT and the Bank of Albania compiling both external trade statistics data. It is urgently recommended, that both institutions find a way to avoid the duplication of work as soon as possible.

4.3.4 Balance of Payments Statistics

(189) The legal mandate of the Bank of Albania to collect, process and disseminate Balance of Payments Statistics is derived from the “Law on Bank of Albania”, No. 8269, dated 23.12.1997, the “Law on Official Statistics”, the Programme of Official Statistics 2007-2011, approved by the Albanian Parliament, and the memorandum of understanding of the Bank with INSTAT. The Balance of Payments Division is part of the Statistics Department of the Bank of Albania and has 4 staff members.

(190) Balance of Payments is compiled broadly in accordance with the IMF methodology (IMF Balance of Payments Manual, 5th edition, 1993). The majority of individual transactions are recorded on an accrual basis with very few exceptions.

(191) The Bank of Albania disseminates annual Balance of Payments data 3 – 4 months and quarterly data 70 days after the end of the reference period in the national currency LEK, in Euro and US \$. All publications are accompanied by press releases. The advance release calendar and the actual publication dates follow the international standards. Data are regularly submitted to international organizations, such as the International Monetary Fund, The World Bank etc. Data delivery to Eurostat is carried out by INSTAT. The Bank of Albania also publishes monthly, quarterly and annual data on the flows of foreign direct investment.

(192) Data for the compilation of Balance of Payments Statistics are provided from various sources, among which data on imports and exports of goods directly provided by the Directorate General of Customs, data from commercial banks and other private entities, administrative data from various Ministries and Agencies, and results from a few surveys. These surveys are designed by the Bank of Albania; data collection is carried out by INSTAT, and processing by the Balance of Payments Division of the Bank. Due to limitations in data sources, estimations are used for some items, such as travel services, remittances, trade credits, costs of transport and insurance of goods as well as coefficients for goods smuggled into the country.

(193) Assessment

It appears that Balance of Payments Statistics reached relatively high compliance with European and international requirements. It is surprising, that data on imports and exports of goods is provided by the Directorate General of Customs to the Bank of Albania for compiling external trade of goods data for the Balance of Payments. That means that two institutions calculate foreign trade in goods data, which means a duplication of work and the risk to produce and disseminate differing data for the same phenomena. In other countries, Central Banks use foreign trade statistics of the statistical institutes which they convert into their concepts, and that should also be the approach taken in Albania in future.

4.3.5 Consumer Price Index

(194) For measuring inflation in Albania INSTAT calculates and disseminates a monthly Consumer Price Index (CPI). Since 2001 CPI has been compiled using COICOP classification. Prices are collected between the 10th and 25th of each month in urban areas of the country, results are transmitted to INSTAT on the 30th of the month under review and the index is published on the 8th of the month following the reporting period. Responsibility for the calculation of the CPI lies with the Price Statistics Sector which belongs to the Directorate of Economic Statistics. The Price Statistics Sector has 3 staff members, of which 1 is responsible for CPI. In addition to the CPI the sector is in charge of the calculation of the Producer Price Index, the Construction Cost Index, and the Export Price Index. Import Price Index is developed at present.

(195) The basket of goods and services for the CPI includes 272 goods and services. The selection of the goods and services is based on the results of the Household Budget Survey (HBS). Weights were updated every time when INSTAT had new HBS results. Last revision was carried out in 2008, based on the results of HBS September 2006 – October 2007. Starting from 2008, INSTAT plans to conduct HBS regularly every year, providing the possibility of revising the CPI basket regularly (every 5 years). Improvements of the national CPI are mainly necessary in the field of quality

adjustments. Only first initial steps were undertaken so far. Users of the CPI complain that a revision policy is not recognizable.

(196) Assessment

INSTAT calculates already a rather advanced national Consumer Price Index. Methods used are in many aspects close to the HICP, i.e. domestic concept is used. Improvements of the national CPI which are also of importance for the HICP are particularly necessary in the field of quality adjustments. Assistance is needed and will be provided within the IPA projects. The introduction of the HICP is planned for 2015. Revisions of the CPI should always be accompanied by an explanation.

4.4 Business Statistics

- (197) In the organization of INSTAT responsibility for Business Statistics, annual and short-term, lies with the Enterprise Statistics Sector in the Economic Statistics Directorate. (7 staff members are working in the sector). Development and maintenance of the Business Register is in the responsibility of a separate Enterprises Register Sector which is part of the IT Directorate. (3 staff members are working in the sector).
- (198) INSTAT maintains a statistical Business Register which has been in use for statistical purposes since 1998. The Business Register holds all non-agricultural legal units that perform their activities inside Albanian territory. It is based on administrative sources provided by the Directorate General of Taxation and, since 2007, by the newly established National Registration Centre. The variables of the Business Register are mainly based on European recommendations: Identification variables (like name, address, and legal form); stratification variables (like main economic activity, number of persons employed, and geographical location); and demographic variables (like the start-up date). A unique identification number used by all institutions and assigned by the National Registration Centre makes the linking of all available information possible. The register is regularly updated based on data collected from the administrative sources and from survey data, including the survey for newly created enterprises. It is “frozen” once a year at the end of March and is then used unchanged for one year as a sampling frame for all statistical surveys in which the enterprise is the reporting unit.
- (199) The Business Register contains at present only legal units which are treated as equivalent with enterprises and local units. Introduction of a register of local units and of enterprises is planned in connection with the planned business census. Though INSTAT makes great efforts to maintain the Business Register as best as possible, the quality of the Business Register suffers from problems related to the insufficient quality of the information from administrative sources, lacking the deactivation of non

active units, limited information on the description of the economic activity, addresses which are not standardized in Albania, and a lack of comprehensive information on the number of employed persons and turnover figures.

(200) Assessment

The quality of the statistical data in the Business Register is still not satisfying. It includes only the legal unit (the local unit and the enterprise will be supplemented after the Business Census has been carried out). A further serious problem is the fact that addresses are not standardized in Albania. It is therefore planned to include the geographical coordinates in the register to help the enumerators in their work. The existing Business Register includes quite a number of legal units which are no longer active. A clearing up will be carried out with the information coming from the Business Census.

4.4.1 Structural Business Statistics (SBS)

(201) INSTAT collects, processes and publishes annual structural statistics of non-agricultural enterprises mainly based on the SBS regulation. The NACE Rev. 1.1 classification is used. Most variables and nearly all economic activities are included in the survey. Exceptions include Financial Intermediaries, Education, Health, and Culture. The sampling frame for Structural Business Statistics is the Business Register which is, as previously mentioned, not satisfactory. The survey includes all enterprises with 5 and more employed persons and a sample of the enterprises with 1 – 4 employed persons. Time series of SBS data are available from the calendar year 1998. Data are published 14 months after the reference year at two-digit level of NACE Rev. 1.1 and by size of enterprises according to the number of employed persons. Preliminary data is available for National Accounts after 11 to 12 months.

(202) Assessment

Structural Business Statistics which have been compiled in Albania for some years are largely based on the SBS regulations. The main problems include the lack of regional information, of some variables and of some parts of other services. Moreover, timeliness falls short for National Accounts purposes. The compilation of representative regional data is planned for next year. Private health and education services are supposed to be included in the survey after the Business Census as well as the transition to NACE Rev.2. Quality of the data is checked on an individual basis against balance sheets and VAT data.

4.4.2 PRODCOM

(203) PRODCOM provides data on the value and the volume of the production of nearly 4000 manufactured goods. Classification is the PRODCOM list which is yearly updated.

(204) INSTAT does not produce any PRODCOM data yet.

(205) *Assessment*

The introduction of a new survey on manufactured goods in accordance with PRODCOM regulations is planned for 2012 after the economic census.

4.4.3 Short-term Business Statistics (STS)

(206) European Short-term Business Statistics comprise monthly and quarterly economic indicators such as the index of industrial production, output prices, construction production, retail trade turnover etc. Short-term data on all service activities are also to be provided. The classification to be used as from 2009 is NACE Rev. 2.

(207) INSTAT collects, processes and publishes quarterly short-term statistics in the sectors industry, construction, transport and communication, trade, hotels, and architectural, engineering and information services according to NACE Rev. 1.1. Sample surveys are based on the available information of the Business Register. Most of the quarterly time series start in 2003. Base year for the indices is 2005.

(208) The list of indicators which can be produced with the quarterly surveys seems to be rather comprehensive already. Data concerning new orders and on hours worked in industry and construction is not readily available. Monthly information can only be provided for retail trade. Most results are available 75 days after the reference period, due to the lengthy period of time needed to carry out the fieldwork.

(209) *Assessment*

INSTAT's efforts to reach compliance with the STS regulation in all business sectors appear promising. The main problems are the lack of regional information, monthly data and of some of the variables, combined with the late availability of the data. INSTAT plans to compile representative regional information after the inclusion of the local unit into the Business Register. NACE Rev. 2 is intended to be applied after the economic census. The variables "new orders" and "hours worked" have already been collected but not yet published, due to the fact that the results are not of sufficient quality. A change in the methods used in data collection in short-term business statistics should be considered. The use of electronic means could help to improve timeliness.

4.5 Agriculture Census and Agriculture Statistics

- (210) INSTAT collects, processes and publishes agriculture statistics based on statistical information received from the Ministry of Agriculture, Food and Consumer Protection (MAFCP). The Ministry of Agriculture continues to be the main source for collecting statistical information on agriculture. The data collected from two agricultural surveys serve as a main source for the calculation of economic accounts for agriculture.
- (211) To regulate cooperation with the MAFCP, INSTAT has signed a memorandum of understanding between these two institutions. Based on this, INSTAT has the responsibility to supply the Ministry with methodology, definitions and concepts according to EU regulations and acts. In order to assure the implementation a working group is responsible for coordinating the activities of the parties.
- (212) Compilation of economic accounts for agriculture is performed by INSTAT. Agriculture and livestock products prices are collected by the annual survey of agricultural by MAFCP. Monthly information is collected from direct interviews with farmers at district level.
- (213) The statistical unit of the Ministry, consisting of 4 persons, performs several surveys with the assistance of its regional organization with around 310 fieldworkers. These fieldworkers are in regular contacts with the farmers and are competent as advisors on topics related to agriculture. As a legal basis for the surveys, statistical law is being used. The annual survey questionnaire has been improved and provides data on the use of agriculture products, prices for these products and expenditures in agriculture. An assessment of the number of each livestock category is conducted at the end of the year. Milk statistics include the milk production of cows, sheep and goats. Milk data is obtained by the destination of use. For most of these areas the data is expected to be in line with EU legal acts.
- (214) The planned agricultural census (foreseen implementation: June 2012), will improve the basis for agricultural statistics in general and for economic accounts for agriculture and prices. The basis for this census is the Census Law, No 10201, dated 17/12/2009. The agricultural census will allow INSTAT to establish a farm register and provide agricultural statistics in line with EU legal acts related to farm structure.
- (215) It is not clear how the planned farm register under the responsibility of INSTAT will be updated in future, and for what purposes it might be used – perhaps in addition to the production of statistics. This is an issue that needs clarification as a farm register can also serve important administrative purposes, which will not be possible within the framework of the statistical law. The Ministry of Agriculture, Food and Consumer

Protection (MAFCP) has established a register for handling farm subsidies, but the quality of the register, as checked by INSTAT was not good. Also in future the MAFCP will need access to and use of a register for this purpose.

(216) As MAFCP has a professional system of fieldworkers that will be utilized in the census and still perform agricultural surveys, one option might be for this network to contribute to the updating of the planned farm register. However, as the register is planned to be registered under INSTAT and based on the statistical law, it cannot be used for administrative purposes, and it is thus doubtful as to whether MAFCP will be able to access to the register. It was mentioned that the Memorandum of Understanding would be renewed after the census operation, based on prior experiences made. This might open up some new possibilities for cooperation.

(217) The development of agricultural statistics has benefitted from international cooperation:

- Twining project 2004-2005;
- IPA 2007, national project for carrying out the Agricultural Census;
- IPA multi-beneficiary project, 2007; 2008

(218) Assessment

The major part of agricultural statistics is now being collected by the Ministry of Agriculture, Food and Consumer Production, which also disseminates some agricultural statistics, whereas most of the agricultural statistics are transmitted to INSTAT for use in national accounts and also for further dissemination. The memorandum of understanding between INSTAT and the Ministry of Agriculture, Food and Consumer Protection is a good foundation for improved cooperation in this area, even if the cooperation is already functioning well. The planned agricultural census will be of major importance to get a more complete picture of the situation within the agricultural area and lay a foundation for future development. However, there are some issues related to future responsibilities regarding the updating and the utilisation of the planned farm register that should be clarified: Will the MAFCP have access to the register and play an active role in updating? Can it and will it be used for administrative purposes? It was mentioned that the MoU will be updated after the census in order to adapt to the new situation. As the EU legal acts in the field of agricultural statistics are rather demanding it will become increasingly important to clarify the role and responsibilities of the different partners in this field (for instance, farm structure surveys). It was mentioned by a user that the quality of some figures in the field of agriculture might be dubious and may need better review and control.

5 ANNEXES

Annex 1: Agenda and persons met during assessment mission

Annex 2: “Law on Official Statistics” of the Republic of Albania

Annex 3: Programme of Official Statistics 2007 - 2012