

Eurostat
Unit A5 Phare

**Fourth Meeting of the
Management Group on Statistical Cooperation**

14 - 15 March 2002

Luxembourg, Bech building
Room Ampère
Start: 10.00 am

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Point 6 of the Agenda



EUROPEAN COMMISSION
EUROSTAT

Directorate A: Statistical information systems; research and data analysis; technical
cooperation with Phare and Tacis countries
Unit A-5: Technical cooperation with Phare and Tacis countries



Management Group on Statistical Cooperation
Fourth Meeting on 14 - 15 March 2002
Luxembourg, Bech Building, Room Ampère, Start 10.00 am

Cooperation with Cyprus, Malta and Turkey
MGSC/2002-2/13

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INTRODUCTION

In the perspective of a near accession to the EU, Cyprus and Malta are very sharply focussing on the task of reaching a high degree of compliance with the *acquis* in statistics. Global Assessments of the two countries undertaken last year have given prominence to the remaining gaps to be filled by the two countries. Their compliance strategies are based mainly on their own resources, complemented by the Commission funding (4th Protocol, Pre-accession and Administrative cooperation funds) used to finance part of their participation in the Eurostat Multi-Beneficiary Programme.

Despite not having started negotiations, the general framework for active cooperation in the enlargement process is widely in place in Turkey. The compliance situation of Turkey in statistics is now better known thanks to a series of sectorial consultations conducted during the last months by EU experts. A joint Eurostat / UN (ECE) Global Assessment is ongoing in Ankara with the objective to prepare a report by April 2002. SIS has been benefitting from the Commission of the Administrative Cooperation Fund financing its participation in the Multi-Beneficiary Programme. Further, a € 15,3 million three-year programme, *Upgrading the Statistical System of Turkey (USST programme)*, is being set up in order that statistics systems make good progress towards the EU standard.

Beside the participation of the three countries in the Multi-Country events and the implementation of specific accession oriented activities, they are still active members of the MEDSTAT Programme. MEDSTAT I will be implemented until 2003 and MEDSTAT II, amounting to €30 million for all participants to this programme, will last from 2002 to 2005. This new programme will strengthen all existing sub-programmes and set up two new sub-programmes on Agriculture statistics and Social statistics. Eurostat and the beneficiary countries are coordinating in order to avoid overlaps of the activities of the pre-accession programmes with those of MEDSTAT. This coordination is focussed on Agriculture statistics, National Accounts, Information System (mainly for Turkey), Social statistics and Training.

The next sections are devoted to the pre-accession projects and consists of two parts:

- The statistical cooperation with Cyprus and Malta
- The statistical cooperation with Turkey

1. COOPERATION WITH CYPRUS AND MALTA

CYSTAT is using the Administrative Cooperation Funds managed in Cyprus by the Planning Bureau to finance its staff participation in Eurostat meetings but this section will focus on the implementation of the 4th Protocol and of the Pre-Accession funds.

Both Malta and Cyprus are beneficiaries of the 4th Protocol and of the 2002 Financing Agreement of the Pre-Accession Funds. Malta has been granted in addition of the 2000 and 2001 Pre-Accession Funds.

1.1 IMPLEMENTATION OF THE 4TH PROTOCOL

The 4th Protocol has been sub-delegated to Eurostat for the two countries. In summary, the present status of the related contracts are:

Contract	Cyprus (€166 500)	Malta (€511 000)
CESD	€79 500: Contracted	€263 000 - Contracted
Landsis	€81 000 - Contracted	€112 000 -Contracted
Camire	€6 000 - Contracted	
Equipment and Library Software	NA	€130 000 - Not contracted yet

The first three contracts are in the context of the 1999 Multi-Beneficiary Programme.

CESD contracts consist of pilot projects, specific consultations and participation in meetings:

- *Pilot projects* are “Government and Finance statistics and Financial Accounts” for the two countries and, for Malta only, Structural Business Statistics, Price Statistics and Labour Cost and Earnings Statistics. Activities in the Framework of the pilot projects have started and CYSTAT and the NSO of Malta are participating.
- *Specific Consultancies* for Cyprus concerns the five following areas: Short-term statistics for construction, Agriculture Price Statistics, Business Register, Labour Force Survey and National Accounts (Government consumption expenditure, Private household consumption). Specific Consultancies for Malta include the four following statistical domains: Production index, Short-term indicators, Business Register and Social statistics. Experts have been already recruited and planning of the consultations is under way.
- CYSTAT and the NSO staffs have started using the 4th Protocol for their *participation in meetings* in Eurostat and they are expected to plan their future meetings.

Landsis contract comprises for Cyprus the pilot projects on Environment statistics and Farm Structural Surveys Statistics. The contract for Malta includes pilot projects on Farm Structural Survey Statistics and the Supply Balance Sheet Statistics. All the projects have already commenced.

The purpose of the *Camire contracts* is to integrate Cyprus and Malta in the activities undertaken by the Programme Secretariat, in particular the Compliance Monitoring and the publication on the statistical system of Candidate Countries, these activities are under way.

The last and pending component of the 4th Protocol for Malta is the Purchase of Hand Held Computers and of Library Software. A local Call for Tender is being prepared by the NSO with the EU Delegation. The NSO is expected to provide a timetable for this tendering.

1.2 IMPLEMENTATION OF THE FINANCING AGREEMENT FOR A PRE-ACCESSION STRATEGY

The Financing Agreement for a Pre-Accession Strategy is a facility set up for supporting pre-accession activities in Cyprus and Malta and since 2000 has been allocated on an annual basis. The amounts granted to CYSTAT and to the NSO of Malta under this facility are shown below.

	2000 Budget	2001 Budget	2002 Budget
Cyprus	No grant	No grant	Amount: 200 000 € Contracting: 2004 Disbursement: 2005
Malta	Amount: 250 000 € Contracting: 30.09.02 Disbursement: 30.09.03	Amount: 200 000 € Contracting: 01.10.03 Disbursement: 01.10.04	Amount: 200 000 € Contracting: 2004 Disbursement: 2005

As for the 4th Protocol, it is foreseen that the Pre-Accession funds will be used partially to finance the participation of the two countries in the MBP activities and partially for specific operations in the countries.

The participation of Malta in the 2000 Multi-Beneficiary Programme will be covered by the 2000 budget and Cyprus expects to use the 2002 budget for the same programme. Considering the magnitude of the two budgets, €250 000 for Malta and €200 000 for Cyprus, nearly all amounts will be devoted to Pilot Projects. Only €15 000 is planned in each budget for one traineeship in Eurostat. Pilot projects priorities of the two countries are the following: Improvement of Non-Financial National Accounts, External Trade and Intrastat, Price statistics, and Employment data reconciliation. Cyprus has additionally requested Environment statistics Phase II and short-term Public Finance, and Malta has also requested the following three projects: short-term Business statistics, Prodcom and Lucas. A first breakdown of costs has shown that funds would hardly cover all activities foreseen in the individual projects. It may thus be necessary to either reduce the number of projects or the number of activities in each of them. The 2000 budget for Malta is available and the sub-delegation to Eurostat signed. The main pending issue concerns the 2002 budget for Cyprus where signature of the Financial Agreement is foreseen only for April 2002. The strategy for this country at present is to ready the contract for FA signature. Despite uncertainty on the sub-delegation, Eurostat is therefore preparing the contract.

The 2001 budget for Malta has been sub-delegated to Eurostat and its programming has not yet started. The budget can be used partially for the technical assistance component of the 2000 Multi-Beneficiary Programme but a suitable solution for contracting has first to be found.

2. COOPERATION WITH TURKEY

Cooperation with Turkey in the context of the accession has been improving increasingly since mid-2001. Indeed, using the Administrative Cooperation Funds managed by the EU

Representation in Ankara the SIS has attended Eurostat meetings and has implemented specific projects in Turkey. A €15.3 million programme in statistics, Upgrading the Statistical System of Turkey (USST programme), was approved by the Meda Committee in December 2001 and preparation for its implementation is ongoing.

2.1 IMPLEMENTATION OF THE ADMINISTRATIVE COOPERATION FUNDS

2.1.1 Administrative Cooperation 2001

The 2001 Administrative Cooperation Funds was the starting point of the accession driven cooperation with Turkey. On the proposal of Eurostat, €100 000 was granted to SIS for the implementation of a project consisting of three components:

- SIS participation at Eurostat meetings
- A series of consultations in priority areas
- USST programme preparation

The consultations were aimed assessing and formulating recommendations regarding statistical areas of the USST programme, the programme preparation being the drafting of the USST project description including the IT project.

The Admin Coop 2001 has been smoothly and successfully implemented. In 2001, SIS attended thirty Eurostat meetings using this budget. Two consultants, one for statistical projects and one for IT have drafted the project description of the USST programme. As far as consultations are concerned, eight missions took place in Ankara dealing with: Classification, Statistical Units, Business Register, Price Statistics, National Accounts and Regional statistics. Except for Business Register, all the reports have been issued.

2.1.2 Administrative Cooperation 2002

€150 000 has been granted to SIS from the 2002 Admin Coop, to be increased from June 2002 according to needs and remaining budget. The Admin Coop 2002 should be considered as a bridging budget until such time as the USST programme becomes operational, most probably during the last quarter 2002. Clearly, technical assistance is an important component of the USST programme (*see point 2.2*).

Eurostat and SIS have defined the content of this project, consisting:

- Participation at Eurostat meetings
- Consultations
- Contribution to the integration of Turkey in the Programme Secretariat Activities.

SIS has provided a preliminary *meeting* list to be adjusted by Eurostat taking into account the available budget and the consumption of the other components of this project.

Consultations will be conducted in the following areas: two consultations on agricultural statistics, one consultation on dissemination, on regional statistics and on National Accounts. SIS is requested to provide a draft of consultancies' Terms of References, for revision by Eurostat before launching the framework contract procedure.

Programme Secretariat activity will cover mainly the compliance monitoring and the integration of Turkey in the publication on the statistical system of candidate countries. The amount of this component is €6 000 and a suitable way for contracting is still to be found.

2.2 SET UP OF THE UPGRADING THE STATISTICAL SYSTEM OF TURKEY PROGRAMME

2.2.1 Background Information

In April 2001 Eurostat undertook a programming mission to Ankara to define with SIS the USST programme content. Further to the programme description of the projects, two experts hired under the Admin Coop 2001 conducted a series of consultations at the SIS. In December 2001, the programme amount of €15,3 million was approved by the Meda Committee.

2.2.2 Content of the Programme

The overall objective of the USST programme is to assist Turkey in the implementation of its pre-accession strategy in the field of statistics. Following the Accession Partnership for Turkey, set out in Council Decision 2001/235/EC, the programme will assist Turkey in the establishment of the statistical requirements mentioned therein for both short and medium term. Therefore, the following areas have been chosen to be in the programme:

- Set-up of a Business Register system.
- Reform of business statistics, their collection system and statistical units.
- Review and renovation of the IT system of the SIS.
- Reform of agriculture statistics.
- Upgrading of the regional statistical system, the introduction of NUTS classification, data collection systems and a regional indicator database.
- A facility for specialised smaller projects such as completing the household budget survey, establishing social surveys, upgrading national accounts, etc.
- Improving the dissemination of statistical data.
- Establishment of a classification server linked to other administrations.
- Participation in the Community Multi-Beneficiary Programme for Statistics.

Detailed project descriptions are available from Eurostat Unit A-5 and the SIS. The Multi-Beneficiary component of the programme will be partially sub-delegated to Eurostat.

Most of the statistical projects have an IT, a technical assistance (training, consultations, study visits), and data collection components. The share of the equipment in the budget is 20% and exceptionnaly for this programme the threshold for data collection has been brought to 25%. Co-financing by SIS has been estimated at € 3,2 million, representing 17,3% of the overall budget.

The USST programme will be implemented following the Decentralised Implementation System. The implication is that the State Institute of Statistics as the beneficiary will be principally responsible for the overall management. The Turkish Central Financing Contract Unit (CFCU), if operational at time of programme implementation, will carry out all contracting, tender and financial operations.

The expiry dates of the USST programme are February 2005 for the implementation and February 2006 for the disbursement.

2.2.3 State of play and short-term plan of actions

Considering the large budget, the programme implementation period of three years including the tendering period is considered rather short. Setting up the project will prove difficult because the CFCU is not yet operational in Turkey. The decree establishing the CFCU has just been published and it is not expected to be operational by October/November 2002.

The Financial Agreement of the programme has been finalised and is due for signature in March 2002, commencing the programme implementation.

In February 2002, Eurostat visited Ankara to finalise the Financing Agreement including the implementation arrangements and to define a short term plan of actions. The main results were:

- A project team in SIS consisting of a project Director and of three projects co-ordinators has been set up. This team will be complemented by a Long Term EU Advisor and a secretary located at the SIS premises.
- The decision to create a steering committee was taken, consisting of one representative from: SIS, EU Representation, Eurostat, Ministry of Finance, Ministry of Agriculture and Central Bank. The ST will meet at least twice a year and will be involved in particular in the tenders evaluation committee.
- Projects have been grouped in lots and the preparation of the tenders' Terms of Reference has started. SIS is drafting the Terms of Reference with the support of the EU Representation and Eurostat. The EU Representation will prepare the tender dossier. A detailed timetable for tendering has been defined in order to chose the contractors in July 2002.

The willingness of the Member States to provide experts will clearly be crucial to the success of the USST programme. Therefore, Member States NSOs are kindly recommended make applications for the call for tender.