

**TFSCB Grant for Statistical Capacity Building  
(TF 055789)**

**TERMS OF REFERENCE**  
*Individual consulting services for*  
**Statistical Master Plan for the Government of Croatia**

**1. Background and Rationale for the Project**

**Over the past fifteen years the Croatian National Statistical System (NSS) was required to rapidly adapt to innumerable changes in order to follow the transformations experienced by the country at large.** In fact, born out of the disintegration of the former Socialist Federal Republic of Yugoslavia, Croatia had to face at once the systemic transformations typical for most transition countries in Eastern Europe while at the same time develop the institutional infrastructure proper of an independent nation. Both changes set enormous demands to the statistical system, while the delicate fiscal situation during the war conflict (1992-1995) and the immediate post-war period made difficult the provision of the resources needed to finance the required transformations. Most of the adjustments, including the addition of surveys and the 2001 census, have been funded almost entirely from the State budget.

**Time has passed, and while significant progress has been achieved by the NSS; yet another wave of new demands hits the system: the harmonization with European standards and the production of statistics that will enable Croatia to join the EU.** This process imposes significant new demands to the statistical system, both in terms of new products and quality standards. Satisfying these new demands will not be resource-neutral and while assistance from the EU may be forthcoming and will help with the transition costs; Croatia will have to pick up the long-term costs of the expansion in statistical activities. Given the importance of these new demands and the costs associated, they will have to be addressed with regard to efficiency. Setting up a system that can address these new demands and completing the still unfinished process of transition (to a statistical system able to provide the information needed for a market economy), is the key challenge of Croatia in the area of Statistics in the coming years.

**The upscale in operations to satisfy EU requirements combined with the ongoing decentralization process and the completion of the transition process will not only require more statistical products but also an important change in the output mix:** more sub-national information will be required;<sup>1</sup> different standards will be imposed and new information areas will have to be covered by the NSS. This new structure of demand is expected to be long-lasting. As such, it is important to devote time and managerial resources to design a statistical production system that can efficiently address these new patterns of demand.

**Satisfying this new pattern of demand will require substantially different interaction among the different components of the NSS.** In this context, upward, downward, and horizontal organizational links among agencies merit to be reviewed: (i) the functional

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<sup>1</sup> This will in turn imply a substantial change in the input mix too.

dependency, but administrative independence of regional statistical offices from CBS; (ii) the placement of CBS under the umbrella of the Ministry of Science, Education and Sports and (iii) the relatively loose connection of the fifteen data producing central agencies deserves to be reviewed. Setting an appropriate division of labour among agencies and improving their coordination will enable the NSS to take full advantage of synergies arising in the production of statistics; this however, requires the appropriate institutional setting. The current one does not seem to be adequate to satisfy the current level of demand; let alone, to address the new demands placed to the statistical system.

**The role of the Central Bureau of Statistics (CBS) - the central institution in the production of Statistics in Croatia - in the reshaping of the organizational structure of the NSS will be paramount.** The CBS will have to keep an open dialogue with policy makers over the reorganization of the NSS and other topics of importance for the NSS. First, to push and substantiate - within the agenda of the Government - the idea that a reorganization of the NSS is needed. Second, to provide substantive inputs into the discussion of the type of reorganization that would enable the NSS to produce the upscale in operations to satisfy EU requirements and complete the transition towards a statistical system able to provide statistics for a market economy.

**The CBS will also have to provide the Government with sufficient information regarding the costs of the reforms as well as the benefits of it.** The CBS will have to guarantee the government that the proposed changes will achieve the required outcomes with the minimal additional demands to the budget. Improving the costing of statistical products will allow policy makers to make informed decisions regarding the statistical products sought and their associated budgetary costs. Improving costing of products will confront the limitations imposed by prevailing accounting practices within the government sphere. Designing and implementing a costing system for statistical products, based on existing accounting information will be a challenge also supported through this project.

**The new organization should not only provide an expansion of services, but also an upgrade in quality, relevance and dissemination of services.** Upgrading the quality and timeliness of statistics would help policy makers formulate better-tuned policies and the public and civil society at large to better monitor the effectiveness of the government and the accomplishments of reforms. Statistical products are expensive, and the great majority of their costs are born by the society at large. It is then essential to make a good use of these resources. Keeping the statistical output relevant by monitoring changes in statistical demands and following the reach of dissemination practices is key for an efficient use of the resources. Monitoring client satisfaction and keeping a right balance between dissemination practices - to guarantee proper access to statistics - and the protection of confidentiality, is particularly important in transition countries.

## **2. The World Bank Support and the Role of the Central Bureau of Statistics**

The World Bank Group is supporting the development of human and institutional capacity of the Government of Croatia—in particular, the Central Bureau of Statistics—in the area of developing Statistical Master Plan (SMP). At the official request of the Croatian Government in April 2005, the World Bank applied to the Trust Fund for Statistical Capacity Building for a grant in the amount of US\$89,750. The Grant was designed to strengthen the policy making base for the Croatian Government in deciding on how to reorganize the National Statistical System and expand its services.

The grant will fund the work of two consultants – one international and one local - which will produce the statistical master plan and elaborate on some of its specific enabling components, including: the reorganization of the NSS structure and the upgrade of survey processes and sampling methodologies on one side and the improving of cost estimates on the other. The grant will also fund a workshop to discuss the outcomes of the SMP and the reorganization of the NSS. Discussion will involve CBS and relevant NSS stakeholders, including key donor agencies contributing to the development of the Croatian NSS.

This project consists of the following components:

- Statistical Master Plan,
- Costing and budgeting estimate of redesigned activities,
- Workshop on the Statistical Master Plan.

The Central Bureau of Statistics (CBS) of Croatia is responsible for Grant administration and execution. Activities to be completed under the Grant are supervised by the Director General of the CBS, Mr. Darko Jukić. The Project Implementation Unit is located within the CBS and run by Ms. Ljiljana Marković. It is expected that the task of the consultants will be carried out in close collaboration with CBS management and with key stakeholders in line ministries' statistical units. Cooperation with other donors, in particular, the EU Phare consultants, is required as well.

The consultant under this TORs would work closely with the CBS team to be appointed for this task. CBS will provide an adequate office space with regular office equipment and 2-3 CBS staff will on a part-time basis collaborate and co-produce the report together with the consultants throughout the period of their stay in Zagreb. Consultants are expected to provide their own laptops.

### **3. Objective of the Assignment**

The objective of this assignment is **to produce a Statistical Master Plan (SMP) which is going to be a planning tool that embeds an assessment of the existing NSS, reviews its strengths and limitations and proposes alternative areas of improvements for the statistical system at large.**

A key component of any SMP is a **detailed assessment of the current statistical system.** The assessment should identify strengths and weaknesses and look at all aspects of activities, from the quality of the output and the effectiveness of the existing organization of the NSS, to aspects such as finance and management. To a certain extent this component of a Statistical Master Plan has already been done by the 2004 “Global Assessment of the Statistical System of the Republic of Croatia” carried out by EUROSTAT and the United Nations Economic Commission for Europe (UNECE).<sup>2</sup> In light of such a valuable contribution, the proposed SMP will recognize the merits of this assessment and build on top of it. The proposed SMP would address the aspects of the pending agenda that are not fully addressed in that study. It will only overlap in those areas of analysis in which this document is found to be insufficient or alternative views are found regarding proposed lines of action. The SMP will complement efforts already being planned by PHARE 2005 and the CARDS program. In this regard, discussions have been held with the manager of the PHARE 2005 project to secure that the SMP will complement the initiatives soon to be implemented by this program.

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<sup>2</sup> There is a previous assessment of the Statistical System of the Republic of Croatia: “A Global Assessment of the Croatian System of Official Statistics,” reflecting the situation of the NSS as of July 2001.

**The proposed SMP should be based on four main pillars.** Pillar one will carry out an organizational assessment of the NSS; it will deal with the way data-producing institutions are formally linked and the way they interact with each other. *Pillar two* is intended to develop better cost estimates for statistical products. In particular, it is supposed to develop a framework to estimate operational costs for the new structure proposed in pillar one, and leave behind a system of cost estimation that could be used in future budgetary rounds. *Pillar three* will take an overall view of the system from a quality perspective. Finally, *pillar four* will address client services issues.

While Pillar one, three and four are major responsibility of this assignment, Pillar two will be carried out in parallel by the accompanied local consultant.

#### **4. Deliverables**

The consultant will be required to deliver the following outputs:

***Deliverable 1 – Assessment of the current statistical system (by mid October)*** – The consultant is expected to:

- Assess the **existing data collection system**;
- Assess **existing organizational structure** of the CBS, county offices and other institutions – producers of official statistics and the interaction among them. It is within the interaction of these data-producing agencies that most of the system's efficiency gains could be achieved; in particular in the development of registries. Also, there appear to be room for consolidation of sectors within CBS. The internal organization of the CBS will have to be reviewed. Upward, downward, and horizontal organizational links among agencies deserve to be re-evaluated. The upward link relates to the placement of CBS under the umbrella of the Ministry of Science, Education and Sports; the horizontal links relate to the interaction between the fifteen central data producing agencies; finally, the downward links relate to links between the CBS and the regional statistical offices. As it is, the regional organization leaves many grey areas of interaction which may conspire against quality in, among others, survey implementation;
- Assess current **client service issues** - This would include the dissemination strategy, an assessment of new products and the identification of potential new clients for those products and in general the assessment of future statistical needs in Croatia. In more general terms, the use of data at ministerial and budgetary levels for analytical purposes remains uneven, varying by line ministry. However, this is improving, and better dissemination of micro data even to individual researchers may help create a critical mass for policy discussions based on hard data.

***Deliverable 2 – Proposal of Statistical Master Plan (by end November)*** – The SMP is expected to be produced in English. The translation into Croatian will be handled by the CBS as part of the workshop organization budget. The consultant is expected to:

- Propose changes regarding data collection system and issues regarding interaction of data producing agencies in the field of data collection in a form of adequate institutional arrangement which will enable better coordination among these agencies and development of the registry infrastructure;
- Provide options for the regional organization of the NSS and potential integration of local offices into CBS; the technical dependency, but also administrative independence

of the county statistical offices from the CBS also deserves to be reviewed. The CBS does not control the resource allocation to county statistical offices. Therefore, any work reorganization at the regional level would have to be negotiated between the Central State Office for Administration and the CBS. In any case an automatic absorption of all local personnel should be resisted. The SMP should give clear indication of the human resource needs at local levels in line with the proposed organizational structure. At the moment, the CBS has some 400 employees while local offices combine for a total of about 200 employees. Total human resource needs and regional allocation will depend on the incorporation of new technologies, the degree of spreading out of functions and of local statistical needs. The SMP should assess human resource needs in line with the proposed reorganization;

- Provide options for inter-governmental position of the CBS. The placement of the national statistic office under a ministry such as the Ministry of Science, Education and Sports should be revisited. This ministry is not a main user of the CBS production and not particularly large producer of data.
- Explore new possibilities for cost recovery; and the re-evaluation of old ones. In particular, since statistics are provided under a monopolistic market structure, the expressions of demand are not always easy to disentangle. It is important then, that the CBS identifies how to better service different clients, and in doing so, looks for business opportunities within the enterprise sector as well as for cost recovery activities.
- Propose improvements in the area of dissemination. The CBS should consider moving into active encouragement and promotion of the use of micro data, facilitating their access by researchers of all kind. It should consider moving from the current licensing framework (which requires the specific approval of CBS's General Director) towards Public Use Files (PUF).<sup>3</sup> The use of PUF would guarantee confidentiality protection while specific authorizations would no longer be necessary. This move would require well defined protocols for data dissemination. The role played by the Statistical Council in the dissemination area should be reviewed, and the balance between users and suppliers of information among its members revisited.
- ***Deliverable 3 – Final Report and Workshop (by end December 2006)*** – The proposal of a reorganization of the NSS, the improvement in budget activities, the review over quality and the development of client services will be the main four analytical contributions of the SMP. But the likelihood of implementing the recommendations of the SMP will largely depend on the dissemination of its ideas to the key stakeholders of the NSS. A dissemination seminar is expected to be the environment in which policy makers, key European donors, and management and senior staff of the central and regional data-producing agencies could converge to discuss the ideas embedded in the document. The CBS should operate as a facilitator in these discussions and should be available to present the ideas contained in the SMP document to the senior management of the participating agencies, ahead of the seminar. The changes to be proposed by the SMP are expected to be structural in nature and would involve different agencies of the NSS. The workshop is expected to discuss the assessment and clarify responsibilities in the implementation of the master plan within CBS and between CBS and the rest of the NSS. It will also serve to

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<sup>3</sup> Anonymised Micro data Files have been an increasingly common way of providing access to researchers in many countries.

ratify the compromise of the GoC in the implementation of such transformation and seek for the necessary long-term budgetary support to fund the initiatives emerging from the SMP. The workshop will provide the opportunity for CBS management to discuss the plan and open a space for feedback. The logistical support should be provided by the CBS.

### **5. Duration of the Assignment**

It is estimated that the assignment will last 65 days, starting from mid-September 2006 with the final delivery before end of 2006. The consultant is, therefore, expected to begin work immediately upon the signing of the contract. The consultant work will be carried out through one consultative visit and one workshop, altogether 40 days to be spent in Croatia. Lump-sum amount of USD 13,000 will be allocated for travel, hotel accommodation and per diems.

### **6. Consultant Qualifications and Experience Required**

The consultant should meet the following requirements:

- Advanced academic background in economics, statistics, public management, public administration or related discipline;
- Experience in functional review and organizational analysis work in EU candidate and member states;
- Experience in any of EU national statistical offices;
- Knowledge of and experience with the Croatian statistical system;
- Advanced presentational skills.

The estimated value of the contract, including travel and DSA, is USD 55,250.