EU rules require that Member States are able to produce statistics based on professional independence, impartiality, reliability, transparency, and confidentiality. Common rules are provided for the methodology, production and dissemination of statistical information.

Montenegro is moderately prepared in the area of statistics. Some progress was made on last year’s recommendations. While there was some improvement on legislative alignment, on harmonising the statistical methodology with EU standards, and on increased transmission of data, notably in business, social and agricultural statistics, some of the 2018 and 2019 recommendations remain valid.

In the coming year, Montenegro should in particular:

→ considerably strengthen the human and financial resources of the Statistical office of Montenegro (Monstat) so that it can fulfil its responsibilities and ensure staff retention;
→ make significant progress in aligning with ESA 2010, including providing government finance statistical data and all available excessive deficit procedure data.

On statistical infrastructure, Monstat is the main producer and overall coordinator of statistics. The professional independence of Monstat’s director (appointed for the third mandate in September 2019) is enshrined in law. Amendments to the law on official statistics and statistical system were adopted in August 2019, enabling the use of the necessary data from administrative sources. This resolved conflicts within national legislation regarding the use of data from administrative sources for statistical purposes and further aligned it with European statistical standards.

A new 17-member Council for the statistical system (including representatives from the Ministry of Health for the first time) was appointed in July 2019 for five years. Although the 2019-2023 strategy for official statistics is being implemented, Monstat’s financial and administrative capacities remained very limited and deteriorated in the reporting period. Only around 95 of 180 available posts (the staffing plan was reduced from 200 to 180 in the public administration reform optimisation process) are filled, nine less than the year before, with only seven staff in the Department of National Accounts. The building hosting Monstat remains inadequate and this situation still needs to be addressed.

In the reporting period, Monstat continued to work on a robust basis for the coordination of other national authorities producing official statistics. It also improved its cooperation with administrative data providers by the signature of five new memoranda of understanding (i.e. with the University of Donja Gorica (a private University), the Ministry of Public Administration, the Ministry of Science, Chamber of Commerce of Montenegro, and the Ministry of Sport), bringing the total number of memoranda to 24.

Data transmission to Eurostat continued to increase. Limited progress was achieved on macroeconomic statistics and alignment with ESA 2010: Monstat has transmitted annual (2006-2018) and quarterly (Q1 2010 to Q2 2019) GDP figures using the output and expenditure approaches in current and previous year’s prices to Eurostat, and started sending partial data for the annual GDP using the income approach (2013-2018). However, considerable work is still needed to improve compliance with the ESA 2010 methodology. Seasonally adjusted quarterly national accounts are not available. Annual sector accounts have low compliance, though further 97
Progress is being supported by EU funding. Some progress was made in national accounts by providing annual and quarterly data on employment in persons. However, the absence of employment data (hours worked; wages and salaries) is considered a serious gap.

Considerable efforts are also needed to develop government finance statistics (GFS) and financial accounts; there was no progress in the reporting period. Excessive deficit procedure (EDP) tables are sent to Eurostat since October 2014, but several tables remain blank and do not allow meaningful assessment. GFS and EDP are priority areas and also represent a basis for data in other areas (like national accounts). The lack of this data hinders further development with ESA 2010. The development of the roadmap for the rest of the tables in ESA 2010 needs to be given more attention.

The central bank compiles statistics on the balance of payments, foreign direct investment, and statistics on trade in services, partially aligned with the EU *acquis*. It also released data on external debt (for the period 2010-2018) for the first time as well as net international investment position (NIIP) for 2016-2018. In 2019, Monstat sent Eurostat its first data on international trade in services by country (for 2013-2018). The harmonised indices of consumer prices are medium compliant and aggregation inconsistencies prevent Eurostat from disseminating data. As regards the purchasing power parities framework it is largely compliant with EU standards.

On *business statistics*, Monstat sends Eurostat a number of structural business statistics, but further work is needed on their compliance. Short-term statistics improved and are now satisfactory, but foreign affiliates' statistics were not sent to Eurostat. The Business Register is largely compliant and the PRODCOM list is fully compliant with EU standards. Submission of transport statistics to Eurostat continued, including detailed reporting on railway and maritime transport statistics and road freight. Research and development data are partially in line with the EU *acquis*. Tourism statistics are largely compliant with EU standards.

During the reporting period, in the area of *social statistics*, preparations continued for the 2021 population and housing census. Monstat obtained access to all identifiers of the population register in August 2019; however, the address register is not yet established. Monstat performed a pilot census using traditional methods in April 2019 - the most likely solution is that a traditional census will be held, along with a pilot register-based census. The survey of income and living conditions (EU-SILC), the Labour Force Survey (LFS) and crime statistics are largely compliant with EU standards. On social protection data (ESSPROS), Monstat is improving in this regard, but there is still work to do. Data availability on migration should be further improved with data on migrant populations, acquisition of citizenship, and on emigration of non-nationals. Transmission of data for the enforcement of immigration legislation (EIL) statistics and residence permit data is yet to start. A gender equality index, based on European Institute for Gender Equality, was published for the first time in January 2020. As for public health statistics, Montenegro is not considered compliant and needs to put efforts to improve.

Progress continued in *agricultural statistics*, with the completion in October 2019 of a pilot agricultural census, but a full agricultural census is now only planned for 2022.

*Energy* statistics are mostly compliant with EU standards. In *environmental* statistics, waste statistics are compliant with Eurostat requirements.