ECE-WORLD BANK/2003/W1/1
11 August 2003

Original : ENGLISH

UNITED NATIONS ECONOMIC COMMISSION FOR EUROPE

ECE-World Bank Seminar
on the Application of the Fundamental Principles
of Official Statistics
(Almaty, Kazakhstan, 28–29 April 2003)

Report

1. General information

1. The Seminar on the application of the Fundamental Principles of Official Statistics was organized by the UNECE and the World Bank in cooperation with the National Agency on Statistics of the Republic of Kazakhstan. It was held in Almaty, 28 – 29 April 2003.

2. The main objective of the seminar was to identify the problems of transformation of official statistics in the transition period and to explain how those problems may be solved in the light of the Fundamental Principles of Official Statistics.

3. The issues of the interpretation and adoption of the UN Fundamental Principles of Official Statistics in specific political, social and economic conditions of transition countries.

2. Participants

4. The seminar was attended by the representatives of the national statistical agencies of Armenia, Azerbaijan, Belarus, Georgia, Kazakhstan, Kyrgyzstan and Moldova.

5. The list of participants is attached as Annex 1.

3. Agenda

6. The agenda of the seminar was adopted as attached in Annex 2. At the request of the participants, it was decided to discuss the issues planned for the small groups on the plenary session.

7. Mr. Kali Abdiyev, the Chairman of the Agency of Statistics of the Republic of Kazakhstan was elected Chairperson of the Seminar.

8. The Seminar was opened by the Mr. Kali Abdiyev. He stressed the role of the Fundamental Principles of Official Statistics in transition countries. He also underlined the importance of the use of international expertise and the international exchange of countries'

experiences in solving specific problems of transformation of official statistics in the light of the Fundamental Principles of Official Statistics.

9. The opening address was presented by Mr. Heinrich Bruengger on behalf of the UNECE and the World Bank.

10. The structure of the agenda items referring to the principles was as follows:

a) Specific problems of implementation of the principle in transition - by Jozef Olenski;
b) Strategies, approaches and methods of implementation of the principle - by Heinrich Bruengger;
c) Contributions, comments and questions - by participants from transition countries and discussion;
d) Conclusions – by the UNECE experts and the Chairperson of the Seminar.

11. There was very active and open participation of all delegates in discussing and exchanging experiences on practical problems of the implementation of the FP in transition countries.

12. The participants expressed their gratitude to the UNECE and the World Bank for the organizing of the Seminar and to the Agency of Statistics of the Republic of Kazakhstan for the excellent organization of the Seminar and for providing such good conditions for joint work.

4. General Introduction to the Fundamental Principles

13. The general introduction to the Fundamental Principles (FP) was presented by Mr. Heinrich Bruengger, the Director of the UNECE Statistical Division.

14. Mr. Bruengger presented in brief the history of the elaboration of the FP by the Conference of European Statisticians, their adoption as a Resolution by the ECE (1992) and their adoption as a Statement by the UN Statistical Commission (1994). *The Fundamental Principles of Official Statistics* were adopted by the United Nations Statistical Commission in 1994. This was preceded by the resolution of the Economic Commission for Europe on Fundamental Principles of Official Statistics in the Region of the ECE, adopted in 1992. The draft of the resolution was elaborated by the Conference of European Statisticians, by statisticians, for statisticians and for governments.

15. Mr. Bruengger stressed that the primary objective of the FP was to help transition countries of the UN European region to follow the internationally approved set of rules in the process of the transformation of official statistics in transition countries. This important role was, and still is, realized by the FP.

16. The Fundamental Principles of Official statistics stress that statistics should "*honour citizens' entitlement to public information*" and that "*the essential trust of the public in official statistics depends to a large extent on respect for the fundamental values and principles which*

are the basis of any democratic society". These fundamental values and principles are universal and should be respected by all legal, political and institutional levels of the information infrastructure of countries and societies. Therefore the FP principles may be of use for any official information systems of governments and international organisations.

17. The final effect on the FP on official statistics has surpassed expectations. It soon became apparent that the FP are useful not only for the transition countries, but for all official statistics, for developing countries as well as developed economies, and for statistical offices of international organizations. The FP are the list of basic universal rule, that – if followed by official statisticians and by official statistical agencies – shall help and stimulate the processes of development and harmonization of official statistics on a national and global scale. They are useful in strengthening the position and role of national official statistical agencies within the structures of governments, protecting equal rights of citizens, governments and businesses to information and methodological independence of statistical processes and offices.

18. During the discussion, some participants informed the meeting that new statistical laws were introduced in their countries. The Fundamental Principles were taken into account in the process of the elaboration of those laws. New laws are coherent with the Fundamental Principles, although in the transition phase there are problems and difficulties in the full-scale implementation of some of the rules. Some concrete situations in transition countries have to be analyzed and interpreted, taking into account the specificity of the transition phase and the economic and social life domain. The main problems of full implementation of the FP in transition countries are the result of step-by-step changes of administrative information systems in governments and economy.

19. Formerly, in centrally planned economies, official statistics was used as the source of both non-aggregated and aggregate information for the governments. Official statistics defined to a large extent the role of administrative information systems for governments on all levels. The conversion of the functions of statistics from the role of "national bookkeeper" to the role of information provider for society, economy and governments is a process which should run in parallel in official statistics and in administrative information systems.

20. The opinion was expressed that the Fundamental Principles should be popularized not only among statisticians but also among governmental users of statistics, especially those that are responsible for administrative information systems on a national scale.

5. Discussion on the Principles

21. After general presentation of the FP, each principle was discussed with special reference to interpretation and implementation problems in transition countries.

5.0. The Preamble

5.0.1. *"The essential trust of the public in official statistical information depends to a large extent on respect for the fundamental values and principles which are the basis of any democratic society which seeks to understand itself and to respect the rights of its members."*

5.0.2. The main conclusion, which should be derived from the Preamble, is that official statistical services and institutes are the institutions of public trust. The position and authority of official statistical services is based on the mutual trust of statisticians, data sources and data users in:

(a) Statistical deontology;
(b) Statistical methodology;
(c) Statistical efficiency.

22. The trust in statistics must be mutual, i.e. providers of source data to statistics should be sure that the information supplied by them will be used for statistical purposes only. End users of data should be sure that they are receiving good quality data. To achieve this, statisticians must prove every day which data suppliers and data users may rely on their professional ethics, methods and skill.

23. In transition economies, the transparency and understanding of statistical methods, procedures and data by users and respondents are especially important. The users and suppliers of statistics are acquainted with the "old" functions of the statistical system in centrally planned economies. Some of them still consider the information systems of official statistics as the specific administrative systems. In the process of construction of a market driven economy and institutionalised democratic society, the conflicting situation between the new model and functions of statistics and the new principles of the statistical system, and "old" habits and understanding of the role of official statistics on the part of users and respondents brought to light.

24. It was stressed that the Fundamental Principles help to identify such conflictual situations. The FP are used by official statisticians as an argument, for the role of official statistics in the new situation and on what basis the relations between statisticians, respondents and users, especially governments, should be developed.

25. All transition countries have introduced new statistical laws in the last decade. In elaborating those laws, the FP were taken as the guidelines for detailed regulations. The transition countries have also followed the experiences of other European countries and the guidelines of EUROSTAT.

26. It was concluded that, regarding the text of statistical law there is a coherence of statistical laws in transition countries with the FP. However, the problem is the interpretation and implementation of detailed recommendations derived from the FP in different phases of transition and in country-specific strategies of transition of economy.

5.1. Principle 1

5.1.1. *"Official statistics provide an indispensable element in the information system of a democratic society, serving*

- ***the government,***
- ***the economy and***
- ***the public***

with data about the economic, demographic, social and environmental situation. To this end, official statistics that meet the test of practical utility are to be compiled and made available on an impartial basis by official statistical agencies to honour citizen's entitlement to public information."

5.1.2. Principle 1 is the basic principle for all FP. It defines three main features of modern statistics:

A. relevance
B. impartiality
C. obligation to disseminate

5.1.3. Specific phenomena of transition countries relevant to Principle 1:

27.
- new economic and social phenomena and processes in society and economy as the result of transition;
- new information for describing those phenomena is needed. "Old" indicators may not represent real social or economic contents of the reality;
- new users of statistics for business and governance;
- new information needs of all groups of users;
- high dynamics change users` needs;
- some users do not identify their information needs;
- dynamic changes of availability of source data for production of statistics. "Old" sources disappear or their utility changes, new sources are not well identified.

5.1.4. Specificity of transition processes: the following aspects of relevance, impartiality and dissemination should be taken into account.

A. Relevance

28. Production of official statistics in a given area is justified by requirements of:
- accountability of governments to the public (basic information in each area of social and economic life, the citizens' right to information on society and economy);
- information based decision-making, negotiation processes of governments (central, regional, local) and of other state bodies such as central banks, parliaments, etc., political, social and economic organizations;
- binding international obligations and commitments (e.g. IMF SDDS or GDDS, UN statistics, etc.).

29. Information should be relevant to the needs of main groups of users:
- the public (via media);
- governments, state administration;
- economic operators (national and international);
- informational organizations;
- research.

30. Core tasks of national statistical offices concluded from the Principle are:
- to investigate users' needs and to forecast potential future needs of users;
- to transform relevant new users' needs into measurable concepts interpretable by users;
- to assemble them efficiently into statistical production processes.

31. Data produced from statistics should be relevant from the points of view of:
- concepts and definitions;
- scope of information;
- time and timeliness;
- dynamic changes of users needs.

B. Impartiality

32. Producers of official statistics should be free of conflict of interest; production and dissemination of statistics should be their priority activity. Any other activities should be coherent and subordinated to this function (e.g. they should not be involved in the production of administrative information used by tax authorities, courts, etc.). Once checked for quality, results should be disseminated irrespective of whether they are "good" or "bad" news for users.

33. Activities that could create conflicts of interests include:
- administrative decisions of individual units such as permits, taxes;
- advocating specific policy measures;
- public relations for the governments;
- involvement in political decisions.

34. In the transition period there is a growing demand for the use of statistical information for commercial purposes. Statistical offices collect individual data from businesses and households, which may be used for the compilation of statistics other then official data (e.g. marketing analyses).

35. Statistical offices should limit their commercial activity (surveys and data on commercial request) to special cases, namely:

- for additional tabulations based on existing microdata if a) checked for confidentiality and accuracy, and b) status of results is made clear to users;
- for additional data collection in surveys: i.e. if most of the results are published as official statistics, if the funding agency accepts all FP, and if the topic does not diminish the trust of users in core statistics;
- as a consequence, additional data collection through mandates can only be accepted from public entities, exceptionally from research, but never from the private sector;
- for analytical activities (including projections) and co-financed joint ventures with the responsibility of each partner clearly defined.

36. Producers of official statistics have to be perceived by all users as acting impartially, so that all users are confident that the results are an unbiased representation of the relevant aspects of society.

37. Even if users' appreciation of results, and their views on possible policy implications, differ widely, all users should accept the results produced by official statistics as authoritative.

C. Dissemination

38. Impartiality in dissemination implies that:

- all results must be publicly accessible; there are no results characterised as official which are for the exclusive use of governments;
- statistical producers must be absolutely free from government interference on what and how they disseminate their data (no clearance procedure which involves non-statistical bodies);
- dissemination must be simultaneous to all users; no privilege for governments to view results earlier than other users;
- explanatory comments (significance) and, when substantiated facts permit also analytical comments, should be added dissemination to the public and to non-expert users
- this principle also include the obligation to store results, and the underlying microdata sets, for later statistical use (for a period defined by law);
- impartiality of comments is not the same as being free from value judgements; statements like "good"/"bad"/ "improved" are important for non-expert users where they are in line with generally accepted objectives (e.g. those laid down in the constitution);
- impartiality in dissemination strictly excludes any policy-prescriptive comments (what should the government should do, change or not do).

39. Impartiality in the sphere of dissemination implies that:

- data and metadata be disseminated impartially to all users;
- factual and stable terminology be used for the dissemination of statistics;
- comprehensive and non-offensive terminology be used in questionnaires;
- all units of a target population have a non-zero probability of being included in a survey, and that all regions and minority groups are covered.

40. Impartiality of dissemination does not exclude differentiated pricing for different users, but prices should be set at the maximum to cover dissemination cost.

41. Dissemination is the aspect that most clearly distinguishes official and non-official statistics.

5.1.5. Issues raised in the discussion

42. - In statistical laws the impartiality of surveys, methodology and output data is explicitly guaranteed.

- There is a need for social control over all information systems that create the information infrastructure of the country and society. This control could be achieved by establishing - by law - representative social bodies (councils, committees, etc.) entitled to monitor respective infrastructure information systems. Such bodies are an integral part of all official statistical systems in democratic societies. Their members are the representatives of governments, economic and social organizations, businesses and scientists. They represent both the respondents and the users of statistical data and metadata. As a rule, they concentrate their attention on the program of surveys and methodological issues. They also monitor the activity of official statistical systems and offices.

- Social control established by law should be the pattern for all infrastructure information systems. The scope and forms of control may be different. If the information system is static, i.e. the scope of information collected and stored is stable or fixed (e.g. stabilised social security records. tax records, etc.), then the contents of information, rules and organization of a system may be determined by law and controlled within the framework of monitoring law. If the information system is dynamic, (e.g. official statistics, scientific and technical information systems, etc.), there is a need for continuous monitoring by special bodies.

- In the practice of many countries, there exist special committees or councils representing the users of statistics and suppliers of source data (businesses, trade unions, social organizations, science and governments). These committees authorized to control specific aspects of official statistics, e.g. programs of surveys, methodology, dissemination, standards, and cooperation with other infrastructural information systems. These bodies of social control over official statistics are important partners of national statistical offices and may help increase the confidence of society in official statistics.

- The dynamics of political, social and economic processes are much higher in transition countries than in stabilized economies. End-users are changing their requirements, new classes of users of statistics are becoming apparent. Many of them are not aware that official statistics could be an important source of relevant information. Dynamic changes take place in the sources of statistical information. Huge numbers of large-, small- and medium-sized enterprises are replacing the well-structured hierarchical system of state-owned enterprises, shadow economy and non-registered economic activities.

- The participants stressed that the implications of Principle I are observed in the statistical laws of transition countries. The programming of statistical surveys is the process in which governments, representatives of businesses and social partners take part in different organizational forums: statistical councils, and consulting of the drafts of the program of surveys with representatives of all main users.

- The opinion was also expressed that statistical offices in transition countries understand that the current monitoring of changes of users' needs should be an

integral part of the statistical production processes. However, it is rather difficult to analyse and forecast the needs of the users because the self-conscience of the information needs by the end users themselves is changing. End- users are also in a transition process their identification of their own needs is changing.

5.1.6. Conclusions for official statistics of transition countries in the light of Principle 1

43. - The program of statistical surveys should be an instrument to control the relevance, impartiality and accessibility of information produced by statistics.
    - The program of surveys should be elaborated in cooperation with statisticians, representatives of users and suppliers of input data. This cooperation should be institutionalized by law (e.g. in statistical law).
    - Systematic and active monitoring of social and economic processes of transition by statisticians should updating the program of surveys.
    - The changes of users' needs, especially information requirements of governments and businesses should be systematically monitored. In transition countries, businesses are rather new group of users of statistics. In the past they received data from central planning authorities.
    - Future users' needs must be anticipated.
    - Statisticians should help the users to identify their needs.
    - Statisticians should dynamically adjust the program of statistics to the dynamics of economic and social life. Articulated users' needs cannot be the only basis for the programming of official statistics.
    - Statisticians should dynamically adjust the program of statistics to the dynamics of the needs of users.
    - Users, especially new users, should be trained in the proper interpretation of statistical data in the new and dynamic social and economic context.

5.2. Principle 2. Professionalism and independence.

5.2.1. ***To retain the trust in official statistics, the agencies need to decide according to strictly professional considerations, including***

- ? ***scientific principles and***
- ? ***professional ethics,***

on the methods and procedures for the collection, processing, storage and presentation of statistical data

5.2.2. Specificity of transition in the light of Principle 2

44. - In centrally planned economies the methods of statistical surveys were determined to a large extent by central planning. Many statisticians have a propensity to look for “methodological navigation” from the part of ministries and other central government institutions.

- "Old" statistical methods of a centrally planned economy do not represent the specificity of a market driven economy.
- The very high dynamics of social and economic processes require a dynamic methodological approach, especially in developing and updating frames for surveys, and choosing more reliable source data.
- International statistical standards may not represent the specificity of transition processes and their dynamics.
- There is a need for specific scientific statistical methods: concepts, definitions, classifications coherent with international standards but adjusted to the specific conditions of a given transition phase and country.
- There is also a requirement for new statistical indicators representing the specificity of the transition processes. Some transition processes are not covered by international standards at all.
- In the process of transition, statistics are produced in two “methodological environments” – old and new. This heterogeneity of methodological environments in statistics creates a specific "statistical knowledge gap" and "language gap", which may cause the "trust gap".

5.2.3. General conclusions from Principle 2

45. - Statistical activities should be focused on obtaining the most reliable representation of the phenomena of the real world with the given resources, with priority on the information on specific transition processes.

- Scientific methods, international standards and empirically established good practices are the best guide for professional independence. They cannot be “copied”, but they should be adapted to the specificity of transitional phenomena and processes.

- Users should be consulted, but the decisions on methods should be made by statistical bodies (possible need for adoption by government in the case of statistical surveys because of legitimacy and burden to respondents).

- Professional independence has to be translated to the organizational and institutional level:

  _ Statistical producers other than the NSO have to allocate the tasks of official

statistics to a specific organizational unit, with no conflicting tasks assigned to the same unit;

_ The FP apply to this organizational unit also in relation to the rest of the department/office to which they belong.

- For the NSO, professional independence needs to be translated into institutional safeguards, particularly for the director or president, at the level of the law.

- These safeguards must protect the NSO, its director and staff from political and other pressure concerning decisions about the “how”, notably during the dissemination process.

- It is desirable that heads of statistical services of other producers (e.g. statistics of ministries) also benefit from some specific safeguards in law.

- Users have to perceive statistical producers as being free from non-professional considerations so as to trust their results, i.e. the rules have to be respected in everyday work.

- Users have to perceive statistical producers, and especially NSOs, as clearly different from policy-oriented government institutions, and specific institutional characteristics are necessary (but not sufficient in themselves) to create and maintain such a perception.

- Statistical programmes in terms of outputs and allocation of resources to different subject areas is not covered by professional independence; statisticians have to prepare proposals (after consultations with all users) for such decisions to be taken by governments or even Parliaments.

- Strong scientific support for official statistical agencies is necessary. Official statisticians should actively cooperate with scientists in adopting and developing methods adjusted to the specificity of transition, for example:
  - creative, scientifically supported adjustment of statistical standards to the specificity of transition processes;
  - documentation of new or specific methods and approaches;
  - building "methodological gateways" between pre-transition and transition statistics. Especially the recalculation of time series from old to new methodology (e.g. transition from MPS to SNA and computing retrospective time series);
  - training of statisticians in understanding and implementation of new methodologies ;
  - teaching the users and helping them to understand new methods and indicators (educational function of official statistics);
  - active cooperation with mass media for dissemination of new statistical knowledge.

5.3. Principle 3. Transparency of official statistics

5.3.1. ***To facilitate a correct interpretation of data, the statistical agencies are to present information according to scientific standards on the***

? ***sources,***
? ***methods and***
? ***procedures of the statistics***

5.3.2. Transition context relevant to Principle 3

46.
- Dynamic changes of the quality and usefulness of existing data sources.
- New sources of information should be considered for statistical surveys.
- New and specific methods and procedures are needed to describe specificity of transitional phenomena and processes.
- New and specific economic and social sense of statistical data in the context of transition.
- There is the need of new "temporary" and "local" statistical standards.
- The traditional approach of statisticians is to adopt internationally recognized standards despite the fact that those standards to not fit the specificity of a transition economy.

5.3.3. General conclusions

47.
- Official statistics in transition countries needs strong scientific support, mainly to adjusting international standards to the specificity of transition and to developing specific methods relevant to a concrete transitional situation.

- Professional independence of official statistics should be accepted and honoured by other governments and institutions.

- As a corollary of professional independence, statistical producers must be:
  - fully transparent for all users regarding their methods (metadata publicly accessible);
  - fully accountable to the public for the decisions they take independently;
  - fully responsible for the results they disseminate (unless another producer is quoted as the source);
  - fully transparent about the quality of the results they publish: they have to publish quality parameters (of surveys and results), set targets of accuracy and either suppress or characterise results that do not meet these targets, and warn users of certain interpretations and false conclusions (statistical artefacts, unique events).
- In order to be able to assess quality and limits of interpretation, statistical producers have to engage regularly in analytical activities and must have the necessary know-how of analytical techniques

5.3.4. Specific conclusions

48. - There is a need for an analysis of the differences between international standards and the standards used on a national level, with respect to the specificity of transitional phenomena. International standards cannot be “copied”, but they should be adapted to specific situations in the transition country, with special reference to social statistics, privatization and statistical monitoring of the public sector of the economy.
    - Adopted statistical methods and procedures should be documented, especially all “temporary” or “local” methodological standards and all exceptions from general methodological principles.
    - All relevant methodological information should be available to all users, respondents and methodological information should be exchanged between statisticians themselves. A methodological website seems to be indispensable.
    - Statistical data disseminated to end-users should be "equipped" with all relevant metadata or with links to respective methodological documentation.
    - With regard to glossaries of terms and methodological metadata, all specific definitions and methodological standards (temporary, local) should be documented and made available (e.g. via website, as annexes to publications or in separate publications).

5.4. Principle 4: Right to react on erroneous interpretation or misuse of statistics

5.4.1. *The statistical agencies are entitled to comment on erroneous interpretation and misuse of statistics*

5.4.2. Transition context

49. - Principle 4 is one of the most sensitive principles for transition countries. Typical examples of misuse and misinterpretation were presented during the discussion.

- A sensitive problem in the transition process is, that during many decades of a centrally planned economy in a non-democratic political system, there was the "tradition" of using official statistics for political control and propaganda. Political systems changed, but old habits did not disappear immediately.

- There are two different situations where the reaction of the statistical office to misinterpretation or misuse is necessary:

  1) when misinterpretation or misuse is the result of a knowledge gap of users, especially the consequence of insufficient statistical or economic knowledge and understanding of the specificity of economic or social processes;

  2) when misinterpretation or misuse is the result of manipulation or propaganda.

- In situation (1) statistical offices should help users to reduce their "knowledge gap" in the case of new statistical concepts and methods by reacting and educating the users on how data should be interpreted and used.

- In case (2) it may be necessary for the statistical office to react to concrete cases. It is important to react publicly when such misuse or misinterpretation is published in the media. If there is no reaction on the part of the statistical office, such misuse or misinterpretation may damage the confidence of the public in statistics.

- The manner of reaction from government institutions, politicians and official media to misuse of statistics should be carefully evaluated. The reaction should depend on the consequences of the misuse on the public trust in statistics and of the misinformation to users. The reaction should be adapted to specific cases. The spokesmen for the statistical office may help to react if the information should be disseminated to the public.

- The wording of Principle 4 also stressed that the reaction to misuse is a right, not an obligation. It should be used sparsely, but effectively, e.g.:

- when important media do not observe explicit limits of interpretations in their comments,
- when documents used in decision-making by governments/Parliaments contain inappropriate or doubtful statistics in the place of better data, or when published limits of use are disregarded.

- As with all dissemination itself, reactions from statistical producers are circulated without prior clearance by the policy department of the government (copy for information may be ok.)
- An important and difficult problem is how to react to the unjustified criticism addressed to statistical producers, notably from governments, about results released. A reaction is necessary, but the forms it takes should be adjusted to the specific position of official statistics in the country.

5.4.3. Conclusions for official statistics

50. The following specific recommendations were expressed:

- if criticised, refer to the published methodology and to the international standards used;
- do not enter into discussion on other figures advocated by the critics, the methodology of which is not transparent;
- for key indicators such as CPI, an independent scientific audit from time to time is recommended;
- do not hesitate to ask the opinion of peers from abroad, and to publish their findings and recommendations;
- as an exception to the above, political bodies have the right to fix rules of allocations of funds or seats based on “indicators” which may not be in line with the concepts used by statisticians for measuring a given phenomenon. Such indicators should be calculated by NSOs as a statistical service, but should not be disseminated in such a way that they are perceived as a statistical substitute for the best estimate disseminated by statistical producers as official results.
- The same considerations hold for composite indices used for similar purposes where different elements are combined with arbitrary (non-observed) weights.

- “Soft” public forms of reaction are recommended, e.g.:
  - "methodological help desk" for users;
  - publishing the analysis of misuses elaborated by experts;
  - implicit reaction to misuse in direct contact with the users.
- Long-term activities:
  - training users in methodology and interpretational details of complex statistical aggregates and most commonly used indicators.
- Governments should be aware of Principle 4 and its importance for quality and confidence in official statistics and for long-term confidence Government.

- International organizations, the ECE (in the European region) may help national statistical institutes by informing the governments of review of the implementation of the FP, with special reference to Principle 4.
- Information on the implementation of the FP should not circulate between ECE SD and the NSOs.
- The governments should be aware that the implementation of the FP is the duty of governments as a whole, not only the NSOs.

5.5. Principle 5: Data Collection

5.5.1. ***Data for statistical purposes may be drawn from all types of sources, be they***

? ***statistical surveys or***
? ***administrative records.***

Statistical agencies are to choose the source with regard to

? ***quality,***
? ***timeliness,***
? ***costs and***
? ***the burden on respondents.***

5.5.2. Transition context of the Principle 5

51.
- In centrally planned economies there existed well-developed administrative records; however, they have not been adjusted to statistical purposes of a market economy.
- In centrally planned economies the statistical burden for respondents were not taken into account by either statistical offices or by governments.
- Dynamic changes of administrative records and their technological level.
- The technological gap between official statistics and respondents and the dynamic changes at the technological level of administrative records maintained by respondents.
- "The tradition" of statistics based on the *reporting system* of "socialized units" of the economy.
- The high level of redundancy of “ministerial statistics”. Excessive differences of methods, concepts and definitions, timing and interpretation.

5.5.3. General recommendations

52.
- For statistical surveys, the statistical law applies to all phases of statistical activity; for the other two sources, primary data collection should be based on other laws, and the statistical legislation only becomes applicable once the data are handed over to a producer of official statistics.

- Wide use of sample surveys, especially in economic statistics. Mixed forms are strongly recommended.

- Use of best available IT techniques of data collection, if they are more effective and cheaper for respondents (mixed techniques recommended – e.g. paper questionnaires, floppies, internet).

- Use of administrative information systems of governments as the source of data for official statistics (e.g. computerized database of taxes, social insurance, health insurance, administrative registers of local governments).

- Response burden has to be assessed in advance and taken into account. Methodology should be changed if response burdens are to high and may influence the quality of survey (excessive non-response, errors, missed data, etc.).

  - all new surveys have to be tested first (pilots);

  - all respondents have to be informed about the purpose and legal basis of the survey, and especially about the confidentiality measures;

  - forms and questions have to be comprehensible, non-intrusive, and easy to answer ;

  - first reminders have to be well-proportioned;

  - response rates have to be closely monitored.

- The statistical office must have the legal right to receive, for its work, regularly and on an ad hoc basis, microdata sets from administrative sources of other ministries and public entities.

- This does not mean that direct identifiers have to be included in all cases, but the possibility should not be entirely excluded.

- Statistical producers have the right to alter the administrative data received from other ministries to improve compatibility with statistical definitions and classifications.

- Data received in this way should never be given back to the data owner or transferred by the statistical producer to a third party for administrative purposes.
- NSOs have to avoid considering data sources, and especially surveys, as stove-pipe types of parallel operations, but rather as a system of interrelated operations with relationship between data sources and results.

- Very often, the best estimates are based on a judicious combination of sources, combining their individual strengths and reducing their individual weaknesses. Statistical registers of good quality are a cornerstone.

5.5.4. Conclusions for official statistics in transition

53. - Transition countries have an exceptional opportunity to adjust administrative records and information systems of governments to the needs of statistics. In all transition countries, many administrative information systems of governments which may be the source of data or could be used as effective frames for sample survey are developed from scratch or are deeply re-engineered. NSOs should exploit this opportunity by active participation in design and re-engineering to adjust the content and organization of those systems to statistical purposes.

- Review program of statistics, eliminate surveys and data which are no longer useful.
- Eliminate the redundancy of data collection caused by "ministry-oriented" statistics by providing active information services for governments.
- Initiate the adjusting of administrative records for statistical purposes.
- Use of computerized administrative records as source data wherever possible.
- Use of sample surveys based on "strong frames" replacing "reports" and census-like surveys.
- Use of IT for data collection (electronic questionnaires on PCs filled in by respondents).
- Stabilization of the scope, contents and methodology of surveys.
- Partnership of national statistical offices in defining information standards for administrative records managed by ministries.

5.6. Principle 6. Statistical confidentiality

5.6.1. *Individual data collected by statistical agencies for statistical compilations, whether they refer to natural or legal persons, are to be strictly confidential and used exclusively for statistical purposes*

54. There was lively discussion of this principle. Practical case studies were presented, which have shown that the former interpretation of this principle may be difficult to adopt in the transition period.

55. The following aspects of statistical confidentiality in transition countries was discussed:

- confidentiality of non-aggregated source data and access of governments to statistical questionnaires, especially the questionnaires from state-owned businesses and public sector units (budget sphere);
- confidentiality of statistical aggregates, especially in the case of monopolistic enterprises;

- confidentiality and availability of small area statistics for regional and local governments.

56. The participants have stressed the need for pragmatic interpretation of the principle of statistical confidentiality. Specific examples were discussed.

5.6.2. Transition context of statistical confidentiality

57.
- Statistical data treated by governments as administrative data. This refers mainly to the data from the budget sector and state-owned businesses.
- Official statistics in many transition countries implies special data collection and processing services for governments, i.e., elaborating compilations from administrative documents. National statistical offices provide information services of processing administrative data for governments.
- NSOs are seen as "bookkeepers of government and governmental agencies" and as the "all centres" for economic, social and environmental information.
- Statistical data used as information for decision-making by local governments
- Monopolistic enterprises face the problem of disclosure, even on high level statistical aggregates.
- "Ministerial statisticians" are not aware of the problem of statistical confidentiality or are not able to respect the principles; they are treated as part of the administrative information system of ministries.
- Underrating the importance of statistical confidentiality by official statisticians themselves.
- Specific situation of data confidentiality in small national economies.
- From the point of view of statistical law, transition countries are consistent with the principles of statistical confidentiality. However, other laws regulating administrative information systems of governments have their own statistical components, which may not respect the rules of statistical confidentiality.

5.6.3. Conclusion for official statistics

58.
- Precise definition of sensitive data, which should be unconditionally confidential. Recommendations and clarifications of international statistical organizations will be very helpful in solving practical dilemmas on national levels.
- Precise separation of administrative data and statistical data.
- Separation of the statistical system and administrative information systems, including those managed by statistical offices.
- Use of IT techniques and methods to better protect confidentiality.
- Convince the public that official statistics is unconditional adherence to the principle of statistical confidentiality.

- The governments should be aware of the consequences of breaking the rule of confidentiality regarding the quality of information and confidence of the public in governments.
- Education of statisticians, government officers and students in statistical ethics and the principle of statistical confidentiality and in methods and techniques of protection of data.

5.7. Principle 7: Statistical laws and rules are public good

5.7.1. *The laws, regulations and measures under which the statistical systems operate are to be made public*

59. The term "laws and regulations" covers all official documents regulating the functioning of a statistical information system, i.e. statistical law and statistical components in other laws, statistical programs, procedures regulating collection, storage and dissemination of statistics, organization of all official surveys in the NSOs, in ministries and local governments, principles of managing statistical data, etc.

60. The term "made to the public" means that all participants of statistical processes should be actively informed by statistical agencies of all relevant regulations and laws. It is not enough to publish the regulation in internal official documents of statistical office.

5.7.2. Transition context

61.
- In all transition countries new statistical laws adjusted to international standards were introduced, together with new economic and political systems. These laws are often updated and changed. Both respondents and users of statistics should be made aware of any changes in the laws and regulations.
- Most statisticians do not have a general knowledge and understanding of the impact of those laws on statistical practice.
- Passive information policy of official statistics:
  - respondents are not actively informed of specific regulations of surveys in which they are participating;
  - users are not actively informed of the availability of data and metadata.
- Regulations influencing statistical surveys and systems are "hidden" in "non-statistical" laws.

5.7.3. Conclusions for official statistics

62. - Not only the statistical law itself, but also the statistical programme, and all lower-level legislation should be made public.
    - Decision-making processes about the “what” and the “how” should be transparent
    - Once decisions have been made, the proceedings of the relevant bodies should be accessible.
    - Evaluation reports and audits of statistical activities/statistical programme should be made public.
    - There should be an active information policy on laws, regulations and measures, adjusted to the needs and language of:
        - ? respondents;
        - ? users;
        - ? governments (establishing the laws).
    - Partnership of NSOs in the processes of elaboration and proclaiming the laws that have impact on statistics or a "statistical component".
    - Websites of statistical agencies should contain a well-organized information base on all laws and regulations, linked with respective surveys, data, questionnaires and metadata. Such websites should enable user-friendly navigation by users and respondents.
    - NSOs should conduct an active information policy on laws and regulations. Information on laws should be provided to respondents in such a way as to encourage them to cooperate with official statistics.

5.8. Principle 8: Coordination and effectiveness of statistics

5.8.1. *Coordination among statistical agencies within countries is essential to achieve consistency and efficiency in the statistical system*

5.8.2. Transition context

63. - In centrally planned economies, statistical agencies have relatively a strong coordinating position. In the process of transition, this position was significantly weakened.
    - Distributed coordination of information infrastructure of economy and governments. In most transition countries there is no centralized coordination of the information infrastructure of governments and the public sector.
    - Statistical surveys conducted by ministries are treated by them as their “own” internal administrative systems.
    - Redundancy and duplication of "ministerial" surveys and data.

- The relatively weak position of the NSOs as coordinators of economic and social information systems.

- Coordination is not a police type of function; other producers should be convinced of the value added involved in being part of a system of official statistics under the leadership of the NSO.
- Proactive role of the NSO, especially when the statistical programme is prepared.
- The NSO should organize regular meetings with all other producers.

5.8.3. Conclusions for official statistics

64. - It is necessary to strengthen the position of national statistical offices as coordinators of the information infrastructure of the public sector of the economy.

- The coordination competences of the NSO should refer to official statistical activities of all governments and institutions. Those competences should include:

  – setting up a statistical programme free of duplication and which encompasses all producers;

  – ensuring that the terminology of the results disseminated is coherent;

  – deciding, if diverging results are compiled from different sources, which is the official one;

  – offering a one-stop shop for users;

  – ensuring dissemination platforms for all official statistics, and for international organizations;

  – setting binding standards for all producers (i.e. classifications);

  – managing the basic statistical registers from which addresses for exhaustive or sample surveys are extracted;

  – support and advice to other producers in both methodology and issues related to the FP;

  – ensuring that all requirements of official statistics, notably those linked to the FP, are implemented by the other producers;

  – the director of the NSO represents the entire system of official statistics, especially at international level.

- Statistical metainformation - driven, standard-based coordination - statistical standards should be mandatory for all of the public sector.

- Centralized coordination of all official statistical activities by:

  - one central national program of official statistics;
  - a national statistical council as the forum of operational co-ordination of statistics.

- Stabilization of the position of the NSOs in the structures of governments; in transition there are – as a rule – frequent changes of structures of governments and their adoption to the needs of changing economy. Statistics should be excluded from those processes. It is necessary to stabilize the organizational position of the NSOs in statistical law adjusted to the new model of the economy.

5.9. Principle 9: International standards

5.9.1. *The use by statistical agencies in each country of international concepts, classifications and methods promotes the consistency and efficiency of statistical systems at all official levels*

65. It was stressed that the use of international concepts at national level is instrumental in:

- improving international comparability, a key request by national users;
- increasing the impartiality of decisions on the “how”, especially when controversial;

66. Only with your active participation in setting up and revising such standards, and your feed-back on national information needs and implementation issues, can these standards remain relevant.

5.9.2. Transition context

67.
- The statistical standards of a centrally planned economy are deeply embedded in economy and society and in many laws.
- Statistics in transition countries are also in a process of deep transformation concerning methodologies, organization and technologies.
- The specificity of transition processes requires specific statistical standards.
- International standards may not be fitted for the description of the specificity and dynamics of transition processes.

5.9.3. Conclusions for official statistics

68.
- Direct implementation of international standards for national purposes – if possible.
- Compatibility but not similarity of national and international standards. Creative adoption of an international standard to fit the national and regional specificity may sometimes be necessary, especially in social statistics.
- Developing methodological "gateways" between international and national statistical standards (e.g. correspondence tables between classifications or nomenclatures).

- If international standards do not fit a specific situation in the domains of deep and accelerated transformation, but data must still be provided to international organizations, it is necessary to develop duplicated data flows and data processing - one for national purposes, and one in accordance with international standards.
- Common implementation of generic statistical standards in the public sector.
- The above cannot be used as an excuse for non-coherence of national statistics of transition countries. NSOs should adopt international standards, and – if this is not possible – they must develop gateways and correspondence procedures between their own standards and international standards.

5.10. Principle 10: Statistical international community

5.10.1. *Bilateral and multilateral cooperation in statistics contributes to the improvement of systems of official statistics in all countries*

5.10.2. Transition context

69.
- Well-developed international cooperation of NSOs with other statistical institutes and international organizations.
- Limited cooperation of statisticians in ministries with their foreign colleagues.
- Propensity to excessive commercialization of statistical services.

5.10.3. Conclusions for official statistics

70.
- Intensification of international cooperation between statistical agencies on all layers of national statistical systems:
  - if you have problems with a core issue of FP such as interference, do not hesitate to ask for advice or assistance from whoever within the international community of official statistics you think is of any use to you in the particular situation;
  - the same holds for any revision of the statistical law, or of the framework for statistical programmes.
- Regional cooperation of statisticians.
- Extensive cooperation and exchange of experiences of transition countries, especially between those more advanced and those less advanced in the transformation of statistics and in transition of the economy.
- The special role of international statistical organisations is stimulating and coordinating international cooperation.
- Defining optimal limits of commercialization of statistical knowledge and products.
- Statistical methodological knowledge should be a public good.

6. General conclusions

71. - Fundamental principles of official statistics should be used as the deontological frame for passing laws and regulations in statistics.
    - The text of the Fundamental Principles should be on each statistician's desk.
    - The amendments of the FP and the rules of ISI Code of Statistical Ethics should be known and accepted by statisticians at all levels of the official statistical system.
    - Statisticians should be aware of the practical implications of the FP and ISI Code for their work and statistical practice.
    - Fundamental principles of official statistics and the ISI declaration on professional ethics should be included in the training of statisticians.
    - All students who are taught statistics should be taught not only statistical formulas, but also informed on FP and ISI Code of ethics.
    - National statistical associations and other professional organizations involved in statistics should take into account the rules of FP and ISI Code in their codes of professional ethics.
    - The transition period is a time of unique opportunity for building a modern, effective and friendly information system of official statistics. This opportunity should be exploited, following all Principles:
        - no principle is negotiable; they must be observed in all activities of official statistics;
        - where there is a temptation to trade off certain principles against additional financing of a survey by a ministry, it should be made clear in a written agreement with the funding agency that they accept the rules of the game;
        - staff should be trained in the implication of each principle;
        - the Fundamental Principles have the same legal status as the ECE Resolution. All UNECE Member States accepted the Fundamental Principles in 1992 at the level of governments. Implementing the FP is the duty of official statistics as well as the obligation of all governments.

7. Evaluation of the Seminar

72. The Seminar was very fruitful for all parties. The discussion on principles was deep, professional and open. Participants presented numerous practical problems and specific cases.

73. The Seminar has also contributed to collecting the empirical knowledge to be used for commenting on the FP and for training and teaching the FP as the most general common platform of integration of official statistics on global scale.

74. It was suggested that such regional seminars should be continued for other regions and for each strategic phase of transformation of economies in transition.

Annex 1

SEMINAR ON THE APPLICATION OF FUNDAMENTAL PRINCIPLES OF OFFICIAL STATISTICS

ALMATY, KAZAKHSTAN, 28-29 APRIL 2003

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Annex 2

UNECE/WORLD BANK Seminar on the Application of the
Fundamental Principles of Official Statistics
Organized with the Assistance of the
Agency on Statistics of the Republic of Kazakhstan
Almaty, Kazakhstan
28 – 29 April 2003

AGENDA

Monday 28 April

9:00 – 9:20 Registration

9:20 – 9:45 Opening of the Seminar

9:45 – 10:15 General Introduction to the Fundamental Principles
Origins and importance of the Fundamental Principles

10:15 – 10:30 Coffee Break

10:30 – 13:00 Session 1: Fundamental Principles Nr. 1, 2, 3 and 4
Each principle will be presented in turn by the two Discussion Leaders Jozef Olenski and Heinrich Brüngger, followed by questions from participants

13:00 – 14:30 Lunch Break

14:30 – 17:00 Session 2: Fundamental Principles Nr. 5, 6, 7, 8, 9 and 10
Each principle will be presented in turn by the two Discussion Leaders, followed by questions from participants.

16:00 – 16:15 Coffee Break

Tuesday 29 April

9:00 – 11:15 Session 3: Relationships between Producers of Official Statistics and the Government/Executive Branch in the Light of the Fundamental Principles Discussion among participants in two small groups

The first group will address issues connected to aspects of the fundamental principles related to dissemination and confidentiality, and the difficulties statistical agencies may have in implementing these principles in their relationships to the government and other parts of the administration.
The second group will address issues of the fundamental principles connected to decisions about the work programme of statistical

agencies and appropriate forms of data collection and the related methodology, and the difficulties which may arise with respect to the compliance with fundamental principles from the various ways governments and other parts of the administration are involved in these processes.

Problems concerning the coordination of activities by various statistical agencies, and the responsibilities of statistical offices in this respect, may also be brought up in either of these groups.

Each participant will announce to UNECE, until 21 April evening at the latest, which group he/she would like to join. All participants are expected to present orally two issues in the respective context from his/her own country, which reflect present practices, or are currently under debate for decision, and which they perceive as debatable from the point of view of fundamental principles. The cases presented will be discussed within each group (one per country before, one after the coffee break).

11:15 – 11:30 Coffee Break

11:30 – 13:00 Session 3: Small Groups, continued

13:00 – 14:30 Lunch Break

14:30 – 15:30 Session 3: Reports from the Small Groups to the Plenary; Discussion

15:30 – 16:00 Recommendations for Follow-up: Proposals from Participants

16:00 – 16.15 Coffee Break

16:15 – 16:45 Summary Report

16:45 - 17.00 Closing of the Seminar