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Implementing the Fundamental Principles of Official Statistics**Implementing the Fundamental Principles of official statistics, including the issues related to coordination of national statistical systems****Note by the National Statistics Office of Georgia***Summary*

The paper describes the process of reforming the Georgian statistical system to be in line with the Fundamental Principles of Official Statistics. It introduces the reform and the related legislation and underlines the necessity of continuous and open communication with stakeholders and users of statistics. The paper explains how coordination of official statistics can help to improve implementation of the Fundamental Principles, and modernize statistical production, in particular regarding survey methods and quality management. The development of the Georgian statistical system gains support from the active international cooperation with several partners. Yet, there are some difficulties and challenges that need to be faced, for example in the relationships to data users to build trust towards official statistics.

I. Introduction

1. Statistics provides evidence for policy makers and for society in general. It gives possibility to any interested parties to judge and evaluate, to study and explain, to store information and forecast. Evidence-based approaches definitely have the potential of greater impact on the outcomes in developing countries, where better use of evidence in policy and practice could dramatically help reduce poverty and improve economic performance.

2. Statistical agencies should always be independent and unbiased in everything they publish. Statistics must be based on high-quality data which are suitable for describing the issues they address. Changes in statistical values over time should be discussed. Statistical agencies should always guarantee the confidentiality of data on individual persons or businesses.

3. According to the Georgian legislation, Official Statistics is defined as “The system of statistical measures carried out within the statistical activity program based on which statistical data of social, economic, demographic and environment conditions are acquired.” This could not be reached without cooperation with the local organizations - the NSO needs to cooperate and coordinate the work with other bodies producing statistics in order to effectively produce national statistics.

4. In order to describe the process of reforming the Georgian statistical system and implementation of the Fundamental Principles of Official Statistics, the paper will focus on the following issues:

- (a) Reform and legislation;
- (b) Communication with stakeholders, data users and coordination of official statistics;
- (c) Improvement of survey methods and quality management;
- (d) International cooperation;
- (e) Difficulties and challenges.

II. Reform and legislation

5. In Georgia the Law on “Official Statistics” regulates the entire statistical system of the country and sets the principles for the coordination of work of all institutions responsible for official statistics. At present, the whole statistical system is well managed through legislation. The law was adopted according to Eurostat recommendations that apply the Fundamental Principles of official statistics. The principles include:

A. Professional independence

6. In the past, the Department of Statistics was a subordinated agency under the Ministry of Economy. During the period when the Department of Statistics acted as a subordinated body, independence of the NSO, as well as the credibility and accuracy of its statistics were issues of permanent discussion. According to the new legislation, the National Statistics Office of Georgia (Geostat) was formed as an independent agency in

February 2010. Geostat is managed by a board, consisting of not only government representatives, but also of individual independent professionals.

B. Objectivity

7. Active cooperation started with international organizations and NSOs of other countries, with the view to plan, manage and implement specific statistical surveys, improve survey methods and make Geostat a successful institution. Active dialogue with different stakeholders and users has been launched.

C. Reliability

8. In order to improve transparency, Geostat's webpage has been upgraded by adding statistical databases, some anonymised micro-data and detailed information on methodologies.

D. Confidentiality of statistical data

9. Confidentiality is protected by law. It is defined as any type of data which allows identification of an individual observation unit. The confidential statistical data shall not be disseminated or used for non-statistical purposes with only the exceptions envisaged by the Georgian legislation.

E. Efficiency

10. Official statistics, as a public good, should be cost-effective. This applies not only to Geostat, but also to the entire statistical system. In order to have an efficient system, the Board of Geostat is formed by individual professionals and representatives of the Ministry of Finance, the National Bank and the Ministry of Economy and Sustainable Development. Those institutions are the major players in the Georgian statistical system.

III. Communication with stakeholders, data users and coordination of official statistics

11. Statisticians need to support all users using statistical outputs correctly. Statistics can inform the public about developments in the society they live in. However, statistics are often very specific and, therefore, not easy to understand without additional information. Statisticians also need to think about simplification of their products. Statistical information should be easy to understand and interpret.

12. The first action immediately after formation of the new office was to make all potential users fully aware of what we were doing and then help them interpret our official statistics in a proper way. It was not easy, but gave us huge motivation and challenge.

13. From the very beginning, in February 2010, when Geostat was formed as an independent NSO, a new website was launched and new dissemination formats were introduced, such as data in PDF format together with the corresponding excel files. Now, the website contains detailed descriptions of all main methodologies used, including for Prices, Employment, Subsistence Minimum, National Accounts and External Statistics. These descriptions have been written clearly and simply using the language and style that an ordinary citizen can understand. Moreover, a web forum was created where any visitor

can also express his/her opinion. Some databases (Integrated Household Survey, CPI indices) were uploaded to the Geostat's website. In order to evaluate Geostat's efficiency in serving different data users, quarterly reporting system was introduced which contains the number of publications issued, press releases, statistical information upon request as well as the number of visitors to the Geostat website. In order to improve service and monitoring, a service phone number was provided on the website.

14. Dialogue with all data users is the way to improve trust towards the NSO and its official statistics. In this context, the following steps have been taken: a survey was carried out to evaluate the public awareness of Geostat; cooperation was started with different business associations where subject-oriented working meetings were initiated; an expert consultation working group was established in social statistics and similar cooperation was started with various NGOs and universities.

15. Meanwhile, the capital city office, the Tbilisi Regional Office, was transformed into the Tbilisi Statistical Bureau with new standards and rules of communication and relations with respondents and data users. Guidelines for effective communication were adopted, to foster the improvement of field operations.

16. Since the Geostat Board includes the representatives of the Ministry of Finance, the National Bank and the Ministry of Economy and Sustainable Development, coordination within the statistical system moved to a new stage. All important decisions are taken jointly by the Board where the common interests of statistical system are considered. Annual budget request or annual report is drafted jointly with the main players. Annual working plan is submitted to the Government and is adopted by the Presidential Decree, with all public institutions actively participating in the process, including providers of administrative sources. In order to ensure the efficiency, the mutual responsibilities and the quality and periodicity of official statistics and memorandums of cooperation have been signed with the National Bank, the Revenue Service of the Ministry of Finance, the National Agency of Public Registry, the Ministry of Health, the Ministry of Education, the Ministry of Infrastructure and Regional Development, and the Civil Registry Agency etc. Besides, regular meetings are conducted with almost all agencies, who are members of the national statistical system – Ministry of Finance, National Bank, Ministry of Economy and Sustainable Development, Ministry of Justice, Ministry of Health and Social Protection etc.

17. Statement from the "Law on Official Statistics": "The state and local self-government bodies, legal entities of public law and other administrative bodies shall produce the official statistics taking into consideration the goals and objectives of their activities and responsibilities observing the methodology and standards which are in line with their international analogues and are approved/recognized by the Board of Geostat."

18. According to the same Law, Geostat shall ensure coordinated work with the other producers of official statistics and shall issue recommendations on the statistical standards and methodologies necessary for statistics production. Geostat shall coordinate the exchange of information among the administrative bodies in order to produce statistics and shall facilitate effective implementation of the statistical standards and approved methodologies. We understand that without strong coordination within the statistical system, it is impossible to have successful outreach. So, first of all, the primary focus should be on the coordination of the national statistical system and then, on different data users such as business, international organizations, NGOs etc.

IV. Improvement of survey methods and quality management

19. Soon after Geostat's formation, with the support from the World Bank's Trust Fund for Statistical Capacity Building the drafting of the National Strategy for the Development

of Statistics in Georgia (NSDS) started, and in 2011 the NSDS was officially presented. NSDS sets goals and targets for the national statistical system from 2011 until the end of 2014 and has been prepared in line with the recommendations of the Partnership in Statistics for Development in the 21st Century (PARIS21).

20. NSDS greatly contributes to the further development of the Georgian statistical system as a whole. It supports efficient coordination among different bodies and informs the Government and donors about forthcoming plans as well as on needs for Geostat and the entire statistical system. Besides, the European Neighborhood Policy (ENP) Action Plan stresses the importance of National Strategies for the Development of Statistics as tools for developing countries to integrate their statistical systems into the European system.

21. It has to be mentioned, that during the recent years, Geostat has had a continuous support of the Georgian Government. The annual budget of Geostat increased 31 per cent in 2011 and 7 per cent in 2012. In addition, the salaries of all Geostat staff (including enumerators) have been increased in 2012.

22. During 2010-2011, Geostat started to publish some important statistical data faster. This includes National Accounts, Foreign Direct Investments, Business Statistics, External Merchandise Trade Statistics, Consumer Price Index (CPI) and Main Indicators of Population Statistics. Some new products and new surveys have been introduced, including microeconomic censuses in various sectors. Sampling frames and sampling methodologies of the main statistical surveys have been upgraded, including the Business Register. In parallel, active monitoring of all surveys has been conducted.

23. Since spring 2011, the CPI survey has been conducted by means of handheld computers. The provision of software, training and handhelds was financed by the United States Agency for International Development (USAID) contractor company Forecast. At present, Geostat works on online based questionnaires for all surveys. Besides, there are plans for further decentralization of the system.

24. Starting from 2012, the consumer basket used in the CPI has been updated. The previous update of the consumer basket took place in 2010. The updated consumer basket is based on the consumption structure derived from the National Accounts data. Use of the National Accounts weights is in line with one of the important Eurostat recommendations to the EU member countries in the field of Price Statistics. The updated consumer basket reflects the latest consumption patterns of the population, increasing reliability of the inflation indicator.

V. International cooperation

25. In 2010, Georgia subscribed to the International Monetary Fund's (IMF) Special Data Dissemination Standard (SDDS). At the same time, in 2011, IMF ROSC (Report on the Observance of Standards and Codes) mission visited Georgia to evaluate the quality and working processes of official statistics as well as operation of the main producers of official statistics – Geostat, Ministry of Finance and National Bank. The purpose of the mission was to prepare a special report and give appropriate recommendations. The recommendations were submitted to Georgia and then Georgia's side responded. All the reports are now available on the IMF and the Geostat websites.

26. Meanwhile, there is an agreement with the Eurostat to conduct Adapted Global Assessment (AGA) of GEOSTAT in the autumn of 2012.

27. Being no longer a member of the Commonwealth of Independent States (CIS), Georgia was temporarily outside of the International Comparison Program (ICP). With the

support of the US Millennium Challenge Corporation and the World Bank and in cooperation with Statistics Armenia, Georgia participates in the ICP round of 2011.

28. With the support of the Swedish International Development Agency (SIDA) a joint project started with Statistics Sweden in 2011 for three years. This is a twinning project where the Swedish colleagues will help the Georgian counterparts with the issues pertaining to statistical methodology, including sampling, questionnaire design, metadata, data processing, data analysis, data editing, etc. The project will target National Accounts, Price Statistics, commissioned work, IT, Business Statistics and management.

29. Furthermore, successful bilateral cooperation was started with different NSOs including the US Department of Agriculture, Poland, Latvia, Lithuania, Estonia and the Netherlands.

VI. Difficulties and challenges

30. Data users request statisticians to measure everything, but resources are limited. Statisticians always draw a line between what is measurable and what is not measurable. The number of users of official statistics in Georgia is rapidly growing. For example, the number of visitors to the Geostat website increased by 40% in 2011 in comparison with 2010. In addition, during the last three years, Geostat has introduced various new products. However, the number of staff remains the same.

31. Although Georgia has a long history of collecting statistics, experience in modernizing statistical surveys is not sufficient. During the Soviet time, everything was centrally planned and statistics were not an exception. There were no sampling practices. After the collapse of the Soviet Union, the Georgia, like other former Soviet Union countries, started to develop independently new survey methods. Therefore, the number of well-trained and experienced statisticians was limited. In addition, due to the low budget, it was always difficult to attract new staff. The combination of all factors affected the quality of official statistics, causing the low public trust and weak coordination within the statistical system. At the same time, the low public trust was associated with a decline in financing. When there is a feeling that statistics is not reliable, users do not use statistics or use it incorrectly. The damaging result is the misuse of official statistics.

32. But how could one judge the quality of statistical information without using it? In these conditions, the message of statisticians should be: "First use our product, use often, use continuously, look at dynamics, make comparisons, analyze consequences and then judge the quality". We try to encourage users to realize what statistics does and then, make them interpret official statistics in the proper way. It is not easy, but this gives extra motivation and challenge to us. A good example of the interpretation of statistics is about labor statistics where tremendous efforts are needed to explain why self-employed people are included in employment; or what statistical corrections mean, why sometimes preliminary figures differ from final figures. Sometimes "negative" growth rates are believed to derive from mistakes made by statisticians, and the "positive" rates as a result of government intervention. Unfortunately, the general public mostly shares this idea.

33. We are actively trying to shape the public opinion that the statistics is not a forecast or prediction, statistics is a transparent reflection of current and past socio-economic conditions. Statistics is not a result of creativity of statisticians; it is based on field work operations, data collection, data analysis and dissemination. There are two sides in this process – statisticians and respondents. Respondents at the same time could be the users of statistical information. Official statistics is a combination of information collected from different sources – respondents and administrative sources. In order to produce reliable

statistics, it is urgently required to collect reliable information from sources. Both sides – statisticians as well as respondents are responsible for the quality of statistical information.

34. Today in Georgia as well as in almost every country official statistics lacks public trust. The priority of statisticians is to be transparent and open for dialogue and continuous discussion with data users. There are two potential ways to argue with opponents: 1) statisticians can say “we are statisticians, we are capable of calculating better than anyone else”; 2) statisticians invite stakeholders for discussion and try to explain how we do things. Georgian statisticians prefer the second option.

35. Institutional and organizational factors have a significant influence on the effectiveness and credibility of statistics. The relevant issues, which make statistics reliable, are professional independence, coordination, quality commitment, statistical confidentiality, impartiality and objectivity. These are the main principles of the European Statistics Code of Practice. The same philosophy is reflected in the Georgian Law on “Official Statistics”.

36. In conclusion, it should be highlighted that without active public involvement and strong coordination, it is impossible to have a reliable, trusted and high-quality official statistics. Statisticians suggest that everyone use statistics frequently and make conclusions. All potential users of statistics need to ask themselves – how can I contribute to making statistics better.
