



**Economic and Social
Council**

Distr.
GENERAL

CES/2004/34
7 May 2004

ENGLISH ONLY

STATISTICAL COMMISSION and ECONOMIC COMMISSION FOR EUROPE

CONFERENCE OF EUROPEAN STATISTICIANS

Fifty-second plenary session
(Paris, 8-10 June 2004)

RESTRUCTURING THE TURKISH STATISTICAL SYSTEM

Supporting paper submitted by the State Institute of Statistics (SIS) of Turkey

INTRODUCTION

1. National statistical offices exist to provide information to the general public, government and the business community in the economic, demographic, social and environmental fields. This information is essential for development in these areas and for mutual knowledge and trade among the States and peoples of the world.
2. In the world today, globalization is changing the relative importance of the users of statistics. In many countries, policy and investment decisions made outside national borders are having a more significant impact on the national economy, and to an extent constrain the policy options available to national governments and domestic private sector decision makers. This means that national statistical agencies are under pressure to ensure their statistics comply increasingly with the quality requirements of external decision makers and that those statistics are at least as easy to access internationally as they are domestically.
3. In this context, the process of adapting to the changes and institutional modernization must take place within the perspective of globalization. This phenomenon is directly related to the production and consumption of information, and national statistical offices should therefore be reorganized in order to obtain the necessary level of credibility in the eyes of their national and international users.

NEW CHALLENGES

4. When the general situation in Turkey has been examined from this perspective, a series of problems were determined that should be solved in order to adapt to necessities of the new process. The following paragraphs indicate the problems encountered by the SIS and challenges to overcome the problems in the production and dissemination of official statistics.

IDENTIFYING THE PROBLEMS

5. **Level of coordination.** There is a weakness in the inter-institutional dialogue with the other public institutions producing statistics, which limits their harmonious and integrated development, making it difficult to compare and analyze statistical information from different sources.

6. **Timely information.** The timeliness of dissemination is certainly an essential characteristic of statistical information. In important areas of statistical production, the lack of timeliness is perceived as an obstacle to the design of short-, medium- and long-term policies, as well as for the processes of evaluation and decision-making in the public and private sectors.

7. **Statistical dissemination.** The statistical dissemination policy is inadequate, and the process developed to publicize the range of statistical products and services offered is insufficient.

8. **Resources.** One common denominator of the problems is the lack of financial, physical, human and technological resources, which has limited the capacity of the SIS to exercise its function and consequently has a negative impact on the development of statistical products.

9. **Legal infrastructure.** The current legislation is insufficient and disorganized for the coordination of the production process of statistics. The main points creating weakness in the system are related to the autonomy of the Institution, the coordinating role of the Institution within the whole system, lack of the multi-annual planning elements, the role of the Supreme Statistical Council, unclear statistical confidentiality principles, the data dissemination principles and the statistical definitions, the inefficient position of Regional Offices, the working conditions and personnel rights of the staff.

ENHANCING THE CREDIBILITY AND LEGITIMACY

10. The credibility of the statistical system plays a fundamental role in the value to the users of their statistical outputs. This is because few users can validate directly the data released by statistical offices. Instead, they rely on the reputation of the provider of the information. The value of its statistical outputs therefore depends directly on the credibility of the statistical system.

11. In this context, a real challenge facing the SIS was the declaration of Turkey as the formal candidate state to the European Union in December 1999 that brought about the issue of adoption of the EU *Acquis Communautaire* in statistics.

12. To maintain the statistical compliance to the European Statistical System, the overall objectives are defined as follows:

- to provide accurate, current, timely, and relevant statistics for the use of decision-makers, researchers, and the society in general;
- to ensure statistical data to help decision makers increase the welfare of our society;
- to produce comparable statistics that are accepted by the international community of statistics;
- to harmonise all Turkish Statistical System with EU norms.

13. And the key objectives consist of the following:

- reforming the legal basis of the SIS and preparing a new “statistical law”;
- improving infrastructure capacity with special reference to classifications, information technologies, and strategic planning;
- developing data compilation, processing, and publishing procedures;
- approximation of the statistical production to the EU norms in the fields of Agricultural Statistics, Business Statistics, Social and Demographic Statistics, External Trade, and National Accounts;
- setting up a new Business Register System that will in comply with the EU system;
- adopting EU regional classifications (NUTS) and revising the regional statistical system in order to allow more a decentralised system of statistical process;
- increasing Administrative Capacity to be able to implement the actions planned and methodologies selected.

New Statistical Law

14. A Draft Law was prepared by the SIS to meet national and international requirements. It is now under evaluation at the Prime Ministry. We expect that it will be issued by June 2004 at the latest since it is the commitment of the Government to the EU.

15. The new law takes the statistical production issue from a system approach. It establishes a decentralized system under the fully control and surveillance of the Turkish Statistical Institute (TSI). It organizes the structure of TSI in order to cope with the new challenges. More than anything, it brings multi-year planning issue to the system and invites all actors to take their roles during the planning and implementation processes by way of representation at the Statistical Council. The novelties in the law can be listed under the following items.

a) **Strengthening the Coordination Role of the TSI**

16. It was commonly agreed over the recent year that a division of labour in statistical data production should be the main principle. Normally, this system should be coordinated centrally from Statistical Offices of the countries. The new law recognises this situation and empowers TSI to coordinate the system. The tools will be:

- establishment of a “Statistical Council” under the organization of the TSI. Members from public and private institutions will be represented in this body having right to voice in the

TSI;

- preparation of “Official Statistics Program.” This program will cover a 5-year period, regulating all statistical activities in Turkey, including other public institutions. It takes serious measures to pursue the program. The Statistical Council will also have opinion on the program;
- setting up a “Data Quality Control Board” under TSI. This board shall have power over all institutions and control all processes from a scientific perspective;
- TSI is empowered to directly access the administrative sources for statistical purposes;
- setting up a “Data Dissemination Board”. This board is established within the organization of the TSI with the right to determine all dissemination rules and principles in Turkey.

b) Enhancing the Scientific and Technical Autonomy

17. In the new Law, the duration in office of the president is defined for a fixed term (5 years) to guarantee his professional independence and to prevent political interference with official statistics. Appointment conditions of the president, vice presidents, head of departments and regional offices directors are defined. Some provisions are added to prevent either politicians or any other organisation influencing the TSI.

c) Internal Organisation

18. New situations force change in the internal organization of the Institute. For this reason, a new law establishes new departments, removing some or integrating two or more under one department. This organization depends on the principles of a decentralised system of data compilation and processing. The centralised role will be limited so as to determine classifications, methodologies, principles of dissemination, implementing overall projects, and dissemination.

d) Improvement of Principles of Statistical Confidentiality

19. The subject of statistical confidentiality is an extremely important issue in respect to confirmation of data obtained and prevention of individual, social and economic damage to statistical units. The confidence of people and other statistical units is also a very important subject. For this reason, the subjects of accession to statistical results and secret data, individual information and data security have been covered in detail in the new law.

e) Improvement of Principles of Publication and Information Dissemination

20. A statistical agency that lacks a well-defined dissemination policy risks losing its credibility as an independent agent. To avoid tampering with releases of statistical numbers, the SIS has already disseminated the advance release calendar since 1998 for the following data categories: national accounts, production index, consumer price index, producer price index, employment /unemployment, wage/earnings, merchandise trade.

21. Under the new law, the principles of publication and information dissemination have been defined in main lines. With the same provision, the obligation of timely provision of data has been introduced.

Revision of the Classification System

22. The SIS makes great efforts to adopt a new classification system, which is supported by all administrations and uniformly applied throughout all relevant administrative institutions in their statistical and planning processes. The new classifications are as follows:

NACE Rev. 1 (Statistical Classification of Economic Activities in the European Community): This will replace ISIC Rev.2 and Rev.3 classifications. Even, NACE classification is used in 2001 Agriculture Census and 2003 General Census of Industry and Establishments.

Classification of Product by Activity (CPA): In 2002, translation of CPA 96 has been completed and adaptation studies have been initiated. CPA is now being used in 2003 General Census of Industry and Establishments.

Products of European Community (PRODCOM): PRODCOM 97 has been applied in data collection for manufacturing industry; mining and energy sectors by full enumeration. Changes made in PRODCOM year by year have been reflected in our studies.

Combined Nomenclature (CN): Since Turkey has entered Customs Union in 1996, CN codification system is used in customs transactions and in producing related statistical data. SIS added 4-digit to the 8-digit CN codes. At present, 12-digit level Commodity Code System including both CN and HS is used. CN is revised every year and the annual changes in the Common Customs Tariff are reflected in the Turkish Customs Codes.

Classification of Types of Construction (CC): This classification will be used in Construction Permits and in Occupancy Permits.

European System of Accounts (ESA 95): For the purpose of implementation of ESA-95, a master plan was prepared and several projects have been proposed to be financed from EU funds. European System of Accounts, 1995 (ESA-95) was translated into Turkish with collaboration with the Ministry of Finance and State Institute of Statistics (SIS). Also, some translation works on the main books and manuals were finished (Such as I/O Manual, NOE Handbook etc.). The studies of Input-Output table for 1998 are underway and will be completed at the end of 2003. 2002 Supply and Use Tables will be prepared according to ESA 95 concepts and definitions and this table will be base year table for annual tables at current and constant prices. There are no institutional sector accounts.

Forming of National Register System

23. One of the most important issues in the Accession Partnership and National Plan about statistics is to form a business register system in accordance with EU norms. In order to do this, a new provision has been made in the law that forms the national register system and all related institutions have been obliged to open their registers for the Institute's use. In order to achieve unity within the system, it is obligatory for other institutions involved in the production of official statistics to apply the same definitions, classifications and methods used by the TSI.

24. Real progress in setting up a business registers was achieved by the 2003 General Census of Industry and Establishments. In the first phase of the Census, data on all enterprises was compiled from the field. Then, data was compared with the tax records of the Ministry of

Finance through Internet applications. Now, the Institute has reliable records of all enterprises. This will be updated every year by both small-size surveys and administrative records of the Ministry.

25. Another register was in the field of agriculture. The General Census of Agriculture in 2001 provided the basis of the agricultural holding list in Turkey. This list is updated every year.

Change in the Regional Classification and Restructuring Regional Offices

26. Statistical classification of the regions was totally based on the administrative divisions - 7 regions and 81 provinces. The Institute was supported by 22 regional offices and a directorate in its collection of data. Turkey adopted European statistical classification of region (NUTS) in September 2002. Turkey was divided, for statistical and regional development reasons, into 12 NUTS-1, 26 NUTS-2 and 81 NUTS-3 levels. To comply with this, the Institute restructured its regional offices and increased the number to 26 with one regional office in every NUTS-2 level.

27. This revealed the need to strengthen the capacity of the regional offices both technically and personally, because regional offices, from now on, will collect, process and even disseminate regional statistics. Another dimension is the increase in the sampling size. Regional statistical data cannot be produced by the existing sampling sizes. All these criteria force the Institute to take immediate precautions in order to adapt to the new situation. For this reason, we are searching for ways to increase staff and technical infrastructure in the regional offices.

Total Quality Management

28. The SIS has been continuing efforts to produce high-qualified statistical production and services adopted as a fact of the institutional vision in the context of the harmonization studies with EU standards. In this context, transition to the Total Quality Management has been initiated in order to meet ISO standard: 9001-200.

CONCLUSION

29. It is an ongoing task to maintain public confidence in the integrity and legitimacy of the National Statistical Service. The restructuring of SIS is a significant step towards achieving the vision of becoming the EU partner in the field of statistics.

30. As well as compliance requirements to EU standards, the globalization trend in statistics also entails the SIS' efforts in developing a stronger statistical culture in society, a re-engineering of data collection to better reflect new societal realities, a better collaboration between government departments and a stronger awareness of the need for policy-relevant statistics.

* * *