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Implementing the Fundamental Principles of Official Statistics

Problems of implementing the Fundamental Principles of Official Statistics in the countries with transition economies: the example of Ukraine

Note by the State Statistics Service of Ukraine

Summary

The paper analyses the role of the Fundamental Principles of Official Statistics in the development of the Ukrainian statistical system and its adaptation to international standards. Special attention is given to the problems of implementing some Fundamental Principles, in particular, ensuring the professional independence of national statistics, the role of the principles in coordinating the national statistical system, administrative data as a source of official statistics and ensuring the confidentiality of statistical information.

I. Introduction

1. The creation of the independent state in Ukraine led to the necessity to form and cardinaly transform the existing state institutions, including the system of official statistics. In order to accomplish the task, there was the need from the very beginning to radically change the role of statistics in the society, make it more socially-oriented, ensure the accessibility, transparency and reliability and gain the public trust to statistics on this basis.

2. The primary target for the state statistical service at this stage was to establish a legal framework to carry out the statistical activities within the new environment. Concurrently, the modern evidence-based statistical methodology was examined, new tools were put into effect and the statistical processing and dissemination system was reformed. This would not have been possible without the support of international statistical organizations and statistical institutes of other countries. Through the close professional contacts and business relationships with partners the exchange of best practices laid the foundation for the dynamic transition of the Ukrainian statistics towards the international statistical standards.

II. The implementation of the Fundamental Principles of Official Statistics and development of the national statistical system

3. The reform of the official statistics was initiated with the adoption of the Law of Ukraine "On State Statistics" (1992), the Concept of National Statistics Development and the State Program of Transition to International Accounting and Statistics (1993) as well as a number of decrees of the President of Ukraine, aimed at the development of statistics (1992-1995). It was during these years when the foundations were laid for transformation of the national statistics into the self-developing entity, capable of responding timely and adequately to changes in the country and outside it, providing the public and the government authorities with high-quality information. During this period, the Fundamental Principles of Official Statistics played an extremely important role in forming the national statistics.

4. The adoption and implementation of the Fundamental Principles, their subsequent development in the European Statistics Code of Practice (2005) and explanation in the Principles of the Ukrainian state statistical activity (2010) served as a clear benchmark for setting priorities in the state statistical activity. It should be noted that not all of the principles could be easily implemented in the existing statistical practice. At least, that is the case with Ukraine. Even today, two decades after the adoption of the Fundamental Principles of Official Statistics, there still is a number of problems that do not allow to speak about full compliance with these statistical principles.

5. For example, the first principle "Relevance, impartiality and equal access" can only be achieved in a well-developed democratic society, where the official statistics are truly in the public domain. Unfortunately, the statistical dissemination system in the post-Soviet countries have not yet attained that level of development. Over the last decades, it was and, to a great extent, is still oriented towards the official users, mainly from the government sector and budget-funded research organizations. Insufficient dissemination of statistical information among civil society determines the limited demand for statistics and vice versa. However, during the transition period, there are inevitable changes regarding the public recognition and promotion of official statistics. In many respects, this is a matter of awareness about the needs for public information.

6. The Ukrainian state statistics bodies employ different approaches to strengthen the role and importance of official statistics in society to gain and maintain the trust of users of

statistical information. The range of statistical publications, complemented by analytical information and accompanied by metadata, is broadened. The users of statistical information are questioned about their needs and invited to participate in meetings, seminars, press conferences, etc. The web-sites of the State Statistics Service of Ukraine (SSSU) and its territorial bodies offer opportunities for promotion of official statistics and wider access to information.

7. It should also be stated that establishing a modern statistical system is a long process as it aims at equally meeting the needs of all user categories, creating an atmosphere of trust to statistics and a perception of the statistics as a public good and not only as a management tool of the government authorities. Progress in this regard, as we believe, can be achieved not only by the efforts of statisticians, but, perhaps to a greater degree, through the state policy on democratization, openness and transparency of government, aimed at serving the people's needs, including official statistics.

8. The second principle of official statistics "Professional standards and ethics" means that statistical offices should make their own decisions about the methods and rules for collection, processing, storage and dissemination of statistical information. That is to retain trust in official statistics the statistical offices should be provided with guarantees that would rule out the possibility of interference of any state authorities into statistical work. In other words, in accordance with their status the statistical office should be protected from external impact on the independent decisions of the professional issues related to statistical activities.

9. The actual independence of official statistics is made up of many aspects - the legal status of the statistical office, the country's legal framework in which it operates, culture of society, historical traditions, etc. Therefore, in practice it can be challenging to resist outside pressure emerged due to various reasons and needs for such an intervention. It is particularly difficult to stand for the professional independence during an unstable political situation of a country. When definitions, classifications, system of indicators and methodology are questioned due to some external interests, it is very difficult to ensure a proper quality of statistical information. The problem can be solved, first of all, through the legal definition of statistical service's independence and ensuring its implementation in the same way as for example the independence of the juridical system and the National Bank.

III. Challenges and implementation of the Fundamental Principles of Official Statistics

10. Rather difficult for practical implementation is the fifth principle "Sources of official statistics", according to which the statistical services are entitled to make use of data from administrative sources, in particular in the view of assuring the quality of these data. The use of administrative data is an evident alternative to direct data collection. It would allow significant reductions in response burden, decrease the amount of resources needed to collect information and, finally, markedly save the budget funds. According to the annual plan of the state statistical observations, on average every year 40 public authorities submit data to the State Statistics Service of Ukraine for statistical use. At present, there are 25 agreements about the information exchange between the state statistical bodies and administrative data providers. However, such supply of administrative data seems to be insufficient since it substitutes direct collection only for one fourth of statistical data of the state statistical bodies.

11. The Law of Ukraine "On the State Statistics" guarantees the right of statistical bodies to access any administrative information, specifies the procedure for their interactions with the bodies authorized to collect and make use of these data and even

entitles them to influence the quality of administrative information if it is used for statistical purposes. However, the problem is that in order to carry out its tasks, the statistical service often needs administrative microdata (primary information) from public authorities. At the same time, the specific legal acts regulating the activities of the administrative data providers often prohibit their transfer to anybody including the state statistical bodies. In particular, the Tax Code establishes the responsibility of the tax bodies to observe a strict confidentiality of personal data of taxpayers and it is strictly prohibited to transfer these data to other organizations. This legal contradiction cannot be resolved for many years, and this, for sure, negatively influences the completeness and relevancy of statistical register data, not to mention how it adds to the burden of respondents. To tackle the problem, it is necessary to amend the legislation base that regulates the activity of the administrative data providers. This naturally requires complex negotiations, mutual efforts of participants and surely it will take some time.

12. The eighth principle "National coordination" which underlines the importance of interactions between the official statistics producers in the country is implemented in Ukraine from the beginning of planning of the state statistical activity. The Law of Ukraine "On the State Statistics" envisages that statistical bodies jointly with other authorities producing official statistics and providing administrative data for statistical purposes establish long-term development programs (hereinafter, Long-term program) and annual plan of the state statistical observations (hereinafter, Plan). Thus, the State Statistics Service of Ukraine along with other public authorities, such as the National Bank and other departments and research organizations (40 organizations on average), develop the Long-term programs (Strategy for State Statistics Development) and annual Plans every fifth year. The prepared drafts of the Long-term program and the Plan are agreed with other bodies concerned and submitted for approval to the Cabinet of Ministers of Ukraine. The organizations involved inform the government about the fulfilment of the planned tasks.

13. The principle on "National coordination" is closely connected with the fifth principle on the "Sources of official statistics" inasmuch as aspects of cooperation in data exchange or data production are common for them. Moreover, it should be noted that the legislative acts regulating the activity of co-producers of official statistics in Ukraine are not sufficiently coordinated at the moment. For example, the legal framework in the area of statistics does not define the supremacy of the main statistical law in the current hierarchy of the relevant normative and legal acts. On the other side, the Law of Ukraine "On the State Statistics" does not contain the notion "the national statistical system" so far and operates with another term "the state statistical bodies" which does not cover the National Bank, for example.

14. The inconsistencies in the current legislation cause most of the problems of implementing the sixth principle "Confidentiality" in the statistical practice. It relates to the protection of confidential statistical information. To this end, the changes in the legislation specifying the state statistical activities in transition countries can be made in two ways. The first way is to make decisive changes in the statistical legislation and make it fully and rapidly consistent with international legal norms. The second one is a step-by-step approach to revising the national legislation in the area of statistics towards international standards combined with the gradual adaptation of all other legislative acts with a link or an impact to official statistics.

15. Ukraine chose the first option, a radical change of the statistical legislation which has had an effective impact. However, the experience shows, this approach has a number of drawbacks which can sufficiently impact the end result. The rapid segmental changes in the national legislation as a rule lead to some legal collisions. Some of them were mentioned above. At present, for example, there is an evident legal contradiction meaning that, on one hand, in accordance with the current legislation, the state statistical bodies should ensure

the protection of confidentiality of statistical information and, on the other hand, by the laws of Ukraine "On Public Prosecutor", "On Militia", "On Security Service of Ukraine", "On Operational and Search Activity", "On Organizational and Legal Frameworks to Struggle with Organized Crimes", they should give the data needed for the work of law enforcement agencies as a response to their written requests (including confidential information collected for statistical purposes). This is due to the fact that making the amendments to the legislative acts of the law enforcements bodies, especially changes limiting their scope of work, is difficult to achieve.

IV. Conclusions

16. The problems of implementing some of the Fundamental Principles of Official Statistics in Ukraine, considered above, namely "Significance, Impartiality and Accessibility", "Professional Standards and Ethics", "Sources of Official Statistics", "Confidentiality" and "National Coordination", are typical for many countries with transition economies, including former Soviet countries. The main reason of a majority of problems emerging in the implementation of the principles is the inconsistencies in the current national legislation. These legal contradictions are due to legislative changes that are not well-coordinated between the acts regulating statistics and other spheres of activity that influence the national statistical activities. Therefore, at this stage of developing the national statistical systems in these countries, the implementation of the Fundamental Principles of Official Statistics requires special attention and effort.

17. At the end, it should be noted that an exclusively important principle in development of national statistics is the tenth principle on "International cooperation". According to the results of the Global Assessment carried out in September-November 2011, and owing to the assistance the State Statistics Service of Ukraine has received from international organizations and statistical services of other countries, the current development and direction of Ukrainian statistics was regarded quite positively. The conclusions and recommendations of the expert missions are currently used by the SSSU for the elaboration of a future long-term program "Strategy for State Statistics Development for the Period till 2017" aimed at further reforming the national statistics according to the Fundamental Principles which the international community has been using for 20 years.
