

**Economic and Social Council**Distr.: General
16 May 2012

Original: English

Economic Commission for Europe

Conference of European Statisticians

Sixtieth plenary session

Paris, 6-8 June 2012

Item 4(b) of the provisional agenda

Coordination of national statistical systems**Fundamental Principles of Official Statistics: the need for
coordination by national statistical institutes****Note by Statistics Portugal***Summary*

Today's society has increasing demands towards official statistics: more complex phenomena are to be observed, statistics are expected to be delivered quicker and in more detail. The paper will debate these issues and assess alternative paths of further work in developing official statistics. What can be done in order to meet user needs under expectations of high quality and limited financial resources? Efficiency gains are needed as new data needs are to be met while maintaining the highest level of quality. The Fundamental Principles of Official Statistics that support confidence and trust in official statistics are of paramount importance for statistical producers. National statistical institutes are expected to have an active role in bringing the producers of official statistics together to ensure high standards of quality and full respect for the Fundamental Principles.

I. Introduction

1. Nowadays, users of statistics express high demand for statistical information. They request for more complex phenomena to be observed and illustrated by statistics. Statistics are being offered quicker and in more detail. Policy-makers request for statistics on short-term developments of the society almost in real time. National Statistical Systems and National Statistical Institutes (NSIs), in particular, are under strong pressure to meet user needs while maintaining high quality standards. The Fundamental Principles of Official Statistics are essential tools to ensure confidence and trust in official statistics.
2. At the same time, NSIs are severely constrained in budgetary terms. New ways for meeting the needs for statistical information are to be developed and new kinds of partnerships and working agreements between NSIs and other organizations are needed to cope with the demand. In this context, more active coordination is required from the NSIs in order to ensure the quality of statistical activities.
3. What is actually happening with NSIs and how far can they go to meet user needs and explore new solutions and partnerships?

II. National context for coordinating the production of official statistics

4. The National Statistical Systems are different in their composition but all recognise the central role of the NSIs. In the European context the identification and determination of the partners to the European Statistical System is left to the Member States, while the NSI “is the body having the responsibility for coordinating all activities at national level for the development, production and dissemination of European Statistics (ES)” (Regulation 223/2009). The recent proposal of the Commission to amend Reg. 223/2009 clarifies and elaborates further on this aspect by replacing article 5 by the following: “The coordinating responsibility of the NSI shall cover all other national authorities responsible for the development, production and dissemination of European statistics. The NSI shall, in particular, be responsible at national level for coordinating statistical programming and reporting, quality monitoring, methodology, data transmission and communication on European Statistical System (ESS) statistical actions”.
5. Therefore, the issue of coordination by NSI becomes more central in the process of developing, producing and disseminating statistics. The coordination role can be assessed based on three aspects of coordination: “The Who”, describing the actors involved, “the What”, dealing with the areas subject to coordination and “the How”, analysing the instruments available to NSI to effectively exercise the key coordination role.
6. These aspects are below presented based on the Portuguese experience. The Portuguese Statistical Law (Law 22/2208, 13 of May) sets clearly the key players of the statistical system (SEN) in line with the Fundamental Principles of Official Statistics (statistical authority, independence, confidentiality, quality and accessibility among others). It recognises the Statistical Council, as the state body responsible for guiding the SEN, the Statistics Portugal as the central entity for the production and dissemination of official statistics assuring the supervision and the coordination both in scientific and methodological terms, the Banco de Portugal as the statistical authority for monetary, financial and balance of payments statistics, and yet the statistical services of the Autonomous Regions of Madeira and Açores for regional statistics.
7. In addition the Statistical Law entrusts to Statistics Portugal (SP) the right to establish working arrangements for statistical purposes with other entities. Among these

working arrangements SP may delegate statistical functions from development, to production and to dissemination of official statistics to entities that can adhere to the Fundamental Principles, to implement the Code of Practice, SP policies and other methodological and scientific requirements.

A. The Who

Who are the actors?

8. The framework is laid down by Regulation 223/2009 and the National Statistical Law. The European Statistical System (ESS) is the partnership between the Community statistical authority (Eurostat), the National Statistical Institutes (NSIs) and other national authorities responsible in each Member State (MS) for the development, production and dissemination of European statistics (ES). Furthermore, the actors are the producers of ES, meaning the National Statistical Institutes and the other national authorities determined or selected by each Member State.

9. In Portugal, several entities have been active players in the production and now dissemination of European Statistics. The knowledge, expertise and potential to respect and implement the Fundamental Principles and the related requirements have led to the establishment of strong partnerships in the statistical system.

10. The ultimate partnership/cooperation arrangement between SP and other partners is a Protocol for Delegating Statistical Functions which is signed at the level of Head of SP and Head of the partner entity. Annex 1 includes a brief description of the Protocol for Delegating Statistical Functions. The Protocol is ratified by the Ministries in question and published in the Official Journal. It follows a model of protocol approved by the Statistical Council based on the SP proposal. In addition to the legal text with responsibilities, duties and rights of each partner, the Annual Programme of specific statistical operations is included as an annex. This annex with the characterization of each statistical operation is reviewed and updated every year and is the basis for the preparation of the Annual Working Programme of SP. The Annual Working Programme integrates the activities carried out by SP and its partners with delegated functions in development, production and dissemination of data by statistical domains.

11. Statistics Portugal makes use of its legal right to select and assess the entities that may participate in the statistical production. The first aspect to be assessed relates to the commitment to professional independence, the separation of functions to avoid competing and conflicting functions with the key principle of confidentiality, and the professional and technical capacities. The potential partner cannot exercise inspection, supervising or investigating functions in order to be considered a candidate for producing official statistics under the functions delegated by SP. If the entity also has responsibilities to monitor and evaluate the performance of potential statistical respondents then it has to create dedicated organizational arrangements (clear firewalls) in order to prevent any transfer or use of statistical information in other functions. Clear separation of functions is required as a precondition for negotiating working arrangements with SP.

B. The What

What is being coordinated?

12. Statistics Portugal assesses the conditions in the partner entity to meet the same high standards used by SP in the statistical production process. It uses the same professional and methodology requirements for assessing others as it applies in producing its own statistics. The scope of coordination by Statistics Portugal relates to three aspects: production, processes and quality.

1. Production

13. The production aspect comprises all activities related to the collection, storage, processing and analysis of data needed for compiling statistics. This includes methodological aspects, sampling, data bases and exchange of microdata (when justifiable on production grounds). The potential partners are subject to the same process and steps as well as the same requirements applicable to SP when it develops and produces statistics. The same scrutiny and assessment model is followed, which may result in certification of the proposed statistical operation and approval of the methodological document. The methodological document is made publicly available, once approved. The partner entity can request for methodological and other support from SP in order to achieve the necessary high quality standards. In fact SP is legally obliged to support the partners.

14. All statistical activities performed by the entities with delegated functions are fully integrated in the Annual Work Programme of Statistics Portugal along with the statistical work performed by SP. All statistical activities are subject to a monitoring, reporting and evaluation process.

15. Similar process applies to dissemination function. The partner entities are entrusted with the responsibility to disseminate statistics according to the Dissemination Policy of SP, namely concerning a calendar, timing and release formats. In addition, the partners are obliged to share and store data in SP data warehouse in order to make possible the dissemination of all indicators via the SP Portal

2. Processes (Standardisation)

16. The process aspect refers to monitoring the concepts, methods and procedures followed by the partner entities. They should be similar to those followed by SP. This is a crucial pillar of the quality of statistics produced outside of SP and an important component of the coordinating role of Statistics Portugal. The coordination function has been well grounded in the legislation for decades given the tradition of a centralized statistical system and a strong coordinating role by SP.

3. Quality (Code of Practice, statistical auditing, quality reporting and Peer Reviews)

17. A third and increasingly important aspect of coordination regards the quality of statistics. The conditions of producing official statistics have changed significantly due to the economic crisis. This has made the role of National Statistical Institutes in safeguarding the quality of European Statistics even more essential. Thus, the coordination function has to be clearly described and elaborated. The Commission proposal to amend Reg. 223/2009 intends to do so by identifying several key instruments and means to exercise coordination.

18. In Portugal, among other technical and methodological requirements, entities with delegated statistical functions are obliged to implement the Code of Practice (CoP) and SP policies, namely Dissemination Policy, Revision Policy and Confidentiality Policy. For

instance, Statistics Portugal aims to ensure protection of confidentiality by providing guidance in applying specific techniques for anonymising microdata, including for research purposes. The Statistical Production Process Handbook of SP that describes the statistical production process, responsibilities within each task and provides reference documentation has been shared with partner entities as important practical guidance.

19. The CoP, Peer Reviews, quality reporting and monitoring provide practical tools for aligning the statistical system with the Fundamental Principles. The need to assess implementation of CoP and its 15 principles with the associated indicators as well as the related peer reviews poses quite a challenging task to SP due to staff constraints. Strong emphasis has been put on quarterly monitoring and evaluation of the dissemination practices, statistical outputs/products and release calendars (ex-ante and ex-post according to the CoP and SP Dissemination Policy).

20. The assessment of statistical processes is robust and quite consolidated in Portugal. As the partner entities are to apply the Production Process model and procedures of the SP, it allows for a step-by-step scrutiny of the process. This scrutiny may lead to certification of the statistical operation and approval and dissemination of the respective methodological document.

21. The existing protocols for delegating statistical functions allow for Statistics Portugal to carry out statistical audits to partner entities. So far, due to lack of resources and budgetary constraints SP has not been able to make use of this important tool.

C. The How

How is the coordination functioning? Which instruments are available?

22. Statistics Portugal perceives its coordinating role as a strong monitoring and evaluation function based on legal obligations. It covers the whole production process from development and production of statistics to dissemination. It provides SP the responsibility to assess and certify the statistical activities of partner entities based on methodological criteria. The SP is to provide technical, methodological and any other support necessary to the partners. This has developed close and continuous relationships within the national statistical system. Statistics Portugal sees its coordination function as a tool for ensuring that all other producers of statistics implement the National Statistical Law, the Reg. 223/2009 and entirely fulfil the requirements of the statistical legislation as well as the quality standards of the European Statistical System.

23. The Annual Working Programme of Statistics Portugal, which integrates the development, production and dissemination activities of different producers of statistics, is a key tool for exercising coordination. It is subject to regular quarterly and annual monitoring and reporting. Quality assessment and reporting are also regularly produced. Overall assessments of the implementation of the CoP by partners, similar to national peer reviews, are yet to be performed by SP, although a self-assessment has been carried out.

D. Other cooperation arrangements

24. Several other cooperation agreements between Statistics Portugal and other entities exist. They address intermediate phases of the production process and in many cases relate to the access to administrative data for statistical purposes. These agreements are not subject to the same requirements as the Protocols between producers of statistics, and they are more of a gentleman's agreement nature. Statistics Portugal is planning to review and

revise this type of working agreements in order to align them to the CoP, in particular with the new indicators, namely Indicator 8.9, which calls for cooperation between statistical authorities and owners of administrative data and Indicators 8.7 and 8.8, which set specific ways of working between NSIs and owners of administrative data.

25. One could consider this kind of cooperation as a soft coordination as compared with the strong coordination envisaged through the Protocols of Delegated Statistical Function.

26. There are also cooperation arrangements with producers of non-official statistics to facilitate strengthening of official statistics in particular in the area of derived statistics. They deal with different phases of statistical production and include the provision of information on sales and prices of medication and prices of consumer goods for benchmarking direct collection.

27. A future challenge for Statistics Portugal is to explore ways for partnering with private producers of statistics that may offer, under certain pre-conditions, complementary information.

III. Extending the coordinating role: necessity and viability?

28. Extending the coordinating role of NSIs towards the producers of administrative data for statistical purposes is essential for the future production of statistics. NSIs are exploring ways to fully implement in a systematic manner the requirements of the CoP with greater number of partners. In such a context, it is desirable that NSIs expand their coordination function. In our view it is a difficult but necessary process. NSI will have to find viable ways to make statistical methods, standards, and classifications valid to a certain extent also for the producers of administrative data. This might turn into a different type of “soft” coordination as mentioned.

29. Indeed the CoP requires, per Indicator 8.1 when European statistics are based on administrative data these data are required to have definitions and concepts *that are a good approximation to those required for statistical purposes*. Per indicator 15.6 *users have to be kept informed about the methodology of statistical processes including the use of administrative data*. The new Indicators 8.7, 8.8 and 8.9 and the supporting activities (tools, actions and methods) suggested in of the Quality Assurance Framework provide NSIs with tools to test and develop new solutions.

30. As new partnerships in statistical production are developed, including with producers of non- official statistics and even with private providers of information, NSIs will be called to extend their coordinating role and create new ways of doing it in a consistent and systematic way but adapted to the circumstances and without ensuring fully the high quality standards of official statistics.

IV. Challenging times ahead

31. Statistics Portugal is convinced of the advantages of maintaining a close relationship with the key partners to which it has delegated statistical functions. At the same time further partnerships are required to respond to increasing information needs, although they might take different shapes and forms.

32. A close dialogue and interaction with others, public and private entities, is required. The first phase in this effort is to deepen and enlarge the dialogue and cooperation with producers of administrative data. SP has to make a clear case of the mutual benefits of deepening such collaboration. SP has knowledge and good practices in several areas (e.g.

methodology and metadata, data and information management systems, integration of survey management systems) that can be made available to partners.

33. Furthermore, Statistics Portugal has to enhance its quality control and statistical auditing of partners' statistical activities in particular those for which it has delegated statistical functions.

34. Actions to raise awareness of the CoP among other stakeholders have to continue further, namely with producers of administrative data.

35. Scarcity of human resources has been the most serious constraint to overcome.

36. Efficiency gains elsewhere in the production cycle may facilitate performing those important coordination tasks which are still a challenge for Statistics Portugal.

Annex 1

Protocol of Delegation of Statistical Function: brief description

Whereas:

On the legal context both in national and European terms

On the Mission, knowledge and responsibilities of Statistics Portugal and the partner entity

On efficiency gains for production of official and eventually on reducing burden on respondents

Protocol is organized in 10 articles concerning:

1. Legal and institutional framework (Statistical Law, CoP);
2. Delegation of statistical functions by SP into the partner entity;
3. Responsibilities and duties of SP in the following areas: production; dissemination; and coordinating and technical, scientific and methodological supervising functions;
4. Responsibilities of the partner entity in the areas of: production and dissemination;
5. Technical cooperation between the parties;
6. Collaboration on training activities;
7. Collaboration on cooperation (national and international including in the European context and with countries officially speaking Portuguese);
8. Monitoring and reporting arrangements on implementation of the Protocol;
9. Common language on conditions for duration, sanctioning in case of violation and cancellation;
10. Annex to the Protocol with characterization of each statistical operation being delegated namely on type of operational, frequency, coverage, principal statistical products, quality indicators.