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Implementing the Fundamental Principles of Official Statistics**The Fundamental Principles of Official Statistics: the
responsiveness of National Statistical Institutes and of
National Statistical Systems****Note by ISTAT, Italy***Summary*

The paper analyses the requirements laid down by the Fundamental Principles of Official Statistics on National Statistical Systems. It notes that to fully apply the Fundamental Principles, the National statistical system should be well integrated and efficient. The paper suggests that a monitoring process of the implementation of the Fundamental Principles by countries could add value to the statistical community giving the possibility to national statistical offices and other statistical authorities to report on their experiences and difficulties in the implementation. The paper also refers to the Conference of European Statisticians as the place where an active exchange of views and experiences can be established.

I. The role of Fundamental Principles in theory and in practice

1. Statistical information on economic, social and environmental phenomena is a prerequisite for the functioning of a modern democratic society, as it provides policy makers and citizens with the necessary knowledge to evaluate the effectiveness and the efficiency of policy decisions. In particular, National statistical institutes (NSIs) play a strategic role in the development, production and dissemination of statistics by ensuring equal access to data of high quality. But this function goes beyond NSIs and requires, more generally, well integrated and efficient National statistical systems (NSS), which also include other governmental bodies at national and local levels.

2. In the European Union the key role of NSIs is especially evident when producing statistical data and indicators to be used for economic policy or administrative purposes: the availability of high-quality, timely, accurate and up-to-date comparable statistics has become a necessary condition for implementing both European and national policies. Furthermore, nowadays everybody recognizes that the surveillance and the coordination of macroeconomic policies in Europe, as well as the structural policies, require a sound statistical underpinning.

3. Quality and credibility of official statistics are crucial issues when discussing statistical governance, which, in turn, may also have an impact on economic governance, like in the Greek case. Due to the use of official statistics in “administrative” processes, such as in the European system of economic surveillance, the pressure on NSIs is increasing. The visibility of NSIs as pillars in the production and dissemination of official statistics has increased. Official statistics have become the reference point for media, policy makers and stakeholders in general. On the other hand, there is a very high (maybe too high) level of expectations about NSIs work, especially taking into account the actual resources available, or the power provided to statistical authorities vis-à-vis other bodies at national or local levels.

4. Over the years the Fundamental principles of official statistics (FPs) have been the best example in establishing a code of ethics and the base to promote a greater commitment by NSIs to implement actions and conditions necessary to extend the principles within the NSSs and the actors that compose them. Further steps have been made with the development of the Code of European statistics, which mirrors to a large extent the FPs and other quality frameworks developed around the world. Finally, thanks to a growing cooperation between NSIs and international organizations concrete actions have been taken in several countries aimed at improving the comparability of data and at ensuring access to an increasing amount of basic information for the assessment of the economic, social and environmental policies.

II. Integrity of statistics: moving towards a broader concept of “independence”

5. During the last decade NSIs have gradually moved towards the concept that statistical information is not only for policy makers, but that it is a public good, or service, to be used by the whole society. On the other hand, in most countries the society now recognizes that official statistics should be produced and disseminated satisfying the criteria of impartiality, reliability, relevance, transparency, and that NSIs have to be independent in order to produce and make official statistics available on an impartial basis. However the events that contributed to the beginning of the recent financial crisis in Europe (i.e. the inaccurate data about the Greek financial conditions) have made clear both the need to further strengthen the principle of independence for national statistical authorities and the

need that such an independence is fully recognized by governments in order to avoid any potential undue political interference in the production of official statistics. Principle 1 “Relevance, impartiality and equal access” and Principle 2 “Professionalism” are strictly linked to independence. In the first principle impartiality is achieved by being free from political interference in the methodology adopted, deciding what and when information is released by NSIs. In the case of Principle 2 independence is more linked to professional ethics.

6. However, independence itself in the field of statistics is a concept that should be intended in a broader sense and not only linked to professionalism. Several dimensions of independence should be taken into account:

(a) Professional independence, which implies that there should be no political interference in the NSIs statistical activity and function;

(b) Scientific independence in choosing sources, data collection techniques, methodologies, IT tools, content and format of releases as well as release calendar: in other words, this means that the development, production and dissemination of statistics have to be made solely on the basis of statistical considerations;

(c) Financial independence, which is a very challenging and more complicated dimension strictly linked to the adequacy of resources. As experienced by several countries, the lack of funding for official statistics constitutes a way of influencing NSIs independence and their planning of statistical activities.

7. In the case of Italy, while Istat enjoys full independence in determining its working methods, its budget is established as it is done for other public administrations departments, and over the last few years it has undergone cuts in real terms which have limited the Institute’s capacity to respond to obligations (regulations and directives) signed by the Italian government in Europe, as well as to the growing demand from national public and private institutions. Due to reductions in the budget approved by the Parliament, the Government has often supplemented funding during the year on the basis of discretionary decisions, which have made sound planning of activities extremely difficult. Of course, more limited resources have forced Istat to consolidate more traditional statistics and to improve their planning ability, to improve efficiency, to reduce response burden on respondents, etc. But reduce budgets have also limited Istat’s capacities to make big and multiannual investments to respond to new needs and strategic issues.

8. In general, strengthening independence implies the intervention on national legislation, which means to launch a complex, lunch, painful and quite uncertain process. In Italy actions have recently been taken to foster the role of Istat and its autonomy by intervening on the legislation. Quite surprisingly, in just one year (october 2009-october 2010) a Regulation on the role of the Institute was drafted and published (Decree n° 166/2010), which was followed by the decree on its internal organizations, published in April 2011. The Regulation clearly states that Istat is an independent public body with scientific, organizational, financial and accounting autonomy. It carries out its activities on the basis of scientific independence, impartiality, objectivity, reliability, quality and confidentiality of statistical information, which are the principles established at a European and an international level.

9. Having said that, we have to recognize that Istat can autonomously manage its resources, but they are provided by law upon initiative of the Government. Therefore, the financial independence (existing for other important bodies like the Bank of Italy or the Antitrust) has not been achieved. Therefore, it seems that, in order to guarantee impartiality and to strengthen independence, principles 1 and 2 should include an explicit reference to the financial independence, as the decision about the level of funds allocated to the NSI can be driven by the politicians’ appreciation of the statistical results disseminated by the latter.

III. The competition with non-official statistics

10. The recognition of the importance of statistics is visible every day looking at newspapers or following news on the economic and social situation, where it is frequent to watch and listen to debates based on official data. On the other hand, non-official data are increasingly used in public discourse, as well as results of opinion polls.

11. In Italy the use of Istat data by media has increased dramatically over the last two years, and especially over the last six months, also because of the change of government and the higher attention to the economic and social crisis. Reference by media to official data produced by Istat has reached its historical record, as well as the participation of Istat top officials in TV and radio programs. The same happened to the amount of Gigabyte downloaded from the Istat website and to the number of visitors of the web site.

12. Of course, in this environment, a growth in the demand for statistics not fully satisfied by official sources lead the users to turn to non-official data producers, who may not follow the FPs and do not have to comply with minimum requirements and international standards. This is why NSIs have to anticipate future needs of diverse users (policy makers, academia, media, citizens, social networks, etc.) by following very closely and carefully the national and local governments' programs, European and international initiatives, new legislations that are in the pipeline or under discussion in domains different from the statistical one, but that can have an impact on statistics.

13. In this respect dialogue with users and media is a must. In several countries the establishment of a Council of users represents the way for NSIs and NSSs to foster the exchange with users on how to make the best use of available information and how to anticipate future needs. Users have to be considered not only as "potential customers", but strategic allies to better understand what is going on in different domains, to maximize the use and re-use of existing information and to support NSIs' work.

14. In the new preamble of the FPs more emphasis has been introduced on the users' role recognizing the relationship with them. This can be reinforced also in the principles, taking into account the user needs and the way to enhance the dialogue with them when making decisions on the development and production of statistics also through the establishment of a body directly involving users.

15. But this is not enough. Thanks to the development of ICT and statistical methodologies, for private research institutes and marketing companies it is much easier than in the past to carry out statistical surveys, but the competition is much lower (almost close to zero) about the use of microdata coming from statistical and administrative sources. In this respect, NSIs still have a competitive advantage given to them by legislation. In particular, NSIs can strengthen their competitiveness vis-à-vis other statistical producers, exploiting and integrating microdata coming from different sources, developing longitudinal studies and analyzing economic agents' behavior. Moreover, by integrating micro and macrodata NSIs can disaggregate key variables in different statistical domains: for instance, data by sex, income levels, education, etc. for the case of individuals, or split the economic structure in unconventional ways, and look at the behavioral pattern of enterprises.

16. This competitive advantage cannot become a monopolistic power. Although it is widely recognized that NSIs have a special role in managing microdata, researchers do not accept anymore that NSIs deny to them the access to microdata for research purposes. In general, the effort made by NSIs to make microdata available to researchers has been very much appreciated by them, and rules for granting access to microdata in compliance with the principle of confidentiality have been improved. For example, Istat currently delivers microdata for research purposes in the form of anonymised standard-files and more detailed

and customized “research files” (the number of delivered files increased by 500% in one year). External researchers can also have access to original microdata upon inter-institutional research agreements for joint projects with Istat, but can also directly access its “Elementary data analysis laboratory” – ADELE. In this data research center (now accessible from all Istat regional offices) researchers can work on microdata in a secure environment, bringing home the output after this is checked for confidentiality by Istat personnel.

17. Therefore, if principle 6 on Confidentiality is a key aspect to foster messages to citizens in respect to confidentiality protection, it cannot be used to put undue barriers to their use by third parties for research: of course, such a use must be done in a safe environment and in a way that fully protects the confidentiality of data providers. This is why the revised FPs, confirming that individual information must be only used for statistical purposes, should strongly highlight the importance of a fair management of the access to microdata for research purposes.

IV. Awareness of the Fundamental Principles by National Statistical Systems: the role of National Statistical Institutes

18. NSIs and other national producers of official statistics members of the NSS are required to provide information with high levels of quality. Of course, quality does not depend solely on the methodologies adopted, but also on the ability of statistical offices to ensure adequate levels of institutional autonomy, impartiality and transparency for all members of a NSS. Therefore, the coordination of a statistical system is one of the main challenges in the organizational arrangements for producing official statistics.

19. In many countries, as in Italy, the NSI has this coordination role and the development of a National Statistical Programme represents a necessary tool to achieve such a target, but it cannot be the only one. More and more coordination also means to share methodological and ICT tools, to define common dissemination practices, integrated metadata systems, etc. in this perspective, as NSIs often have more advanced statistical tools, it is vital to find ways to share them with other members of the NSS: furthermore, the NSIs should also become a bridge to the international statistical community. On the other hand, national statistical systems constitute extraordinary networks of experts, who represent a resource for the country, but also a community engaged in innovations of process and product. In this community each producer can learn something from the others, as regards applying innovations, re-using tools made available and enhancing integration of sources usable for statistical purposes. Therefore, some of these considerations could be reflected in the revised FPs.

V. Some proposals for the future

20. Given the different organizational structure of NSSs, as well as their legislations and statistical architectures, the UN FPs do not recommend any single model to comply with what principles indicate. However, a monitoring process of the implementation of FPs by countries can be a value added for the statistical community giving the possibility to NSIs and other statistical authorities within a NSS to report on their experiences and difficulties in the implementation.

21. A first wide monitoring exercise was carried out in 2003 and a specific report submitted to the UN Statistical Commission. Other examples can be found on the importance of a monitoring process on the implementation of a Code: at the European level, the experience of monitoring the implementation of the European Statistics Code of

practice had faced a period (2006-2007), in which Peer reviews were carried out on each NSIs of countries members of the EU. On the basis of that experience an annual monitoring process has been foreseen, even if it is mainly based on monitoring the implementation of improvement actions identified during the Peer Review time. In addition the external advisory body (European Statistical Governance Advisory Board –ESGAB) established in 2008 provides an independent overview of the European Statistical System as regards the implementation of the European Statistics Code of Practice. ESGAB started in 2009 to release an annual report on the implementation of the Code of Practice insofar as it relates to the Commission (Eurostat) and to the ESS as a whole.

22. In Italy, after the adoption of the Italian Code of official statistics¹, conceived in full consistency with the European one, the Directive which defines the objectives and scope of application of the Code, outlined also the measures to be taken to implement the Code and a phase of self-assessment and monitoring process in order to check the status of implementation of principles within the National Statistical System.

23. It is important to start again a new monitoring process on the implementation of the FPs collecting experiences by countries and by Regional Commissions of the UN. A common tool to collect information should be developed at UN level and the exercise can be carried out by UNECE (in Europe and countries of the region) as well as by other Regional Commissions in other areas, in a coordinated way. The exercise could give the opportunity for the countries to identify critical issues, strengths and weaknesses in implementing FPs and to highlight possible good experiences. The results of the exercise could be included in a report able to present an overview on the implementation of FPs in UNECE region as a whole, providing useful input for countries to define improvement actions learning also by others. On the basis of lines considered by NSIs to improve the implementation of principles, specific cooperation actions can be established at international level to exchange experiences in order to have a view on ways of enhancing the implementation of principles.

24. The Conference of European Statisticians can be the place where an active exchange of views and experiences among NSIs can be established, and specific workshops organized to share practices and concerns on critical issues that can be raised considering the fast changes in the international framework. The results of these meetings would be helpful to draw up a collection of issues and solutions followed by countries that can be useful for other countries in the ECE region and beyond.

VI. References

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