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Topic (iii): Legal and institutional aspects of using new data sources

**LEGAL AND INSTITUTIONAL ASPECTS REGARDING THE USE OF
NEW DATA SOURCES
IN OFFICIAL STATISTICS OF AZERBAIJAN**

Contributed Paper

Prepared by Gasim Aliyev and Aynur Sultanova, State Statistical Committee of the republic of Azerbaijan

1. Today in the State Statistical Committee of the Republic of Azerbaijan involvement of administrative sources in collaboration and use of administrative source data in organization of statistical surveys are one of the main priority areas and the legislation wholly enables more effective organization of the activity in this area. Obtaining and using of administrative data by the state statistical authorities for statistical purposes is admitted by the “Law on Official Statistics” of the Republic of Azerbaijan and the Statutes of the central and local statistical bodies, and it is also appropriate to “Mandate for Data Collection” principle of the Code of Practice of the state statistical authorities of the Republic of Azerbaijan.
2. It may be no accident that the special attention was paid on this matter during Global Assessment of the National System of Official Statistics by Eurostat, EFTA (European Free Trade Association) and UNECE carried out in the Republic of Azerbaijan in 2010. One of the recommendations was to address ambiguity regarding the difference between official statistics, administrative statistics and administrative data in the “Law on Official Statistics” of the Republic of Azerbaijan. It was also informed about the necessity to specify the borderline between national statistical system and administrative systems for data collection. It was noted that all state authorities and their local bodies have to make available administrative statistical data they collect, process and particularly store in register and other databases in the specified form and period. Moreover, there were made recommendations on enhancement of this activity, data collection, coverage of data sources and analysis methods in some fields of statistics. One of these recommendations was to reach an agreement with several organizations on use of their data sources and to focus attention on the quality of administrative data in order to enhance use of administrative sources in statistical practice. For the purpose of implementation of this activity and gaining access to administrative data sources first of all it was necessary to regulate present matter from the legal aspect. And that stipulated to make the following appropriate amendments to the “Law on Official Statistics” of the Republic of Azerbaijan that had come into force since 18 February 1994. In this regard the draft law on making amendments to the “Law on Official Statistics” of the Republic of Azerbaijan was prepared and submitted to the government, the changes were coordinated with the Ministry of Justice, Ministry of Economic Development,

Ministry of Foreign Affairs, Ministry of Finance, Ministry of Labour and Social Protection of Population and Ministry of Ecology and Natural Resources, and approved by Milli Majlis (Parliament) dated 15.11.2011. In the “Law on Official Statistics” of the Republic of Azerbaijan the improvement of concepts of official and administrative statistics, and administrative statistical data and bringing those in correspondence with international standards were implemented based on new changes. According to the Law for the purpose to reduce burden of data obtained from statistical units, to avoid replication on collection of data, the corresponding executive authorities for preparation of official statistical materials provide the state statistical bodies with access to administrative sources of data collected, processed and placed in their own databases, data registers and other files at the necessary level, volume and time, and present data in mutually agreed time and form. As it seems to present administrative data for the state statistical bodies is the duty of administrative data producers and they should provide access to administrative sources for production of official statistical materials.

3. Statistical reports of administrative data producers are approved by the State Statistical Committee and that enables to avoid parallel and double work, and provides use of unified classification and correspondence of the obtained results with official statistics.
4. The use of administrative data could be grouped in two ways. First main task is to form register, including administrative and statistical registers based on administrative sources; the second is to use data sources for statistical production.
5. The State Register of statistical units reflecting statistical data is carried out by the State Statistical Committee, it includes address and economic indicators characterizing financial-economic activity, main and not main activity of legal and natural persons engaged in economy-ownership and other types of activity not prohibited by the legislation. Compilation and carrying out of the State Register of statistical units based on data obtained from the corresponding executive authorities that carry out the state register of legal entities and private owners and other information is the duty of the State Statistical Committee. The State Statistical Committee has the right to obtain data essential for compilation and carrying out of the State Register of statistical units from corresponding executive authorities. This duty and right of the State Statistical Committee is approved by the Law and the Statute of the State Statistical Committee.
6. The State Register functioning in the State Statistical Committee for about 17 years consists of the following 3 main registers:
 - (a) Register of legal entities;
 - (b) Register of private owners (register of natural persons);
 - (c) Register of family peasant farms (families received land share).
7. In the Administration of the State Statistical Committee the Sector of the “State Register, Sampling and Classification” - the structural division composing of 7 employees of the Department of “Coordination of Statistical Works” carries out the register of statistical units. Also the Sector uses register, updates it continuously, actualizes it annually for the state of January 1, provides with the results the subject matter departments and local statistical bodies, defines regional and field registers structure and terms of use, organizes and coordinates the use of registers by subject matter departments and local statistical bodies, provides publication of statistical units’ summaries on the State Register and distribution of them among users. These duties implemented by the Sector are approved by the Statute of Department.
8. Administrative data collection on register was firstly initiated by the Ministry of Taxes, the State Committee on Securities, the State Social Protection Fund, the Central Bank, the State Committee of Land and Cartography. The lists of administrative data of these organizations were obtained and those which would be used in statistical practice were selected. For each of above-mentioned organizations the specific agreements were prepared and submitted for discussion

taking into consideration the “Law on Official Statistics” and other corresponding laws impacting on activity of these organizations. Main reasons of agreements’ specificity were the variety of organizational structure of each organization, periodicity of data collection and the variety of information to be requested from the State Statistical Committee. In order to enhance use of administrative data in statistical practice the agreements on statistical data exchange were already signed between the State Statistical Committee, the Central Bank and the State Social Protection Fund. The State Social Protection Fund should provide transmission of information on employees of insurers registered as legal and natural persons and paid amounts of compulsory state social insurance fees, information on old-age pensioners by region (town) and gender distribution, information on number of newly registered pensioners and average amount of pensions granted for them by region (town) distribution and information on number of persons registered in private records system by region (town) and gender distribution to the State Statistical Committee every year since the end of 2011. According to agreement the Central Bank transmits information on the share of foreign capital in bank and non-bank credit organizations, report on benefits and losses of the Central Bank, summary on benefits and losses of commercial banks, summary balance of the Central Bank and commercial banks and etc. For the purpose of stable data exchange between the State Statistical Committee, the State Protection Fund and the Central Bank there has been organized the Working Group of 2 responsible persons from each of parties and if it is necessary the meeting of the Working Group is organized on request of one of parties. Main task of agreements is to extend mutual data exchange which enables comprehensive and effective diagnostics of economic processes and to increase flexibility of this exchange. As a result of agreements the counterparts consider purposeful the implementation of technical-economic data exchange on legal and natural entities by way of use of modern information technologies and undertake the obligations to resolve essential technical problems that enable data transfer on the required volume. At the same time counterparts ensure using of data only for inter-organizational purposes.

9. For use of administrative data sources the activities on signing of agreements with the Ministry of Taxes, the State Committee on Securities, the State Committee of Land and Cartography are being continued up till now. Because of the fact that collection of administrative data from different organizations is essential and it directly serves for reduction of data burden, the cooperation with other relevant administrative bodies, possessing the administrative data, is planning for the future.
10. The specialists of the Committee had studied the experience of other countries in this field at several seminars and trainings organized in the framework of Twinning Project in 2010. The knowledge and experience gained from these trainings assisted to conduct negotiations regarding to data exchange with other state authorities and prepare the agreements.
11. For the purpose to reduce expenses on the state statistical surveys the administrative data should be maximally used and this necessity is reflected in “Cost Effectiveness” principle of Code of Practice of the state statistical authorities.
12. The state statistical authorities guarantee the confidentiality of administrative data used for statistical purposes. Protection of confidentiality is stated in the Law, Statutes of the state statistical authorities as well as principle of “Confidentiality of Statistical Information” of the Code of Practice.
13. For the purpose to reduce data burden on economic subjects presenting reports, time spent for filling in of report forms and financial loss the widening of use of administrative data for official statistics purposes is also considered in the “State Program on Development of Official Statistics in 2013-2017 years in the Republic of Azerbaijan” that had been introduced for public discussion.
14. One of the main problems in this field is that data collection is based on different methodology. For solution of this problem in the future there will be used the mechanism of comparison of the collected data and selection of optimal ones from administrative sources.