

## **EXPERIENCE AND EXPECTATIONS OF THE EUROPEAN NEIGHBOURHOOD COUNTRIES: THE EXAMPLE OF UKRAINE**

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### **ABSTRACT**

Main Components of the National Statistical System Transformation Process consists of: regulatory support, organization of activity (planning and coordination), methodological work, technical and tooling support, staffing.

We can distinguish several priorities of further development of the National Statistical System

- Further improvement of the regulatory foundations of statistical activity towards bringing them in line with the European Statistical Compendium.
- Implementation of a process approach in the statistical activity organization and improvement of the state statistical bodies structure and management on this basis.
- More complete satisfaction of the current needs and identification of future priority expectations of data users as a basis for prospective and current planning of state statistical observations.
- Improvement of the statistical data quality, implementation of the quality measurement, using criteria of the European statistical system, and preparation of the quality reports for users.
- Reduction of the reporting burden on respondents by expanding the use of administrative data, introducing sample observation methods, integrating state statistical reporting forms and promoting the electronic reporting methods.
- Development of statistical infrastructure, use of the methodology and implementation procedures that are, to the highest extent possible, compatible with the European and other international standards.
- Introduction of the metadata driven integrated statistical data processing system.
- Preparation of the national Code of Ethics for employees of state statistics bodies.
- Implementation of measures of the Concept of Confidential Statistical Information Protection.
- Development and maintenance of knowledge and competence of employees of statistical bodies, including, besides Russian, fluency in English.

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From the outset of an independent state one of the priority objectives of Ukraine's foreign policy was integration into the European Union as a common economic, cultural and information environment. The consistency of the European choice evokes the need to develop an effectively functioning national statistical system that is able both to satisfy all domestic needs of the country in statistical information and meet the requirements of the European community.

The statistical system of Ukraine (slide 1), as in most countries, consists of the main national statistical service and several other organizations that are given adequate powers to collect, compile and disseminate statistical data. For historical reasons Ukraine has a centralized statistical system, so a major place in the national statistical system is given to the State Statistics Service (hereinafter – SSSU) that is composed of the central office, the territorial state statistical bodies (27 regional, and 536 rayon (district) and city bodies), working at the regional level, and functional state statistical bodies that comprise research institution “Scientific and Technical Complex for Statistical Research” (the core task of which is to develop the methodological foundations of statistical observations), educational establishment, the National Academy of Statistics, Accounting and Audit (provides training and retraining of specialists for statistical bodies), and state enterprise "Information and Analytical Agency" (satisfies user needs in information and analytical services on a fee basis).

According to the Regulation on the SSSU approved by the President of Ukraine, the SSSU is an independent state body of the executive power the activity of which is directed and coordinated by the Cabinet of Ministers of Ukraine through the offices of the First Deputy Prime Minister of Ukraine - Minister of Economic Development and Trade of Ukraine.

Besides the SSSU, the statistical activities are carried out by the National Bank, that in charge of such statistical areas as monetary statistics, banking statistics and balance of payments statistics, by the Ministry of Finance, that collects and analyzes statistical data on government finance, and the State Customs Service, that exercises the function of compiling customs statistics.

Effective functioning of the national statistical system is not possible without a special well-balanced regulatory statistical framework (slide 3).

With this in mind, over a number of years the SSSU carries out a task-specific work to create national statistical legislation that would ensure the state statistical activity in the new market economy conditions and at the same time would be adapted to the widely recognized international, principally European, legal regulations. This work resulted in the adoption by the Parliament of Ukraine of the new Law of Ukraine "On State Statistics", "On Population Census" and "On Amendments to the Code of Ukraine on Administrative Offences" in 2000, the Law of Ukraine "On Amendments to Legislative Acts of Ukraine in Connection with the Adoption of the Law of Ukraine "On State Statistics", in 2002, the Law of Ukraine "On Agricultural Census", in 2008. In 2009 the Law of Ukraine "On State Statistics" was emended, in particular, to settle the relations of the statistical

bodies with respondents, co-producers of statistical information, administrative data providers, and data users, as well as the procedure for the statistical bodies activity financing.

Moreover, in 1999, the Law of Ukraine "On National Bank of Ukraine", and in 2002, the revised Customs Code of Ukraine, that regulate the statistical activities in the relevant areas were adopted.

As a result of the conducted work an entire system of legislative statistical acts has almost been formed in Ukraine. They have determined the structure of the national statistical system, tasks and powers of the central statistical service, regulated the relations with respondents, statistical organizations and data users, established the obligation of respondents to provide the primary data, and ensured the protection of confidential information, etc.

It should be noted that the created national statistical legal framework is fully harmonized with international and European regulations, and meets their standards.

As part of the systematic work to adapt the regulatory statistical framework with the EU requirements over the years of 2008-2010 the SSSU has developed national principles governing the activity of state statistical bodies.

It stands to mention that the successful preparation of the national principles have been preceded by a range of effective activities that formed a reliable basis for this work. In particular, in the period of 2008-2009 the SSSU conducted a functional survey of state statistical bodies, carried out the self-assessment against the principles of the European Statistics Code of Practice on the national questionnaire that is based on CoP Questionnaire, and developed the quality management system for state statistical bodies, etc.

The Principles of Activity are designed to promote the introduction of the best European statistics experience into the national statistical practice, to ensure a high-quality statistical information and on this basis to increase the user confidence in the statistical bodies activity as well as placing of Ukrainian statistics to the European statistical system.

The National Principles of Activity include all 15 principles of the European Code of Practice, but at the same time additionally comprise three following principles: "management and professional ethics", "effectiveness of activity", "on-going improvements". Besides, principle 9 "non-excessive burden on respondents" of the European Statistics Code of Practice was supplemented by a number of indicators that characterize the cooperation not only with the respondents, but with all other entities involved in the statistical activities. This is reflected in the name of the principle "partnership relations in the state statistical activity" of the National Principles of Activity. The range of indicators in principle 10 of the European Statistics Code, "cost effectiveness", was also extended. The amendments mentioned above were caused by the necessity of creating an appropriate environment and a precise mechanism to ensure continuous improvement and development of statistical bodies based on the

introduction of approaches defined in TQM, EFQM, ISO 9001:2000 into statistical activities.

With regard to the organization of statistical activities, the key requirement for any statistical system, especially with a high degree of centralization, is the availability of effective procedures for planning and coordination (slide 4). Effective planning is needed to define the strategy and coordinate the objectives, to ensure the system sensitivity to user requirements, to mobilize the financial and other resources, to maintain a favourable external environment, to assure consistency in actions, etc.

In order to identify perspective targets and strategic directions for development of national statistics, ensure continuous improvement of the quality of statistical information the SSSU jointly with the National Bank of Ukraine and other compilers of statistical and administrative data elaborates the long-term program for statistics development by the results of the user demand observed and the European experience.

This program is usually prepared for five years. Currently, we implement the fourth long-term program, the Strategy of State Statistics Development for the Period till 2012.

To provide state and society with the required statistical information the SSSU with all statistical and administrative data compilers annually develops a plan of state statistical observations.

The long-term program for statistical development and the plan of state statistical observations are approved by the Cabinet of Ministers of Ukraine.

In 2010 the new approaches to the current planning of state statistical activity were introduced. Thus, when forming the draft plan of statistical surveys for 2011 we significantly changed its structure and information content. The draft plan is formed by the results of the statistical observation descriptions made with the purpose to create a system of feedback with respondents and develop a statistical metadata base. With that, the plan has the listing of statistical surveys that are to be conducted by state statistical bodies, and the descriptions define the observation objective, its type, organizational form and working method, as well as specify the relevant statistical tools.

One of the main and most difficult aspect of the activity for state statistical bodies is to coordinate the activities of co-producers of statistical information and providers of administrative data within the national statistical system.

To solve the problem the Law of Ukraine "On State Statistics" stipulates that the relations of state statistics bodies with the users and respondents, including those that carry out the activity related to the collection and use of administrative data, are based on the principles of ensuring the reliability, impartiality and confidentiality of statistical information, the effective use of costs for its preparation and transparency of statistical methodology that envisage:

- approval by state statistical bodies of methodologies and reporting documents associated with collection and use of administrative data as well as

methodology for compilation of banking and financial statistics, balance of payments statistics etc.

- free-of-charge provision to state statistical bodies at their request with administrative data collected as well as data of banking and financial statistics, balance of payments statistics etc.

The SSSU carried out the extensive work to adapt statistical methodology to European requirements and standards (slide 5). For this purpose, principally, the SSSU developed and implemented the classifications harmonized with the relevant international and European counterparts, namely Classification of Types of Economic Activities (harmonized with NACE), Classification of Products by Economic Activity (in accordance with the CPA), Nomenclature of Collecting Production Data (PRODCOM), Classification of Individual Consumption by Purpose (COICOP), Combined Goods Nomenclature (CN), Classification of Foreign Economic Activity Commodities (HS and CN), etc.

Currently, a new revision of the Classification of Economic Activities (KVED 2010) based on NACE (rev.2) is approved, the SSSU carries out the works to introduce it into the state statistical activity. We are finalizing the draft Statistical Classification of Products (SKP 2011) developed on the basis of CPA-2008.

The Regulation on the Register of Statistical Units and forming the sampling frame of statistical observation units, that will ensure the wide use of sample survey methods in the statistical practice, is endorsed.

On the basis of the European standards the SSSU has developed and constantly improves the methodology for basic statistical observations, for example, recently the SSSU has prepared the methodological provisions for compiling satellite accounts on education and social protection, economic accounts of agriculture, for structural survey of non-financial sector enterprises, for compilation of the industrial production and turnover indices, for the formation of energy balance, etc.

In order to ensure the legislative provisions on confidentiality the SSSU developed the Concept of Protection of Confidential Statistical Information. The implementation of the Concept will guarantee the confidentiality of statistical information according to the European standards, enhance the confidence of respondents in the state statistical bodies activity, and facilitate user access to statistical data that will positively affect the quality of statistical information as a whole.

An essential prerequisite for an effective statistical system formation is the upgrading of information and communication technologies (slide 6). For this purpose within recent years the SSSU has carried out a number of large-scale activities:

- the state statistical bodies, primarily, the territorial ones, are reequipped with modern computers and communication facilities;

- an uniform centralized IT infrastructure based on Microsoft Windows Active Directory is created that allowed to obtain an information system of state statistical bodies of qualitatively new level;
- a set of works to provide respondents with the broad options to electronically submit the primary statistical information to the state statistics bodies is executed;
- the Sybase and SPSS software for processing and analyzing statistical data are introduced;
- currently, the work on development of a metadata driven integrated system of statistical data processing in the state statistical bodies has almost been finalized by the SSSU.

An effective and comprehensive cooperation with international organizations, including the World Bank, Eurostat, UNECE, EFTA, ILO and others, aimed at improving the national statistics, increasing its efficiency and, ultimately, the quality of statistical information (Slide 7) plays a key role in the development of the Ukrainian statistics.

Thus, in recent years, under the World Bank support the SSSU jointly with the Ministry of Economic Development and Trade, Ministry of Finance and National Bank of Ukraine has successfully implemented loan project "Development of the State Statistics System for Monitoring Social and Economic Transformations", the main objective of which was the development of the sustainable state statistical system of Ukraine through its comprehensive and systematic reforming to better meet the needs of users in objective statistical data;

Within the framework of cooperation with the European Union the TACIS-8 and TACIS-10 programs had great importance. In addition, in the years of 2009-2010 in order to prepare for the implementation of the Statistical Requirements Compendium that is annexed to the EU-Ukraine Association Agreement, the SSSU effectively accomplished the Twinning Light project "Harmonizing the Ukraine's official statistics with the EU statistical standards" resulting in:

- the action plan to achieve harmonization of national statistics with the EU standards in priority areas developed;
- the system of indicators that will allow to assess the approximation of the national statistics to the EU standards developed;
- tools and methods for the Ukraine's statistical bodies self-assessment against the principles of the European Statistics Code of Practice to be conducted on a regular basis defined;
- the tools developed and test calculations by the full set of accounts of SNA 1993 international standard conducted.

As for now, the contract for implementation of Twinning project "Development of new statistical methodologies and indicators in specific areas of statistics in line with EU statistical standards" that is expected to start in November has been signed. Our partner for this project, as in previous one, is Statistical Office of Denmark.

In September this year the Global Assessment of the national statistical system of Ukraine was launched. According to the preliminary results the EU expert mission expressed positive opinions regarding the status and development trends of the Ukrainian official statistics.

An important event for us became the proposal of international organizations to hold the prestigious event, the Conference of the International Association of Official Statistics 2012 in Kyiv. We take it as the recognition of the achievements of the Ukrainian statistics in harmonizing with the European requirements.

Finally, a few words about the prospective tasks facing us in terms of further transformation of the national statistical system (slide 8):

1. Further improvement of the regulatory foundations of statistical activity towards bringing them in line with the European Statistical Compendium.
2. Implementation of a process approach in the statistical activity organization and improvement of the state statistical bodies structure and management on this basis.
3. More complete satisfaction of the current needs and identification of future priority expectations of data users as a basis for prospective and current planning of state statistical observations.
4. Improvement of the quality of statistical data, implementation of the quality measurement, using criteria of the European statistical system, and preparation of the quality reports for users.
5. Reduction of the reporting burden on respondents by expanding the use of administrative data, introducing sample observation methods, integrating state statistical reporting forms and promoting the electronic reporting methods.
6. Development of statistical infrastructure, use of the methodology and implementation procedures that are, to the highest extent possible, compatible with the European and other international standards.
7. Introduction of the metadata driven integrated statistical data processing system.
8. Preparation of the national Code of Ethics for employees of state statistics bodies.

9. Implementation of measures of the Concept of Confidential Statistical Information Protection.
10. Development and maintenance of knowledge and competence of employees of statistical bodies, including, besides Russian, fluency in English.