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PRO-ACTIVITY: A PREREQUISITE?

Invited paper submitted by Statistics Netherlands¹

SUMMARY

This document analyses the need for a pro-active approach by statistical organizations. It discusses the pros and cons, argues the case for a pro-active approach and presents some experiences.

INTRODUCTION

1. The output of a statistical office is laid down in its statistical work programme. In the compilation of the work programmes, the statistical offices consult their main users, either through advisory committees or in bilateral contacts, and they take account of new requirements at both national and international level.
2. Looking at the international requirements, the demand for new statistics for EU policies is, to a large extent, dominant for the statistical work programme. However, it is not only the EU that generates new statistical demands; economic and societal developments, too, require new statistical outputs: for example security, globalisation, immigration, ethnic integration, population ageing. In the late nineties and the beginning of the new millennium, statisticians have been facing another challenge: how to meet the demand for a wide range of indicators formulated by policymakers, whether for EU policies, such as the Lisbon process, or at the global level following the UN summits, such as the Millennium Development Goals.
3. Notwithstanding the regular programming cycle, during which new statistical demands

¹ Paper prepared by Ada van Krimpen.

are assessed and, if appropriate, translated into new statistical work, the question arises as to whether the present process is sufficient to ensure constant anticipation of new demands. Several aspects are related to the question of pro-activity. One is to be involved in discussions at the policy levels where demands for statistics or indicators are being discussed, in order to give good advice and guidance to the policymakers before decisions are made. Another aspect is to be aware of policy discussions that at some stage will have an influence on the statistical work programme. And finally, there is the aspect of finding ways to serve specific demands arising from policy, which can be incidental requests for additional work. In order to meet these demands, new tools must be put in place. This paper presents some of the tools developed by Statistics Netherlands and other NSIs.

4. The discussion on whether pro-activity is needed or not is, of course, inter-related to the question of the role of statistical offices in society. This too can be seen from different perspectives. Is a statistical office's role to produce statistical outputs mainly serving government, or is it a knowledge and expert center that performs an active role in policy debates? And there are many variations in between.

THE NSIS REGULAR STATISTICAL OUTPUT

5. In the programming process, NSIs allocate resources, largely human resources, to processes that result in statistical outputs, aiming to serve society with the most relevant statistical information. Programming statistical outputs requires long-term investments. NSIs cannot develop new statistical tools and processes in the short term and therefore need stability over a period of years. In the context of the EU DGINS conference, statistical outputs have been compared with the development of high-tech tools: they require investment through the years, they require investment in well-educated and trained staff, and the results must be tested before being disseminated. Traditionally, statisticians seek the optimum in terms of reliability and robustness of results before they are convinced that they may publish them. The users of the regular outputs cherish them, and consider them indispensable for the preparation, monitoring and assessment of policies. Thus, generally, the regular statistical programme provides relevant statistical outputs that are greatly appreciated by regular users. On the other hand, the effect might be a rather tight and inflexible statistical system, not always able to meet the policy requirements.

6. Departments' needs for statistical tools are certainly not stable over time; they are mostly driven by short or medium-term political requirements and they are not always (...) willing to wait for years to have reliable results. A statistical office is not always able to provide the answers, for the reasons explained above: the development of sound statistical instruments takes time and requires huge investments

7. Statistical offices are therefore facing the ongoing need to look into tools and mechanisms that can meet the demands of policymakers, without jeopardising the principles of official statistics, such as independence and reliability. NSIs have to be sensitive to the developments in the political environment that will eventually have a possible impact on the statistical programme. This needs to be structured in the form of a scan of the political environment for new initiatives and measures that will undoubtedly contain a potential demand for new statistical information in the future. The chapter 'What tools can be put in place?' describes and discusses some initiatives.

8. In that chapter, we will also point out the importance of re-prioritisation of the work programme when facing new demands from society. However, as our examples will show, the balance between abolition of existing statistical outputs and creating projects to meet the new demands is hard to find.

WHY A PREREQUISITE?

9. There is no doubt that users are determinant for the existence of a statistical office. They are the ones who have to consider the outputs of the statistical office as indispensable and relevant. This paper focuses on requirements to meet the needs of policymakers, particularly needs related to international developments, rather than on demands from other organizations, science and the public at large.

10. As indicated in the introduction, in the last six or seven years there has been one specific phenomenon that makes it necessary for statistical offices to remain alert to what is going on in the policy areas, and that is the indicator process.

11. In the EU, the so-called method of open coordination has led to a huge demand for indicators. The method of open coordination means that the member states commit themselves to achieving certain goals and objectives that are agreed upon in EU Councils and Summits. In order to measure the achievements in the member states and the Union as a whole, indicators are selected. The method of open coordination was first used in the field of employment (the Luxembourg process), and in 2001 the well-known Lisbon objectives were agreed². To monitor the follow-up of the Lisbon objectives, a list of 42 indicators was selected, covering fields such as general economic background, employment, innovation and research, economic reform, social cohesion and environment. The selection process for the indicators was very unclear and sometimes even chaotic in the first years. First, the various Councils (Ecofin, Social Council, Research Council, Environment Council) all drew up a list of indicators they wanted to be included in the list, then at the last moment the General Council selected indicators and put forward a proposal, which was then adopted by the European Council. It was noted that in this stage, the national representatives in the Councils - the Ministries - did not often seek advice from the statistical offices on the availability, comparability and feasibility of indicators. In the end, this resulted in a list of indicators that - although highly relevant - were not always available from official statistics, and therefore sometimes of dubious quality and not comparable in time. Examples where problems existed are 'prices in network industries', 'natural resources', and 'patents'. Subsequently, in a number of cases a lot of effort had to be made to develop new statistics and methodologies in order to provide the indicators from official statistics.

12. Employment policies and the Lisbon Goals were not the only EU policy domains where indicators were defined. Other examples are: social inclusion, sustainable development, information society, and life-long learning. This finally resulted in a list of more than 300 indicators for the EU policies alone.

²The Lisbon objectives read 'The Lisbon Strategy is a commitment to bring about economic, social and environmental renewal in the EU. In March 2000, the European Council in Lisbon set out a ten-year strategy to make the EU the world's most dynamic and competitive economy. Under the strategy, a stronger economy will drive job creation alongside social and environmental policies that ensure sustainable development and social inclusion.'

13. The same has happened at the global level. The subsequent United Nations (UN) summits, too, asked for long lists of indicators. In 2001 the UNSC Friends of the Chair group, under the chairmanship of Tim Holt, presented a well-structured report aimed at setting some priorities in the development of indicators. At the global level, the use of the indicators poses many problems for developing countries in particular; most of them do not have sufficient statistical capacity to supply the indicators required. The Millennium Declaration and the Millennium Development Goals demanded another series of indicators, which had to be merged with those described in the Friends of the Chair report. We shall not dwell here on all the special characteristics featured in the MDG process, which is obviously determined by high political interests.

14. The lesson from the indicator process was that there is a real need to find ways to advise policymakers (e.g. the national representatives in EU Councils and their committees) on indicators to be used. Although the ultimate selection of indicators is a political choice, from our point of view it is the role of statisticians to inform politicians about the availability, comparability, feasibility and costs of indicators. Especially if the objectives are to be measured over a longer period of time, the necessity of good quality time series should not be ignored.

15. In our view, the role of statisticians is also to advise on whether a proposed indicator is the appropriate one to monitor the development in the area, or whether another indicator is more suitable. However, statisticians are naturally not in a position to make the final choice. An additional aspect is the fact that policymakers are usually not aware of the fact that the demand for indicators has an impact on the resources of the statistical service. As the demand for new indicators and statistics is only very rarely accompanied by additional resources at the international or national level, statistical offices also serve their own interests in providing this advice. As mentioned above, the development and implementation of new statistical tools is very time-consuming and costly. Given the budget constraints, introducing new statistics will in many cases require a reduction of work in other areas. Most statistical offices tend only to want to make changes in their programme after giving careful consideration to all the pros and cons of reallocation.

16. So, to sum up, statistical offices need to be more pro-active, in the sense of giving active consultation and advice to the policymakers, for the following reasons:

- to ensure that choices for indicators are based not only on their political relevance, but also on the basis of technical advice on comparability, availability, feasibility and costs;
- to ensure that the scarce resources for statistics are used for statistical production that has been selected after a careful and transparent process, taking into account both developments in society and the views of a wide range of users.

WHAT TOOLS CAN BE PUT IN PLACE?

17. Facing the challenges for meeting the new requirements, let us look at the issue from several angles: firstly, from the angle of the statistical production process; secondly, by putting in place the relations and procedures that can lead to more effective coordination and advice; thirdly, by looking into the programming process and reallocation of resources; and, fourthly, from the point of view of tailor-made services to meet the requirements.

18. The statistical production process. In 1999, Statistics Netherlands faced a severe budget reduction of almost 12%. In addition to a number of other conditions, this had to be achieved without reducing the work programme. In order to meet this challenge, it was decided to change the production process dramatically: from a stovepipe organization to a process-oriented one. This means that, for both economic and social statistics, the process was organised so that data collected from all surveys, as well as from administrations and registers, is put together in two large databases: one for economic statistics and one for social data. Further analysis and processing of the data can be done on the basis of these databases. It goes beyond the scope of this paper to examine all the aspects of this restructuring, but it is relevant to mention that this will also lead to more flexibility to meet new demands. Since all the information is available at unit level, the organization should also be able to react more flexibly and promptly to new requests.

19. We can also look at what types of relationships and procedures can be put in place to ensure that the statistical offices are kept informed and are able to give advice whenever relevant. Here we present procedures organised at EU level as well as in the Netherlands. It will be interesting to hear the experiences in this area of other organizations and offices, especially if they have led to good working methods.

20. At EU level, the Statistical Programme Committee (SPC) noted that the indicator list was developed without proper consultation of the statistical community. In some cases, Eurostat was consulted but, as far as we can see, mainly in its capacity as data provider. The SPC decided to form a Network Group on structural indicators. The instalment of this group certainly helped to make the process work more smoothly, but it still only had a role in the production process. The group, under the chairmanship of Eurostat, worked on setting timetables for checking the data for the indicators in the so-called New Cronos database against the national data and for work on the metadata. Furthermore, several technical working groups in Eurostat started work on methodological and production issues for individual indicators.

21. In the Netherlands, we started by intensifying relations with the relevant contacts in the various ministries working on indicators. These contacts are often responsible for the policy committees and indicator groups that work for several Council formations³. Meetings were organised between teams from Statistical Netherlands and the ministries to explain our mutual interest and to investigate how we could set up working relations. The aim was to receive the documents for the various committees and groups in order to be able to give technical advice that can be taken into account. Although this has now more or less been put in place, there are still circumstances that hinder smooth operations in this respect: for example, documents for the committees become available only a very short time before the meetings (maximum one week,

³ Such as the Employment Committee, the Social Protection Committee, the Economic Policy Committee, the Education Committee and their indicator groups.

but more often two or three days), so there is hardly any time to look at the dossiers in more depth. Ideally, we should have the time to have more regular meetings to look at the dossiers more carefully.

22. Apart from these contacts, Statistics Netherlands monitors the EU websites for new policy documents (Commission communications, action plans, working programmes) and scans them for any issues related to statistics and indicators. This is done by both the international relations department and an inter-ministry working group that distributes lists with all new Commission releases. Where appropriate, the office is involved in formulating the Dutch position on these documents. Another department at Statistics Netherlands does the same for all documents and reports discussed in parliament. Based on the indications derived from these documents, bilateral contacts are being held in order to indicate fields of common interest.

23. Another very helpful tool was the publication of The Netherlands on the European Scale in 2003, and for a second time in 2004. In this publication, the Netherlands is compared with other EU countries (and in 2004 also with the ten new countries) on a large number of aspects. The themes chosen are partly related to the Lisbon indicators, but also cover more general background indicators, as well as the financial relations with the EU. This publication was received very well and is also a mechanism to create awareness among policymakers and other interested parties of the availability of statistical information for EU policies⁴. Other countries like Ireland, UK and Australia have taken similar initiatives, sometimes in a more extended form. The Irish publication, volume 2, gives a fine overview of the themes covered by the various statistical offices. All three tools have proved to be very useful and efficient.

24. To our knowledge, some NSIs have set up other mechanisms, such as a statistics working group in which both the statistical institute and representatives of the ministries are involved. This working group discusses and formulates common positions on statistical issues that arise in all kinds of EU policies. One problem we face in respect of such a mechanism is that several ministries have more than one unit for international policies. The internal communication within these ministries is not organised in such a way that one representative can handle all the issues covered by the same ministry

25. Reallocation in the work programme. In 2003, Statistics Netherlands undertook an exercise to achieve reallocation in the work programme. This was done at the request of the Central Commission of Statistics (CCS) in the Netherlands. The CCS has a very specific task: the approval of Statistics Netherlands' work programme. The CCS faced a situation in which, on the one hand, it had to approve the work programme, continuing largely the same statistical production, while on the other hand, it was receiving requests for many new statistical outputs. The CCS therefore requested Statistics Netherlands to revise the work programme in such a way as to create room for new statistics accounting for about 15% of the resources. In order to achieve this, Statistics Netherlands started an operation to review major programme elements that will lead to a reduction in statistical production. This exercise, organised via a top-down approach, finally resulted in the proposal to abolish statistics in the field of nature, the environment, information society, etc. The identification of new topics to be covered was done in an unusual way. More than fifty top-ranking figures in Dutch society, universities, business, politics, media, etc. were asked to give their views on Statistics Netherlands' work, and to indicate where the gaps were from their point of view. The outcome of this, together with the

⁴ The publication is also available via Statistics Netherlands' website www.cbs.nl in both Dutch and English.

regular inputs from the Advisory Committees and the CCS, constitutes the basis for the revision of the statistical programme. It should be mentioned, however, that the idea of abolishing statistics in certain areas, such as on the natural habitat, has given rise to extensive protest in society and among policymakers.

26. How can we use taylor-made services for policy purposes? In 2001, the Centre for Policy Statistics was set up within Statistics Netherlands. The decision to create such a unit was prompted by the fact that developments in ICT have made most administrative data and registrations in the public and private sectors available in electronic form, making it relatively easy to use them to compile statistics. This means that other information providers and statistical offices, like the Ministry of Social Affairs and social security administrative bodies, can also compile these statistics.

27. This may easily lead to confusing and even inconsistent figures on important economic and social phenomena. In the Netherlands, the overall objective is to have the key data produced by Statistics Netherlands, based on its regular work programme. It has to be recognised, however, that some users require additional statistical information, often more detailed or specific than that provided by the office on a regular basis. As stated above, the increased possibilities of ICT had raised expectations at Ministries: they developed ideas to establish their own statistical departments, which could then provide them with far more detailed statistical information than Statistics Netherlands could do through its regular work programme. For these reasons, Statistics Netherlands set up its Centre for Policy Statistics in 2001. The services of this Centre are complementary to those produced in the regular work programme. If a ministry or other main user needs statistical information that is not (yet) included in the programme, the Centre intermediates in the production of this information or may produce it itself as a prototype of a new statistic. In these cases, this will lead to a delivery of official statistical information. But in other cases, the Centre will try to make the data files available on the basis of which users can perform their own statistical analysis. So, for these users/customers, broader possibilities for statistical information production become available. This results in a threefold package of statistical information.

28. Firstly, the statistical information from the regular work programme. This information is of guaranteed quality and becomes available to all users at fixed moments in time. Secondly, complementary statistical research by the statistical departments including the new Centre at Statistics Netherlands. Customers usually pay for additional work. The information is of guaranteed quality and the results are also made available through the office's website. And thirdly, users themselves can work with Statistics Netherlands' data files, either through remote execution or on site. The results are always checked for confidentiality aspects, but not on the quality of the output. Therefore, the results cannot be referred to as 'Source Statistics Netherlands'. The idea underlying this facility is that, although the basic data in the administrative source are of insufficient quality to make 'undisputed' statistics, they may nevertheless result in valuable outcomes for policy research.

29. The Centre of Policy Research was evaluated positively after its first year of operation. It started its activities providing services in the socio-economic sphere (labour market, social security schemes), and is now broadening its activities to other fields.

ASSESSMENT OF THE TOOLS AND FOLLOW-UP.

30. The above chapter described some tools and procedures that have been introduced to increase and improve the involvement of statisticians, the use of statistical information in the policy process and a pro-active attitude towards new policy demands. Assessment of the various measures poses the question: what more can be done, or what can be done better to ensure a proper involvement of statisticians, and better use of our statistical products?

31. First, if we look at the EU level (but this is also true for the UN), improvement can be seen on the production side: better procedures, checks and technical advice. However, in the process of selecting the indicators or identifying new statistics supporting new policy areas, there is still a lot to be gained. In some cases, the national ministries seek advice before discussing indicators with their statistical authority, but this is not common behaviour. The aim of the discussion in the ECE/CES is therefore to identify the mechanisms that could be more productive in this sense.

32. At the national level, several mechanisms have been developed, tested, and are indeed in operation. However, here we face more or less the same situation that hampers a further increase in the involvement of statisticians. This is partly caused by the large difference in culture between the statistical office and policy departments. Statisticians seek by definition a perfect figure, which is sound and reliable, while policy departments want figures that are available and that fulfil their expectations. Another reason is the lack of political backing. As long as higher political authorities do not prompt policy departments to seek statistical advice, all actions will depend on personal contacts and relations. Nevertheless, in the Netherlands we have experienced that building on the relationships and taking the initiative ourselves has been very worthwhile. It will therefore be a topic to be elaborated upon in the future.