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##### **Implementing the Fundamental Principles of Official Statistics**

### **Practical aspects of implementation of the Fundamental Principles of Official Statistics in Azerbaijan**

#### **Note by the State Statistical Committee of the Republic of Azerbaijan**

##### *Summary*

This paper assesses the implementation of the Fundamental Principles of Official Statistics in the State Statistical Committee of the Republic of Azerbaijan. The State Statistical Committee has carried out many reforms in its statistics and follows in its activities the recommendations of international organizations, in particular the United Nations Fundamental Principles of Official Statistics. These principles are reflected in their entirety in the Law on “Official Statistics” of the Republic of Azerbaijan.

## **I. Relevance, objectivity and availability**

1. Realization of this principle required for a basic revision of the dissemination system of official statistical information making it available for various population strata not only by means of traditional publication of hard copies but also presenting statistics on Internet. Official data forwarded to public authorities are synchronously presented on official web-site of the Committee, and thus equal access is provided for all users. It also refers to metadata. The State Statistical Committee of the Republic of Azerbaijan (SSC) has an officially approved data dissemination policy that describes all stages and procedures of data release.

2. Within the framework of e-government created in Azerbaijan, the portal of the state electronic services has begun functioning that includes a number of statistical services for respondents and users, such as submission of on-line reports, data provision on users' requests etc. Since last year, electronic calendar of data dissemination ([http://www.azstat.org/MM\\_T\\_en.shtml](http://www.azstat.org/MM_T_en.shtml)) and data issue were posted on the section of electronic services on the SSC web-site. Accordingly, the new electronic statistical services considerably improve implementation of the 1<sup>st</sup> principle, as they respond to users' interest in having equal access to statistics.

3. Survey of users has been conducted, and that provides the SSC with a better connection with users. The survey helps to assess the confidence of users in official statistics, and on the other hand, makes it possible to adjust statistical program of work based on users' needs. Such surveys are planned to be conducted every year.

4. The experience shows that practical realization of the 1<sup>st</sup> principle is inextricably connected with the provision of constant dialogue with users and the search of new forms of interaction with them.

## **II. Professional standards and ethics**

5. Implementation of the 1<sup>st</sup> principle is also connected closely to adherence to occupational standards and ethics. It was promoted in the 4 five-year state programs of the development of official statistics, which resulted in creation of the national system of statistics that meets the United Nations fundamental principles. The SSC aims to apply in its work the international statistical standards and methods and continuously update the information technologies used in data collection, analysis and dissemination. The SSC has introduced a system of quality control, as well as actively deals with problems of training and retraining of specialists, conducts seminars, working meetings, training courses and training of the specialists of regional bodies in the central office.

## **III. Accountability and transparency**

6. All information on sources, methods and procedures is posted on the web-site of the Committee, in the section of metadata. Moreover, all printed publications are provided with similar metadata.

7. The experience shows that gaining public confidence directly depends on the realization of this principle, accountability and transparency. Since January 2012, a new division dealing with the introduction of quality management and metadata systems that

have been created by the SSC – quality management of statistical production process and assessment of the quality of statistical data have become our main objective.

#### **IV. Misuse prevention**

8. There are standard procedures of public interference in the SSC of Azerbaijan in case of criticism, misuse or misinterpretation of the official statistical data by mass media. The SSC responds to the misuse done by mass media that disseminated incorrect information and may invite the author of such publication to explain the incorrect use of data. This situation is reflected in Chapter 2 Article 6 of the “Law on Official statistics”. All cases of public interference regarding to unfounded criticism of statistics and misinterpretation of data are initiated and sanctioned only by the SSC.

#### **V. Sources of the official statistics**

9. There is a statistical program of work (Law on “Official statistics”, article 13) that regulates extent, terms and periodicity of all statistical data. The program is developed by statisticians jointly with other government authorities and coordinated with the Cabinet of Ministers. Administrative data are used actively. According to article 12 of the Law the corresponding government authorities have to provide the SSC with access to all administrative data in order to reduce burden on statistical units. It is expected that realization of this principle in the nearest future will have an impact on the use of administrative data and design of sample surveys.

#### **VI. Confidentiality**

10. Confidentiality is guaranteed by the national legislation. In the Law on “Official statistics” there is a special section consisting of 6 articles on confidentiality of statistical data. Premeditated or casual disclosure of information on legal or natural entities without their agreement and publication of such information is considered as disclosure of statistical privacy. Persons who are guilty of disclosure of statistical privacy are liable according to the established procedures. Labor contract reflecting obligation on confidentiality compliance is concluded with all employees on their recruitment.

11. Employees and officials of the state statistical authorities, persons involved in statistical production even after termination of their powers are liable for disclosure of statistical privacy according to the law.

12. As reference, manuals on the protection of statistical data confidentiality in the process of statistical work were developed and brought to every employee. On the top of the survey questionnaires’ first page, there is a standard formulation on obligation of statistical authorities as recipient of information, to ensure confidentiality of data. There are documentary rules for the procedure of primary data storage and archiving in the SSC.

13. Access to micro data may be provided only for scientific purposes. In cases where the recipient of information cannot identify the individual units a permission to receive confidential data could be granted for research. Permission to receive these data is granted only if the recipient guarantees to ensure the confidentiality of data in the research project.

14. In accordance with the law, primary data collected for statistical purposes cannot be used for any other purposes.

## VII. Legislation

15. Fundamental legal principles of the official statistics activity: Constitution of Azerbaijan, article 94; Law on “Official Statistics”; Statute on the SSC, approved by the President of the country; Interstate agreements on cooperation in statistics with statistical services of 13 countries.

16. Legal relations in statistics are regulated by the Law on “Official statistics” that defines powers and functions of the state statistical authorities and assists in the organization of the unique state information system.

17. Some important issues solved in accordance with the legislation:

- (a) 10 United Nations fundamental principles were taken as a basis for the law;
- (b) Establishment and functioning of Statistical Council;
- (c) Independence of statistics, confidentiality of primary data;
- (d) Use of administrative data;
- (e) Duties of all statistical units on filling in the questionnaires.

## VIII. National coordination

18. The SSC fulfills the role of coordinator of the statistical system in the country and it is the main provider of official statistical information – SSC produces about 80% of official statistics. In the structure of government authorities of the country the SSC has high status equated to the ministry. According to the legislation, the SSC implements the state policy in statistics and forms the statistics based on international methodologies and standards.

19. Theoretically, coordination of national statistics is needed at all stages of statistical production and the related activities, but the experience shows that the most important spheres for effective functioning of the statistical system good coordination is needed in the following:

- (a) Creation and maintenance of business-register;
- (b) Creation and introduction of national versions of international classifications;
- (c) Coherence in the used methodology over the whole territory of the country;
- (d) Planning of statistical data collection;
- (e) Development and implementation of long-term strategy programs on reformation of statistics and annual programs of statistical observations.

20. To assure continuous development of statistics SSC, in close collaboration with other government authorities, prepares five-year programs that define the priorities of development of official statistics taking into account the international requirements and users’ needs covering all spheres of statistical activity. In accordance with the Constitution, such long-term programs are approved by the President.

21. Annually, based on the five-year program, the SSC prepares an annual program that defines the concrete activities for practical implementation of the long-term program. Outcomes of the implementation of the annual program are reported to the President of the country and the Cabinet of Ministers.

22. In preparing the annual and long-term programs, the statistical activity of other producers of official statistics – such as those of the Central Bank, the Ministry of Finance etc. – are also taken into account.

23. The main mechanism of coordination within the statistical system in Azerbaijan is the legislatively confirmed duty of all governmental organizations that intend to collect any statistical data – to coordinate the questionnaire design, periodicity and list of indicators, methodology etc. with the SSC prior to the survey. The SSC has the sole right to approve these questionnaires. Such centralization facilitates the coordination, so :

(a) Wide information on conducted statistical surveys is available in the SSC;

(b) Actions to prevent duplication of data collection and reduce the related costs . In case of duplication, SSC has a right to decline the survey and give some recommendations etc.;

(c) There is a possibility of optimization and systematic reduction of information burden on respondents;

(d) Synchronization of introduction of new classifications and other standards by all organizations of the statistical system in the country is significantly facilitated.

24. Other coordination mechanisms are as follows:

(a) Data exchange between the SSC and other state institutions that collect the statistics is regulated by official bilateral agreements;

(b) Coordination of the work of statistical data producers in the country is entrusted to the SSC of Azerbaijan according to the Law on “Official statistics”;

(c) Availability of the Statistical Council as country-wide mechanism of coordination as well as Scientific-methodological Council and Board of the SSC form the main part of the coordination mechanism. Activity of all 3 structures is consolidated according to the law.

25. Time, level and pace of development of the national statistics have dictated the necessity of creation of new instruments for coordination. Since 2007, Statistical Council that functions under the guidance of the Chairman of the SSC has become relatively new institution for Azerbaijan, and participation of experts of some ministries, representatives of scientific and university groups allows discussing the topical issues and draw up recommendations on development of the statistical system and user satisfaction.

26. The Scientific-methodological Council of the SSC of Azerbaijan provides coordination of methodological issues. It is a consultative authority that presents recommendations to the Chairman of the SSC regarding approval or declining of methodological documents.

27. Main feature of the coordination is good cooperation of the statistical authority with other public institutions as well as the presence of legal basis for such relations. Therefore, in the Law on “Official statistics” it is underlined that statistical authorities work in cooperation with other governing bodies of the country and they periodically inform the public about the results of their work, the state of the statistical system and the socio-economic processes in the country.

28. Good national coordination of the statistical activities facilitates more effective functioning of the whole statistical system, so:

(a) Coordination of registers provides a link between the statistical and administrative systems and unification of statistical units within the country. It also increases the effectiveness of statistical production in the statistical service;

(b) Development and use of a coherent system of classifications over the whole territory of the country ensures compatibility of data;

(c) Planning of statistical data collection, development and introduction of new methodology and new statistical indicators as well as abolition of outdated indicators provide effective distribution of resources and reduces respondents' burden;

(d) Well-coordinated reformation programs of official statistics provide progressive advance of the whole statistical system.

29. Moreover, it is not always possible to reach synchronization in activity of all producers of official statistics in transition from old versions of classifications to new ones (as a rule, other organizations are behind the SSC for 1-2 years), and differences in technologies for register management in other public institutions don't allow complete use of the whole information resources for improvement of the business register at the SSC.

## **IX. Use of international standards**

30. The use of international standards has become the main criteria for organization of statistical activity after gaining the independence of Azerbaijan. Transition to the system of national accounts, introduction of the System of National Accounts (SNA) 1993 and subsequently SNA2008, creation and introduction of 22 national classifications based on international analogues, creation of enterprise statistics, business register, new statistical legislation etc. – all of them are based on international standards.

31. Azerbaijan became one of 3 CIS countries that introduced the International Standard Industrial Classification of All Economic Activities (ISIC/NACE) in 1996, first country that introduced statistics on the production of manufactured goods (PRODCOM) in 2000 and freight classification – in 2005. Moreover, the SSC of Azerbaijan created ICT statistics in 2005 and was among the first country members of the Commonwealth of Independent States (CIS), and compiled energy balance in accordance with standards of International Energy Agency in 2007.

32. Use of e-questionnaires started in 2010 and since 2011, in an on-line mode, it is possible to present filled in questionnaires of 120 surveys. In addition, other types of statistical e-services are provided.

## **X. International cooperation**

33. The modest progress of Azerbaijan in the use of international standards is a product of international cooperation. At present the SSC specialists are representatives at 6 international organizations as members of expert and task forces, contracts on cooperation are concluded with statistical services of 13 countries, active cooperation with more than 40 international organizations is carried out in the form of data exchange, and international projects with technical and other types of assistance are carried out.

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