

## NEW CONCEPT OF STATISTICAL LEGISLATION IN THE REPUBLIC OF NORTH MACEDONIA

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### **Abstract**

*Establishing, building and maintaining a National Statistical System is a basic prerequisite for a country to be able to satisfy the demands of domestic users, as well as external ones, for timely, relevant and high-quality statistical data. It is known how important the quality of statistical information is for the widest range of users, such as the public, the scientific community, the Government and its institutions, the business community as well as other entities, but of course also for meeting the needs of external entities, primarily international organizations and associations and other countries.*

*The statistical system of the Republic of Macedonia was established in 1945. After the independence of our country (1991), activities were undertaken to build a new modern statistical system following the example of developed EU countries. The system was formally established with the adoption of the new Law on State Statistics in 1997. The Law was prepared in direct cooperation with prominent foreign experts, and it was one of the first laws in our country that was fully compliant with EU regulations and fundamental principles in the field of EU statistics. Over the past period, the system was upgraded and modernized through appropriate amendments to the Law.*

*The last major change was made in 2019, following the recommendations given by the Peer Review of 2017, specifying the competence of the Statistical Council and establishing a new institution in the statistical system – a Coordination Committee.*

*The paper briefly elaborates the statistical system of the Republic of North Macedonia and the activities that the State Statistical Office undertakes for its modernization and increasing its efficiency and sustainability in terms of the changes occurring in modern societies, with a special focus on the fulfillment of its coordination role.*

*The paper will also examine the new concept for the preparation of a new Law on Official Statistics within the system of the state administration. With this new concept, instead of being responsible to the Government, the State Statistical Office should be directly responsible to the Assembly.*

## **I. INTRODUCTION**

1. The State Statistical Office is the main producer of official statistics and coordinator of the statistical system of the Republic of North Macedonia. It was founded in 1945, and the establishment of the modern statistical system was made by the adoption of the Law on State Statistics in 1997. The law creates conditions for independence, autonomy and professionalism of the State Statistical Office, as well as the compliance of our statistical system with the statistical systems of EU countries.

2. Although the basic principles of the system have been established, the changes that are taking place in modern societies, in terms of the application of artificial intelligence, the use not only of administrative data sources from public institutions, but also of data sets that have been established in private entities,

requires strengthening the coordinating role of the main producer in the statistical system, primarily by strengthening its independence and professionalism, as well as establishing modern methods and techniques of collecting and processing statistical information.

3. In this sense, according to the public administration reforms that are coming in our country, and in order to strengthen the above, it is planned that the State Statistical Office will be an institution under the jurisdiction of the Assembly of the Republic of Macedonia. The new concept will be elaborated in the last point of this paper.

## II. LEGAL BASIS OF THE STATISTICAL SYSTEM

4. The position and status of the State Statistical Office (hereinafter: SSO), as well as the foundations of official statistics and the statistical system, are regulated by two basic laws: the Law on the Organisation and Operation of State Administration Bodies and the Law on State Statistics.

5. The Law on the Organisation and Operation of State Administration Bodies (Official Gazette of RM No. 58/00...) establishes the status of the SSO as an administrative organisation (state body) with the status of a legal entity.

6. Pursuant to this law, the SSO conducts activities related to the collection, processing and publication of statistical data, maintains, presents and provides statistical data and determines their accuracy, gives opinions on the methodological bases to the other producers of official statistics for conducting statistical surveys, prepares statistical forecasts, trends and models and other analytical data and indicators, and performs other expert activities. According to the law, the SSO is managed by a Director. The Director is appointed by the Government and is personally responsible for his work to the Government. The law also determines which acts (general and individual) can be passed by the Director. The Government also appoints a Deputy to the Director.

7. The second fundamental and most important law that governs the entire area of state statistics is the Law on State Statistics<sup>1</sup>. The law was adopted in 1997 in cooperation with foreign experts and has been amended 9 times to date in order to align it with the European statistical regulations that were adopted in the meantime and to harmonise it with the domestic legislation.

8. The law is organised in 13 chapters with a total of 62 articles. The law regulates the organisation and field of work of state statistics, the methodological and organisational bases of statistical surveys, the collection, processing, presentation, storage, protection and dissemination of statistical data, international statistical cooperation, financing of the activity, penal and transitional provisions.

9. According to the law, the State Statistical Office is the main producer of official statistics in the country's statistical system. Also, according to the law, the SSO is the coordinator of the country's statistical system. In addition to the Office, the country's statistical system consists of the National Bank (NBRNM) and five other producers of official statistics (authorised bodies), which are determined in the five-year Programme of Statistical Surveys.

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<sup>1</sup> One of the strengths of the national statistical system in the Republic of North Macedonia is that the statistical legislation - primarily the Law on State Statistics - is modern, comprehensive and well aligned with the European Statistics Code of Practice. The legislation draws on other national and international models and has been upgraded and expanded with the help of international experts since its establishment in 1997. The law is written in clear and simple language. Article 4a states that professional independence "*means that the work of official statistics is carried out on the basis of professional and scientific methods and knowledge and is protected from any influence, as well as the timing and content of all forms of dissemination*".

10. The statistical system, in a functional sense, is a centralised system as more than 70% of the statistical surveys are conducted by the SSO.

11. At the same time, in the organisational sense, it is a decentralised system, since in addition to the SSO, the system includes six other producers of official statistics<sup>2</sup>.

### III. COORDINATION OF THE STATISTICAL SYSTEM

12. One of the most important competences of the SSO is its coordinating role. We previously stated that one of the most important functions of the State Statistical Office within the National Statistical System is the fulfilment of its coordinating role. The coordinating role at the strategic and planning level is performed by the Office primarily in the procedure for the preparation and implementation of the five-year Programme of Statistical Surveys and the procedure for the preparation of the Annual Report on the implementation of statistical surveys and its adoption by the Government of North Macedonia.

13. During the implementation of the Peer Review in 2017, the experts recognised the great importance of the coordination of the Macedonian statistical system, and they recommended that the Office make appropriate changes to the Law on State Statistics. Namely, it was emphasised that the State Statistical Office should strengthen its coordinating role by establishing a coordinating body and by clearly defining its competences.

14. By strengthening the coordinating role, it will be possible to maintain close contact and cooperation with the relevant participants in the system in order to improve the quality, comparability and consistency of official statistics, national and international standards will be applied in fulfilling the requirements of the European statistical legislation and the European quality standards, duplication of work will be avoided, the burden on reporting units will be minimised, access to administrative data sets will be facilitated, and confidence in the country's statistical system will be strengthened.

15. However, in order to ensure good communication at the operational level, not only at the strategic and planning level, it is necessary to enable effective exchange of information and data between the authorised bodies. The existing forms provided by the law were not sufficient. Because of what was stated in the law, a new institution was introduced, which is the Coordination Committee.

16. The Coordination Committee, according to the legal solution, is made up of representatives from the authorised bodies. The Director of the State Statistical Office is ex officio President of the Committee. The President and the members are appointed by the Government of the Republic of North Macedonia.

### IV. CHALLENGES IN THE COMING PERIOD

17. The challenges that lie ahead of the State Statistical Office in terms of the exercise of its legal competence, and especially in relation to its coordinating role, could be generally considered from four aspects:

- (a) Strengthening the professional capacities of the Office in terms of professional staff and the necessary information technology infrastructure
- (b) Strengthening the professional capacities of the authorised bodies

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<sup>2</sup>With the new Programme of Statistical Surveys, it is proposed to have, in addition to the SSO, six more producers of official statistics.

- (c) Change in the method of data collection, i.e. the use of administrative data sets, as well as data sets maintained by entities that are outside the public administration system. The use of artificial intelligence in the overall process of statistical production will also be a challenge.
- (d) Preparation of a new Law on State Statistics

#### **A. Strengthening the professional capacities of the Office in terms of professional staff and the necessary information technology infrastructure**

18. Regarding the first point, the Office's professional capacities are at a satisfactory level, but there is a problem with the departure of skilled staff from the Office, primarily due to discouraging salaries. In that sense, the Office makes great efforts to retain the staff in the institution, primarily by offering excellent opportunities for their training both in the country and abroad, as well as by enabling a longer stay in one of the statistical institutions in the EU countries.

#### **B. Strengthening the professional capacities of the authorised bodies**

19. Concerning the second point, the situation is quite serious. Part of the authorised bodies do not have sufficient institutional and human capacity to be able to fully perform their role in the statistical system of the country. In that sense, the role of the Coordination Committee will be significant. One of its tasks will be the promotion of joint projects and the inclusion of all persons from the authorised bodies who work on statistical surveys in the training organised by the State Statistical Office.

#### **C. Change in the method of data collection, i.e. the use of administrative data sets, as well as data sets maintained by entities that are outside the public administration system**

20. Regarding point 3, which refers to the change in the data collection method, the country's statistical system, and above all the Office, is facing a big challenge. The procedure of increasing the use of administrative data sources requires the State Statistical Office to increase its capacities as much as possible to be able to carry out its role specified in the Law on State Statistics. Article 25 of the law states that:

21. Data sets can be used as data sources for statistical surveys conducted by the Office, provided that data protection is ensured in accordance with law.

22. In maintaining data sets used for statistical surveys, the holders of data sets apply uniform standards (classifications and nomenclatures).

23. Holders of data sets determined by law shall have an obligation to provide the Office with data that are contained in the data sets and that are necessary for the implementation of statistical surveys.

24. After obtaining data from other data sets, the Office shall arrange, store and keep these data in its data sets.

25. In the coming period, the use of data that are owned by legal entities that are not public institutions will be a big challenge.

26. To that end, it is necessary to foresee a legal obligation for those institutions to provide the necessary data. It is also crucial to increase the trust of those providers towards the Office, which requires to further strengthen the independence and professionalism of the State Statistical Office.

27. The internal organisation of the Office needs to be structured in way that will make it possible to use and stimulate the professional potential of the employees who work on IT activities, but also to build

appropriate organisational forms and manage the institution, through which the confidentiality of the data collected by the specified method will be guaranteed.

28. The use of artificial intelligence is completely unknown for our institution at the moment, in terms of its control, as well as the need to raise the level of statistical data protection.

#### **D. Preparation of a new Law on State Statistics**

29. Regarding the fourth point, the Office is in the preparatory phase of creating a draft version of a new text of the Law on State Statistics.

30. A concept is proposed that is most suitable for countries where the appropriate level of development of the authorised bodies has not yet been achieved, as well as where it is necessary to fully guarantee the autonomy and independence of the institution, i.e. to protect the Director of the Office from the possibility of being dismissed before the expiration of his mandate for reasons that are not statistical.

31. As part of the reform of the public administration, it is foreseen that the State Statistical Office will be an authority that will be under the competence of the Assembly of the Republic of North Macedonia. This primarily means that:

- (a) The Director should be appointed and dismissed by a plenary session of the Assembly, through a transparent procedure before the bodies of the Assembly;
- (b) The Director's mandate should be increased from four years to five or seven years, and the professionalism and competence of the top management should be further strengthened;
- (c) The most important acts of the Office, such as the Five-Year Programme of Statistical Surveys, the Annual Programme and the Strategic Plans of the Office, should be reviewed and adopted by the Assembly;
- (d) The Office should take over from the relevant ministries certain administrative responsibilities (inspection supervision, conducting legal and administrative proceedings), and the administrative capacities of the other services in the Office should also be strengthened;
- (e) The professional capacities of the Office's employees should be significantly increased, both in terms of the number of employees, as well as in terms of their professional qualifications;
- (f) The independence and autonomy of the State Statistical Office should be fully strengthened;
- (g) The role of the SSO as the main producer and coordinator of the country's statistical system will be further strengthened;
- (h) Organizational and personnel issues (increasing the number of employees and raising the salaries of the employees) should be decided by the Assembly.

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