

COLLABORATING WITH OTHER STATISTICAL AGENCIES

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1. Reasons for institutional cooperation

There is ample motivation for actively fostering interagency cooperation, both at national and international levels. To begin with, such an approach allows for a higher level of **transparency** within the process of producing and disseminating statistics, by effectively clarifying the responsibilities committed to each of the statistical agencies involved. It also helps to improve **data coherence** with regard to terminology, classifications, definitions and other metadata, thus facilitating the integration of data produced from different sources. In addition, it promotes steady **efficiency gains** in the statistical system, by reducing possible duplication of effort in reporting, hence contributing to a better allocation of resources, minimizing the reporting burden of respondents and avoiding data redundancy.

Typically, an efficient institutional cooperation promotes the exchange of data and experience among statistical agencies, with mutual benefits: that is the case, for instance, when National statistical offices (NSOs) provide specialized data to national central banks (NCBs) for policy purposes or when NCBs help NSOs to develop particular statistical capacities.

Ensuring an effective cooperation between NCBs, as producers of statistics, and other statistical authorities – first and foremost NSOs – is instrumental to the quality, relevancy and cost-effectiveness of macroeconomic statistics. Clearly, this goal can be pursued through different institutional settings. However, regardless of the particular form of interagency cooperation chosen, it is vital that such organizational arrangement remains focused upon optimising the efficiency of the statistical production process.

2. Forms of interagency cooperation

Cooperation between NSOs and NCBs in the field of macroeconomic statistics can take many possible forms, so as to be able to better accommodate the different possible purposes that statistical data may serve.

Shared responsibilities for the national statistical programme, particularly when the NCB is formally represented in the steering committee (or similar super structure) responsible for the statistical programme, create the conditions for an appropriately coordinated and competent national statistical working plan, including a more efficient allocation of tasks on the execution of statistical operations, thus enhancing the operational effectiveness of the statistical system and making it more capable of responding to the existing and foreseeable future needs for official statistical data.

Cooperation agreements typically set out the division of responsibilities between two or more statistical agencies. They are particularly useful when both the NCB and the NSO are involved in the compilation of the same type of statistics, which is often the case (*exempli gratia*, national accounts or balance of payments statistics). The signing of a Protocol of Cooperation or a *Memorandum of Understanding* (MoU) contributes to a higher degree of integration and coordination in the statistical system and creates the conditions for increasing the quality of official statistics, while alleviating the respondents' reporting burden, preventing data redundancy and using more efficiently the available resources.

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Service contracts, whereby one statistical agency provides services (*exempli gratia*, a particular survey or the compilation of specialized data) to another against payment, may be a mutually beneficial arrangement, on condition that minimum standards of quality will be ensured. Such an approach may be especially useful in those cases where the activities of the statistical agency that provides the service are to some extent restricted by budget constraints and, at the same time, the price that the acquiring party is willing to pay for that service is inferior to the costs of developing that same product internally. **Joint data collection efforts**, involving the adoption of common methodologies, concepts and nomenclatures, contribute to an effective coordination of the statistical agencies' initiatives and may help statistical agencies to identify ways to improve their individual data systems so that they are more useful for a wide range of purposes, thus enhancing data relevancy and contributing to strengthen the statistical system as a whole.

Data sharing among statistical agencies (possibly including also microdata, if the law allows it and on the condition that data confidentiality is accounted for) can be helpful to improve statistical estimates, reduce costs, eliminate data redundancy and avoid respondents' overburdening, thus contributing for the continuous betterment of the intrinsic quality of official statistics and for the efficiency of their production.

Technical assistance and common training initiatives. Statistical agencies often provide technical assistance to other agencies (and receive assistance in turn), thus learning from and contributing to the work of other statistical agencies within the country or in other countries, in such areas as, *exempli gratia*, definitions, concepts, measurement methods, analytical tools and dissemination modes. Technical assistance typically comprises sharing of best practices, seconding of staff and bilateral working visits, as well as organizing and participating in specialized seminars and workshops.

International comparability of statistics. NSOs and NCBs should be concerned with the international comparability of their statistics. For this purpose, they should monitor and/or contribute to the joint development or updating of methodological manuals and international standard classifications and guidelines, as well as to the activity of the various international organizations that have a vested interest in statistics, such as the International Monetary Fund, the United Nations Statistical Commission, the Organization for Economic Cooperation and Development, just to name a few.

3. The Banco de Portugal's experience in collaborating with other statistical agencies

The recognition of the importance for the efficiency of the statistical system of having robust working agreements among the main national statistical agencies, led the competent authorities in many countries, including Portugal, to evolve to more formal institutional arrangements as regards interagency statistical collaboration.

In accordance with the new legal framework of the National Statistical System (NSS) that entered into force in 2008, the Portuguese central bank is recognised as a statistical authority and formally incorporated in the NSS structure as well as in the High Statistical Council, a state entity that is responsible for guiding and coordinating the NSS. The new law fully endorses the Fundamental Principles of Official Statistics adopted by the United Nations Statistical Commission, namely by regulating aspects such as technical independence, quality, access to official statistics and individual data protection. The guidelines in the European Statistics Code of Practice were also adopted and are reflected in the fundamental principles of the NSS. With regard to statistical secrecy, the NSS law regulates the circumstances in which access to individual statistical data can be granted for scientific purposes.

Another important feature of the NSS law concerns the increased emphasis given to

promoting coordination between statistical authorities, in particular between Statistics Portugal (the Portuguese NSO) and the central bank.

At national level, the *Banco de Portugal* has been actively involved in interagency collaboration in the field of statistics for more than ten years, not only with Statistics Portugal but also with other entities with a vested interest in statistics, as the following examples attest:

- In 1998 the *Banco de Portugal*, the Ministry of Finance and Statistics Portugal signed a protocol setting up forms of cooperation among these three entities to meet Portugal's commitments concerning IMF's Special Data Dissemination Standard (SDDS). This protocol was very important to define individual obligations and implement the SDDS timetable, and has contributed decisively to the positive assessment of the Portuguese participation in the SDDS over the past 10 years.
- Also in 1998, another protocol was signed between the *Banco de Portugal* and Statistics Portugal regarding the implementation of the European system of national and regional accounts in the Community (ESA 95) – the European Union equivalent of the System of National Accounts (SNA 1993) adopted by the United Nations Statistical Commission. The arrangement, which was updated in 2001, defined the two institutions' joint responsibility in the compilation of the Portuguese national accounts: Statistics Portugal in charge of compiling non-financial accounts and the *Banco de Portugal* taking over the compilation of financial accounts. This cooperative effort proved to be an essential factor in enhancing the quality of Portuguese (quarterly and annual) national accounts.
- In 1999, Statistics Portugal and the *Banco de Portugal* signed a formal agreement with the intention of carrying out, from 2000 onwards, a single quarterly survey addressed to non-financial corporations. The main purpose of this initiative was to avoid undertaking two similar surveys, thereby reducing the reporting burden for the corporations involved.
- In the field of balance of payments statistics, two protocols were signed in 2004, respectively with the General Directorate of Tourism and Statistics Portugal, focusing on two statistical operations: one being a survey on cross-border movement of travellers and the other a survey on international tourism expenditure. These surveys provide additional information for the compilation of the item "Tourism" in the balance of payments.
- In the beginning of 2006, an institutional cooperation agreement in the field of general government statistics was signed between the Banco de Portugal, Statistics Portugal and the Ministry of Finance, covering the following areas: (a) delimitation of the general government sector and updating of the list of entities it comprises; (b) compilation of the general government accounts (financial and non-financial) on a quarterly and annual basis; (c) compilation of public debt statistics; and, (d) a close analysis of the Excessive Deficit Procedure report and the corresponding methodological background. For this purpose, a framework of common data sources and procedures was drawn up by a working group of representatives of those institutions.
- With the purpose of defining a harmonized solution for the collection of annual data from the financial statements of non-financial corporations four institutions (Statistics Portugal, the Ministry of Finance, Ministry of Justice and the Banco de Portugal) joined efforts to set up the so-called IES - Informação Empresarial Simplificada, which literally means "Corporate Simplified Information". IES went live in January 2007, following the enactment of the legal act that officially endorsed it. On the basis of IES, companies can meet their accounting, fiscal and statistical reporting requirements towards the four above-mentioned authorities through one single, all-purpose, electronic submission, at one moment in time. The set of measures included in IES has gradually streamlined the administrative and legal procedures that companies had to abide by, thus helping to reduce their reporting burden.
- Lastly, and still at a national level, cooperation with the supervisory bodies must be highlighted. By end-January 2008 the Banco de Portugal signed a Protocol of Cooperation with the Portuguese Securities Market Commission – an independent public institution in charge of supervising and regulating securities and other financial instruments markets, as well as the activity of all the entities that operate within these markets. In accordance with

the said arrangement, both institutions agree in inter-changing detailed information on securities issues (including, *exempli gratia*, data on securitisations) and on financial intermediaries. The Banco de Portugal has also an informal agreement with the Portuguese Insurance and Pension Funds Supervisory Authority for the regular remittance of data.

At international level, cooperation within the European Union assumes a major role. The *Banco de Portugal* is part of the European System of Central Banks and, as such, has been permanently and deeply involved in building up a harmonized European statistical framework, not only directly with the European Central Bank (ECB) and the other NCBs but also with the Statistical Office of the European Communities (Eurostat) and the NSOs of the European Union Member-States, under the umbrella of the *Memorandum of Understanding* on economic and financial statistics agreed between the ECB's Directorate General for Statistics and Eurostat. This *memorandum* makes it possible for the ECB and the Eurostat to apply the same statistical framework to the whole European Union while taking the national contributions into account.

The joint coordination work through the **Committee on Monetary, Financial and Balance of Payments Statistics** (CMFB) has also been a determinant factor to the good cooperation among statisticians in NCBs, NSOs, the ECB and the Eurostat, fostering the interchange of statistical knowledge among these entities, and contributing to bringing about efficient data collection and compilation as well as access to high quality European Union and Euro area economic and financial statistics. Significantly, two out of three strategic priorities identified in the Work Programme for 2011-12 of the CMFB – *id est*, deepening the cooperation within the CMFB and sharing best practices, integration of financial and non-financial Euro area sector accounts and advisory role in issues related to the Excessive Deficit Procedure – clearly point out to the enhancement of interagency collaboration in the field of statistics as a means to foster high quality data and efficient statistical systems.

The *Banco de Portugal* also works in close cooperation with other international institutions, in particular the International Monetary Fund, the Bank for International Settlements and the Organisation for Economic Cooperation and Development. This articulation includes both data reporting and discussion of concepts and methodologies.

Finally, a third area of institutional cooperation in which the *Banco de Portugal* has been especially active refers to **technical assistance**, particularly (but not exclusively) with the NCBs and NSOs of the Portuguese-speaking countries. This comprises, *exempli gratia*, bilateral working visits, the organization and/or participation in seminars and workshops and the sharing of good practices – as in the cases of the *Biennial Meetings on Statistics* of the Portuguese-speaking NCBs and the Cooperation and Technical Assistance Agreement in the Field of Statistics that was signed by the *Banco de Portugal* and the NCB and the NSO of Brazil not so long ago.

4. Meeting the challenges ahead

The increased importance of economic globalisation, the rapid financial innovation and the related ever-growing complexity and diversification of statistical data needs, together with the consolidation of the Information Society, are some of the driving forces behind the **increasing pressure on statistical systems** worldwide.

The financial crisis of 2007-09 drew attention to the increased vulnerability of economies to risks, particularly credit risk, caused by the deepening of financial globalisation. This is a case where the lack of sufficient data on credit risk concentrations hindered a proper assessment of the policy implications of the turmoil and prevented a timely response by policy-makers. Indeed, the extent and nature of the financial interdependencies that amplified the crisis have not yet been fully captured by the set of financial statistics currently available.

In the context of European statistics, the problems posed by the enlargement of the European Union and the new requirements for statistics as a result of the European integration process add extra complication to an already complex situation.

One method of effectively dealing with those issues consists in further deepening the extent of institutional cooperation, both at national and international levels, by exploring all possibilities left opened and thus creating the objective conditions to meet the challenges of the future.

Anticipating users' data needs seems to be both a natural and an unavoidable process. Nonetheless, to cope with the mounting intricacies of current economic life, such an approach needs to be complemented with a much needed reorientation of official statistics, both in terms of focus and of role.

Not so long ago, official statistics were essentially centred on quantifying relatively well-known and stable key economic phenomena. However, the urgent needs of an ever-changing economic life tell us that this stance may no longer be enough. In fact, the financial developments above-referred are just a sign of other – possibly even more serious – predicaments looming ahead.

More and more, data users – and, *a fortiori*, statisticians – have but a partial knowledge of the reality they attempt to describe. Developments in the economic and financial realms grew in complexity and became more dynamic and less predictable. Against this background, statistical agencies cannot afford remaining forever static; they have to assume a more proactive stance.

To provide information of continued relevance for the users, statistical agencies should continually try to anticipate data needs for future policy considerations and look for ways to develop data systems that can serve broader purposes. Therefore, in addition to quantification, they will have to identify, as early as possible, the likely changes and the true underlying economics of the events and transactions which have to be measured. For that purpose, it is critical, on the one hand, to promote mutually rewarding interrelationships, both at national and international levels, between statistical agencies and the relevant (*id est*, institutional) users, particularly policy-makers; and, on the other hand, to widen the communication channels with the business and the research communities and to explore further the possibilities offered by commercial data providers.

Getting prepared in an effective way implies that the statistical agency should resolutely increase the technical skills and the conceptual and analytical capabilities of its staff. In-house analysis has the potential to lead to instant improvements in the quality of the statistical output, to facilitate the identification of emerging data needs and to provide better understanding of the data users' perspectives. For this purpose the statistical agency must be in a position to attract and maintain highly qualified human resources.

In addition, statistical agencies should keep pace with the developments in information and communication technologies – which, in turn, implies that statisticians may have to undergo training and education in this specific area to become digitally literate – and be prepared to implement new procedures in a suitable manner, to continually improve the quality and timeliness of their information, promoting a swift disclosure of statistics – reducing the 'time-to-market' of statistical outputs (by means of, *exempli gratia*, flash estimates) – and thus increasing the efficiency of their operations and the relevancy of the disclosed data.

Defining a communications strategy along the lines of the Fundamental Principles, according to which official statistics should be relevant for the society as a whole (thus not just governance-driven), compiled in an impartial way (hence objective and free from political interference) and accessible for everyone under equal conditions. However, in many instances, official statistics fail to comply in full with this design, due to, among other factors,

its poor communications strategy. Therefore, to be able to convey official statistics in a form that can be easily understood and readily used, statistical agencies should consider adopting a more outward-looking culture, by defining a communications strategy capable of matching the new exigencies brought about by the Information Society, in particular the heightened expectations of the users of statistics as to the way official statistics should be divulged, in the wake of a generalized use of broadband internet by the public at large. Users now expect to be able to access information on websites that are all-together friendly, attractive and easy to understand and utilise. In the last few years, there has been a growth in web sites that take freely-available information – both from official and non-official sources –, integrate these data, and analyse and present them in a manner that seems to be pleasing to the general public. Rather than competing with these data providers, statistical agencies should consider learning from their experience and eventually doing business with them.

Indeed, with the consolidation of the Information Society, and the concomitant advancements in electronics and communications, people are demanding and using more and more statistical information. In line with these developments, statistical agencies seem to be increasingly aware of the multiple purposes that official statistics should serve, with consequences on the way these data are processed and disseminated. Statistical press releases (joint, where applicable) and on-line statistical databases (tailor-made, interactive and up-to-date) are examples of dissemination methods and procedures that statistical agencies have been implementing with a view to facilitating the general public's use and understanding of official statistics. This trend has to be continued and possibly reinforced. The ability to communicate is essential for the consecution of the statistical agency's mission.

In this context, consideration needs also to be given to enhancing the statistical literacy of the public at large, to prevent the risk of misinterpretation of the data being released. Rather than just contributing to the already considerable overflow of information, statistical agencies should consider **converting information into knowledge**, by adding an extra dimension to data disclosure – *id est*, data analysis, to lead the users into the right direction. Since communication is not a one-way process, statistical agencies should be prepared to make adjustments based on the data users' feedback.

Communicating statistics, particularly central bank statistics, in a manner that is fit for use by the general public and that helps the public to understand and to accept the policy decisions based on those statistics, is certainly a key issue. The recent creation of the **Task Force on Accessibility of Statistics** by the Statistics Committee (STC) of the European System of Central Banks (ESCB), which is expected to deliver a significant contribution "to make Euro system statistics more accessible, to enhance financial literacy and to provide customised feed-back to reporting agents", constitutes a good example of institutional cooperation, at European level, between national central banks and the European Central Bank.

In a nutshell, interagency cooperation is essential to cope with the challenges ahead. In particular, to deal with the increasing pressure on statistical systems, a statistical agency should enhance its level of preparedness, and should be more pro-active and outward-looking, which implies, *inter alia*:

- Deepening further the degree of institutional cooperation – both at national and international levels.
- Attempting to identify, as early as possible, the likely changes and the true underlying economics of the events and transactions that have to be measured.
- Promoting mutually beneficial interrelationships with the relevant users and data providers.
- Increasing the technical skills and analytical capabilities of its staff.
- Defining a communications strategy capable of matching the users' expectations as to the way data are delivered, and of converting data into knowledge.