Statistics: the case for institutional cooperation

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1. Introduction

Statistics are a public good. They must be produced efficiently if they are to maximize user satisfaction while minimizing overall social costs. Various forms of institutional cooperation can be envisaged in efforts to compile top quality statistics that meet international standards and commitments to national and international organizations. Based on the experience of the Banco de Portugal in this area, this paper illustrates the main dimensions of institutional cooperation in the field of statistics, focusing on those that are most relevant in terms of cooperation between national central banks (NCBs) and national statistical institutes (NSIs).

2. Dimensions of institutional cooperation

A full treatment of institutional cooperation in the statistical area involves several levels, which are a function of the entities that play a role in the various phases of the production cycle.

Reporting agents should be considered the first link in the value chain, rather than as mere providers of raw data. It is particularly important that they regard the final statistical output as their own product, one that is instrumental in pursuing their own interests. This view enhances the quality of the data provided, and simplifies the development and updating of statistical requirements. Within this framework, the Banco de Portugal promotes a number of practices designed to foster cooperation with reporting agents. Among these are regular meetings with major financial groups and mechanisms for ongoing feedback.

Institutional cooperation is also important where national statistical entities are concerned. Best practices in this area have proven particularly successful in terms of reducing the reporting burden and integrating arrays of statistical products.

The Banco de Portugal is active in the High Council of Statistics (HCS), the top entity in the Portuguese National Statistical System (NSS). It serves as a forum for sharing production experience, as well as analysis of important statistical results, with other participating institutions, including the National Statistical Institute, representatives of general government, and those representing producers and users of data, including industrial associations, trade unions and universities.

In this framework, there is close cooperation between the Banco de Portugal and other official entities, in particular the Portuguese NSI (Instituto Nacional de Estatística, or INE). This cooperation takes various forms, with the following initiatives being noteworthy:

(i) In 1998, the Banco de Portugal, the Ministry of Finance and the INE signed a protocol defining the way in which they would coordinate to fulfill Portugal’s

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commitment to the IMF Special Data Dissemination Standard (SDDS). This protocol was important in defining individual obligations and implementing the timetable for this Standard. It has contributed decisively to the positive assessment of Portuguese participation in the SDDS over the past 10 years.

(ii) Also in 1998, a protocol was signed between the Banco de Portugal and the INE, relating to implementation of the European System of Accounts (ESA 95). Subsequently updated (in 2001), it defined the two institutions’ joint responsibility in compiling the Portuguese national accounts. The INE is responsible for compiling the non-financial accounts, while the Banco de Portugal assumed responsibility for compiling the financial accounts. The institutions’ joint work has been based on this protocol, and has made an important contribution to enhancing the quality of the Portuguese national accounts.

(iii) Another protocol was signed in 1999 between the INE and the Banco de Portugal, relating to a joint venture to begin in 2000. The undertaking involved a quarterly survey of non-financial corporations and has been carried out since 1997 by the Banco de Portugal. The main purpose of the initiative was to avoid conducting two similar surveys, and thus reduce the reporting burden for the corporations involved. In 2001, the sample was updated and the questionnaire modified in order to improve the quality of the information collected.

(iv) The Banco de Portugal and the INE signed a protocol to launch a Household Indebtedness and Wealth Survey, which was conducted for the third time in 2006.

(v) In the balance of payments area, two protocols were signed in 2004, with the General Directorate of Tourism and the INE. The aim was to collect additional data for compiling tourism statistics. These protocols focus on two statistical operations. One is a survey of cross-border movements of travelers, while the other is a survey on international tourism expenditures. Initial results for the period 2004–2006 were released in April 2007. These surveys will provide an additional source of data for the compilation of the tourism item in the balance of payments statistics.

(vi) At the beginning of 2006, an institutional cooperation agreement in the field of general government statistics was signed by the Banco de Portugal, the INE and the Ministry of Finance, covering the following areas: (a) definition and updating of the entities constituting the general government; (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 (EDP) report and the corresponding methodological background. For this purpose, a framework of common data sources and procedures has been drawn up by a working group made up of representatives of the institutions.

(vii) Finally, the Banco de Portugal, the INE, the Ministry of Finance and the Ministry of Justice have developed a joint project intended to define a harmonized solution for the collection of annual data from the financial statements of non-financial corporations. This project is known as IES, the acronym for “Informação Empresarial Simplificada” (Simplified Corporate Information). It was formally created by Decree-Law no. 8/2007 of 17 January. IES is the system for the electronic submission of accounting, fiscal and statistical information that companies must normally provide to the above-mentioned authorities. IES allows companies to fulfill separate obligations to four different authorities through a single electronic submission. This initiative integrates a set of measures that have progressively streamlined administrative and legal procedures for companies, reducing the current reporting burden.

Another important factor at the national level is cooperation with supervisory bodies. The Banco de Portugal has informal agreements for regular provision of data on entities supervised by the Portuguese Securities Market Commission (the securities markets
supervisory authority) and the Portuguese Insurance and Pension Funds Supervisory Authority.

At the international level, cooperation within the European Union assumes a major role. The Banco de Portugal is part of the European System of Central Banks (ESCB) and as such has been deeply involved, on an ongoing basis, in constructing 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 Community (Eurostat) and the national statistical institutes, under the umbrella of the Memorandum of Understanding on economic and financial statistics between the ECB’s Directorate General Statistics and Eurostat. This makes it possible for the ECB and Eurostat to apply the same statistical framework to the entire European Union, while taking national contributions into account. There is also close cooperation with other international institutions, in particular the IMF, the World Bank, the BIS and the OECD. This includes both data reporting and discussion of concepts and methodologies.

A final area of institutional cooperation involves technical assistance. This has included sharing of good practices and bilateral visits, as well as organizing and participating in seminars and workshops. This type of initiative has proven particularly fruitful with Portuguese-speaking African countries, Brazil and East Timor.

3. Golden rules for institutional cooperation

Best practices in the field of institutional cooperation must be modeled on certain common rules covering knowledge, understanding and acceptance. The commitment of all parties involved in any cooperation process is a necessary condition if it is to achieve its full potential. Where recommendations are to be followed on a voluntary basis, some cases of non-conformance are likely to arise, posing a serious threat to the effectiveness of the statistical process. It is worth mentioning that both the ECB and Eurostat have adopted a stricter cooperation model, including binding rules and even penalties for major compliance failures. In our view, this signifies a common motivation for obtaining top quality statistics for the European aggregates compiled from national contributions. From the beginning, the Banco de Portugal has been closely involved in this overall process, along with other European NCBs and NSIs, contributing to the development of the European Statistical System, which we believe is internationally recognized as a success story.

One of the most important “rules of the game” is consistency with international standards for concepts, definitions and classifications. Only when this is guaranteed is it possible to make international comparisons and aggregations, and to ensure consistency across different statistical areas, as we seek a perfect match with users’ needs.

In addition, all parties involved in this institutional cooperation network need to be fully aware of their responsibilities and areas of authority, both in order to avoid overlapping functions and to fully and efficiently cover the entire statistical spectrum.

4. Conclusion

For authorities with statistical responsibilities, participating in institutional cooperation processes, both nationally and internationally, can only yield benefits. These processes promote efficient use of resources, help prevent duplication of efforts and reduce reporting burdens, thereby benefiting the many agents involved in the production cycle, from data collection to dissemination.
Cooperation also enhances the sharing of best practices through multilateral contacts and bilateral technical cooperation.

Cooperation with other entities at the international level also enables country representatives to explain specific national characteristics in international fora, thus ensuring respect for diversity while at the same time valuing unity.

Moreover, by following international standards, national statistical contributions become part of a single harmonized and coherent system, promoting international comparability and signaling to users the importance of quality.

These can be considered the necessary ingredients for successful ongoing worldwide implementation of a common statistical language.