

## **Session I: Better Statistics for better policy response during and post-crisis world**

Distinguished Guests,

Ladies and Gentlemen,

I would like to welcome you all and to thank you for your participation in today's meeting. I hope you enjoy the meeting and enjoy your stay here in İstanbul which had been the Capital of Ottoman Empire for almost 450 years and now the 2010 European Capital of Cultures.

I would also like to present my sincere thanks to the organizers of this important meeting, namely SESRIC and Islamic Development Bank (IDB). Today, I will mention about the role of statistics in policy-making particularly for the post-crisis world and the experiences of the Turkish Statistical Institute.

As it is widely known, reliable and comparable statistics plays a vital role in every fields of human activity. Statistics has also important role in determining the key factors for a country such as the existing position of per capita income, unemployment, population growth rate, etc. Now statistics holds a central position in almost every field like Industry, Commerce, Trade, Physics, Economics and Mathematics, so application of statistics is very wide as is very well known especially by this community.

Official statistics, when used of course, are indispensable tools for national and international policy makers, businesses and the society at large when making decisions and measuring their effects and it is consequently an essential basis for the development of democratic and market-oriented societies. The confidence in official statistics depends to a large extent on respecting the widely accepted guidelines laid down in the European Statistics Code of Practice and in the United Nations Fundamental Principles for Official Statistics. These documents set out key principles for the production and dissemination of official statistics.

When we look at the role of statistics in decision making; having the right indicators is essential at every stage of policy making. Statistics serves policy areas by providing the data for monitoring the changes and assessing the impact of the policies chosen. At the national and international level, the formulation of policies and their implementation, such as Financial Policy or Economics Policy, rely on the provision of accurate statistical data. Without reliable statistics, effective budgetary and economic monitoring is impossible. Therefore, good quality statistics are one of the requisites of a democratic society.

These are the facts under normal conditions. Coming to the crisis times, we observe the fact that demand for timely and reliable statistics for any matter that is thought to be affected by the crisis dramatically increases. Accordingly, statistical offices are put under great pressure by the public as well as the users of these statistics. If any statistical office can respond to these new needs and adopt itself to the new conditions, then most of the time, the ignorance of statistics by the decision makers or society in general, may be diminished and statistics could have the right statue that it deserves. As it is well known, in some countries demand comes first, then the statistical office supply this newly emerged need. But in our societies, we should create the supply beforehand the emergence of the need and accordingly produce timely and reliable key statistics/parameters and disseminate them in evenly and timely manner to all of our users. So, the demand and use could be met in a proper way.

The crisis exposed fundamental weaknesses in the ability to integrate financial sector linkages into the macro-economic models that have guided policymaking for decades. High quality analysis, beside high quality statistics is needed to understand financial crises. Indeed, the crisis has reaffirmed an old lesson—good data and good analyses are the lifeblood of effective surveillance and policy responses both at national and international levels.

Moreover, the crisis has demonstrated a need to improve the communication of official statistics and advance the interaction among the academic, policy and statistical communities. The need for timely data compilations and releases is another important lesson of the crisis as well as the pre-announced advanced release calendar of the statistics.

From my point of view, some precautions could be taken within both national and international aspects. It is obvious that the duties of National Statistical Offices have widened after the financial crisis era. We have to improve our data collection and dissemination systems to better anticipate and monitor the crisis. In this context, following points appear particularly important:

- Collecting more comprehensive and timely information on asset prices and balance sheets for various institutional sectors,
- Developing quarterly accounts for key macroeconomic variables by institutional sector,
- Increasing the estimation level for all surveys, more focus on small area estimation of key variables for local initiatives,
- Compiling more timely surveys on household sector, namely income and wealth, in order to assess changes in distributions as well as in relative and absolute poverty measures,
- Going beyond definitions of poverty based on household income alone, through development of “multidimensional” measures,
- Exploring the possibility of re-organizing social surveys (for example, following the example of labor force continuous surveys) towards a “modular” approach, to provide key results on relevant policy issues,
- Speeding up the necessary adjustments to standards for trade-data collection and processing, and developing better indicators of globalization and changes in the “value chain”,
- Making better use of administrative data to monitor social phenomena, especially those who can shed light on the vulnerability of specific population groups,
- Seasonal adjustment of all time series data that show the changes not year by year but month by month eliminating season and calendar effects from the data, for measuring the effect or success of instant and reactive crisis recovery policies,
- Improving timeliness of data from surveys and national accounts, assessing consequences on accuracy, and monitoring through revision analyses based on

guidelines of international statistical organizations and tools such as the software developed and made available by them,

- Announcing an Advanced Release Calendar of statistics produced,
- Improving communication about key trends and “news” emerging from data.

Some of these actions require a strong commitment at the political level to provide funds to improve the existing statistical systems.

Now, I would like to explain the *Turkish Statistical Institute’s Experiences* before and during the crisis.

As TurkStat, we have already launched comprehensive efforts to integrate our statistical system into the international standards, namely United Nations and European Statistical System. We have also strengthened our coordination role within the statistical system of the Turkey.

In order to provide sustainable capacity building of our Institute and enable it to better meet the needs of our users by providing data that is accurate, reliable, timely and compiled in full compliance with international standards; we have firstly renewed our legal infrastructure. Since a sound legislation is crucial to a well-operating statistical system, we adopted Turkish Statistical Law in 2005 on the following principles;

- impartiality and objectivity,
- professional independency,
- statistical confidentiality and individual data,
- planning and programming system (official statistics program),
- duties and responsibilities of the institutions (Turkstat, Statistical Council, and other public institutions),
- definition and main principles of official statistics,
- classifications and national registration system.

Implementation of these principles is very important in order to achieve credibility of statistical information and confidence among the users and key stakeholders.

Statistical Law clearly mandates Turkstat as the main data producer and coordinating authority among all institutions. All these tasks are regulated by a planning and programming system. “*Official Statistics Program (2007-2011)*” which is drafted by Turkstat, agreed by the *Statistical Council*, and adopted by the Council of Ministers for five years period. For its organizational progress, Turkstat has prepared its “*Strategic Plan, 2007 – 2011*” for five year period as well as “Performance Programs” (budget-related, 3 year), “Annual Work Program” (survey list), and “Annual Monitoring Report” (activity and budget related).

All these efforts strengthened the coordination role of Turkstat within the system, and ended the chaotic situation that created many problems before. Turkstat became the only authority in the field of statistics in Turkey, allowing at the same time others to have a legal place in decision making processes. In order to do this, we have established partnerships with main stakeholders such as Ministry of Finance, Ministry of Health, Central Bank etc. managed through signed protocols, agreements or memoranda. This enabled data transfer and

implementation of new standards and methods among these bodies, significantly improving the Turkish Statistical System as a whole.

Institutional arrangements focused on reorganization of the regional offices and headquarter, increasing human and financial resources, renovating technological hardware and software, and training of the staff. In parallel to new organization, and new tasks and duties, Turkstat's budget and number of qualified staff have also increased.

Actually, I don't want to get into technical works too much, but it would be unfairness not to mention about the significant developments that we realized recently. "Infrastructure of Turkish Business Register System", "National Address Database", "Address Based Population Register System" and "Regional Statistics Database" were set up. Moreover, "Turkish Classification Server" was also established with software and opened to all users on Turkstat webpage.

On the other hand, we were aware of our responsibilities as a National Statistical Institute to take some precautions during the crisis and to monitor the crisis. In this context, we have published a major revision in national accounts, bringing our standards largely in line with that of the international standards. Apart from this huge revision, we have started to produce data and series without the seasonal effects. For instances, our national income accounts and industrial production indexes are being presented to the users without the negative effects of season and calendar. Labor force statistics are also on the way. This way of statistical production enables us to determine the monthly changes as well as to monitor the peak and bottom points of the crisis.

We have increased the estimation details in national income and labor force series in order to shed light on the local policies for the rapid recovery both during and the post-crisis period. Within this context, we disseminated the regional national income and labor force statistics on basis of provinces in order to better follow the financial and social developments within our country. We also aim to calculate the national income on the basis of provinces for the same purposes in the near future.

Furthermore, we accelerate the studies and surveys on the household sector, namely life satisfaction, consumption and expenditure statistics.

Considerable progress has been made on the expectation surveys. We diversified the coverage of these surveys; and we also provided the hand over of certain surveys to our stakeholders.

These are the considerable works that we have realized particularly for the crisis and the post-crisis period.

I can proudly say that we have made great progress in the statistical infrastructure of our Institute, by meeting the international standards in the field of statistics. Together with these developments, we aim to provide more reliable, timely, accurate and comparable statistics with policy makers in order for better policy response during post-crisis world. By doing so, our main strategic approach is to go for the regional statistics from the whole and from the regional production to the province basis estimations of statistics.

In conclusion, I would like to say some words about this session. The statistical systems of all countries should produce and disseminate impartial, reliable and internationally comparable official statistics. This means that countries should continue to develop their institutional

statistical capacity. The legal basis for statistics should strengthen the NSIs' coordination role within the national statistical system. The NSIs should improve their situation regarding human and technical resources, and also improve the planning process and apply best practices. In order to respond to the expectations of policy makers and society as a whole and raise trust in official statistics, the NSIs should further increase productivity and efficiency, produce statistics on time, reduce the burden on respondents and improve statistical data quality.

Much has been done, but also much remains to be done.

Thank you for your attention.