

ICPS newsletter

ICPS devises recommendations as to the development of regional statistics strategy

According to the participants of the Development of the Institutional Capacity of the Government of Ukraine for Regional Statistics project, which is a joint initiative of the World Bank, the Organisation of Economic Cooperation and Development (OECD, CDE), and the International Centre for Policy Studies, regional statistics in Ukraine was one of the most problem-ridden statistics sub-sectors, urgently requiring a reform strategy

Problem identification

Despite noticeable breakthroughs in reforming the social and political spheres in Ukraine, the current system for government interaction at different levels is not efficient. Reform of the local self-government system is underway. This process is also obstructed by the fact that statistical information at the regional level is not always available. Furthermore, high-quality economic analysis is impossible if there is not enough data or they are not verifiable.

That is why the key goals of this project have been: (1) to analyse the current conditions for regional data acquisition and the extent of data accessibility to users; (2) to evaluate the needs of government authorities at all levels (particularly of local authorities) for statistical data; and (3) create a framework for devising a plan of action regarding the reformation of regional statistics, taking into account users' needs and the capacities of data producers.

The key obstacle to the development of regional statistics is poor communication in the work of producers and data users; data are developed without taking into account the real needs of users.

Regional statistics model in Ukraine

In order to determine a strategy for state regional planning, to justify regional development priorities, as well as to implement government policy at the local level, regional statistics should comply with the following requirements:

- Facilitation of the creation of a verified and reliable database to foster a decentralised budget system;
- Regular data updates;

- Being a flexible system which promptly responds to the changing needs of data users.

Such a model for regional statistics can be created only with the help of the comprehensive and coordinated efforts of all government authorities, the involvement of all stakeholders in developing and implementing a reasonable plan of action, as well as with the help of a decentralised administrative system.

Needs for regional statistics to develop regional development policy

The disproportionate development of Ukraine's regions is largely an outcome of inconsistent public policy, which does not ensure equal access to government services for citizens, regardless of the region of their residence. Policy planning should hinge on a reliable informational base of regional data spanning the social and economic situation of each administrative-territorial unit across Ukraine. Therefore, when developing regional policy both at the central and the local levels, statistical information is required that would reflect irregularities of regional development and would allow to evaluate the current situation and track the results of implementing a given set of policy measures.

Regional statistics needed to devise regional policy

Social and economic development programs in Ukraine are developed for all levels of regional authorities. Such documents are to designate the strategic frameworks for developing policy in a given territory.

When working out social and economic development programs for various periods

of time, oblast and raion local radas use statistical information from both regional and local levels. Such programs are financed with money from different local budgets, accumulated in oblast (raion) budgets.

When evaluating the social and economic development of Ukrainian territories, it is hard to determine the extent of the impact that policy pursued by regional and local government authorities has on change. Above all, we mean changes in economic structure, emergence of new sectors, competitiveness in interregional and foreign markets, hi-tech production and its share in the exports of economic entities, as well as the improvement of qualitative characteristics of goods and services and their conformance with international standards, as well as about the application of technological innovations.

Statistical information at the regional level on many factors of the socio-economic situation of the Ukrainian society is extremely scarce or unavailable at all.

There is also a problem with instruments for conducting monitoring, related first of all to the absence of developed indicators for efficiency of expenditures, the lack of updated statistical information of changes in obligations, etc.

Current status of regional statistics

Ukraine's regional statistics are generated by different agencies. The key role in developing, processing, and disseminating data specific to the regions is assigned to the oblast departments of the State Statistics Committee. Local government authorities also treat data from other sources producing statistics as very important.

The major producers of data which are then used by government authorities to make decisions in Ukraine are the State Statistics Committee, the State Treasury of Ukraine, and the National Bank of Ukraine. There are also administrative sources,

which include data furnished by the State Tax Administration of Ukraine, the Pension Fund of Ukraine, the Fund of Social Insurance, the Fund of Protection from Unemployment, and other state institutes and organisations.

The compilation of regional statistics at the State Statistics Committee takes place as follows: data is collected at the raion or city level, then it is aggregated, transferred to the oblast level, again aggregated, and finally transferred to the central unit of the committee. Interim results of such data acquisition are available at the regional level. However, not all acquired data are incorporated in the reports and publications of regional statistics agencies.

Appraisal of the quality of data generated at the regional level

- *Quality prerequisites:* There are resources available at the regional level to develop initial indicators, acquire and process data; however, in order to ensure efficient resource utilisation, the automation of operations should be boosted.
- *Level of development:* Data from the comprehensive surveys are available at the raion level.
- *Representativeness:* There is limited representativeness of sample surveys of households and labour, which does not allow more detailed analysis of indicators of social development, living standards, etc.
- *Authenticity, accurateness, and trustworthiness:* All information is trustworthy, meticulously compiled, and tested.
- *Timeliness:* Information at the regional level is often developed earlier than at the state level, which is due to the vertical procedure for statistics development. International organisations are satisfied with the timeliness of information provided even at the central level.
- *Presentation:* The State Statistics Committee and other organisations regularly update the available information; regional data, as a rule, are provided only upon request.
- *Accessibility and comprehensiveness:* Such characteristics are somewhat biased,

because of the gap between users' needs and producer capacities.

Key problems of regional statistics

- *A gap between available data and data crucial for making decisions:* the system of regional statistics indicators was developed under the planned economy, hence, a significant part of the indicators still incorporates the requirements of the previous system. Thus, for example, information about industrial and agricultural production are accessible, while some data regarding social development and living standards are still completely unavailable.
- *Non-cohesive disjointed, partially decentralised statistics depicting social and economic status:* Some data regarding social and economic status at the regional level are worked out by different government agencies, that is why there is no cohesive integrated database. Frequently, access to administrative information is restricted or not regulated.
- *Poor communication between principal users and data producers:* According to the procedure for coordinating the system of indicators, users' needs should be included in the Plan of Statistical Works for the State Statistics Committee. Unfortunately, the existing system of information exchange between key users and producers of statistical information does not allow to efficiently coordinate their interaction. This is caused by insufficient feedback from users and the lack of coordination of producers' efforts.
- *The lack of financial, technical, and human resources in the State Statistics Committee:* The State Statistics Committee is staffed with numerous personnel, many of whom work in the regional and local statistical departments. Wages are lower than at commercial organisations. The experts whose education is reasonably high should be honing their skills, making use of the latest technical achievements. Regional departments are poorly computerised (the computerisation indicator is roughly 20%, while in the central department it is 65%). Processes of acquisition, processing, and inputting of initial information are only partially automated; in most cases it is all done manually. Problems with limited

resources tend to aggravate due to the inefficient utilisation of available resources. Quite a few resources are squandered to acquire data which are irrelevant for decision making by local government authorities.

- Limited practical experience in carrying out sample surveys for representativeness: Due to the specificity of creating a sample profile, the representativeness of surveys is degraded from the national to the local level, which makes it impossible to use the survey results of labour conditions and of households at the level of raions and cities.

Regional statistics development objectives

- Broadening the representativeness of sample surveys. Experiments in boosting the representativeness of surveys were launched in 2002;
- Enhancing the comprehensiveness of indicators essential for budget planning;
- Development of a sophisticated system of indicators, which features the economic and social status of regions, natural resources, and living conditions;
- Standardised presentation of publications and reports of regional and local departments of statistics, to ensure accurate comparisons at the inter-raion level and avoid duplication of publications of different regional departments of statistics;
- Devising a common policy to develop and modify the system of regional indicators;
- The development of indices of social and economic development that will make impossible effective and methodologically unbiased comparisons across regions, raions, and cities. Such developments will help local and regional government authorities to concentrate on problems of stimulating depressed territories and will serve as a social policy instrument;
- Improving feedback with users, raising public awareness, etc.;
- Creation of databases and meta-data of regional statistics indicators;
- Working out measures to upgrade the technical level and automation of regional and local statistics departments. ■

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