

## NSO's autonomy: The Mexican experience.

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As of July 15 2008 INEGI became an “autonomous constitutional entity”. This has made Mexico probably the only country in the World whose national statistics office is not organically subordinated to either the executive office or any of its branches. This change has turned INEGI into a “singular creature” in a world in which the rule is to have National Statistics Offices (NSOs) as part of the government. This singularity may generate some curiosity on some members of the international statistical community which may want to know more about this experience, either because they are considering moving towards formal autonomy or for any other reason. It is precisely the purpose of this paper to share our experience with anyone who may be interested in it, hoping it will be useful.

### 1. Autonomy in the framework of the Fundamental Principles of Official Statistics

It is fair to say that INEGIs transition to autonomy is in line with some key elements of the Fundamental Principles of Official Statistics, issued by the United Nations Statistical Commission. For example:

**Principle 1.** This principle is related with the fact that government is only one of the various target clients of official statistics and states that official statistics should “provide an indispensable element in the information system of a democratic society, serving the Government, the economy and the public”. While most NSOs do serve these three different clients, having the NSO outside the sphere of government may help to render a more balanced attention of the different sectors of society, avoiding a possible bias towards government. Principle one also says that official statistics need to be “compiled and made available on an impartial basis by official statistical agencies to honor citizens’ entitlement to public information”. It is clear that ensuring this impartiality may be easier if the NSO is not part of the government. Additionally, by not being part of the government, the impartiality of the NSO can be more easily accepted by the public.

**Principle 2.** According to this principle, “to retain trust in official statistics, the statistical agencies need to decide according to strictly professional considerations”, which most NSOs have been able to do in spite of being part of a government, even though the international community has seen some cases in the recent years which remind us that, under certain circumstances, government officials may fall into the temptation of using an advantageous hierarchical position to impose their will or, at least, the risk is there.

**Principle 4.** Affirms that “statistical agencies are entitled to comment on erroneous interpretation and misuse of statistics”, which may be complicated to do when the misuse comes from a governmental authority: Criticize your own boss may prove to be politically incorrect and risky.

**Principle 6.** Says that “Individual data collected by statistical agencies for statistical compilation, whether they refer to natural or legal persons, are to be strictly confidential and used exclusively

for statistical purposes”, which is a principle that can be guaranteed more easily if the NSO is not an organic part of the government structure. And even if it can be effectively enforced from the government, having the NSO out of the government may be perceived from providers and users of statistical information as more trustworthy.

**Principle 8.** “Coordination among statistical agencies within countries is essential to achieve consistency and efficiency in the statistical system”. In a certain way, carrying out this coordination may be easier inside the national government when the agencies to be coordinated are all inside the national government. Nevertheless, when the agencies to coordinate are not only inside the structure of the national executive power, but also in the structure of the legislative or judicial powers, the states or provinces and the municipalities, all of which in most democratic nations are not subordinated to the executive power, being a branch or part of a branch of the national government may turn to be more a liability than an asset.

## **2. Autonomy and the current challenges of NSOs.**

The fact that nearly all NSOs in the world are currently part of the national government is clearly not result of chance, but the consequence of a process of evolution which started with the need to fulfill the governments needs of statistical information. Modern efforts to develop official statistics began to be institutionalized through the creation of statistical offices by several governments towards the end of the XIX century and the beginning of the XX century, and as a result, 9 out of every 10 official members of the UN already have national statistics offices. If being part of the government has come out so naturally, we may wonder why we should want to move the NSO out of the structure of national government.

Currently, NSOs all over the world are facing formidable challenges which may push them to their limits. These challenges include making sense of an ever increasing volume of information either structured or not, dealing with new players and competitors, satisfying emerging information needs (including those that respond to problems that go beyond national borders), offering locally relevant information for sub-national entities, finding better ways to serve their customers, protecting personal data in the context of an increasing use of information technologies, etc. In order to be able to confront all these and other challenges, NSOs need to make use of all their material and nonmaterial assets, among which credibility stands as the most important. In this sense it is safe to say that the autonomy of the NSO can turn into a powerful enhancer of credibility as well as a way to free the NSO from the rigidities of government bureaucracy which may grant the additional freedom needed to unlock the innovation and managerial flexibility needed to efficiently and effectively deal with the mighty challenges that NSOs are currently facing.

## **3. The origins of INEGI’s autonomy**

It is important to say that INEGI is not the first institution in Mexico granted Constitutional Autonomy. INEGI got its autonomy in 2008, while the Mexican Central Bank (Banco de Mexico) became autonomous in 1994, the Federal Electoral Institute in 1996 and the National Commission of Human Rights in 1999. By the time INEGI got its autonomy, Mexico had accumulated a good deal of experience with the legal figure of “constitutional autonomy”. No doubt, INEGI benefited from this experience since it generated a more favorable attitude from a diversity of key agents in the legislative and executive powers towards giving autonomy to the National Statistics (and Geography) Office.

Considering the fact that the first legislative attempts to give autonomy to INEGI appeared as early as 1994, it is apparent that it was not considered an urgent matter for legislators. And it is of no surprise because the Institute enjoyed a strong prestige and had had a good performance since its creation in 1983. It should be stressed that INEGIs autonomy was not intended to correct something that was not working well. Instead, the idea was to strengthen the national system of information

following a path successfully inaugurated by other key national institutions. In contrast, the Central Bank, the Federal Electoral Institute and the Human Rights Commission got their autonomies as a direct result of severe political and economic crises that demanded urgent reforms.

The autonomy of the Central Bank was devised as a way to put an end to a long and painful period of chronic inflation associated with economic recession and deterioration of the standard of living for the great majority of the population. The Central Bank will no longer be used to finance the budget deficits of the federal government, which was identified as the main root of inflation. No surprise it was the first and most urgent autonomy.

In the case of the Federal Electoral Institute, its creation as an autonomous entity responded to the deep loss of credibility that the coordination of federal elections by the Ministry of the Interior suffered after the “system crash” during national elections in 1988, and several accusations of fraud as well as general mistrust of the opposition parties and the citizenry regarding the fairness of the elections organized by the federal government. So, the autonomy of the Federal Electoral Institute followed as an urgent need to give viability to the electoral system of the country and as a fundamental instrument for the pacific transit towards a real democracy.

The political reform included a number of different measures designed to balance the extraordinary power historically concentrated by the President as chief of the executive power and chief of State. The creation of the National Commission of Human Rights stands out as one of the main pillars of this national intention to counter balance the exercise of power by creating an institution whose main responsibility is to protect ordinary people against the abuse of power, either by action or inaction of federal authorities. Created in 1990 as a branch of the central government, the Human Rights Commission became an “autonomous constitutional entity” in 1999. It was thought that the Commissions objectives would be better served by putting it outside the structure of the federal government.

So, autonomy emerged as a shield to protect key national institutions from the influence of political interests, as a formula to enhance credibility, and as a way to strengthen government accountability. The spirit of the law that grants autonomy to INEGI feeds from these three sources: autonomy gave INEGI a set of legal tools that allow it to govern itself outside the loop of electoral politics; it also enhanced its credibility by giving a clear and unambiguous signal to the population in terms of its real independence from the government; in addition to be a step forward in the process of reform of the State and of democratization, and a way to better serve the right of the population to be thoroughly and truthfully informed, enabling it to better evaluate the performance of their political authorities. Autonomy has put INEGI on a path of higher transparency and certainty, and has put it in a better position to respond to its legal obligation of supplying society and the State with high quality (pertinent, truthful and timely) statistical and geographical information.

Additionally, there is a more specific link between INEGIs autonomy and that of Banco de Mexico. Since Banco de Mexico got its autonomy in 1994 some legislators considered it was inadequate to leave price indices in the hands of the institution in charge of the anti-inflation policy. The idea was to transfer the responsibility of the national consumer and producer price indices from the Central Bank to INEGI. Nevertheless, this could never happen while INEGI remained as a branch of the federal government. It was until INEGI got its autonomy that this transfer became possible. The law that gave autonomy to INEGI established that it should be the institution in charge of national price indices. The same law established that INEGI should start being the national source of prices information in July 2011, as has already happened.

#### **4. The long way to autonomy**

There were several legislative initiatives over many years. Each major political party had its own initiative. Nevertheless, the law of autonomy appeared 14 years after the idea started to be discussed

by Congress. Each party had its own view of how the autonomous INEGI should look like. All this enriched but lengthened the discussion. At the end, an agreement was reached which resulted in a reform to the Constitution which created the National System of Statistical and Geographical Information which is to be coordinated by “an organism with technical and managerial autonomy”. This way INEGI got its autonomy in the context of its role as coordinator of a national system of information, from which INEGI is also a part. The constitutional reform and the specific law derived from it show which the main characteristics of INEGIs autonomy should be.

### **5. What kind of autonomy?**

With an autonomy charter, INEGI ceased to be a branch of the executive power and got the status of “State Organ” and of “Constitutional autonomous entity”, similar to that of the Central Bank, the Federal Electoral Commission and the National Commission for Human Rights. This movement outside federal government opened the opportunity to give INEGI special powers to coordinate the National System of Statistical and Geographical Information, which included many information producers from different branches of the federal government, autonomous agencies, as well as information producers from the legislative and judiciary powers and from states and municipalities, which would be more difficult to be coordinated by an organism of the federal government given that, according to the Mexican Constitution, each power and each level of government is sovereign, which, among other things, means that they are not subordinated to any other power or level of government.

Autonomy gave INEGI the opportunity to govern itself according to a set of rules and objectives clearly specified by law. So, in order to understand the main characteristics of the autonomy it is necessary to start by pointing out which are the main attributes of its Government Board. These are some of them:

- The Government Board is the highest body of direction of the Institute.
- The Government Board decides by majority voting.
- It is integrated by five members.
- The members of the Government Board are designated by the President of Mexico with the approval of the Senate.
- The President of Mexico chooses one of the members of the Government Board to be the Chairman of the Government Board and President of INEGI. The other members of the Board act as Vice-presidents.
- The President of INEGI will serve for 6 years in the position, while vice presidencies' terms last 8 years.
- The term of the President of INEGI starts at the fourth calendar year of the six-year term of the President of Mexico (note that the President of Mexico cannot be reelected).
- The terms of vice-presidents overlap with a two year difference, so vice-presidents start their terms on years 1, 3 and 5 of the term of the President of Mexico.
- The members of the Governing Board can be appointed for up to two terms.
- The members of the Governing Board can only be removed for causes specified in the Law of the National System of Statistical and Geographical Information.
- The Governing Board is in charge of approving short, medium and long term planning of the National System of Statistical and Geographical Information.

- It determines which information should be given the status of “information of national interest”, which makes it of mandatory use, and also the information that should be produced by INEGI.
- It rules the functioning of the National System of Statistical and Geographical Information (integrated by the rest of the producers of official information in the country), including the collection, processing and publication of the ‘national interest information’ generated by the different units in the System.
- It approves the Working Program of INEGI.
- It approves the calendar for the publication of statistical and geographical information.
- It imposes sanctions to infractions of the Systems Law.

Autonomy gives the Government Board freedom to decide on the direction of the National System of Statistical and Geographical Information, subject to the responsibilities specified by Law and to the restrictions imposed by the budget approved by the congress and by a collective decision making system that articulates INEGI with the rest of the producers of statistical and geographical information of the Mexican State.

## **6. Achievements and challenges**

Autonomy has given INEGI much more flexibility to do what the Law orders it to do. INEGI doesn’t have to get any authorization from any government authority outside the decision bodies of the National System of Statistical and Geographical Information, except for the budget. Being outside of many of the bureaucratic processes of the government has given INEGI more flexibility to respond to emerging problems, as it has happened with the information related to public security or the measurement of well being.

Autonomy has also increased the trust of several agents place on the Institute, which favors a better relationship of INEGI with its respondents (households, economic units, public, private and nonprofit institutions) as well as a better relationship with the final users of its statistical and geographical information. When autonomy was still a project some feared that losing the specific weight of the government may put INEGI in a weaker position to get information from different sources. Nevertheless, experience has proven this fear was ill founded.

Autonomy puts INEGI in a better position to objectively create a mix of information supply that responds not only to the needs of the federal government but that also takes into consideration the specific weight of the needs of other relevant groups of society.

All this freedom is balanced by a higher responsibility. The Government Board is directly responsible of the policies and activities of INEGI and its President has to present a yearly report to the President of Mexico and to Congress, and can be summoned by Congress at any time to give it the information and explanations required to evaluate the performance of the Institute.

It should also be acknowledged that the implementation of the changes mandated by the autonomy law has imposed a heavy additional workload over INEGIs personnel. A transformation of this nature can only be made on the go, because you cant stop the process of generating information to make the necessary changes. The heaviest part of the transition took almost two years in which the demands over some of the public servants at INEGI where especially high.

Autonomy came together with new functions like the one of coordinating the National System of Statistical and Geographical Information, which must be done in addition to the previous activities of the Institute, with no additional resources. No doubt, this has been a motivation to increase efficiency. Another special challenge of autonomy is related to the negotiation of budget. Being outside of government means that you are on your own when it comes to get the money needed. This challenge

demands from the members of the Government Board to have some special skills and experience. A network of acquaintances in the Congress as well as a good deal of recognition in the public sector and the media is very helpful.

One additional challenge that INEGI is facing consists in constructing the National System of Statistical and Geographical Information in cooperation with federal, state and municipal governments, as well as with the national executive, legislative and judiciary powers. INEGI is currently articulated with all of them through a consultative council, 4 subsystems (socio-demographic, economic, geography and environment, and public security and government) and 30 specialized technical committees. We have been moving very rapidly in this process of articulation but a lot is yet to be done, and it may take us a few more years to finish building our National System of Information.

## **7. Conclusions**

The possibility of using autonomy as a trust enhancer should not be underestimated, given that trust is a fundamental asset of every national statistics office. Consider for example the results of a Harris Poll published by the Financial Times in December 2009. This survey reports results for Great Britain, France, Italy, Spain and Germany and is representative of the adult general population. These are some of its results:

- 59% consider that official statistics should be an important basis for decision making in today's society, but
- 13% agree with the statement that "official statistics are accurate"
- 66% agree with the statement that "official statistics are manipulated or adjusted for political purposes"
- 69% agree with the statement "official figures are misinterpreted or spun by politicians or the media"
- 53% agree with the statement "from my own experience I do not trust official figures"
- 15% agree with the statement "official figures are produced without political interference"
- 17% agree with the statement "The government presents official figures honestly when talking about its policies"

When evaluating these results we should take into consideration that they refer to countries with long traditions in official statistics in the world, which possess strong and developed national statistics offices. If this is what the population of these countries think about their official statistics, there is no reason to think things can be much different elsewhere. Furthermore, it seems that objective, technical considerations can impact only to a certain point in the trust with which the general public perceives NSOs. It seems that there is a limit as to how much a NSO can be trusted when it develops within the structure of the government. This is perhaps the main reason to move to autonomy, even if all the objective performance indicators of official statistics in the country are in good shape.

Official statistics exist for a reason: it is meant to be used. Generating pertinent, timely and trustworthy information are only means to an end. They are very valuable means but just that. But for information to be used it must be trusted, and since autonomy can help to fortify the trust of the public in official statistics, it becomes an option worth being taken into consideration even if it takes many years to crystallize and if implementation demands a lot of effort.

Finally, it is important to underscore that autonomy goes far beyond the mere issue of perception, since it gives an additional level of freedom and flexibility to the NSO that allows it to render a better service to the different sectors of society, including the government.