

The Commitment on Confidence in European Statistics as a Means for Enhancing Quality of Official Statistics and Efficiency of the National Statistical System: Experience of the Czech Republic

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Abstract

The Commitment on Confidence in European Statistics (CoC) presented in the amended Regulation on European Statistics can be seen not only as a means fostering the implementation of the European Statistics Code of Practice within the national statistical system but also as an instrument paving the way to a whole-off production of national statistics under the fully-fledged coordination and leadership of the National Statistics Institute.

The paper presents experience with the development of the CoC which has turned to be a complicated political process faced with many obstacles. The major one has been linked to the explanation why there is a need for such an instrument if official statistics enjoys a high reputation, and how to avoid a risk of undermining this reputation. Lessons from the Czech experience are offered.

Keywords: official statistics, European statistics code of practice, efficiency, coordination, administrative data

1. History

1.1. The European Statistics Code of Practice

The European Statistics Code of Practice (CoP) was developed as a self-regulatory instrument aiming and setting standards of independence, integrity and accountability for the development, production and dissemination of European statistics (ESS, 2011). It was adopted by the representatives of the National Statistical Institutes (NSIs) and Eurostat in February

2005. As explained in the Recommendation of May 2005 (EC, 2005), the CoP was addressed not only to the European statistical authorities but also to governments, users and respondents. The self-regulatory approach accompanied by regular compliance monitoring and reporting was considered appropriate and sufficient to avoid problems and weaknesses identical or similar to those identified in the Greek public finance statistics in 2003 and 2004. The report summarising outcomes of the peer reviews conducted in 2005-2007 covering all Member States, EFTA countries and Eurostat (EC, 2008) stated that the level of compliance was quite high and improvement actions were defined to further foster the implementation of the CoP. However, due to the financial and economic crisis and repeated problems in Greek statistics assessed by Eurostat as deliberate misreporting the political environment has changed.

Political reflections linked to the economic and financial crisis and the so-called second Greek crisis emerging simultaneously led to recommendations to make the CoP a binding instrument. These ideas were articulated first by van Rompuy Task Force on Economic Governance (2010) and subsequently supported by the ECOFIN Council. In October 2010, the Van Rompuy Task Force concluded, as far as the quality of statistical data is concerned, as follows:

“Stronger surveillance and enforcement mechanisms must rest on transparent, reliable and timely statistics. A regulation reinforcing the audit powers of Eurostat has recently been agreed by the Council. But further steps, including to strengthen further the professional independence of the European Statistical System as well as Eurostat’s audit powers should be considered. Sanctions for repeated statistical problems, such as lack of validation of data by Eurostat, should also be considered. The binding nature of the “European statistics code of practice” should be reinforced and some of the minimum standards should be enshrined in a legal act. Full implementation of the provisions in the code needs to be accelerated, in particular to reinforce mandates for data collection, and to further enhance quality.”

The ECOFIN Council of 17 November 2010 (ECOFIN, 2010) called upon Member States:

- to accelerate, where needed, their alignment of statistical legislation with the principles of the CoP and the European Statistics Regulation;

- to step up the implementation of other national improvement actions in order to achieve full adherence to the CoP;
- to reinforce the binding nature of the CoP by enshrining in a legal act some of the minimum standards, including professional independence.

1.2. Communication from the European Commission Towards Robust Quality Management

In 2010-2011 Eurostat and NSIs have been working in a so called “Sponsorship on Quality” on a revision of the CoP aiming at strengthening the principle of professional independence, clarifying the quality commitment and improving access to administrative data for statistical purposes. Simultaneously with the revision of the CoP the Quality Assurance Framework has been updated (ESS, 2012).

Also the Commission (Eurostat) began its own reflections on the statistical implications of the crises and problems with the quality and trustworthiness of Greek statistics. Besides the move from a corrective (ex-post) to a preventive (ex-ante) approach in the area of government finance statistics and the implementation of the newly acquired audit-like powers in this area, the intention to revise the existing regulation on European statistics and to reinforce the implementation of the CoP were incorporated in the Commission Communication adopted in April 2011 (EC, 2011). A new tool called “Commitment on Confidence in Statistics” (CoC) was presented. Its main ideas can be summarized as follows:

Member States should formally commit themselves, based on the CoP, to taking all necessary measures to maintain confidence in their statistics and to monitor the implementation of the CoP. The CoC will be country specific but will be elaborated on the basis of the following general components, in order to achieve proper implementation of the CoP at national level:

- Each Member State would define its own quality assurance and improvement programme, reflecting its progress in implementing the CoP and identifying priority actions. This programme would be updated as appropriate to accommodate newly identified needs;
- On a regular basis, and coordinated by each NSI, each Member State would conduct a self assessment of the implementation of the CoP, covering the entire National Statistical

System. Weaknesses identified and lessons learned would feed into the quality assurance and improvement programme;

- Building on these national quality assurance and improvement programmes and national self assessments, the Commission will develop and organise its own programme to assess implementation of the CoP by National Statistical Authorities.

The CoC was designed with the aim to make governments co-responsible for the implementation of the CoP. It stands to reason that some principles of the CoP are beyond the reach of NSIs and their full implementation requires actions by the government and/or parliament. The CoC was proposed as an obligatory instrument and the Commission assumed that it would be put in practice before the adoption of the amended Regulation on European statistics in order to reinforce the CoP, as deemed necessary.

The first CoC was adopted by the Greek government in February 2012 and was counter-signed by Commissioner Semeta who was responsible in the European Commission for statistics. By counter-signing the European Commission welcomed the commitment taken by the Greek government, acknowledged the objectives and improvement actions and expressed its intention to continue to deliver technical assistance, as well as to support the implementation of improvement actions and to monitor the progress achieved. These facts set the stage and consequently, the instrument has been perceived as necessary only in countries with significant problems in the area of statistics. This negative perception has not changed even after the adoption in the same year of the Decision on Eurostat which is declared by the Commission as the CoC.

1.3 Amended (EC) Regulation 223/2009

Under the circumstances explained above, it is not very surprising that in the legislative process the original ambition of the CoC presented in the Communication was substantially reduced by Member States. Moreover, in order to reach a compromise, the legislators introduced an option which in principle substitutes the CoC by a regular CoP compliance reporting by the government. The relevant paragraph reads (EP and EC, 2015):

“In the absence of the publication of a Commitment by 9 June 2017, a Member State shall submit to the Commission and make public a progress report on the implementation of the Code of Practice and, where applicable, on the efforts undertaken towards the establishment of a Commitment. Those progress reports shall be updated periodically, at least every two years following their initial publication“.

On the one hand, it can be argued, that by adopting the amended Regulation 223/2009, the major concern, i.e. to enhance the professional independence of the heads of NSIs and Eurostat, has been resolved. On the other hand, the law enforcement could be an issue in some countries and declaring the co-responsibility of the government for enhancing trust in official statistics could send an important signal.

2. The main challenges of the Czech Statistical Office

The Czech Statistical Office (CZSO) is the main producer of European statistics in the country and the central authority for official statistics. The value of independent development, production and dissemination of official statistics has been internalised in the Czech public administration. Thus, the independence and professionalism of the CZSO are widely recognised and unchallenged. The office enjoys a high level of trust among both, the informed users and also the general public.

The main challenges are linked to efficiency and the national policy on statistical quality. Efficiency is one of the CZSO's strategic priorities. Efficiency of the office based on the use of standardised methods and tools and on the use of administrative data sources (ADS) needs to be further augmented by the efficiency of other statistical authorities and hence efficiency of the whole national system could be enhanced. The issues in focus include the increased use of administrative data which is conditional on an improved access by the CZSO to such data, the transfer of (some) European statistics from other producers to the CZSO, enhancing electronic data collection, and participation of the CZSO in the process of building a functioning system of registers usable for statistical purposes.

An enhanced coordination by the CZSO should be considered as another priority. Its purpose is two-fold: to achieve efficiency gains at the level of the national statistical system and to enhance quality of official statistics by applying a national quality policy led by the CZSO.

3. The development of a strategy and stakeholder consultations

Not only European statistics but also the CoC should be fit for purpose. What does this mean in the Czech situation? The CZSO is a highly trusted institution and its very good reputation should not to be put under any risk. Thus it is imperative to develop a clear and positive communication line which could be centred around the main potential benefits, i.e. efficiency and quality. These strategic priorities are fully in line with one important programme area of the government, i.e. modernisation of the public administration which includes mainly improving quality, increasing efficiency, reducing the administrative burden and fostering e-government.

A possibility to argue also by the implementation of the recently adopted civil service act is currently being explored. In line with the principle of professional independence the CZSO President stands outside the civil service and the importance of this arrangement should be communicated to the general public.

Consultations with the main political stakeholders and members of the Czech Statistical Council have indicated three main issues of concern regarding a possible adoption of the CoC: the title, the content and the timing. The official translation of the “Commitment on Confidence” in the Czech language is not easily understandable, could be even confusing and could create negative perceptions of the Czech official statistics. Thus, another title serving the intended purpose should be used. In the Czech context, a more general title “The Declaration of the Government on the Implementation of the CoP” seems to be more acceptable.

The content should address the main challenges of the Czech official statistics and should be linked to the coordination role of the CZSO in assuring quality and efficiency of the national statistical system. With the delayed adoption of the amended Regulation 223 a link of the

content to the Peer Review recommendations could be envisaged. Since the second round of Peer Reviews in 2013-2015 focused also on the national system, this approach seems logical.

The timing is a delicate issue. As it stands, currently no country is willing to follow Greece and take a risk of being perceived from the statistical perspective as problematic. A chance could be seen in adopting the CoC by a group of countries or preferably by all Member States. However, this potential concerted action could be hampered by the existing option for Member States to deliver in June 2017 only a progress report on the CoP compliance.

4. The draft text of the Czech CoC

The Government declares that the provision for conditions in order to maintain and further reinforce the trustworthiness of statistical information on social, economic, and environmental developments in the CR, as created on the basis of the Act No. 89/1995 Sb. on the State Statistical Service (SSS), and on the basis of the Regulation (EC) No. 223/2009, and in line with the CoP, is among the Government's priorities.

The Government pronounces that trustworthy and reliable statistics forms one of the crucial prerequisites necessary in providing for the effective functioning of the democratic processes, and in the making of well-informed decisions by public administrations, citizens, the business sphere, and research, scientific and educational institutions, both at home and in the case of international and European institutions.

The Government believes that the trustworthiness of the statistics that is directly derived from the professional independence of the bodies performing the roles of the SSS represents a crucial precondition for public trust in measures of the economic, social, and environmental policies of the government. The Government also keeps in mind the need to support the integrity and the impartiality of the statistics.

The Government declares that the CZSO, as the main producer of the statistics, and being responsible for the coordination of the SSS in the CR, has a high level of professional independence guaranteed by legislation. An expression, and at the same time, a prerequisite

for achieving this state is the unconditional professional independence and political impartiality of the President of the CZSO.

The Government is fully aware of the fact that the total quality of the statistics depends on the reliability of data sources, including ADS, which must necessarily be continuously improved. The Government also fully respects the fact that the bodies performing the roles of the SSS may achieve the necessary level of quality in the processes used in the production of statistical outputs by means of established long-term priorities and also on the basis of adequate financing.

Therefore, the Government commits to:

- a) providing an institutional framework for meeting in full international, as well as European, quality standards for the production of statistical information, namely by adopting the principles of the CoP, and by implementing the necessary measures to continuously meet the requirements of the CoP;
- b) guaranteeing the professional independence of the bodies of the SSS and to giving its support in cases in which these bodies would be forced to face undue influence, pressures or efforts to weaken their trustworthiness, good reputation, and/or prestige;
- c) supporting the President of the CZSO in his/her exclusive responsibility for decision making on processes, statistical methods, standards, and techniques, as well as in their professional independence in using allocated financial and other resources, and in coordinating the SSS;
- d) supporting the further development of the SSS and increasing its effectiveness by means of the coordination of the activities of the CZSO;
- e) supporting measures necessary to enhance the quality of administrative data to meet the requirements of the production of statistical information;
- f) providing for suitable institutional conditions and mechanisms for cooperation enabling the CZSO to have prompt and free-of-charge access to ADS, including metadata, and to use all ADS that have been acquired for the purposes of the development and production of statistics;

- g) providing for mechanisms necessary for the CZSO to be involved in the phase of initial design, further development or discontinuation of ADS collected by ministries and other public administration bodies, and to increase the usability of such data for statistical purposes;
- h) allocating financial and human resources appropriate to needs of the sustainable operation and continuous development of the SSS; and
- i) re-establishing the “Declaration” in the case that the government of the Czech Republic, or the European Commission, has found a relevant need to improve statistics in the CR.

In order to provide for further progress, the Government has adopted the following specific measures to improve implementation of the CoP principles:

A. Reinforcement of the CZSO coordination role in the field of ADS. Prior to beginning preparations of a legal regulation containing a bill for establishing, further development, or discontinuation of an ADS, the entity developing the Regulation Impact Assessment shall be obliged to negotiate such intention with the CZSO in order to set up the use of ADS for statistical purposes, and it shall be, within the framework of the legislation development process, obliged to work out the Regulation Impact Assessment in terms of the availability and usability of the ADS to the SSS with the CZSO.

B. Financing of data provision from ADS. Data from ADS shall be provided free of charge by respective data owners for the purposes of producing statistics. Potential costs related to the implementation of data transmission shall be claimed by the owners of ADS in accordance with budgetary rules.

C. Setting up mechanisms of cooperation to implement the CZSO’s right to use ADS for statistical purposes. There shall be mechanisms of cooperation established among the respective owners of ADS and the CZSO (involvement in the phase of the initial design of legislative and non-legislative materials, participation in expert commissions and groups, memoranda and cooperation agreements, or active information exchange, etc.), for the use of

administrative data, including necessary metadata, for the purposes of the development and production of statistics.

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