

After the peer review – steps towards enhancing the co-ordination role of HCSO in the national statistical system of Hungary

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Abstract

The amended Regulation (EC) No 223/2009 and the ESS Code of Practice Peer Review process have led to a set of new plans at the area of the co-ordination activities within the official statistical service in Hungary. The HCSO has 16 other members in the system. It applied a rather soft coordination practice based on the current law which required changes. In order to transform the new European requirements into the national statistical system, the management of HCSO intensified the preparation of the new statistics act and established a new organizational unit, responsible for coordination. The drafting of the new act was a large step towards a stronger NSI and the discussion of the proposal proved to be very useful for the ministries as well. The administrative iteration was finished and the draft proposal was sent to the government. In the meantime, preparatory works have begun in order to introduce a national code of practice and an assessment procedure based on that, to harmonise the recorded meta information on statistics and the memoranda of understanding among members of the system. Also organisational changes are foreseen in the NSI. These actions will improve the position of HCSO and further enhance the quality of official statistics in Hungary.

Keywords: statistics act , national code of practice, assessment, co-ordination

1. Introduction

1.1. Addressing the issues in Hungarian official statistics co-ordination

The wish for a stronger national co-ordination mandate of National Statistical Institutes (NSIs) among their official statistical system members is a long-disputed topic at European level. By introducing the amendments and new text of *Articles 5 and 5a* in the amended Regulation (EC) No 223/2009 on European statistics, the NSIs received a strategically

important task and stronger legal authorisation at the area of co-ordinating the production of official statistics in an explicit way. The same topic was also directly and intensively addressed during the European Statistical System (ESS) Code of Practice (CoP) Peer Reviews. These widely known assessment procedures between 2013 and 2015 highlighted several practical issues of non-sufficient authority and relatively weak tools of the NSIs in many European countries. It became evident that a large number of NSIs have difficulties in standardising tools and methods in their national statistical system, and they are also lacking information when investigating the quality of the procedures and the trustworthiness of those datasets and products that were produced by other members of the given national statistical service. The properties of carrying out statistics production are very different among them. In order to overview the work in the statistical service better, and enforce the application of good practices and standard methods, moreover the alignment to certain quality criteria, NSIs usually applied “soft” methods of co-ordination that did not go beyond HR-development questions, exchanging views and information, or some applied a unified planning procedure for the national statistical program, that enabled the overview of activities considered as official statistics.

Hungary and its national statistical system also belongs to this circle of countries applying rather “soft” co-ordination tools. The statistical activity is regulated under the Act No. XLVI of 1993. The members of the official statistical service are listed by their names in the act which results in a rather rigid and sometimes outdated institutional circle, as a change requires the amendment of the act. According to a very general thumb rule in Article 3, Paragraph (3), the Hungarian Central Statistical Office (HCSO), in order to perform its responsibilities may ask the bodies listed in the act for information about their statistical activities and the implementation of the national statistical data collection programme. These bodies shall provide the requested information. Further guidance or tools of official statistics co-ordination can be found in Article 11, where the act gives a basic order to compile a national statistical data collection programme at HCSO that involves all bodies of the official statistical service. This programme is forwarded to the National Statistical Council (NSC), an advisory body to the President of HCSO for opinion. The procedure is targeted to avoid the redundancies in

statistics activities and the validation of users' needs. Furthermore, some guidance on dissemination is provided in Article 23, Paragraph (1), stating that the bodies of the official statistical service shall operate their dissemination activity considering the National Statistical Council's (NSC) position. In recent years, HCSO's only significant tool of official statistics co-ordination was the compilation process of the national statistical data collection program and its iteration procedure through the NSC. In its current form, being a valuable forum for discussion, this body is not designed to co-ordinate the day to day activities in official statistics.

1.2. Peer Review statements and recommendations

The ESS Code of Practice Peer Review report¹ of Hungary offered a clear assessment of the less sufficient co-ordination position of the NSI. The peers stated that the national statistical system “*would benefit from a stronger identity, created through greater coordination and integration of the statistical work of its constituent parts, under the guidance of the HCSO. This would best be achieved if the law included specific provisions to support it.*” (Peer Review, p.17.) We received a number of recommendations on re-drafting or updating the statistics act that would assist HCSO's goals in enhancing its co-ordination role. Specific recommendations suggested a clear definition of the national statistical service, based on certain criteria instead of a legislative decision on the circle of the members (Recommendation 7), a report that would compile all official statistics activities and would evaluate the current division of organisational responsibilities between HCSO and the other members of the national statistical service (Recommendation 8), the establishment of a more operational body that would deal with day to day co-ordination issues of official statistics in the country (Recommendation 9), and the design and implementation of a national code of practice for the

¹ <http://ec.europa.eu/eurostat/documents/64157/4372828/2015-Hungary-report.pdf/4d022793-fd4a-4e78-b1aa-197fe16c7450>

entire official statistical service and an assessment mechanism to monitor compliance with the national code's principles of the bodies (Recommendations 10 and 11). HCSO elaborated improvement actions to these recommendations, which will be reflected in the next chapter.

2. Developments in HCSO

2.1. Definition of the development tasks and position analysis

Based on our own internal expectations, our gained experience in recent years and the external inputs and facilitation we received, the development concept of HCSO was built around four fundamental questions. These were the following: 1.) *How do we define official statistics and by notion who do we consider their producers?* 2.) *How, in what form shall we transform the abstract level of generally accepted quality criteria in statistics into practical expectations throughout our official statistical system?* 3.) *How can we enforce the application of the operationalised eligibility criteria in the national statistical system?* 4.) *What infrastructure (organisational changes and bodies) shall we establish to operate the enhanced level co-ordination activities in official statistics?* To answer these questions we decided to carefully analyse available international trends and good practices and tried to align them with our own goals.

Having analysed the current situation, it became clear that the most fundamental tool for strengthening HCSO's co-ordination role was the more explicit and innovative legal regulation of the topic in a new statistics act. The act shall define the most important new notions, principles, processes and organisational structures for co-ordination.

2.2. New act on official statistics – fundamental regulatory changes

The HCSO has been working on the update (re-design) of the twenty-two years old statistics act in the past years, already in parallel with the preparation for the CoP self-assessment and reporting exercises. This activity got strengthened and supported by the amended 223 Regulation and the mentioned peer review report during mid-2015, resulting in a detailed proposal for a new statistics act by the Autumn of 2015. Referring to question Nr.1.

the top management supported that official statistics received a term in the new legal act and the circle producing these official statistics shall be defined by eligibility criteria. The draft proposal stated that only such organisations may be members of the system that produce and publicly disseminate statistics in the frame of their public duties, and of which' statistical organisation and operation is in line with the National Statistics Code of Practice (National CoP) and the 223 Regulation. The members of the official statistical system that have a mandate now based on the current statistics act, must undergo an audit procedure and the results of this procedure would decide upon their future membership and/or required improvement actions. The duty of assessment would also apply to new applicants, of course. There shall be an ex officio member in the system besides HCSO, and that is the Hungarian National Bank. The Bank's international position (being member of the ESCB) required separate consultation on its role and this had received extra attention during the new legal act iteration process.

Examining questions Nr.2. and 3. HCSO has set out the goal of designing a National Statistics Code of Practice and the establishment of an assessment procedure based on this. It became clear that these developments would ideally also require a binding legal background, since HSCO currently may not carry out any audits with any consequences on individually authorised institutions of the Hungarian public administration, but only may require information on their work. Therefore references were inserted in the draft legal act to ensure that the National Statistics Code of Practice could serve as a fundamental set of quality criteria. The basic rules of the assessment procedure were also elaborated in the draft legal act: similarly to the ESS CoP Peer Review exercise, a two-step process was targeted. A self-assessment questionnaire based on the National CoP principles and indicators under them would serve as a first step, then peer teams would visit the institution and gain evidence of the answers. A pool of experts, nominated by the HCSO and all other members of the official statistical service would serve as the frame for selecting peer teams, composed of three members.

As an answer to question Nr.4. in the act, the top management decided that the new legal act should establish a regulatory function for the HCSO in statistical subject matter issues. Two versions were elaborated. The stronger version proposed to elevate HCSO's current, "professionally independent government office" status to an independent self-regulatory government authority. The other version left HCSO's status untouched. The clear advantage of the first version would be the opportunity for the President of HCSO to issue presidential regulations as legally binding sources in subject matter statistical questions for the official statistical service.

At the same time the separation of the profiles of user consultation and producer consultation of the current highest level advisory body, the National Statistical Council was also foreseen. The proposal would establish a new body, the National Statistical Co-ordination Board for producer consultation. It sets out several duties and rights for the new body (especially at the area of consultation on strategic questions of statistical production and also operational level proposals on the annual official statistical data collection programme, harmonised statistical data production and dissemination, methodology, avoidance of redundancies in developments, production questions of European statistics etc.). The Board would issue important opinions and recommendations which the members should widely take into account. If the self-regulatory authority position of HCSO wouldn't be achieved in legislation, these would serve as highest ranking subject matter statements in day to day operation of the entire official statistics organisation. Meanwhile, the National Statistical Council would become the supervisor of enforcing the ESS CoP and National CoP principles and would issue opinions and recommendations from the perspective of users' needs, including the scientific use of statistical data. The composition of the membership of the separated bodies shall also follow this approach.

Besides these changes, the draft legal act contained improved regulations in several other topics like better definitions, explicit references to quality principles, easier access rules to administrative data sources, improved data protection rules etc., but these are off the subject of this article.

There were wide consultations with the members of the official statistical service, in particular with all ministries and other public authorities involved in the system, including the Hungarian National Bank. The discussions were finished successfully and the draft was forwarded to the government without any open issues left. (At the time of preparing this article, the draft proposal was waiting for government decision and parliamentary discussion.) There were some critical areas during the public administration iteration however. First of all some ministries and authorities did not support the regulatory status of HCSO as in their interpretation this would affect their integrity, while some other (including the Ministry of National Economy) exactly argued that this solution would make the statistical production more effective and supported to authorise statistical standards with a regulatory nature. At the end, both versions remained in the proposal as a single question of decision for the government. The ministries accepted the proposal in such a way, that the HCSO may not define completely new tasks by decrees for them. The other issue was the assessment / audit procedure-based eligibility of the members. While all members accepted the need for a new set of standard quality criteria, they called for detailed discussion of the principles, their indicators and in general, the expectations. They also expressed their wish to participate in the assessment teams by their delegates. Having the ESS CoP on their minds, they warned that the statistical structures within the different institutions producing official statistics are very heterogeneous. Some have a separated organisational unit and a high level manager responsible for statistics, but in other cases only a few people produce official statistics in their organisation as a by-product. The latter argued that relatively high organisational expectations cannot be achieved by them, or the interpretation of certain criteria is not possible in their dispersed statistical structure. These opinions clearly indicated that there will be a fragile balance between the different members of the service on the principles of the National CoP. A third set of constraints were raised around the issues of data transmission, especially the exchange of microdata for statistical purposes between official statistical service members. The current regulation only enables such transmission in one way, towards the HCSO but does not give access to such data for the other members. Some members of the official statistical service called to disable this limitation, but – also strengthened by the restrictive opinion of the

Hungarian National Authority for Data Protection and Freedom of Information – HCSO argued to keep these rules restrictive and suggested returning to the issue after the National CoP assessments took place. This proposal was supported.

2.3. *National Statistics Code of Practice and the assessment procedure*

The other answer to the central development questions, raised at the front of this chapter is a nationally applicable set of principles and indicators. A nearly final first version of the draft is just being produced at the time of writing this article by an internal working group in HCSO. The next step is to send the proposal for opinion for the other members. Our analysis of existing national/regional codes of practice (including more than half a dozen national and three supra-national) underlined the need that the National CoP as a document shall serve as a joint, explicit written commitment of the official statistical service members for achieving the widest possible compliance with the principles. Therefore, a preamble was inserted that fixed this commitment and also defined that the principles and their indicators would be used for assessing the different quality aspects of the members by a detailed procedure. It was emphasized that the final purpose of these actions is the improvement of quality in the system. We decided to align the National CoP principles to the ESS CoP as near as possible, but in order to avoid some redundancies and to reflect national points of interest, the principles are not mirroring the ESS CoP completely. The structure of the draft National CoP takes the spirit of enterprise architecture models and the Generic Activity Model for Statistical Organisations (GAMSO²) into account. The first block builds on horizontal, strategic- and leadership-type fundamentals of official statistics by four principles: *professional independence (1), impartiality and objectivity (2), user orientation (3) and co-ordination (4)*. The latter is a rather new element. The code continues with the opportunities, capabilities of the system, involving the principle on *resources (5) and efficiency (6)*. The third block of principles deal with the overarching process support of the core (statistical) and supporting (administrative) activities:

² <http://www1.unece.org/stat/platform/display/GAMSO/GAMSO+Home>

quality commitment (7), sound methodology (8) and confidentiality (9). The last block deals with the outputs, by principles of *relevance (10), accuracy and reliability (11), timeliness and punctuality (12), coherence and comparability (13) and accessibility and clarity (14)*. Drafting the principles is more or less impossible without immediate drafting of their possible indicators, which translate the rather abstract (but explained) principles into everyday work.

As already indicated in point 2.2. and the fundamental development questions also, the major new task of HCSO would be the enforcement of the National CoP principles. We have selected the same approach as of the ESS CoP Peer Reviews. The basics of the process were laid down in the draft of the new statistics act as mentioned before, also the obligation for all current members to go through the process until the end of 2018. The details of the self-assessment and the peer review-type of visits, including the rules on reporting and on improvement actions formulation and monitoring, will be elaborated and iterated with the members. Regarding monitoring, the planned National Statistics Co-ordination Board would receive periodic reports on the improvement actions' status. Due to the special "dual" position of the Hungarian National Bank of being an ESCB and an official statistics service member, it was agreed that the Bank will produce a self-assessment and formulate development actions every five years, but audit-like visits won't take place on the basis of the National CoP. However, their adherence to the ESS Code of Practice will remain unchanged until they are considered as an "other national authority responsible in Member States for the development, production and dissemination of European statistics (ONA)". HCSO has started to compile the self- assessment questionnaire for the purpose, but hasn't widely discussed it, yet.

Without the new legal act, both the National CoP itself, and the planned assessment procedure can only be carried out on a more or less voluntary basis. Currently only the National Statistical Council exists, that could give an opinion on the National CoP, while the new legal act would also prescribe a more deep iteration with the new body, the National Statistics Co-ordination Board. This slightly delays the progress.

2.3. Developments in organisational management

As the indicated changes impose a larger burden on the NSI, a small new organisational unit was established in HCSO by assuring additional human resources, called Statistical Co-ordination Section. The head of the section was involved in the design of the new draft legal act. The unit started operating at the very end of 2015 and its tasks are currently related to those actions which don't require the new act entering into force. The section already organised several meetings in the official statistical service and also represented HCSO at project meetings, where administrative data source-related developments have started. The unit is currently focusing on the formulation of the National CoP, the elaboration of the self-assessment questionnaire and the assessment process, the standardisation of memoranda of understandings on the provision of administrative data for statistical purposes and drafts the proposal of the operational rules of the envisaged National Statistics Co-ordination Board. The section also analysed how the compilation process of the National Statistical Data Collection Programme would change, and besides the contacts to subject matter departments, is in close collaboration with HCSOs Methodology department and the Administration unit. HCSO will also have to cope with the growing demand on human capacity building in official statistics by providing courses and other fora of knowledge for the members.

HCSO's top management has made steps towards a possible restructuring of the organisation based on the Generic Statistical Business Process Model (GSBPM) and the GAMS0 model. As a part of this approach, it is getting clear that besides supportive technical activities (like financing, IT infrastructure etc.), the horizontal support of the core (subject matter) activities requires attention and changes. There is a foreseen new structure emerging where external and internal co-ordination, administration, document management, management of the NSC and of the new Co-ordination Board are concentrated together.

3. Summary

The introduced changes already slightly improved the exchange of information between HCSO and the other members of the official statistical service. The members are supportive

but have some concerns on how their assessment will take place – our goal is to find an optimal solution, together with them. The new National CoP and the envisaged organisational structures will support HCSO in carrying out its new activities, but entering the new legal act into force is a basic requirement to succeed with these actions.