

***Symposium: Safeguarding Trust in Official Statistics –
Launching a Code of Practice for the Irish Statistical System***

**The European Statistics Code of Practice as a pillar to strengthen public trust
and enhance quality in official statistics**

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1- PUBLIC TRUST AND QUALITY IN OFFICIAL STATISTICS

Creating and maintaining public trust in official statistics is a complex process, involving a wide range of issues going from aspects related to leadership and clarity of communication to aspects linked with deontological and ethical principles. Public trust has also an international dimension in the sense that individual conducts of some countries may affect other's credibility and that of international organisations. Public trust is also closely linked to quality. A perception that the quality of the outputs disseminated is adequate for the uses envisaged is a key element to support trust in official statistics.

But is high output quality a sufficient criterion to ensure trust in official statistics? Obviously not. High output quality is a pre-condition that cannot be dissociated from other dimensions. Being independent in the selection of statistical methods, the dissemination practices and their timing, treating users equitably without any prevalence to any political wind and ensuring confidentiality of respondents are essential aspects to maintain public trust in official statistics. Missing some of these aspects would produce a sense of partiality or lack of protection undermining public confidence and credibility in official statistics.

In fact there is a virtuous circle: enhancing quality strengthens public trust and increase public trust improves quality. The higher is the trust of respondents on official statistics the more they will be willing to cooperate and provide accurate and timely information, improving in this way the quality in statistics.

2- HOW TRUST AND QUALITY IN STATISTICS ARE BEING STRENGTHENED AT EUROPEAN LEVEL

At European level, European statistics are relevant statistics necessary for the performance of the activities of the European Union. They are included in the European statistical programmes.

In 1999 a high level task force on quality, the Leadership Group (LEG) on Quality, was created to attain improved quality in the European Statistical System. The LEG on quality produced 11 background papers on different topics related to quality and 22 recommendations. One of the most visible recommendations is the establishment of a biennial Conference on quality. Until now 6 conferences have been organised. The next one will be held in Austria in 2014.

To ensure the public trust in European statistics and enhance their quality, the European Statistical System has pursued a twofold approach: a comprehensive legal framework based on a specific provision in the Treaty and a statistical law are complemented with a self-regulatory approach for the European Statistics Code of Practice. Eurostat developed a legislative policy in line with the principle of professional independence.

Communication 211/2011 "Towards robust quality management" set out a strategy to further reinforce the quality framework in European statistics. The communication proposed advancing in the overall governance of the European Statistical System by:

- Targeted amendments to Regulation 223/2009 to ensure the credibility of and the public trust in European statistics. This reform is based on four main building blocks: a) the coordination role of NSIs at national level; b) the role and position of the heads of NSIs; c) the commitment of national governments to ensuring the implementation of the CoP; and d) the access to data from administrative sources for statistical purposes. Discussions are still on-going among the Commission, the Parliament and the Council. While an agreement is nearly reached in the last item (access to administrative data), more consultations are needed in the other points.
- The revision of the CoP. The revision was approved in November 2011.
- The signature with Members States of Commitments on Confidence in Statistics. This is one of the points discussed within the amendments of Regulation 223/2009.

3- THE EUROPEAN STATISTICS CODE OF PRACTICE AND THE BODIES GOVERNING EUROPEAN STATISTICS

The statistical law defines six statistical principles and seven quality criteria which are further elaborated in the CoP bringing more precise elements for their implementation in the form of principles and indicators. The CoP is based on 15 principles covering the institutional environment, statistical processes and statistical output. The principles set out the standards for developing, producing and disseminating European statistics and the indicators of each principle provide a reference for reviewing the implementation of the CoP.

The CoP was adopted in 2005 and revised in 2011. Together with the new version of the CoP a guide, the Quality Assurance Framework (QAF) was approved. The QAF identifies activities, methods and tools to show how compliance with the CoP can be demonstrated.

The main legal construction governing European statistics is the European Statistical System (ESS). The ESS is the partnership between Eurostat, i.e. the European Union Community statistical authority, the national statistical institutes (NSIs) and Other National Authorities (ONA) responsible in each Member State for the development, production and dissemination of European statistics. This partnership also includes the EEA and EFTA countries. The European Statistical System Committee (ESSC) is the decision making body of the ESS, in charge of legislative and coordination issues of the ESS. Consequently, members of this committee represent their countries and act as coordinators of the respective national system.

Another body, the European Statistical Governance Advisory Board (ESGAB), provides an independent overview of the European Statistical System as regards the implementation of the European Statistics Code of Practice. The ESGAB advises Eurostat on appropriate measures to facilitate the implementation of the Code of Practice; on how to communicate the Code of Practice to users and data providers; and on the updating of the Code of Practice. The ESGAB may also provide advice regarding questions related to user-confidence in European statistics. The ESGAB prepares an annual report to the European Parliament and the Council on the implementation of the Code of Practice in the European Statistical System as a whole.

Finally the European Statistical Advisory Committee (ESAC) ensures that user requirements as well as the response burden on information providers and producers are taken into account in developing the annual and multiannual Statistical Programmes.

In view of enhancing the quality and strengthen the credibility of European statistics all the elements and bodies mentioned above should be complemented by a reporting and monitoring system. The peer reviews and the monitoring of its outcomes are a cornerstone of this system.

4- THE PEER REVIEWS IN THE ESS

The implementation of the Code basically follows a self-regulatory approach, committing the adherents on a voluntary basis.

The first evaluation on the compliance with the CoP was launched just after the adoption of the first version of the CoP in 2005 with a comprehensive self-assessment against the principles and indicators of the Code. To complement and to deepen the self-assessments, peer reviews were carried out in the 31 national statistical institutes (NSIs) of the EU Member States and EFTA countries and in Eurostat over the period 2006-2008. They

addressed the institutional environment and dissemination practices covered by principles 1 to 6 and 15 of the Code and the coordination function of each statistical authority within its statistical system. They were centrally organised by Eurostat and measures were taken to ensure, as far as possible, a harmonised approach including evaluation standards.

The peer reviews were prepared on the basis of a standard information package including the NSIs reply to the self-assessment questionnaire and the results of a user satisfaction survey. The peer review teams comprised two peers from NSIs nominated by the members of the Statistical Programme Committee (the predecessor of the ESSC), including the chair, and one Eurostat expert. The peer reviews were organized during a 3-days visit on-site during which the review team met with NSI representatives including NSI top and middle management and junior staff, as well as with the main stakeholders, comprising other data producers, various user groups and respondents' representatives. The peer reviews themselves contributed to implementation of the Code, as they involved a user satisfaction survey and key stakeholders at national and European level respectively.

The peer reviews resulted in a report per country published on the Eurostat website. The report is structured along a standardized format assessing the level of compliance with the Code for each indicator following a harmonized reporting scale (fully/largely/partly/not met). For each indicator for which compliance with the Code is yet to be achieved the peer review team and the NSI agreed on improvement actions attached to the report together with an implementation plan.

Being rather formalised, pre-defined in structure and scope and following detailed checklists and evaluation standards, the ESS peer reviews assume some audit-like functions with regard to assessing National Statistical Institutes' institutional set-up and dissemination practices against the principles and indicators of the Code. Being carried out on a system-wide scale during a relatively short time period, they provide a unique opportunity for the identification of benchmarks and common difficulties or gaps, sharing of best practices and knowledge transfer across the European Statistical System, thus, potentially contributing themselves to enhancing ESS compliance with the Code and the quality of European statistics.

Improvement actions resulting from the peer review have been followed annually by Eurostat and ESGAB. The last follow-up report was discussed at the ESSC meeting in November and it was agreed that the next monitoring report will refer to the improvement actions stemming from the new peer review exercise which will start in December 2013.

The 2008 Commission Report on the implementation of the Code of Practice envisaged another round of peer reviews within five years. In November 2012 the ESSC endorsed a set of recommendations for a new round of peer reviews.

The new round of peer reviews seeks to:

- enhance the credibility of the European Statistical System
- strengthen the System's capacity to produce high quality European Statistics
- further reassure stakeholders about the quality of European Statistics and the trustworthiness of the System
- assess progress made in adherence to the principles of the CoP
- assess progress made in the development of the ESS itself.
- better cover the European Statistics as a whole

The new round builds on the successful elements and achievements of the previous round, but is more ambitious against changed circumstances – developments in statistical governance (the new Statistical Law, the creation of ESGAB and ESAC, Commission Communication 'Towards robust quality management for European Statistics', the revised EDP regulation) and the changed economic and financial climate. Policy developments, such as the Europe 2020 strategy for growth and jobs and enhanced economic governance, have put statistics in the forefront. Sound high-quality data and statistical analysis are required for policy-making at national and European level. Statistics have to be seen as credible and trustworthy, and free of any influence or interference.

As recommended by the ESSC, the new round of peer reviews will be more ambitious than the first one. It will cover:

- all principles of the CoP
- the coordination role of the NSI and
- the NSS cooperation and its level of integration

A specific questionnaire for each of those three elements has been developed and will have to be replied by the NSI.

To give a more independent view the exercise will be externalised and will apply a reinforced audit-like approach where all the answers to the questionnaires will have to be supported with evidence.

Practical aspect of the peer review visits will be similar to those of the previous round, with three peer reviewers, including a chair; the visits will however last 5 days to take into account the more ambitious scope.

The reports on compliance with the CoP will be structured according to the issues identified by the peer reviewers for each country rather than by principles of the CoP. The reports shall be transmitted to the NSIs so that they may correct any factual errors, and set out, in a separate annex, their views of the findings and recommendations, if these were to diverge from those of the peer reviewers. The annex shall be published as part of the final report.

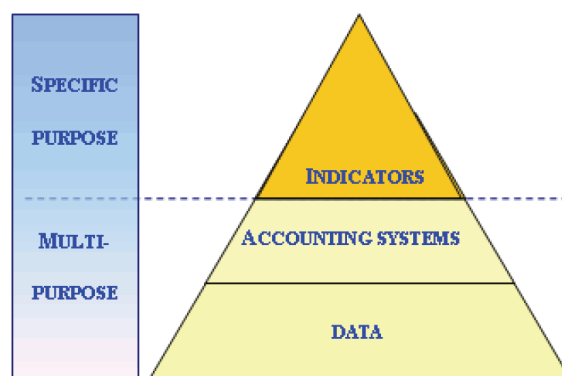
Not only NSIs are in the scope of the peer review, Member States are free to organise their own administration and to distribute tasks that have to be performed due to obligations foreseen in Union legislation. Therefore, Member States may decide that, apart from NSIs, ONAs should be responsible for the development, production and dissemination of specific parts of European statistics. However, in performing this responsibility, both the NSI and all ONAs must respect the statistical principles of the Regulation as further elaborated in the Code of Practice, as well as with the established quality requirements. Because of these, the ESSC decided that ONAs should be part of the exercise, however in order to take into account the different national settings, a flexible approach has been agreed. ONAs will be selected for assessment based on their significance in the production of European statistics and on the risk to impact the credibility of European statistics in case a problem occurs. However, given time and resource constraints, the number of ONAs to be included in the peer reviews should not typically exceed three per country. NSIs will decide whether these ONAs would complete the full NSI SAQ on compliance with the CoP or a lighter version.

National Central Banks (NCBs) also contribute to some specific parts of European statistics governed by legislation adopted under Article 338 of the Treaty on the functioning of the European Union (balance of payments, financial accounts, government finance statistics). The peer review of NCBs will be based on the *Public Commitment on European Statistics* of the European System of Central Banks (ESCB), which is similar to the ES CoP, and on their current audit procedures.

Eurostat will also be reviewed by ESGAB following a similar methodology.

In addition to peer reviews there are other forward-looking initiatives in the ESS. The European statistical programme 2013-2017 provides the legislative framework for the development, production and dissemination of European statistics over the period 2013 to 2017 and presents the Eurostat's infrastructure of statistical information as a pyramid of information. It is composed of data collected by statistical authorities, via traditional statistical activities such as sample surveys and censuses, for statistical purposes, or data collected for administrative purposes but used by statistical authorities for statistical purposes, accounting systems (i.e. coherent, consistent and integrated set of accounts, balance sheets and tables based on a set of agreed concepts, definitions, classifications and accounting rules) and indicators (i.e. summary measures related to a key issue or phenomenon and derived from a series of observed facts). The information pyramid also distinguishes whether those elements have a specific purpose (indicators) or are multipurpose:

INFRASTRUCTURE OF STATISTICAL INFORMATION



Eurostat is actively working on the different quality needs of each of elements of the statistical information triangle.

5- REINFORCE MONITORING OF HIGH POLICY RELEVANT STATISTICS

Finally reinforced quality mechanisms have been implemented or are being deployed in high policy relevant domains like government finance statistics (GFS/EDP) and the Macroeconomic Imbalances Procedure (MIP). Communication 211/2011 asked for adopting a preventive approach to verifying GFS/EDP. In order to implement this approach, Eurostat is developing, in co-operation with the Member States, a specific quality management system for public finance statistics. The system is based on enhanced quality assurance systems, closer monitoring through systematic risk analysis and regular EDP dialogue visits. Additionally, more in-depth “methodological” visits can be undertaken in exceptional cases where significant risks or problems with respect to the quality of the data have been clearly identified.

Recently, the Macroeconomic Imbalances Procedure has become an important tool in the landscape of EU economic governance. The starting point for the annual MIP exercise is the so-called Alert Mechanism Report, which at an early stage identifies Member States with potentially harmful imbalances or loss of competitiveness. The basis for the Alert Mechanism Report is a scoreboard of statistical headline indicators supplemented by several additional statistical information.

Clearly, the quality of the underlying statistical data is of great importance. This was recognised by the ECOFIN Council on 8 November 2011 and 13 November 2012 which underlined the importance of having statistics of the highest quality for inclusion in the scoreboard and invited the Commission (Eurostat) to take all necessary initiatives to assure a reliable procedure for the compilation of these statistics as well as a continuous improvement of the underlying statistical information. As a result, the Commission adopted in June 2013 a proposal to further support the necessary quality initiatives in the area of the MIP. This draft Regulation is now being discussed by the European legislator.

6- SOME RECOMMENDATIONS BASED ON THE EXPERIENCE IN THE ESS

Credibility is essential for official statistics, but it is difficult to obtain and takes time. On the other hand credibility is easy to lose even due to very isolated or ad-hoc events. For this reason an appropriate system of measures and initiatives needs to be developed to form a solid basis for protection against situations that may undermine trust and confidence on official statistics. Below there is a list of some of them implemented in the ESS.

Adopting an adequate legal framework for statistics

To have legal provisions explicitly mentioning the statistical principles and quality criteria are likely the best protection for statistical offices against organisational or institutional changes that may affect conducts. Article 338 of the Treaty on the functioning of the European Union (TFEU) provides the overall legal basis for the production of European statistics and enumerates the statistical principles that have to be respected. The statistical law (Regulation 223/2009) is the framework regulation for European statistics. It specifies the basic rules and conditions for the development, production and dissemination of European statistics by the system. It also repeats and describes the statistical principles of the Treaty (professional independence, impartiality, objectivity reliability, statistical confidentiality and cost-effectiveness) and defines quality criteria that all European statistics have to comply with and, consequently, all producers of European statistics have to respect. Finally all European statistics should respect the principles of the Code of Practice and meet quality requirements laid down in sectoral legislation.

Partnership approach in the implementation and monitoring of the Code

A Code of Practice can be useful in underpinning statistical legislation by putting the principles into more concrete and in communicating integrity provisions to the user community and the respondents. The European Statistics Code of Practice has proven to be a good tool to specify in the form of indicators, the scope of principles. The implementation of the Code, under its self regulatory basis and the system of peer reviews conducted in the ESS has proved to be a powerful instrument to create, in a culture of partnership, the synergies to have a diagnosis of the situation and to build the steps for moving towards compliance with the Code on those indicators where there is still room for improvement.

Quality improvement initiatives

Quality improvement initiatives should be well integrated across the statistical office. The adoption of quality assurance frameworks by Member of the ESS can be considered a safe way to:

- integrate all existing quality tools,
- generate common solutions for enhancing quality
- spread a common quality culture within the organisation
- support management on strategic decisions for overall quality improvement

All these actions, aiming to reach and maintain high quality standards in the long term.

A first and basic step common to all quality improvement initiatives is documenting quality, usually in the form of quality reporting of individual processes and outputs. In the ESS, quality reporting has become an integral part of any new statistics, in many cases required by law. The statistical law has strongly reinforced quality considerations defining in Art 12 seven quality criteria: relevance, accuracy, timeliness, punctuality, accessibility, comparability and coherence. Furthermore the law makes compulsory the transmission of quality reports. This legal initiative provides an important building block for a sustainable level of quality of European statistics.

Adoption of external advisory bodies

An external advisory body composed of high level representatives with national and international professional experience in the field of statistics, can play an active role and can convey an independent view on how the Code is implemented. It can insofar contribute to enhancing independence, integrity and accountability. In the ESS the European Statistical Governance Advisory Board (ESGAB) fulfils this role.

The ESGAB plays an important role providing an independent view on compliance of European statistics with the Code, thus contributing to credibility in official statistics.

Invest in communication

Quality is a precondition for credibility but a communication strategy towards the public needs also to be in place to create citizens trust and confidence on official statistics. Credibility is obtained not only through producing statistics in an adequate environment and with high quality standards. It also requires being successful in communicating results to different users.

Each typology of users may need different communication strategies. While for informed users is important to communicate methods used and quality standards, for the general public it could be more appropriate to transmit a clean and clear message informing them that statistics are compiled in Compliance with the Code of Practice. This is the purpose of the two types of quality reports, a user oriented quality report also known as ESMS (the Euro-SDMX Metadata Structure) and a more detailed reporting structure called ESS Standard for Quality Reports Structure (ESQRS). In addition for some relevant policy indicators, the EU2020 indicators, quality profiles have been developed. The quality profiles give in a summary table an overall assessment of the accuracy; the geographical comparability and over time; and the source of the data.

Branding and labelling also goes in line with facilitating communication with users. At European level, European statistics is the brand and Eurostat is now working on its labelling aspects. Although still no final agreement has been reached, there is a general consensus on two labels: European statistics with reinforced monitoring, such as GFS/EDP and MIP, and standard European statistics. Other labels, such as experimental statistics or statistics under development, are under discussion.

Specific quality management features

Statistics needed for taking decision of high policy relevance should have solid and specific quality management features. Quality should be assured and reinforced in all statistical phases with the aim of mitigating the risks of producing incorrect or misleading indicators. In these cases, a preventive approach is of utmost importance.

Other statistics

What has been mentioned above refers to European statistics, but what about other statistics? i.e. non-European statistics produced by other Directorates General of the Commission or statistics produced at national level. Although those statistics are not bound by the CoP, users might not perceive the difference between them. It is then of high importance to properly communicate on the minimum quality standards applied. In this line goes the Commission decision 2012/504 on Eurostat which gives to Eurostat the task of coordinating the development and production of statistics produced by other Directorates General. Eurostat shall optimise the use of existing information in order to ensure quality and minimise burden on respondents, be informed about significant changes in the methodology and about new data collections planned, and provide guidance, appropriate training and experts.

The development of a Code of Practice targeted to the production of non-European statistics in Ireland as the one presented in this symposium is also a very good step in the line of strengthen public trust and enhance quality in statistics.

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