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**2008 REPORT FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT  
AND THE COUNCIL**

**ON IMPLEMENTATION OF THE CODE OF PRACTICE**

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## ON IMPLEMENTATION OF THE CODE OF PRACTICE

### 1. INTRODUCTION

The Communication from the Commission to the European Parliament and to the Council on the independence, integrity and accountability of the national and Community statistical authorities of 25 May 2005 announced the intention of the Commission to report on the implementation of the European Statistics Code of Practice in the European Statistical System (ESS) three years after the adoption of the Code.

Building on the momentum created by adoption of the Code, which was welcomed by the Council in June 2005, the ESS undertook a comprehensive self-assessment against the principles and indicators of the Code. The results were summarised in a Eurostat report submitted to the Economic and Financial Committee in May 2006. 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 themselves contributed to implementation of the Code, as they involved a user satisfaction survey and key stakeholders at national and European level respectively.

This report is based mainly on the outcome of the peer reviews and progress in implementing improvements identified in the self-assessments and in the peer reviews. Other aspects considered include statistical quality assurance and quality auditing activities and compliance with the European legislation on statistics.

Although the Code should apply to all providers of European statistics, this report focuses mainly on compliance by the NSIs and Eurostat<sup>1</sup>. Improvement actions by individual statistical authorities, envisaged towards full compliance with the Code, are listed in the annexed Commission paper.

In March 2008, a decision setting up the European Statistical Governance Advisory Board (ESGAB) was adopted by the European Parliament and the Council. The principal task of this body - which has not yet been formally established - will be annual reporting on compliance with the Code by Eurostat and the ESS as a whole.

### 2. ESS COMPLIANCE WITH THE CODE: MAIN FINDINGS

#### Summary

Table 1: Peer review assessments for all National Statistical Institutes and Eurostat

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<sup>1</sup> National central banks are exempted from the ESS activities on implementing of the Code and monitoring thereof.

Principles and indicators of the European Statistics Code of Practice		Assessment results			
		Fully met	Largely met	Partly met	Not met
<b>1: Professional Independence</b>	<b>1</b>	15	13	3	1
	<b>2</b>	25	6	1	0
	<b>3</b>	27	4	1	0
	<b>4</b>	22	8	2	0
	<b>5</b>	22	5	3	2
	<b>6</b>	28	4	0	0
	<b>7</b>	31	1	0	0
<b>2: Mandate for data collection</b>	<b>1</b>	32	0	0	0
	<b>2</b>	21	8	3	0
	<b>3</b>	26	5	0	0
<b>3: Adequacy of resources</b>	<b>1</b>	6	14	12	0
<b>4: Quality commitment</b>	<b>1</b>	6	13	13	0
	<b>2</b>	8	10	13	1
	<b>3</b>	5	17	9	1
	<b>4</b>	9	9	14	0
	<b>5</b>	4	10	16	2
<b>5: Statistical confidentiality</b>	<b>1</b>	29	2	1	0
	<b>2</b>	28	3	1	0
	<b>3</b>	32	0	0	0
	<b>4</b>	21	8	3	0
	<b>5</b>	25	7	0	0
	<b>6</b>	30	1	0	1
<b>6: Impartiality and objectivity</b>	<b>1</b>	30	2	0	0
	<b>2</b>	28	4	0	0
	<b>3</b>	24	5	3	0
	<b>4</b>	7	20	5	0
	<b>5</b>	27	4	1	0
	<b>6</b>	18	13	1	0
	<b>7</b>	26	5	1	0
<b>15: Accessibility and clarity</b>	<b>1</b>	13	17	2	0
	<b>2</b>	23	8	1	0
	<b>3</b>	16	14	2	0
	<b>4</b>	29	1	2	0
	<b>5</b>	3	20	8	1
	<b>6</b>	2	19	11	0
<b>Percentages</b>		<b>62%</b>	<b>25%</b>	<b>12%</b>	<b>1%</b>

The greatest strengths of the ESS lie in the areas covered by principles 2 (Mandate for data collection), 5 (Statistical Confidentiality) and 1 (Professional Independence), mainly dealing with the legal framework as well as implementing policies and practices. Areas for improvements for these principles target specific policies or clauses in the statistical law of individual statistical authorities rather than issues on which ESS-wide improvements would be considered necessary. While overall high standards were reported in the area covered by Principle 6 (Impartiality and Objectivity), in order to move towards full compliance with this principle many statistical authorities will need to improve their arrangements for publicising information on methods and procedures and for informing the general public about pre-release access, even if it is provided only in limited cases.

Despite the recognised progress on quality management and quality improvements in key areas, the results of the peer reviews call for additional efforts under principle 4 (Quality Commitment) on quality guidelines and on process and product quality monitoring. Quality Commitment is closely correlated with principle 3 (Adequacy of resources), suggesting that measures to address this shortcoming would probably

need to go hand in hand with improvements in the statistical authorities' resources. Planned improvements include similar steps by several statistical authorities, building on existing ESS standards and tools.

Following the peer reviews, some impressive progress can already be observed in areas in which improvements were proposed in the peer review reports. This has been taken into account in the findings reported below.

The main issues relating to compliance with the European Statistics Code within the ESS and good practices identified in individual statistical authorities are summarised below under the relevant headings<sup>2</sup>.

### **Professional independence and objectivity**

Independence from political and other external interference with production and dissemination of European statistics and an objective choice of methods, sources and techniques seem to be ensured in practice across the ESS.

However, stronger legal underpinning of professional independence in 13 cases (indicator 1.1) and more explicit safeguards of the statistical authority's objectivity in four countries (indicators 6.1 and 6.2) might add to the ESS's credibility. This holds true in particular, albeit not only, in cases where the statistical authority is administratively attached to a policy department. Peers identified provisions in the statistics law of four countries as good practice. Establishment of a high-level scientific or methodology committee, detailed methodological guidelines endorsed by a well-defined procedure or guidelines on professional ethics or a national Code were identified as additional safeguards of statistical authorities' objectivity and impartiality.

Further provisions to enable the head of the statistical authority to perform more effectively the important functions defined in the Code as the guardian of professional independence and objectivity were recommended in six countries (indicators 1.2 to 1.4). Setting clear criteria and conditions in statistics law for selection and, more importantly, dismissal of the head of the statistical authority emerged as another good practice. In most countries, the statistical authority has developed a rebuttal policy in line with the Code (indicator 1.7). Good practice includes explicitly imposing, in the statistics law, an obligation for the statistical authority to respond to criticisms and misuses of official statistics when appropriate.

#### *Programming*

Transparent statistical programming procedures in line with the Code (indicators 1.5 and 11.2) are implemented across the ESS. Ten NSIs were encouraged to converge fully towards ESS common practice in this area, i.e. publication of statistical programmes and periodic progress reports based on the annual and multi-annual programming cycles in consultation with leading stakeholders.

### **Reduction of the response burden and use of administrative sources for statistical purposes**

Despite a clear legal mandate for all statistical authorities to collect information for production and dissemination of official statistics (indicator 2.1), some face legal

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<sup>2</sup> The principles and indicators of the Code and a full overview of the good practices identified during the peer reviews are available on the Eurostat website: <http://ec.europa.eu/eurostat/quality>.

and/or practical obstacles hindering use of administrative records for statistical purposes (indicators 2.2 and 9.5). Given their impact on the burden on respondents, joining forces at national level, including governance authorities, to remove these obstacles should be a priority. Negotiating service-level agreements with register authorities and administrations and setting targets for increasing use of administrative data could form part of a pro-active NSI strategy in line with some ESS best practice.

Exemplary practices to avoid duplication of data collection can be observed in several countries where statistics producers are explicitly bound by statistical law to use administrative data as far as possible. Going one step further and explicitly involving the NSI in establishing and developing the potential of administrative records for statistical purposes further contributes not only to increasing use (indicator 10.4) but also to enhancing the quality of statistics based on administrative sources (indicator 8.1), an increasingly important issue for European statistics.

Along similar lines, introduction and greater use of electronic and internet-based reporting systems where this is not yet (fully) possible (about half of the NSIs) could further reduce the response burden (indicator 9.1) and address the declining response rates from businesses (indicator 9.3). Many statistical authorities are taking steps on measuring and actively managing the response burden (principle 9). Good practices to enhance the response to statistical surveys were identified by the peers in eight NSIs.

### **Statistical confidentiality**

The peer reviews confirmed that the highest standards to protect statistical confidentiality are applied across the ESS, rooted in statistical law and implemented by internal procedures, techniques and physical safeguards, some of which, however, still need to be reinforced in 13 NSIs in order to comply fully with all of indicators 5.1 to 5.5 in the Code. However, in the few countries where the statistical law itself allows exceptions to the principle of absolute statistical confidentiality, this may have to be reconsidered.

### **Quality management**

Quality management should be understood as a comprehensive, long term and systematic approach in which inputs, processes and outputs are continuously improved. According to the peer review reports, the ESS will need to invest further in enhancing compliance with the Code in connection with its commitment to and implementation of the principles laid down in the ESS Quality Declaration. Several statistical authorities have announced steps towards an office-wide quality management policy (some have already introduced total quality management approaches) and twelve will further elaborate their quality guidelines. To support these approaches, Eurostat maintains a publicly available good practice database as a central source of reference to ESS quality management, and is promoting quality enhancing activities at EU level.

Analysis of the reports revealed that the peer review teams' bases for assessment of principle 4 of the Code (Quality commitment) were rather heterogeneous and that interpretation of this principle was not always straightforward and clear. Additional information on quality assurance activities provided by statistical authorities is therefore taken into account below. Good practices in quality management were highlighted by the peers in nine statistical authorities, including a systematic quality

management policy, a comprehensive set of tools to implement it and quality audits involving the main users. Two NSIs have redesigned their statistical systems, not least to enhance the quality of statistics.

### *Product quality*

Accuracy, timeliness and comparability are priorities for the ESS. Quality problems particularly concern statistics collected under gentlemen's agreements. All statistical authorities report on the quality of European statistics, where required by EU legislation, and during the next three years some intend to extend their quality reporting to cover all statistical output. Greater efforts in this area will need to go hand in hand with relevant training for staff which, so far, is provided by half the statistical authorities. In addition, some cases of non-compliance with EU legislation on statistics will need to be actively followed up (indicators 4.1 and 15.6 and principles 12, 13 and 14).

The vast majority of European statistics are based on EU legislation and the frequency has been laid down by the legislators. Users' requirements are also taken into account in the regular Eurostat hearings with Commission departments and screening exercises, and involving the CEIES and the newly established European Statistical Advisory Committee (indicator 13.3).

### *Process quality*

Process-oriented quality assurance activities comprising monitoring of quality indicators, quality audits or self-assessments are not yet systematically employed throughout the ESS, although most statistical authorities have started relevant schemes. They reported that they apply one or more of these activities to most or all statistical processes, basically covering all stages of the production process (with the exception of the planning and survey design in some cases). Broader use of external expertise in the review process was recommended. In five NSIs, streamlining of their production process by creating common tools and methods at central level, including a centralised seasonal adjustment system, was identified as good practice by the peers. Furthermore, cooperation with other public institutions and researchers was also highlighted (indicators 4.2, 4.3 and 4.5 and principles 7 and 8).

### *User-producer dialogue*

Pro-active dialogue with users is one of the cornerstones of the Code. Accordingly, as part of the peer review, NSIs and Eurostat carried out a user satisfaction survey so that key users' opinions on European statistics and the statistical authorities' performance could be taken into account. Several statistical authorities regularly conduct user satisfaction surveys and some compile a user satisfaction index. Most statistical authorities report cooperation with the scientific community to improve methodology. In addition, formal consultation of users forms part of statistical authorities' programming and priority-setting strategies (indicators 4.3, 7.7, 11.1 and 11.3).

## **Impartiality and dissemination practices**

### *Accessibility and microdata access*

Almost all statistical output is available via the internet and many good practices can be identified across the ESS (indicators 15.1 and 15.2), including a good service culture, user-friendly websites with comprehensive metadata and presenting the results of other data producers as well as the measures to promote statistical literacy

highlighted in 16 peer review reports. Nevertheless, several statistical authorities are investing in further improving their channels of communication, ranging from basic modernisation efforts to advanced applications.

Researchers find a wide range of options across the ESS for accessing microdata in the form of public-use files, *de facto* anonymised data sets and on-site or remote access facilities governed by legal provisions and protocols (indicator 15.4). Good practices in this area were identified in eight NSIs.

### *Impartiality*

Almost all the statistical authorities raise their public professional profile by issuing releases which can be clearly identified as stemming from the statistical authority and as purely statistical, backed up by a policy on commenting publicly on statistical issues (indicator 1.6) and on making only objective, non-partisan statements in press conferences (indicator 6.7). Further steps towards clearer delineation of all official statistics were recommended, including establishment of a distinctive logo to be used for all NSIs' releases in line with ESS common practice.

As a significant contribution to ESS credibility, the main pillars for guaranteeing impartial access by users to European statistics comprise:

- no and in some cases even prohibited by law or strictly limited, controlled and publicised Ministerial pre-release access to statistical releases (indicator 6.6). Exceptions granted vary widely from one statistical authority to another in terms of statistical areas, target groups and timing, thus leaving room for convergence towards a harmonised ESS strategy. Peers identified good practice in three NSIs, including granting no pre-release access and establishing rules for a post-release embargo and for dealing with leaks;
- a release calendar in every NSI for the main statistical output (indicator 6.5), although in several NSIs and Eurostat its coverage could be extended to more products. Release times could be further harmonised;
- transparent and equitable access to custom-designed analyses provided for by the statistical authority, with the exception that in several countries, sometimes following legal provision, certain privileged (institutional) users do not have to pay for them (indicator 15.3).

### *Metadata*

Statistical authorities across the ESS publish European statistics with comprehensive metadata, in many countries in English as well as in the national language(s). While it will always be possible and, in dialogue with users, necessary to further develop and improve metadata, standardisation and/or extension of their scope were particularly called for in 13 peer review reports (indicators 6.4, 15.5 and 15.6).

As a specific – and rare – case of statistical authorities' revision policy, almost all correct and publicise errors, although more formalised approaches would be useful in several cases (indicator 6.3).

### **Resources and efficiency**

Although many NSIs have reformed their production systems in recent years to cope with budget and staff cuts, a continuous shortage of resources was reported as posing a threat to meeting the European statistics requirements in several countries (principle 3). Nine peer reviews identified exemplary resources policies covering

human capital development, staff career management or cost-based monitoring and planning.

Human capital is the fundamental asset of statistical offices. Comparatively low salaries in some countries result in high turnover rates and put their NSI at a disadvantage when competing for highly qualified staff on the national labour market. Some NSIs report a general shortage of qualified staff or inflexible recruitment procedures which make it difficult to fill vacancies.

In a few countries improvements to the information technology infrastructure are considered necessary. In their 2005 self-assessments almost all NSIs pointed to a lack of IT resources – combined with a lack of IT specialists – as the main obstacles to greater use of technology for increased automation of statistical processing. Failure to address these shortages could cut off NSIs from technological progress and from the ensuing efficiency gains, thus preventing them from solving the problem and potentially contributing to a digital divide within the ESS in the longer term.

In some countries, lack of financial resources was reported as a major problem and a high percentage of commissioned work was identified as potentially hindering longer-term investment.

Various ESS initiatives are underway with the aim of better balancing demand for European statistics against their costs. Existing approaches to analysing the consequences of new statistical legislation, proposals for simplification of the legislation and reviews to identify negative priorities are being backed up by new activities. They include an assessment of the costs associated with implementation of most of the EU legislation on statistics and of the benefits/merits, innovative partnership models within the ESS to improve its effectiveness and an intensified dialogue with the user community, including on future priorities and involving the European Statistical Advisory Committee (indicators 3.2 to 3.4).

### **Coordination of the statistical system**

Coordination of the national statistical system is an issue for almost every country, even though other national data producers' contribution to official national statistics or European statistics can be very small.

Extension of the Code to producers of European statistics other than the NSIs and assessment of implementation of the Code cannot follow a unique pattern in the ESS. Where relevant, national strategies are closely related to the NSI's coordination function in the system. They vary from impressive progress to limited action depending, *inter alia*, on the NSI's ability and legal powers to reach out to national producers of Community statistics.

The peers' analysis of the NSIs' coordination role and NSIs' reports on compliance by other leading players, excluding the national central banks, revealed certain patterns fostering compliance with the Code on a national system-wide basis:

- In more decentralised statistical systems and where other national data are produced by Ministries/policy departments, the extent to which they are explicitly covered by the statistical law and bound by the same requirements with regard to professional independence, objectivity, impartiality, etc. plays a major part in compliance with the Code.
- Clear delineation and separation of the statistics function from administrative tasks or policy-making needs to be ensured. As a prerequisite, the scope of

national official statistics and the parties involved will need to be clearly defined by law and/or by an integrated statistical programme.

- This could then form the core of an official statisticians' network within the country, coordinated and maintained by the NSI. In most countries a Statistical Council or committee(s) support these tasks and in some the coordination function is defined in the statistics law. Good practices include: (a) a national Charter or Code, (b) a common training programme, (c) a common recruitment procedure, (d) sharing resources for methodological work, IT, etc. and (e) a common logo and/or common release schedule to foster coordinated dissemination of official statistics up to (f) a common dissemination platform.

Peers identified good practices for improving coordination of the national statistical system in five countries.

Eurostat's coordination role is multi-faceted comprising coordination within the European Commission, the ESS and the international community and with the European Central Bank. Reinforcement of both the NSIs' and Eurostat's coordination roles is proposed in the new draft Regulation on European statistics.

### **3. CONCLUSIONS AND NEXT STEPS**

Experiences with the implementation path for the Code pursued so far by the ESS demonstrate the self-regulatory approach works very well: overall high compliance levels are complemented by dynamic progress with regard to improvements. Nevertheless, full compliance with the Code remains a challenge for basically all national statistical institutes and Eurostat. Given that all countries have quite specific national statistical systems and conditions, assessments of compliance with the Code should not be used for country rankings, but to further develop statistical systems at national and European level.

In statistical systems in which the institutional framework needs yet to be aligned with the Code e.g. through supplementary safeguards for professional independence, or where resources were found inadequate, governance authorities are called upon to steer the developments needed. Further steps could be envisaged with the ESGAB playing a leading role.

Furthermore governance authorities could support NSIs in pro-actively collaborating with owners of administrative data which are considered indispensable in view of optimising the use of administrative sources for statistical purposes.

Identified as an area in which improvements are needed on an ESS-wide scale, the European Statistical System will join forces to invest in implementing ESS quality management tools and guidelines. Work towards further harmonising quality frameworks across the ESS will include a review of the Recommendations for implementing the 2001 ESS Quality Declaration adopted by the Statistical Programme Committee and an update of the ESS Quality Guidelines in view of the experiences of the peer review process regarding the quality principles.

As important partners in ensuring high quality outputs and progress with regard to addressing key challenges for the ESS, including on priority setting and the reduction of respondent burden, deepening the co-operation with the European Central Bank and the ESCB is considered crucial. Adherence to the statistical principles as codified in the forthcoming Regulation on European Statistics and the forthcoming

amended Regulation concerning the collection of statistical information by the European Central Bank will facilitate this co-operation.

Continuous efforts are also needed to address adherence by other statistical authorities involved in the production and dissemination of European statistics. First experiences in extending the implementation of the Code at national level highlight the importance of a strong co-ordination role of the NSIs and Eurostat within the national system and the European Commission respectively.

Eurostat monitoring of the implementation of the Code based on peer reviews carried out over the period 2006-2008 and country reporting is considered effective and proportionate.

Another round of peer reviews is envisaged within the next five years subject to advice by the European Statistical Governance Advisory Board in particular on the scope and considering costs and benefits.

Some adjustments of individual indicators of the Code will be reflected upon building on the experiences gained with the Code as an assessment basis.