

Coordination and quality assurance in the Danish Statistical System

– an integrated approach to coordinating national and European statistics

Kim Voldby Pedersen, Statistics Denmark, kvp@dst.dk

Abstract

The revised Regulation 223/2009 on European statistics introduced a legal requirement to coordinate European statistics. The heads of the National Statistical Institutes of the Member States are now responsible for producing national quality guidelines and for monitoring their implementation in order to ensure compliance with the European Statistics Code of Practice (CoP) in all nationally produced European statistics – including European statistics produced by the so-called Other National Authorities (ONAs). In parallel with the implementation of Regulation 223/2009, Statistics Denmark is working on the introduction of the concept of “official statistics”, covering not only European statistics but also all statistics produced by public authorities in Denmark. In this regard, the requirement of monitoring the ONA’s compliance with the CoP is also used in a broader national context as a lever to ensure official statistics of a commonly recognized quality standard – a national quality stamp for statistics. For the purpose of monitoring the ONA’s compliance with the CoP for European statistics, Statistics Denmark has developed a focused set of guidelines based on the CoP in order to make it useful in practice for authorities that do not have statistical production as their main task. The ONAs will annually submit a self-assessment to Statistics Denmark on their compliance. Together with a “mini peer-review”, this forms the basis for a report to Eurostat and to the Danish Government on the compliance with the CoP. For the purpose of labelling not only European statistics but also all statistics produced by public authorities as “official statistics”, the national producers of statistics are encouraged to ensure compliance with the principles of the guidelines. All publicly produced statistics that comply with the guidelines developed on the basis of the CoP will be labelled “official statistics”, ensuring a common standard for official statistics at European and national level.

Keywords: Coordination and quality assurance of national and European statistics.

1. Introduction

Reliable official statistics – for the purpose of decision-making, policymaking and democratic control – forms the basis for the functioning of a democratic society. Accordingly, it is essential that official statistics is impartial, reliable, relevant and compiled in accordance with international recognized standards. This is no doubt a self-evident fact among national statistical offices but not necessarily in the wider society – and even among other national producers of statistics, this might not attract much attention.

Against this background, Statistics Denmark launched an Action Plan for official statistics in December 2014. The purpose of this initiative was to initiate a discussion on the need for more harmonised standards for compilation and dissemination of publicly produced statistics. This initiative was taken in the context of ongoing revision

of the regulation on European Statistics (EU 223/2009) and the foreseen stronger focus on coordination and quality assurance.

The action plan for official statistics outlined several scenarios for strengthened coordination and quality assurance that meet the above-mentioned challenges to various degrees:

- i. *legal requirements* are established to ensure that all official statistics must meet common quality standards, and this is followed-up by means of government decisions – this model will ensure the highest degree of common quality standards;
- ii. *'compulsory labelling'* is introduced where all official statistics must be subject to quality assurance, and it must be transparent to the users which official statistics meet the quality requirements and which statistics do not;
- iii. *'voluntary labelling'* is introduced where it is made voluntary for each individual producer of statistics whether the producer of statistics wants to subject the statistics to quality assurance and thereby – possibly – achieve an official quality stamp.

In the course of the first quarter of 2015, the Action Plan for official statistics was subject to a written consultation among 40 other national producers of statistics and subsequent inter-ministerial meetings in the second quarter of 2015.

These consultations revealed:

- On the one hand, an understanding of the need for impartial, high quality and cost-efficient statistics, but emphasised on the other hand a general scepticism to more centralisation and co-ordination of the statistical compilation.
- A request for a delimitation of the concept 'statistics', 'publicly produced statistics' and 'official statistics'.
- A concern for the resource implications and the capability to manage public obligations (such as administration, supervision and ministerial services) if co-ordination according to common quality standards is introduced.

Against this background, Statistics Denmark – in cooperation with the Ministry for Economic Affairs and the Interior - was given the task to draft a new national legal act for Official Statistics and Statistics Denmark.

2. Purpose of the article

The process of preparing, negotiating and implementing the new Danish approach to official statistics as constituted in the new law on Statistics Denmark and Official Statistics – opens up several subject areas, each of which could be the subject of an in-depth analysis in the present presentation – e.g.:

1. To analyse the process and the stakeholder interests forming the basis for the adoption of the new law on Statistics Denmark and Official Statistics.
2. To present the outcome of the process – the Danish approach to coordination of quality assurance of official statistics – and the coherence between official statistics at national and European level.
3. To discuss the lessons learned as regards the practical implementation of the new approach.

However, in order to stick to the conference format – both with respect to scope and time restrictions – it seems unrealistic to address all three issues in depth. Accordingly, this paper will have to focus mainly on the second of the above-mentioned topics, leaving room for touching sporadically on the other issues.

3. Coordination vs co-operation - coordination as a concept

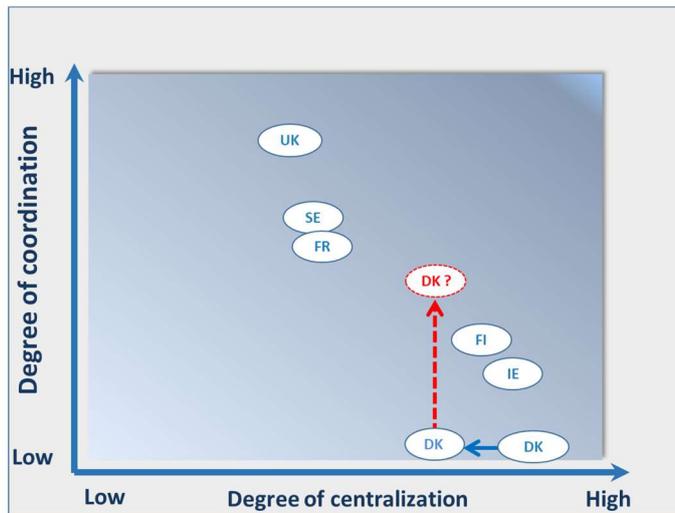
The point of departure for the considerations of setting up a new organisational structure of a Danish System for official statistics was a comparative study of the organisation of the statistical systems and their coordination mechanisms in a selected group of European countries¹.

From this study, it became clear that the degree of centralisation as well as the mechanisms of coordination differ significantly from one country to another. In general, there seems to be some kind of trade-off between the degree of centralisation and the effort put into coordination, in the sense that decentralised statistical systems seem to put a lot more effort into coordination – in terms of resources and formalised coordination mechanisms - than centralised statistical systems (cf. figure 1).

Furthermore, it became evident that the concept of coordination is used in very diverse manners within the European Statistical System (ESS). In several statistical systems

¹¹ The countries studied most closely were: FI, FR, IR, NL, NO, SE and UK.

Figure 1: Degree of centralisation and coordination in selected countries



– like the Danish – the term ‘coordination’ is used in the meaning ‘co-operation’ not implying any kind of governance or steering authorisation assigned to the coordinating institution/NSI. This kind of ‘soft coordination’ is in the nature of voluntary cooperation among equal partners exchanging best practices etc. and with the absence of monitoring and enforcement procedures, when it comes to informal – or even formally signed – quality agreements.

Contrary to this kind of ‘soft coordination’ , however, you also find organisational set-ups in which the coordinating body/NSI is empowered with a real ‘say’ – primus inter pares – when it comes to enforcing common quality standards. In other words, it becomes important to be very precise in defining the elements of the concept of coordination, which in common language seems to cover the whole continuum from soft coordination to real coordination including an element of governance.

A strong coordination among the authorities producing statistics seems to presuppose the possibility of implementation, monitoring and enforcement of common quality standards as regards objectivity, equal access etc. Increased coordination can thus be a way to ‘compensate’ for a more decentralised system and will hopefully ensure efficiency and high quality of the official statistics. Today there is roughly speaking no cross-sectional coordination of the Danish statistical system. The UK, France and Sweden are examples of countries with relatively decentralised statistical systems, where they have established a high degree of coordination with a view to ensuring resource efficiency and compliance with the quality standards of the European

Statistics Code of Practice. However, at the same time, costs are involved in such a coordination mechanism.

Based on the experiences of other NSIs, it was the conclusion of the Danish study of the coordination mechanisms in other MSs that the possibility of setting up a successful Danish coordination mechanism would depend to a high extent on the capability of laying down precise and distinct provisions in a new law as regards:

1. *delimitation* of the subject area for coordination, e.g. publicly produced statistics vs. official statistics;
2. a set of *commonly recognised quality standards*;
3. authorisation of an institution or a body to *monitor* the compliance with these quality standards;
4. setting up an *enforcement procedure* that assures compliance with the recommendations deriving from the monitoring exercise.

Below the presentation will focus on how these four elements were actually addressed in the new Danish law on Statistics Denmark and official statistics - but before going there it seems necessary to briefly look into the characteristics of the Danish statistical system up until now.

4. Characteristics of the present Danish Statistical System

The legal status, tasks and governance structure of Statistics Denmark are laid down in the Act on Statistics Denmark from 1966, which establishes Statistics Denmark as the central authority for Danish statistics. In practice, this means that Statistics Denmark produces the greater part of statistics on social and economic trends, making the Danish statistical system very centralised. As regards European Statistics, Statistics Denmark is responsible for about 90 per cent of all European statistics produced.

Due to the centralised nature of the Danish statistical system, the concept of 'official statistics' was never introduced in a Danish context. Accordingly, there is today no clear picture of the publicly compiled statistics actually being produced.

A survey, conducted as part of the above-mentioned Action Plan for official statistics launched in December 2014, clearly substantiates that the vast majority of publicly produced statistics in Denmark is still compiled and published by Statistics Denmark,

but it also revealed that new trends have appeared (cf. the blue arrow in figure 1). Obviously, other national authorities seem to produce an increasing part of the publicly produced statistics. An increased focus on evidence-based decision-making implies that there is a growing need for ministries and government agencies to get access to relevant data and statistical material in order to meet the requirements of the political decision-makers with a view to preparing, implementing and evaluating new policies. Consequently, recent years have shown a tendency for more and more public authorities to start their own production of statistics and establish their own databases etc.

Formally, the legal framework from 1966 provides Statistics Denmark with the possibility for coordination, but so far, this has not been transformed into actual coordination. The Act on Statistics Denmark sets out that if a public authority or institution is planning to initiate collection and processing of statistical information, it must inform Statistics Denmark with a view to coordination. However, this provision has limited practical implications, since the administrative set-up in Denmark does not allow Statistics Denmark to carry out a coordinating (governance) role vis-à-vis ONAs. Furthermore, the present act does in no way address the need to coordinate compliance with commonly agreed quality standards, which is most likely connected with the absence of the concept of 'official statistics' within the Danish Statistical System.

Following the adoption of the regulation on European Statistics (EU223/2009) in 2009, which introduced the NSI as 'the national statistical authority (Article 5) responsible for coordinating European statistics at national level', an initiative was taken to strengthen the coordinating role of Statistics Denmark as regards European statistics. A Coordinating Committee on European Statistics was set up composed of the National Statistician (Chair) and representatives for all other national authorities producing European statistics. However, because the Danish administrative set-up does not allow Statistics Denmark to exercise any kind of authority on other national authorities in the sense of governance, the main functioning of the committee in practice has been to facilitate the exchange of information. Accordingly, the coordinating role exercised through the Committee on Coordination of European Statistics is of a very soft nature (i.e. information from Statistics Denmark to ONAs regarding new ESS initiatives etc.).

Despite the lack of real coordination mechanisms in the Danish statistical system, there is a well-functioning bilateral cooperation with ONAs within specific statistical domains when it comes to both European and national statistics. To facilitate cooperation and exchange of information between Statistics Denmark and national users and producers of statistics in various fields, a number of subject matter committees have been established. These committees are not established by law – they are based on agreement between the institutions and their primary purpose is rather to facilitate good cooperation than to exercise coordination (governance).

5. Introducing a new law on Statistics Denmark and Official Statistics

The above characteristics of the present Danish statistical system leave one with the picture of a well-functioning statistical system based on cooperation among the NSIs and ONAs but with the absence of a coordinating authority - i.e. a system based on soft coordination. The degree of centralisation of the system makes the need for a coordinating body less pressing but with the new trend of an incipient decentralisation, the need for coordination might become more crucial.

It is against this background that the legal requirement should be seen to set up a more strict national coordination system for European statistics – following the adoption of the revised 223/2009 on European Statistics in April 2015. The revised 223 imposed an obligation to introduce a national coordination mechanism that the present national law did not underpin. Accordingly, the revision of the law served the purpose of providing such a basis for the coordination of European statistics for one thing. In parallel, Statistics Denmark used this opportunity as a lever to introduce a national coordination system by introducing the concept of “official statistics”. As concluded in paragraph 3, a precondition for changing the present Danish statistical system from a soft coordination system to a more governance-based coordination mechanism is successfully addressing the four cornerstones in a strict coordination system 1) *delimitation* of the subject area for coordination, e.g. ‘publicly produced statistics’ vs. ‘official statistics’; 2) selection of a set of *commonly recognized quality standards*; 3) authorisation of a *monitoring body/institution*; and 4) setting up an *enforcement procedure*.

Below, the presentation will focus on how the new Danish law on Statistics Denmark and official statistics addresses these four elements.

5.1. Delimitation of publicly produced statistics and official statistics

The discussion of the inter-ministerial consultation of public authorities on the Action Plan for official statistics in 2015 revealed a great deal of confusion as to the meaning of the concepts ‘publicly produced statistics’, ‘official statistics’ and ‘European statistics’ among ONAs. In the course of the consultation process, a common understanding of these concepts was largely agreed and subsequently introduced in the revised statistical act.

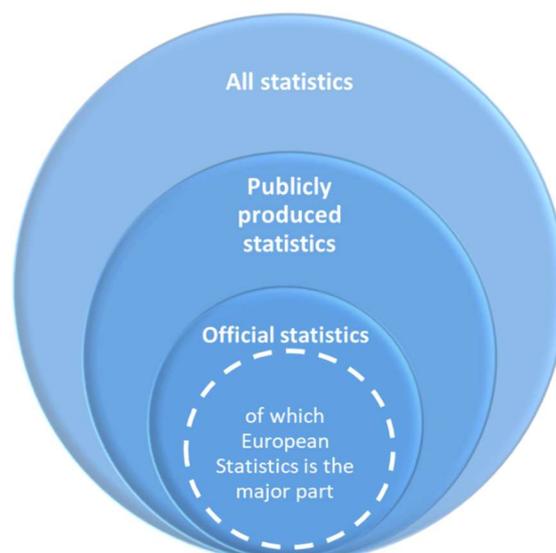
By the new law, ‘**Publicly produced statistics**’ is defined and delimited as statistics that

- 1) are published by a public institution;
- 2) add to our understanding of society, i.e. enlightening key areas of society, which broadly includes the population and its living conditions, the labour market, the environment, businesses, and the public sector as well as general economic developments;
- 3) are published at a fixed frequency;
- 4) cover the entire country;
- 5) are publicly available in print or online.

‘**Official statistics**’ is defined in the law as the publicly produced social and economic statistics which complies with a set of generally recognised quality standards (cf. paragraph 5.2 below).

In order to determine the extent of publicly produced statistics, Statistics Denmark will ask ministries and their affiliated institutions annually to report on their production of publicly produced statistics – an obligation laid down in the new law. It is obligatory to report but voluntary for the authorities to register their statistics as official statistics,

Figure 2 indicates the relation between the new concepts introduced in the law:



and thereby make the ONA subject to the monitoring procedure based on the commonly agreed quality standards.

'European statistics' is per definition treated as official statistics as the commonly agreed quality standards are based on the CoP (cf. below).

5. 2. Selection of a set of commonly recognized quality standards

According to the Regulation 223/2009 on European Statistics, the quality standard for production of European statistics is the CoP, which instructs NSIs as well as ONAs producing European statistics to comply with these standards. Furthermore, Statistics Denmark implemented the CoP many years ago as their quality standard for its production of national statistics, which implies that the vast majority of statistics produced in Denmark already comply with the CoP. Against this background, there was hardly any resistance to also make the CoP the quality standard for production of national official statistics when consulting other statistical stakeholders.

However, it was requested that the Director General of Statistics Denmark made use of his authorisation to 'produce national guidelines, where this is necessary to ensure quality in the development, production and dissemination of all European statistics within their national statistical system and monitor and review their implementation' (Article 5a of EU 223/2009) in order to make them more pertinent to a Danish context. Accordingly, Statistics Denmark developed a set of national guidelines in 2015. The guidelines are based entirely on the European CoP and are targeted at ONAs producing European statistics. The objective of these guidelines is to translate the principles of the CoP into a Danish context and make them more practically applicable for Danish authorities for whom statistics production is not a core task. The 13 Danish ONAs have been consulted during the process of drafting the guidelines.

The guidelines consist of 16 guidelines, each with a set of indicators similar to the European Statistics Code of Practice. Each guideline is further defined by a set of criteria. Lastly, examples of good practice are described for each guideline. The examples are not part of the guidelines, they are only meant to provide additional insight into what good practices can be.

The CoP and the derived guidelines are introduced as the quality standard for producing official statistics in Denmark in the new law.

5.3. Introduction of a monitoring system

The system for monitoring of official statistics in Denmark is in many ways similar to the European system for monitoring of the European statistics' compliance with the Code of Practice.

In the Danish system for monitoring official statistics, all ONAs producing official European or national statistics will each year answer an electronic self-assessment questionnaire on their compliance with the national guidelines. The questionnaire addresses all indicators in the national guidelines. If the ONAs assess that they do not comply with the indicator, they are asked to inform how they plan to be compliant and a follow-up procedure will be set up.

In 2016, all Danish ONAs carried out a self-evaluation for the first time regarding compliance with the guidelines. Based on the results and the experience of this first pilot monitoring exercise, it became evident that the guidelines – and the questionnaire — needed fine-tuning. As a basis for refining the guidelines and the self-assessment questionnaire, Statistics Denmark carried out a round of consultations among all ONAs in 2017 for the purpose of increasing the mutual understanding of the guidelines and enhancing Statistics Denmark's insight into the statistics production in ONAs. On this basis, we revised the guidelines at the end of 2017 and set up a new questionnaire design. This new design now forms the basis for a first real self-evaluation exercise with a deadline on 15 June 2018.

Following the self- assessment, a few of the ONAs will undergo a 'mini-peer review' each year on a rotation basis where a review team will scrutinize the questionnaire and the material provided by the institution. The review team consists of representatives from Statistics Denmark and two ONAs².

This monitoring set-up has been incorporated in the revised act on Statistics Denmark and official statistics, making it obligatory for all ONAs producing European statistics to take part and report. For ONAs only producing national statistics, it has become obligatory to report on 'publicly produced statistics' but voluntary to sign up for monitoring of these statistics to become 'official statistics'. So far, a few ONAs

² Statistics Denmark also plans to facilitate/organise seminars for employees working with statistics production in Danish ONAs with the aim to strengthen professional development and exchange of best practices within the community of producers of European statistics in Denmark.

producing national statistics have shown interest in becoming part of the official national statistical system even before the new act enters into force on 1 July 2018.

5.4. Introduction of an enforcement procedure

A hard-line enforcement procedure is not possible within the Danish administrative set-up. There is no tradition for one authority to impose sanctions on other authorities. During the negotiations on the new law, it was agreed that the best achievable enforcement procedure would be for Statistics Denmark to produce a report annually to the Minister of Economic Affairs, on the basis of the monitoring procedure described above. The objective is that the yearly report for the government will constitute a mechanism by which the government will assess the compliance with the CoP by all national authorities producing official statistics in Denmark. It is the intention that in cases of non-compliance with the guidelines by an ONA, the Minister will address this to the Minister concerned or to a coordinating government body.

Thus, the revised Danish law complies with the Regulation on European Statistics Article 5a paragraph 3, stating that it is the responsibility of the Member State to ensure that national authorities responsible for the production of European statistics comply with the national guidelines.

6. Conclusion

It is yet too early to conclude how the new coordination mechanism will perform in practice, as the first round of self-assessments is ongoing at the moment. What we can conclude, however, is that we succeeded in providing the formal set-up for a new and stronger coordination mechanism according to four fundamental elements that we consider a precondition for setting up a coordination system with an element of governance. Maybe due to the involvement of the ONAs, this set-up had an easy way through the legislative procedure. However, we must also admit that we did not succeed in introducing a obligatory monitoring mechanism for all official statistics.

The first pilot self-assessment was somehow also an eye-opener to us. Concepts, methods, principles that we take for granted in the statistical world might not be known, understood or recognized by ONAs for whom statistics is only a minor part of their daily/weekly work. Accordingly, the introduction of a quality assurance system is time-consuming and takes a lot of statistical capacity building. Moreover, it is important to

work thoroughly with the guidelines in order to make a translated and digested version of the CoP that makes sense and adds value in the daily work of the ONAs – otherwise we might lose their attention and cooperativeness.

We have just started an interesting and challenging process that will, hopefully, yield a long-term profit!

"It is not a question of rushing blindly towards one's goal but using one's eyes to find the right route."

Werner von Siemens