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SEMINAR ON INCREASING THE EFFICIENCY AND PRODUCTIVITY  
OF STATISTICAL OFFICES  
SESSION I

Effectiveness of statistical programmes<sup>1</sup>

Submitted by the Federal Statistical Office of Germany (Destatis)

**INTRODUCTION**

*Effectiveness means being able to achieve a specific goal.*

*Efficiency means achieving a specific goal without losing or wasting resources.*

**I. INITIAL SITUATION**

- (a) Developing an effective programme means meeting the demand of the users.
- (b) User demand is traditionally evaluated through user advisory committees.
- (c) Resources were traditionally increased upon request when there was new demand to be met.
- (d) Today, Destatis has to develop a large part of its programme without being able to have recourse to additional resources.
- (e) The discussion about reducing burdens draws the attention to the respondents' resources and strictly economical behaviour is demanded in this respect.

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<sup>1</sup> This paper has been prepared at the invitation of the secretariat.

- (f) Therefore it appears that, in their programme planning, the statistical offices have for some years now perceived (and treated) the adjustment of resources as a more urgent problem than the development of new statistical programmes in terms of subject matter.
- (g) The allocation of resources and the setting of priorities (as a means for allocating resources) have more attention today than in the past. This is reflected by the structure of official statistical bodies: Committees representing the users<sup>2</sup> (who are more interested in the information itself than in the conditions under which it has been produced) have some tradition. However, committees dealing specifically with the allocation of resources have been set up only recently.<sup>3</sup>

## II. LESSONS FROM DESTATIS PROGRAMME PLANNING

1. At Destatis, planning in the sense of “developing a product portfolio oriented towards user needs” must take account of a few specific conditions:
  - (a) there is a rather large staff of some 2,700 persons. The size of the staff and the fact that in public service there are strict regulations in terms of labour law are the reasons why adjusting staff resources to current programme requirements is slow;
  - (b) Destatis works in several cities (mainly Wiesbaden and Bonn). The distribution over several locations increases the efforts needed for co-ordination;
  - (c) most statistics are produced by Destatis in close co-operation with the statistical offices of the German Länder (federal states), which are independent in legal and organisational terms. Due to such co-operation with the independent statistical offices of the Länder which, however, are indispensable for traditional production processes, the adjustment of production processes and the adjustment of the statistical programme in general is slow;
  - (d) the content of the statistical programme of the statistical offices of the Federation and the Länder is largely defined by over 100 federal laws, most of which are very detailed. This clearly reduces the flexibility in annual and multi-annual programme planning.
2. As regards the joint programme planning of the statistical offices of the Federation and the Länder, the experience from planning the European Union statistical programme is helpful.<sup>4</sup>
3. Both the European statistical programme and the system of German federal statistics are

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<sup>2</sup> E. g. Statistical Advisory Committee in Germany; European Advisory Committee on Statistical Information in the Economic and Social Spheres (CEIES).

<sup>3</sup> E. g. “Task Force 3, ESS Resources Management and Programme Planning”, set up under the direction of the Partnership Group within the scope of the “Cracow Action Plan” (92<sup>nd</sup> DGINS Conference, September 2006) and before that, the Task Force on “Priority-Setting” set up by Eurostat in the middle of 2005.

<sup>4</sup> Cf. e.g. 22<sup>nd</sup> Meeting of the Partnership Group, 14 September 2006, Item 6 b of the agenda: “Involvement of NSIs in preparing multi-annual and annual statistical work programmes”, Document PG 2006/22/6b.

based on a network of independent statistical agencies with parallel production. Therefore, there is some similarity between joint programme planning at EU level and at the Federation/Länder level in Germany. In both cases, it is generally the EU level and the federal level, respectively, that prepares the concept for a statistical programme. So, planning refers mainly to the mode of producing the desired programme: How can the desired programme be produced with the resources available – or to what extent can the resources be adjusted? Of course it is common that the resource restrictions in the planning process have repercussions on the content of the statistical programme to be produced. Not only to get such repercussions under control are the national statistical offices demanding at the European level that they should be involved more strongly in the earliest phase of planning new statistical programmes. One of the preconditions for such involvement is that we must have an idea about the extent to which the planned programmes meet user needs – that is how effective they are.

### III. HOW CAN WE GIVE A VOICE TO THE USERS?

4. In its note on the CES seminar 2007, the CSB of Latvia rightly indicates the highest authority judging the effectiveness of a statistical programme: the users. The German statistical offices (at the federal and Länder levels) distinguish their users according to a common marketing concept:

- (a) politics and administration;
- (b) official statistics;
- (c) political parties, lobbies, professional associations, churches and others;
- (d) education, science, culture;
- (e) businesses;
- (f) media;
- (g) information providers;
- (h) private users;
- (i) special users.

5. Similar to the first reflections of the CSB of Latvia, our question is: “How do our users judge the benefit of statistical information?” Depending on the category the users belong to, their answers will vary and they will have different channels to communicate those answers.

6. If, for example, the legislature or the executive have demand for information which requires a new survey, a legislative procedure will be initiated either to create a legal basis for a new survey or to adjust an existing legal basis. The draft legal basis is developed by the competent federal ministry in close co-operation with Destatis. That process leads to a close dialogue between users and producers, with the parliament having the final say.

7. Outside that procedure for legal orders (for example, also regarding evaluations of existing statistical data or specific services), the Statistical Advisory Committee voices the needs of users. That committee has about 60 members representing the major user groups. Recently Eurostat, too, has got a seat in that body to link more closely the national and the European level. The Statistical Advisory Committee regularly comments on the statistical programme, shows

data gaps and assesses user demand, which recently has also included the aspect of resources of the respondents.

8. As is impressively shown by the Canadian colleagues in their paper for this seminar, there is a variety of tools allowing to find out about user wishes. Such wishes will however be expressed most clearly by the users themselves. Therefore, user surveys have become an indispensable instrument for planning.

### **III.1 User surveys: Costly, but informative**

9. In the more recent past, users assessed twice the quality of the programme of German official statistics:

- (a) in July 2005, the International Monetary Fund (IMF) examined within the scope of the Report on Observance of Standards and Codes (Data ROSC) whether the Destatis data produced in the areas of national accounting, producer price statistics and statistics of public finance are in line with international standards. This was preceded by a non-representative user survey;
- (b) in the winter of 2006/2007, the external service provider forsa (Gesellschaft für Sozialforschung und statistische Analysen mbH - Society for Social Research and Statistical Analyses), commissioned by Destatis, conducted a representative survey on user behaviour and user satisfaction regarding products of official statistics.

10. Here are the major results of the two user surveys.

#### **III.1.1 User survey within the scope of the IMF Data Rosc 2005**

11. In 2005, Destatis conducted a survey among 323 users from the categories of public administration (incl. embassies), science (institutes, universities), associations/unions, media (newspapers, agencies, radio and television) and businesses/banks. Questions focused on satisfaction with the range of statistical data offered as well as on the quality, availability and documentation regarding data from national accounts, public finance statistics, price statistics and the range of statistical data in general. The members of the Statistical Advisory Committee were an important subgroup here. 180 of 323 questionnaires were answered.

12. The results of the survey are not representative, although they provide important information on the opinion of the users in general. Here are some issues covered by the questions:

- (a) From what areas of official statistics do you regularly use data?
- (b) For what purposes do you use the data of those statistics?
- (c) Where do you get the data from?
- (d) Satisfaction with subject-matter and regional level of detail.
- (e) Satisfaction with periodicity.
- (f) Satisfaction with up-to-dateness.

13. The results generally show high user satisfaction. Nevertheless, users wish some improvement, which generally is understandable. About 8 to 10 percent of the users indicated that the subject-matter and regional breakdown of the data is not sufficiently detailed. The data

periodicity, however, was considered insufficient by only 1 to 4 percent of the users, while for the public finance data it was 7 percent. As regards up-to-dateness, only in the case of price statistics nearly all users were satisfied. In other statistical areas, 10 to 20 percent of the users said that up-to-dateness was not sufficient yet.

14. When roughly summarising the results, the conclusion is this: Users approve of the data periodicities, there is some need for improvement in the regional and subject-matter breakdown, and users clearly demand more up-to-date information.

### **III.1.2 Customer satisfaction survey 2006**

15. After introducing a customer management system, Destatis conducted for the first time in December 2006 a direct telephone enquiry among a sample of users drawn on a scientific basis. Destatis held some 1,000 interviews, broken down by the groups defined in the marketing concept as mentioned above.

16. As regards user demand, macroeconomic data from national accounting and short-term indicators were top of the list, followed by data on demography, price trends and labour market data. The Destatis image was assessed by the users by means of nine specified variables. 87 percent of the users considered Destatis to be competent. Between 72 and 82 percent acknowledged scientific and political independence. Customer orientation was confirmed by 57 percent of the users, whereas only just under half of them considered Destatis as an innovative information provider.

17. Regarding the data, 85 percent of the users thought that they were objective and neutral, 83 percent found the data reliable, 68 percent found them up to date, and 67 percent were satisfied with the breakdown.

18. Some of those shares – such as the share of users considering Destatis as an innovative information provider – will now regularly be covered by Destatis, presenting them as indicators and thus using them for its internal reporting and controlling.

19. The report on the user survey, including information about areas with particularly low user satisfaction was sent direct to the Destatis heads of department. They will ask their departments for proposals of how customer satisfaction can be improved in critical areas. As the user survey of 2006 was a pilot study, it provided information that is largely limited to the dissemination processes and to the external image of Destatis as a whole. Future user surveys should deal with the data needs regarding specific topics. It is intended to include results of user surveys in multi-annual and annual work planning of Destatis. Destatis is currently developing a method to do so.

### **III.2 Examples of user requirements at an international level**

20. National statistical programmes must also meet the needs of supranational and international institutions. What is crucial here is the aspect of comparability between different systems. Two prominent examples show how the statistical programmes were influenced by additional demand, especially regarding documentation and up-to-dateness.

### **III.2.1 The Special Data Dissemination Standard of the IMF**

21. In order to quickly supply the international financial markets and international organisations with the major economic and financial data in a well-structured way, the Special Data Dissemination Standard (SDDS) of the International Monetary Fund (IMF) defines detailed requirements to be met by metadata and data regarding the major economic, financial, fiscal, and central banking statistics. Due to its detailed data descriptions and its general access to national data, the standard increases the transparency of official statistics on a worldwide scale. For users and producers of statistics, the SDDS is highly important. It is crucial to meet IMF requirements regarding the methodology, periodicity and timeliness of the publication of national data in Germany and to ensure free, general, easy and quick access to the national release calendars and the published data. Germany has participated in the SDDS since December 1996. Together with the German Bundesbank, the Federal Ministry of Finance and the Federal Employment Agency, Destatis supplies a large part of the national metadata and national data, and it co-ordinates all activities at the national level in the context of the standard.

### **III.2.2 EU economic indicators based on the standard of the European Central Bank**

22. In addition to fulfilling user requirements at the international level, German statistics also must take account of user needs at the European level. For example, in the context of the European monetary union, the EU Council of Ministers of Economic Affairs and Finance and the European Central Bank demanded a more up-to-date set of short-term economic data. Since 2002, that set has been defined as “19 Principal European Economic Indicators (PEEI)”. To be able to supply those PEEI earlier, Destatis has reallocated internal resources.

23. Also, Destatis is following with interest the proposals made by CEIES within the scope of programme planning, especially the comments on new issues to be shown by statistics.

## **IV. FROM WHAT IS POSSIBLE TO WHAT IS FEASIBLE: SETTING PRIORITIES AFTER ANALYSING THE DEMAND**

### **IV.1 The product portfolio as a tool for priority-setting**

24. Since the middle of 2005, Destatis has been using a new tool for priority-setting, which is the product portfolio.<sup>5</sup> The basic idea here is that all items produced or provided should be shown in a clearly structured manner, broken down by the criteria of “cost” and “benefit”. Three preconditions had to be fulfilled first:

- (a) the large number of items had to be grouped to form manageable and clearly defined products;
- (b) it was necessary that a cost and performance accounting system would be able to show the costs per product;
- (c) the benefit of any product had to be valued in a comprehensible and generally

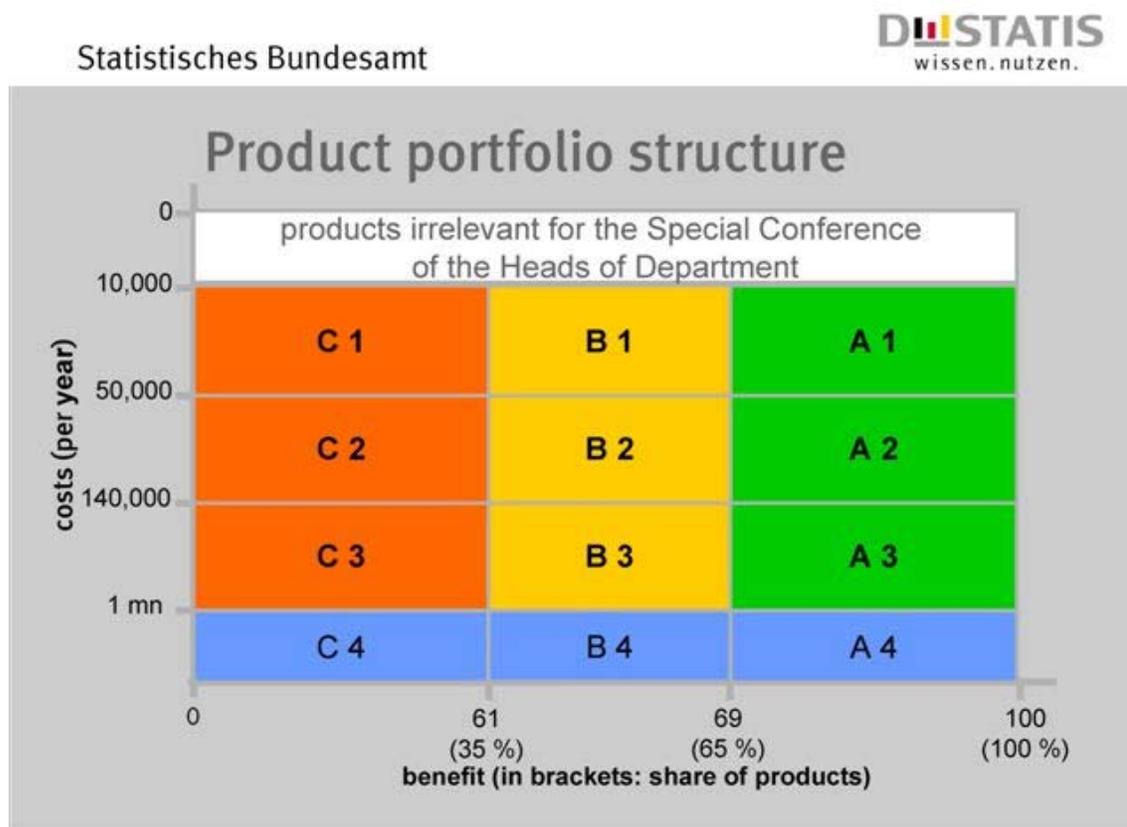
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<sup>5</sup> Cf. Brugger, Pia and Florian Burg: *Strategie- und Programmplanung*. In: *Wirtschaft und Statistik* 3/2005, pp. 191–196

accepted way.

25. The preconditions 1 and 2 were the first ones that were fulfilled. The benefits were valued through a bottom-up approach, with subsequent checking and assessment by the top management (Heads of Department and President/Vice-President).

26. On that basis, a matrix of about 500 products was created, broken down by cost classes and benefit classes:



27. The criterion used to value the benefit was a product's actual contribution to achieving the six strategic goals of Destatis, which can be summarised as follows: "image improvement", "high data quality", "reducing the burden on respondents", "higher efficiency", "reliable partner in national and international co-operation" and "staff qualification and motivation". Within the scope of an annual database-supported enquiry, those responsible for specific products have to assess the contribution provided by their products to achieving the goals. In other words, they have to assess the products' effectiveness. Although it is a shortcoming that this value has to be

determined on a largely subjective basis, this is a first step towards operationalising the internal measurement of effectiveness.

28. That process has welcome effects, that is, the staff of the statistical office consider themselves more responsible than before for products. They reflect intensively on the strategic goals and put them in relation to the products. Also, the highly schematic presentation has an advantage: Once a product has been given the “label” of a specific category in the product portfolio, it has to justify its existence against other products – this is a first step towards priority-setting.

29. Obviously the issue is not only about providing or discontinuing a product, but also about modifying products through projects or measures. As part of programme planning, whenever a new project or a new measure requires some resources the Destatis work units indicate the product involved in the project/measure and, in addition, give an assessment of the measure’s contribution to achieving a goal, similar to assessing the products. If, for example, a work unit proposes a measure/project that would allow producing a product much more efficiently (such as an innovative processing method for a statistics), that positive contribution is reflected by the assessment of the measure with regard to the strategic goals. That assessment is clearly shown by the database used for the annual enquiry. So it is possible to present all proposed measures according to their contribution to various strategic goals (efficiency, higher data quality, etc.). Consequently, the product portfolio also helps to prioritise measures which are below the threshold of a product (for example, a statistics). On that basis, and in relation to the products that are changed by the measures, the management sets priorities.

30. The Destatis product portfolio is an important tool for orientation in priority-setting. Nevertheless, it cannot replace decision-making and it gives information on the benefit of items produced or provided only along the lines of the criterion chosen before. It is crucial to choose the right criterion, that is it should be one of the criteria defining the effectiveness of a statistical programme.

#### **IV.2 The future of cost-benefit analyses**

31. Basically, Eurostat follows that approach, too. However, the Eurostat cost-benefit pilot study so far has examined only selected statistics<sup>6</sup>, whereas Destatis has attempted to estimate some benefit for all products, including internal ones.

32. The methodical shortcomings are the same for the Destatis approach and the Eurostat approach:

- (a) in both cases, it is the statistical office itself that estimates the benefit of its products;
- (b) there is hardly any information available on the costs of statistics production at the level of EU member states or of German Länder.

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<sup>6</sup> Rail and air transport of goods as well as Foreign Affiliates Trade Statistics (FATS) – Cf. “Working group ESS programming and coordination”, report on the cost-benefit pilot study for the meeting of 19 June 2006, Luxembourg, Document Doc GT 2006/2.1 a/EN only

33. Future challenges will probably be the following:
- (a) consolidating the information on the benefit of statistical programmes
    - from the user perspective, and
    - from the producer perspective; and
  - (b) shaping the cost-benefit analysis in a way that its results can be obtained with minimum efforts while, at the same time, giving practical help in taking decisions about priorities.

34. Since covering and valuing the benefit is even more difficult in methodical terms than covering the costs, it is meaningful to take a step-by-step approach to the cost-benefit analysis. The first step here is making transparent the costs and burden borne by the statistical offices and the respondents. However, for reasons of principle, it is not really possible to quantify the benefit. Therefore, it is advisable to envisage what is feasible in terms of methodology: This is a cost-effectiveness analysis that can be shown as an example in the Destatis product portfolio. "Effectiveness" here stands for a way of considering the benefit side that attempts to use the extent to which predefined goals have been achieved as a measure of the benefit.

## LITERATURE

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