



EUROPEAN COMMISSION  
EUROSTAT

Directorate D: Government Finance Statistics (GFS) and quality

**PROCEDURES FOR THE DEVELOPMENT AND  
IMPLEMENTATION OF METHODOLOGY UNDERPINNING  
EDP DATA**

# **PROCEDURES FOR THE DEVELOPMENT AND IMPLEMENTATION OF METHODOLOGY UNDERPINNING EDP DATA**

0	BACKGROUND .....	3
1	METHODOLOGICAL GUIDELINES .....	3
2	DELINEATION BETWEEN VARIOUS GUIDELINES.....	4
2.1	General guidelines .....	4
2.2	Bilateral guidelines.....	5
3	CONSULTATION PROCESS .....	6
4	IMPLEMENTATION.....	7

## 0 BACKGROUND

1. The compilation of Excessive deficit procedure (EDP) data and government finance statistics (GFS) data is based on national accounts concepts and definitions as set out in the European System of Accounts (ESA). This is the European equivalent of the internationally agreed System of National Accounts (SNA).<sup>1</sup>
2. ESA 2010 is an EU regulation that also stipulates that the Commission (Eurostat) is responsible for its interpretation.<sup>2</sup> Eurostat conducts this interpretation task with the help of several European Statistical System (ESS) groups or committees: the task force on methodological issues and the Excessive Deficit Procedure Statistics Working Group (EDPS WG) as well as, where necessary, the Directors of Macroeconomic Statistics (DMES). The Committee on Monetary, Financial and Balance of Payments statistics (CMFB), which involves in addition to the National Statistical Offices also the Central Banks, may also be consulted.
3. The conceptual framework and rules set out in ESA 2010 are complemented by guidelines. This document aims to define the different types of guidelines and the procedures for each of them.
4. EDPS WG and DMES have been consulted on this document by written procedure.

## 1 METHODOLOGICAL GUIDELINES

5. Eurostat publishes the Manual on Government Deficit and Debt (MGDD) to provide the government sector with additional guidelines on the appropriate treatment of statistical issues on EDP/GFS. This manual therefore complements, clarifies or interprets ESA 2010.
6. The MGDD is updated every two to three years to ensure stability. In the meantime, Eurostat issues additional guidelines where necessary.
7. Where there is a need to update the MGDD outside the regular update cycle, the *guidance note amending the latest MGDD* is used. The purpose of such a note is to amend the existing MGDD in a targeted and timely way.
8. Of the general methodological guidelines, the *MGDD update* and *guidance notes* require a formal consultation of various ESS groups.
9. When a Member State requires an opinion on a specific statistical issue, Eurostat can either provide the respective Member State with advice on a bilateral basis or, if the issue might also affect other Member States, can instead issue a methodological guideline (in the form of a *guidance note* or *clarification*) relevant to all Member States.
10. General methodological guidelines affect all Member States and generally require a comprehensive and formal consultation of the ESS. By contrast, bilateral advice given by Eurostat to a Member State does not involve consultation of the ESS. These opinions on the recording of a specific transaction take into account existing national accounts rules and principles as well as statistical treatments implemented in other Member States.

---

<sup>1</sup> ESA 2010 and 2008 SNA respectively.

<sup>2</sup> See Article 2(3) of Regulation (EU) No 549/2013 of the European Parliament and of the Council of 21 May 2013 on the European system of national and regional accounts in the European Union.

11. The following table contains the methodological guidelines for interpreting or complementing ESA 2010 together with the ESS consultation requirements and publication policy:

	ESS consultation requirements <sup>3</sup>	Publication
<b>General guidelines</b>		
MGDD update – publication	EDPS WG and DMES written consultations (CMFB to be consulted on financial matters)	Yes
Eurostat decision, <i>as defined in the Council Regulation 479/2009, article 10(2)</i>	EDPS WG and CMFB written consultations	Yes
Guidance notes amending the latest MGDD	EDPS WG and DMES written consultations (CMFB to be consulted on financial matters)	Yes
Other guidance notes and GFS interpretation	EDPS WG written consultation	Yes
Clarification	-	Yes
<b>Bilateral guidelines</b>		
Bilateral advice, <i>as defined in the Council Regulation 479/2009, article 10(1)</i>	-	Yes
Main findings of EDP visits	-	Yes
Other bilateral advice, such as emails or requests for clarification during the notification	-	No

## 2 DELINEATION BETWEEN VARIOUS GUIDELINES

### 2.1 General guidelines

12. An *MGDD update* involves a general review of the whole manual.
13. *Guidance notes amending the latest MGDD* only envisage a specific change, such as introducing a new section or deleting/adding a few sentences or paragraphs in a given chapter. This type of guideline is used to amend or supplement the MGDD beyond routine updates, for example, when a new phenomenon arises and requires formal MGDD treatment or when a change is required to the MGDD. A *guidance note*

<sup>3</sup> The National Accounts Working Group (NAWG) is informed and/or consulted in relevant cases.

*amending the latest MGDD* contains a section or annex with new or updated MGDD text.

14. The *MGDD update* and the *guidance notes amending the latest MGDD* follow the same approval procedure. Both are subject to EDPS WG and DMES written consultations and also to a CMFB consultation where necessary.
15. Eurostat occasionally takes *decisions* that also provide general guidelines to countries following consultation with the CMFB. The possibility for Eurostat to issue such *decisions* is included in Article 10 (2) of Council Regulation (EC) No 479/2009.
16. *Guidance notes amending the latest MGDD* differ from *other guidance notes* in that the former contain a section or annex with new or updated MGDD text. *Other guidance notes* need the approval of the EDPS WG, which can be extended to the DMES, if requested by Member States. Both types of guidance notes represent an ESS view on a type of methodological treatment obtained through a formal agreement process.
17. The *GFS interpretation* involves GFS classification issues that do not impact government deficit and debt data in principle. The procedure to be followed is the same as for *other guidance notes* after consultation of the task force on GFS or on COFOG (Classification of the Function of Government).
18. The National Accounts Working Group (NAWG) will be informed and / or consulted in the relevant cases above.
19. *Clarifications* solely represent the Eurostat view and do not introduce new methodological elements. They explain how the existing rules are applied to a certain phenomenon or provide additional details on existing rules. As a result, they may be issued without formal consultation of the ESS.
20. *Clarifications* therefore only express the Eurostat view on existing MGDD rules and do not change the MGDD. They are issued either because the treatment is non-controversial, presumably involves very few Member States, or where the actual meaning of an existing provision is called into question by one Member State in such a way that a formal consultation is not deemed necessary. In exceptional cases, they can be used when Member States appear to have a different interpretation of the existing rules and an interim position is needed.
21. However, the EDPS WG or the task force on methodological issues are often consulted informally to provide input on *clarifications*.
22. *Clarifications* may be discussed further. A *clarification* that is later subject to a written consultation becomes a *guidance note*. A *clarification* issued in the past might be superseded by a *guidance note* issued later on.

## **2.2 Bilateral guidelines**

23. When requested by a Member State, Eurostat provides *bilateral advice* to the requesting Member State on a specific case. This may be before or after the related

transactions have been carried out (ex-ante advice or ex-post advice respectively). The *advice* takes the form of a letter addressed to the requesting national statistical institutes. Such *advice* is referred to in Article 10(1) of Council Regulation 479/2009 on the quality of statistical data in the context of the excessive deficit procedure. The background and procedures to be followed are explained in detail in *Eurostat's ex-ante and ex post advice on methodological issues*.<sup>4</sup>

24. As Eurostat publishes *bilateral advice*, other Member States can use each piece of advice to help them make their own internal classification decisions while also taking into account the specificities of each case.
25. *Advice* from Eurostat to Member States has the same status as *clarifications*, essentially general advice intended for all countries. Both are made public.
26. Besides formal *bilateral advice*, Eurostat provides views on a less formal basis through the *Main findings of EDP visits to Member States*, the *Request for clarification* rounds during the EDP data assessment period and more informal emails. This represents a flexible way of communication between Eurostat and Member States. The *Main findings of EDP visits* are published on the Eurostat website.<sup>5</sup>

### 3 CONSULTATION PROCESS

27. All general methodological guidelines, except *clarifications*, follow a formal and comprehensive consultation process involving various ESS groups.
28. A special questionnaire is used to collect and prioritise the methodological issues in need of additional guidance in consultation with the EDPS WG. Eurostat may also bring forward other items.
29. Eurostat maintains a list of pending issues, together with a short text (*Problem statement*). Progress on this list is presented on a regular basis in the EDPS WG and to the DMES.
30. Each consultation must adhere to a certain process:
  - If the issue is complex, it might be discussed first in the task force on methodological issues or in dedicated experts meetings (DEM). The results of the task force / DEM are presented to the EDPS WG;
  - The issue is then discussed in the EDPS WG, with discussion documents presented 10 working days in advance. Based on the discussions, the Eurostat chair may conclude that there is a majority view, or none, and whether a written consultation is to be launched to the EDPS WG;
  - During the EDPS WG or by written consultation, the EDPS WG may be asked for its opinion on whether a given methodological issue should take the form of a general methodological guideline, and if yes, which one. The consultation should also include the implementation deadline.

---

<sup>4</sup> <http://ec.europa.eu/eurostat/documents/1015035/2046549/Guidelines-Eurostat-ex-ante-ex-post-advice--clarifications-decisions--on-methodological-issues.pdf>

<sup>5</sup> <http://ec.europa.eu/eurostat/web/government-finance-statistics/excessive-deficit-procedure/eurostat-edp-visits-to-member-states>

31. Eurostat consults the EDPS WG (as described in the paragraph 30) and (where applicable) the DMES by written procedure, providing enough time for review (10 working days each). At the same time, Eurostat or a Member State may also decide to consult the CMFB on financial issues.
32. The NAWG may also be consulted in relevant cases.
33. The consultation is standardised, with four possible answers:
  - Agreement
  - Agreement subject to proposed amendment(s)
  - Objection
  - No opinion
34. Respondents indicate the specific elements that they want to be amended or the reasons for their objection. In addition, they submit editorial comments to Eurostat. At the end of the consultation process, Eurostat should distribute all comments received to the Member States, unless they object to this.

#### **4 IMPLEMENTATION**

35. Bilateral advice given to a Member State is expected to be implemented without delay in the following EDP notification, at least for the last four years reported and for issues that impact the deficit/debt. Implementation in national accounts also takes into account the Member States revision policy agreed with Eurostat.
36. Similar to bilateral advice, new general methodological guidelines would in principle expected to be implemented by all Member States without delay, at least for the last four years (unless there is no materiality issue). However, taking into account the revision policy of Member States, the nature of the general guidelines and the circumstances (such as launching a new survey), the implementation deadline should be defined for each guidance note in agreement with the EDPS WG.
37. Implementation schedules set minimum standards. In general, they cannot prevent a Member State from implementing the newly published guideline faster.
38. However, new methodological guidelines should be fully implemented at least by the time of the next benchmark revision for the whole time series (e.g. from 1995 onwards) and not only for the last four years.
39. Revisions are expected to be time-consistent, in particular:
  - Consistency is required at least for each individual operation (such as licences etc.). Partial implementation might therefore result in different accounting treatments for similar contracts depending on the contract date and pending the next benchmark revision.
  - Reclassification of units may not be extrapolated backwards (retropolated) before the next benchmark revision. This leads to entries in the other changes in volume of assets or liabilities and to breaks in time series at some point before the four years of notification. Such breaks in time series should be removed at the next major revision.