

EXECUTIVE SUMMARY

The speed at which the ‘data revolution’ is occurring poses an unprecedented challenge to official statistics and European statistics in particular. In the complex new data ecosystem, national statistical institutes (NSIs) and other producers of European statistics face increasing competition in the production and publication of timely and relevant information. New actors, such as private data producers and data scientists, are often perceived as more agile and innovative.

The working methods of the new data producers by and large do not demonstrably adhere to the well-established principles and processes of European statistics for ensuring the reliability and overall quality of published statistics. However, these new data products are being increasingly used, crowding out European statistics as the source of definitive statistical information and creating risks of misinformation and misuse of data, with consequences for the functioning of global and domestic markets, for international collaboration and ultimately for democracies.

In such an environment, in order for European statistics to fulfil their public good function at the service of society as a whole, all those responsible for European statistics should adapt their ways of working to ensure European statistics are fit for the future and are enabled to continue to best fulfil their mission of satisfying the new and evolving information needs of all stakeholders. They should also strengthen the ‘brand’ of European statistics as principles-based statistics by reinforcing and highlighting their fundamental advantage over other data, which arises from their adherence to statistical principles and ethics and, thus, makes them the ultimate go-to source of independent, impartial and reliable statistical information.

Producers of official statistics, and indeed European statistics, need to adapt to and seize the opportunities of the digital era, but they also need to get the necessary legal mandate, tools and resources to be able to take advantage of these new opportunities. At the same time, to preserve the trust that the public places in official statistics, it is important to ensure that the necessary changes do not lead to a weakening of the principles governing official statistics, such as professional independence or quality, and that, where needed, adherence to these principles and the governance frameworks that enable them are strengthened. This is necessary to enhance the unique brand of European statistics.

The European Statistical Governance Advisory Board (ESGAB) makes in this annual report concrete recommendations for enhancements to the European statistical law (Regulation (EC) No 223/2009 – henceforth Regulation 223) to enable the European Statistical System (ESS) to adapt its ways of working to successfully address the challenges of the new data ecosystem.

To keep European statistics relevant, accurate, timely and cost-effective, Regulation 223 should provide that Eurostat and EU Member States’ producers of European statistics be granted access to privately held data with protective guarantees and safeguards for the owners.

Regulation 223 should recognise that adequate resources, in terms of both staff with relevant skills and new technological systems, are needed to exploit new data sources and impart new capabilities to the producers of European statistics.

Strong and sustained cooperation with academic and research institutions in a variety of disciplines is an important lever for innovation, agility and the development of experimental statistics. An amendment to Regulation 223 should strengthen the possibilities for such collaborations.

In this context, Regulation 223 should provide that academics and researchers can get access to databases created by Eurostat and other official statistics producers that include private data, albeit under strict rules to ensure confidentiality of statistical units and preserve the trust of private data owners. Moreover, Eurostat should be mandated to set up and host an adequately endowed European Research Institute for Official Statistics (ERIOS), whose research would contribute to the development of state-of-the-art official statistics.

Given advances in technological solutions, Regulation 223 should now make sharing of data in the ESS possible and commonplace. It would do that by providing for the setting up of a new framework, assigning Eurostat as the hub for data sharing within the ESS with proper responsibility and accountability, along with strong safeguards that guarantee statistical confidentiality and prevent possible misuses of the data.

In this annual report, ESGAB also makes concrete recommendations for enhancements to Regulation 223 to enable the ESS to strengthen its brand of principles-based statistics by ensuring that European statistics are the ultimate go-to source of independent, impartial and reliable statistical information.

In preparing this report, ESGAB sought the views of various stakeholders of European statistics, notably as regards the independence of Eurostat. One finding was that today Eurostat generally enjoys a good reputation regarding its independence. To ensure that this is buttressed, a number of legal amendments pertaining to governance are proposed in this report. The ESS governance framework should not only be fit for purpose in good times but also withstand any challenges that might arise in more controversial, difficult circumstances and times.

The EU statistical law should make a clear distinction between the Commission as a political body and Eurostat as the statistical authority of the EU, and clarify that Eurostat is the impartial, objective and professionally independent statistical authority serving the EU as a whole. The regulation should also make clear that relations between the Commission and Eurostat shall be guided by Eurostat's professional independence and that Eurostat's status within the Commission differs from that of other directorates-general, operating in full compliance with the European Statistics Code of Practice.

Regulation 223 should further strengthen the independence of the Director-General of Eurostat, achieving essential alignment with the relevant provisions in the regulation regarding heads of NSIs.¹ The Director-General of Eurostat should be selected for a fixed, non-renewable term, the selection should be open and transparent, in line with international best practices, and the appointment should be made only on the basis of clear

professional criteria, among which statistical reputation and a high level of competence in statistical matters are key.

The Director-General of Eurostat should be responsible and accountable for all statistical activities and for matters regarding internal management and budget execution of Eurostat. Reasons for the early termination of his or her contract (dismissal) should be specified in the regulation and should not compromise his or her professional or scientific independence or internal management responsibilities. Certain of these provisions should also apply to his or her deputy.

Regulation 223 should further provide that the selection and recruitment process for the heads of NSIs satisfies the same provisions as for the Director-General of Eurostat above. The reasons for the dismissal of the heads of NSIs or transfer to another position should be specified in the law and must not include reasons compromising his or her professional or scientific independence or internal management and budget responsibilities. Dismissal or transfer to another position would have to be made public with a reasoned decision, and ESGAB should be notified.

To strengthen the independence and impartiality not only of heads of NSIs but also of statistical authorities in the ESS in general, independent national bodies that monitor the compliance with the principles of the European Statistics Code of Practice regarding professional independence already referred to in Regulation 223 should be established in all Member States.

With a view to reinforcing Eurostat's role for quality control, Regulation 223 should strengthen its coordination functions vis-à-vis statistical activities of all EU bodies and directorates-general that contribute data that are used for the development and production of European statistics. Moreover, it should be more explicit in providing Eurostat, without caveats and conditions, the responsibility to publicly voice any serious concerns it has regarding quality and, more generally, compliance with the European Statistics Code of Practice.

As the Code of Practice is the key instrument used to assess Member States' compliance on issues of statistical principles with the EU statistical law, the legal status of the principles included in the Code of Practice should be unambiguously spelt out in Regulation 223.

Commitments on confidence in statistics (CCSs) are important elements in the governance framework of European statistics. Regulation 223 should be amended to strengthen the CCSs to be made by the national or European policy side, specifying the subjects to be covered in the CCSs and the processes of how to arrive at the periodically reviewed, and potentially revised and renewed, CCSs. Based on its task, given in Regulation 223, to monitor the CCS by the European Commission with respect to Eurostat, ESGAB presents in this annual report its Opinion on this commitment, Commission Decision on Eurostat of 2012, and makes recommendations on how to recast it with a view to be a role model for the entire ESS.

In this context, ESGAB believes it is important to have in the Commission's CCS a clear commitment from the political side of the Commission to take all necessary measures to



maintain confidence in European statistics and aim to ensure progress in the implementation of the statistical principles contained in the European Statistics Code of Practice. The special status and independence of Eurostat within the Commission as the EU statistical authority should be clearly stated upfront in the Commission's CCS.

The political side of the Commission should also explicitly declare its commitment to ensuring that Eurostat has the necessary financial support and human resources, as well as the legal support, for Eurostat to meet the challenges ahead.

The Commission's CCS should clarify that the Director-General of Eurostat is also the Chief Statistician of the European Commission. The coordinating function and authority of Eurostat in statistical matters – including for 'other statistics' – within the Commission should be clarified and strengthened, with a view to *inter alia* supporting the quality and reputation of linked European statistics.

Finally, the Commission's CCS should stipulate that, with regard to statistics available to and/ or released by Eurostat, the Commission gears towards adherence to the best practice indicated in the European Statistics Code of Practice whereby 'all users have equal access to statistical releases at the same time'.

RECOMMENDATIONS

Recommendation 1

ESGAB recommends that Regulation 223 provide in its articles that access to privately held data be granted to the producers of European statistics.

Recommendation 2

ESGAB recommends that Regulation 223 provide in its articles a strong legal mandate for Eurostat to receive access to privately held data strictly for the purpose of producing or validating European statistics. The regulation should provide that Eurostat would have to justify the use of any privately held data, put in place procedures, protocols as well as accountability mechanisms for accessing these data, and ensure the transparency of all the above. The regulation should provide that if NSIs or other European statistics producers are involved in the processing of privately held data accessed by Eurostat, including for the purpose of producing European statistics for their corresponding Member States, Eurostat would have to set up special processes and protocols in an EU space under its responsibility, to preclude any possible misuses of the data.

Recommendation 3

ESGAB recommends that Regulation 223 provide for access by researchers to databases constituted by Eurostat that include data from private sources. Such access would have to be subject to strict rules of access to address the issue of private data owners' trust and matters of statistical confidentiality. In particular, the private data owners should be informed about the use of their data by researchers and given the opportunity to deny access if it would unduly harm their interests. In addition, the use of microdata from such datasets should be based on the data subjects' consent.

Recommendation 4

ESGAB recommends that recital 13 of Regulation 223 as in force be strengthened to state that there should be strong, structured and sustained interdisciplinary cooperation with academic and research institutions

Recommendation 5

ESGAB recommends that Article 6 of Regulation 223 be amended to provide for Eurostat to be mandated, as well as endowed with adequate resources, to set up and host a European Research Institute for Official Statistics (ERIOS) to advance research relevant for the development of official statistics, focused on the fields of statistics and data sciences. The institute should be mandated to collaborate with academic and other research institutions.

Recommendation 6

ESGAB recommends that Article 14 of Regulation 223 be amended so that (i) it explicitly states that direct action might involve either the further development of existing statistics through innovative procedures and technologies or the introduction of new statistics, including statistics that might be considered experimental; (ii) item 2(b) regarding conditions for temporary direct statistical action becomes less restrictive; (iii) item 2(c) provides for adequate allocations of resources to Eurostat to cover the full costs and allocations to NSIs and other national statistical authorities; (iv) the regulation provides the possibility for Member States to opt out of an initiative of direct action by supplying a public explanation of their decision; and (v) the regulation provides that any undertaken temporary direct statistical action needs to be assessed after it is completed.

Recommendation 7

ESGAB recommends that the recitals of Regulation 223 be amended to include that Eurostat, NSIs and other national authorities responsible for the production of European statistics should strive to provide access to their databases and supporting metadata and other documentation relevant for quality assessment using up-to-date and easy-to-use technologies.

Recommendation 8

ESGAB recommends that Regulation 223 be amended to provide for a new framework of sharing the data of individual statistical units within the ESS that would (i) involve Eurostat setting up special processes and protocols in an EU space under Eurostat's responsibility to access the data to be shared, and invite, if and when necessary, other European statistical authorities to participate in the data processing; (ii) provide for access by researchers to microdata in the databases constituted by Eurostat; (iii) have the safeguards to preclude any possible misuses of the data; and (iv) be characterised by full transparency regarding this institutional set-up to render accountability effective and help develop the trust of government and private data owners as well as of statistical units.

Recommendation 9

ESGAB recommends that Regulation 223 should make a clear distinction between the Commission as a political body and Eurostat as the statistical authority of the EU. Regulation 223 should refer to 'Eurostat' and not to 'Commission (Eurostat)' when designating the EU statistical authority in charge of developing, producing and disseminating European statistics. Regulation 223 should clarify that Eurostat is the impartial, objective and professionally independent statistical authority serving the EU as a whole. The relations between the Commission and Eurostat shall be guided by Eurostat's professional independence. As such, Eurostat's status within the Commission differs from that of other directorates-general. It operates in full compliance with the European Statistics Code of Practice.

Recommendation 10

ESGAB recommends that Regulation 223 should strengthen the independence of the Director-General of Eurostat. To this end, Article 6 should achieve essential alignment with the relevant provisions in Article 5a regarding heads of NSIs. It should include the following provisions: (a) the Director-General of Eurostat is selected for a fixed, non-renewable term of 7 years; (b) the selection and the recruitment process shall be open and transparent, in line with international best practices, and the appointment shall be made only on the basis of clear professional criteria, among which statistical reputation and a high level of competence in statistical matters are key; (c) the Director-General of Eurostat shall be responsible and accountable for all statistical activities and for matters regarding internal management and budget execution of Eurostat; (d) reasons for the early termination of the contract (dismissal) of the Director-General of Eurostat shall be specified in the regulation and must not compromise his or her professional or scientific independence or his or her internal management responsibilities outlined in provision (c); (e) provisions (b) and (d) above should also apply to the Deputy Director-General of Eurostat; and (f) the regulation should specify 'including other parts of the Commission' in Article 6a, paragraph 3, after 'Union institutions or bodies'.

Recommendation 11

ESGAB recommends that in Regulation 223 the provisions for the recruitment and dismissal of heads of NSIs should be strengthened and aligned with those proposed in recommendation 10 above for the Director-General of Eurostat. Article 5a, paragraph 4, should include the following provisions: (a) the selection and recruitment process shall be open and transparent in line with international best practices, and the appointment shall be made only on the basis of clear professional criteria, among which statistical reputation and a high level of competence in statistical matters are key; (b) reasons for the dismissal of the heads of NSIs or their transfer to another position shall be specified in Regulation 223 and must not include reasons compromising his or her professional or scientific independence or his or her internal management responsibilities; (c) national bodies referred to in Article 5a, paragraph 5, of Regulation 223 shall be established in all Member States. Once established, these independent bodies should *inter alia* monitor compliance with the proposed provisions (a) and (b) above on the recruitment and dismissal processes of heads of NSIs; and (d) a reasoned decision for dismissal or transfer shall be made public, and ESGAB shall be notified.

Recommendation 12

ESGAB recommends that Regulation 223 reinforce the coordination functions of Eurostat. Eurostat shall coordinate statistical activities of all EU bodies and directorates-general that contribute data that are used for the development and production of European statistics, *inter alia* with a view to ensuring consistency and data quality and minimising reporting burden.

Recommendation 13

ESGAB recommends that Article 12, paragraph 4, be strengthened regarding the quality of national data transmitted to Eurostat by Member States. When assessing the quality of the data transmitted, Eurostat shall make publicly and promptly available any serious concerns it has and disclose any breaches of the European Statistics Code of Practice.

Recommendation 14

ESGAB recommends that Article 1 of Regulation 223 establish unambiguously the legal status of the European Statistics Code of Practice.

Recommendation 15

ESGAB recommends that Regulation 223 be amended to strengthen the CCSs to be made by the policy side. To this end, amendments should specify the subjects to be covered in the CCS and the processes of how to arrive at the periodically reviewed, revised and renewed CCSs.

Recommendation 16

ESGAB recommends the establishment of a new Commission CCS. It should consist of a focused, clear and unambiguous commitment from the political side of the Commission to take all necessary measures to maintain confidence in European statistics (wherever they are produced in the ESS) and aim to ensure progress in the implementation of the statistical principles contained in the European Statistics Code of Practice. In particular, the special status and independence of Eurostat within the Commission as the EU statistical authority should be clearly stated upfront. In addition, it should include a list of specific actions that the political leadership has to undertake to support the implementation of the Code of Practice in the production of European statistics. The CCS should also be very explicit about the conditions that support or manifest the independence of Eurostat and the Director-General of Eurostat (see also recommendations 9 and 10).

Recommendation 17

ESGAB recommends that the updated Commission CCS include an explicit commitment of the Commission to supply Eurostat with adequate and predictable resources over the medium term, in terms of financing and staffing, so that Eurostat is able to fulfil its tasks. The Commission should commit to providing Eurostat with all allowable flexibility for recruiting staff with appropriate specialist skills in adequate numbers to ensure Eurostat's fulfilment of its mandate, and also to giving the necessary political support to Eurostat to get access to all data needed to produce European statistics, including privately held data.

Recommendation 18

ESGAB recommends that the Commission CCS, as currently worded with respect to the Chief Statistician, be revised to clarify that the Director-General of Eurostat is also the Chief Statistician of the European Commission. In parallel, the coordinating function and authority of Eurostat in statistical matters – including for ‘other statistics’ – within the Commission should be clarified and considerably strengthened, with a view to *inter alia* supporting the quality and reputation of linked European statistics.

Recommendation 19

ESGAB recommends that the Commission CCS stipulate that, with regard to statistics available to and/or released by Eurostat, the Commission gears towards adherence to the best practice indicated in the European Statistics Code of Practice whereby ‘all users have equal access to statistical releases at the same time’.