



# ESGAB ANNUAL REPORT 2017

Ninth Annual Report by the  
**European Statistical  
Governance Advisory Board**  
to the European Parliament  
and the Council on the implementation  
of the European Statistics  
Code of Practice by Eurostat and  
the European Statistical System  
as a whole



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# EUROPEAN STATISTICAL GOVERNANCE ADVISORY BOARD (ESGAB)



First row up, left to right:  
Marti Hetemäki (Chair),  
Pilar Martín-Guzmán,  
Enrico Giovannini

Second row:  
Patricia O'Hara,  
Marius Profiroiu,  
Günter Kopsch

ESGAB was established by the European Parliament and the Council in 2008 to provide an independent overview of the European Statistical System (ESS) with particular regard to the implementation of the European Statistics Code of Practice. ESGAB's aim is to enhance professional independence, integrity and accountability (three key elements of the Code of Practice) in the ESS, and the quality of European statistics.

Its tasks include preparing an Annual Report to the Parliament and the Council on the implementation of the Code of Practice insofar as it relates to the Commission (Eurostat), as well as an assessment of implementation in the

ESS as a whole, and advising the Commission (Eurostat) on appropriate measures to facilitate implementation of the Code, how to communicate it to users and data providers, updating it and questions relating to user confidence in European statistics, if considered necessary.

Eurostat participates as an observer at the ESGAB meetings and the Commission covers ESGAB's secretariat and meeting expenses. ESGAB members receive no remuneration. ESGAB therefore has no operating budget.

For further details see:  
<http://ec.europa.eu/esgab>.



# FOREWORD

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It is now nine years since ESGAB was established by the European Parliament and the Council to enhance the professional independence, integrity and accountability of European statistics. Each year, in addition to reviewing how well Eurostat and National Statistical Systems are complying with the European Statistics Code of Practice, ESGAB also examines key challenges faced by the European Statistical System as a whole.

This year, ESGAB focuses on the issues of trust, access to administrative and privately-held data, and the coordination of National Statistical Systems. Furthermore, ESGAB has included in this year's Report a review of its first nine years of activities to show how the work of ESGAB has evolved as its role in relation to the European Statistical System became firmly established. It is certainly a good time to reflect on the changes that have taken place: Regulation (EU) 223/2009 on European statistics has been amended, another round of peer reviews has taken place, and there have been specific concerns about the

independence and credibility of official statistics in some Member States.

This ninth year also marks the end of the third ESGAB team. The knowledge and experience of my colleagues on the Board have been invaluable in the discussions on how to ensure that statistical governance in the ESS keeps pace with the changing statistical environment. I would like to take this opportunity to thank them for all their support and advice throughout my three years as Chair.

While much has been achieved over ESGAB's first nine years, as this year's Report makes clear, improvements are still required. Therefore, as in previous years, ESGAB has made a number of recommendations to be taken forward in Eurostat and National Statistical Systems.

Martti Hetemäki  
ESGAB Chair

# EXECUTIVE SUMMARY AND RECOMMENDATIONS

This year's Report focuses on the importance of good governance to maintain and increase trust in official statistics, accessing administrative and privately-held data, and the practical challenges of coordinating National Statistical Systems (NSSs). It further reviews how well Eurostat and National Statistical Systems are implementing improvement actions arising from recommendations in ESGAB's previous reports and in the reports from the last round of peer reviews. The Report also looks back over the first nine years of ESGAB's existence, describing how ESGAB's role has evolved over this period, the issues which the Board has raised and the lessons learned for the future.

The Code of Practice is a key tool for building trust in official statistics and should be widely promoted as a mark of quality at national and European levels. It is particularly important that the Principles of the Code, and the associated indicators, are highly visible to EU citizens.

Therefore, the Code should be given prominence on the websites of Eurostat and NSIs. Furthermore, references to the Code in statistical outputs should become standard practice within the European Statistical System (ESS).

There is some concern that the transposition of the new European Regulation on General Data Protection<sup>1</sup> into national legislation could be a source of difficulties for some countries if the specific requirements of statistical work and the existing right of access to administrative data for statistical purposes are not taken into account. This is an issue which National Statistical Institutes (NSIs) should follow closely and, when possible, they should be actively involved in the transposition process.

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<sup>1</sup> Regulation EU 2016/679 on General Data Protection

Where data are provided by private sector organisations for the compilation of official statistics, access to the data needs to be sustained over time. Also, it should be possible to check the methodology on which the data are based as well as their quality and security.

The coordinating responsibility of NSIs established in amended Regulation (EC) 223/2009 has triggered a new dynamic for the implementation of coordinating methods and procedures in most Member States. However, changes in the organisational structures are still required in many countries. In particular, teams producing European statistics in Other National Authorities (ONAs) should be clearly identified and differentiated within the organisation and should be staffed by individuals endowed with the necessary professional qualifications for their statistical work. Furthermore, the government should provide these units with enough resources to allow for the production of statistics in full compliance with the Code of Practice.

If the dissemination of statistics produced by ONAs is via their press offices, there is a risk that the image of independence and impartiality of the NSS could be significantly damaged. An alternative dissemination strategy, using a common national web interface (implemented and updated by the NSI) to publish European statistics, was followed last year by some EU countries. This development is very welcome and other countries should be encouraged to follow this dissemination pattern.

The quality of the data published outside the ESS can influence the credibility of European statistics. This is particularly true for the statistics that enjoy wide coverage in the media. ESGAB therefore suggests that Member States extend the coordination task of NSIs to other national statistics in the near future.

ESGAB strongly welcomes the current work on the revision of the Code of Practice to keep

up with the changing landscape of European statistics, and hopes that the revised Code will be finalised by the ESS Committee soon. ESGAB recommends that a third peer review exercise, based on the revised Code, should take place by 2020.

Establishing the cost of statistical products is important in order to assess the relative demand on resources of different statistical products and to provide a basis for setting future priorities. In its 2015 and 2016 Annual Reports, ESGAB recommended that NSIs and Eurostat should improve their cost accounting systems and provide estimates of the costs of producing European Statistics. ESGAB is pleased to see that progress is being made in this area and recommends that the cost calculations for the main categories of statistics are based on a harmonised approach across Member States.

ESGAB welcomes and strongly supports NSIs' efforts to successfully implement improvement actions that are dependent on a decision by a separate government body and/or by the national Parliament. ESGAB is of the opinion that the establishment of Commitments on Confidence in Statistics would be the best solution to address some of the improvement actions required to ensure compliance with the Code of Practice, in particular the actions which depend on authorities outside the NSI.

Over ESGAB's first nine years, the Board has put a strong emphasis on professional independence and the coordination of statistics at national and European level. ESGAB is now firmly established and well-recognised within the ESS. While the Code of Practice provides a sound framework for good statistical governance, monitoring compliance with the Code is, and will remain, an essential task within the ESS in order to maintain confidence in European statistics and in European statistical authorities.

## 2017 RECOMMENDATIONS

**2017/1** Eurostat, National Statistical Institutes and Other National Authorities responsible for producing and disseminating European statistics should give more prominence to the Code of Practice as a quality mark on their websites if the Code is not already clearly highlighted on their main web pages.

**2017/2** Eurostat, National Statistical Institutes and Other National Authorities should refer to the Code of Practice as a matter of routine in press releases that relate to published statistics, where this is not already the case.

**2017/3** The transposition of the European Regulation on General Data Protection into national legislation should take into account the specific requirements of statistical work and should not prevent NSIs or Other National Authorities from accessing administrative data for statistical purposes at the required level of detail.

**2017/4** Where data are provided by private sector organisations to Eurostat, National Statistical Institutes or Other National Authorities, it is necessary for these bodies to ensure that the data are robust and that access can be sustained over time, and to be assured about the quality of the methods used.

**2017/5** Eurostat and National Statistical Institutes should openly inform the public about their privacy and data security policies.

**2017/6** Producers of European statistics in Other National Authorities should be clearly identified and differentiated within the organisation, with specifically-assigned tasks, and should, in practice, have a clear status of functional independence already guaranteed by legislation.

**2017/7** In accordance with the Code of Practice, the Heads of National Statistical Institutes should ensure that Other National Authorities release statistical publications in an impartial manner that allows clear differentiation from political statements.

**2017/8** Member States should give further consideration to extending the coordination role of NSIs to include national statistics, in addition to European statistics, to support the credibility of official statistics in general.

**2017/9** In light of the fact that a revised Code of Practice is expected to take into account the emergence of new data sources, the amended Regulation (EC) No 223/2009 and the outcome of the second peer review exercise, the implementation of the revised Code should be assessed in a third peer review exercise by 2020.

**2017/10** Eurostat should work with National Statistical Institutes to develop a more harmonised approach to the method of calculating the cost of European statistics by main categories of statistics.

**2017/11** ESGAB strongly reiterates that more Member States should adopt and publish Commitments on Confidence in Statistics in order to address some of the improvement actions required to ensure compliance with the Code of Practice, in particular those which are still open because further progress depends on authorities outside the National Statistical Institute.

# INTRODUCTION

As in previous years, this year's Annual Report is based on the results of a number of key inputs available within the ESS, notably the Eurostat report on NSI compliance with the Code of Practice and ESGAB's own evaluation of Eurostat's response to ESGAB's recommendations. A second important source of information for the Report is the series of bilateral meetings which the Board organises with a number of Heads of NSIs each year. These meetings help to improve the Board's understanding of the implementation of the Code of Practice and how the National Statistical Systems (NSSs) function. This year ESGAB met with the Heads of the NSIs of Ireland and of The Netherlands, and collected written reports from the NSIs of the Czech Republic, Denmark and Latvia. In the meetings and in the written exchanges, the Board was particularly interested in exploring the issue of trust in official statistics, good practices and particular challenges in relation to the implementation of the Code of Practice.

Meetings with other bodies also provide the Board with important insights into the implementation of the Code of Practice. In June 2017 the ESGAB Chair met with the European Statistics Advisory Committee, which represents users of European statistics, and discussed how the two bodies could cooperate in the

future. In July, three members of ESGAB met with the High-level Group on Quality to discuss the revision of the Code of Practice, which the Board had been strongly recommending for several years<sup>2</sup>. The current Code of Practice was adopted in 2011 and the revision is expected to take into account the emergence of new data sources, the amended Regulation (EC) No 223/2009 and the outcome of the second peer review exercise in 2013-2015. A revised version of the Code is expected to be finalised by the ESS Committee soon.

The information gathered by ESGAB may trigger the publication of Opinions on matters of serious concern in relation to statistical governance. For example, following the publication of a report by the Greek Good Practice Advisory Committee early in 2017, ESGAB issued an Opinion on Greek statistics (see Annex 3) highlighting the Board's ongoing disquiet about professional statistical independence and staff resources in the Hellenic Statistical Authority (ELSTAT).

In light of the Board's current concerns, this year's Report focuses on the importance of good

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<sup>2</sup> See Annual Report recommendations 2013/1.3; 2014/16; 2015/2, 2015/14; 2016/1; and 2016/3 which can be found in the relevant Annual Report at <http://ec.europa.eu/eurostat/web/esgab/annual-reports>

governance to maintain and increase trust in official statistics, ensuring appropriate access to administrative and privately-held data, and the practical challenges of coordinating NSSs.

Chapter 1 looks first at the challenge of maintaining and enhancing trust in official statistics when there is conflicting information provided by non-official sources or when statistical indicators fail to relate to citizens' actual experiences. Access to administrative records and privately-held data is then examined, highlighting some of the difficulties encountered by NSIs and the need to ensure that the transposition of the new Regulation on General Data Protection into national law does not hinder access to data for statistical purposes. Finally, the challenge of coordination within NSSs is discussed, particularly in relation to ONAs.

Chapter 2 provides ESGAB's overview of the implementation of the Code of Practice, looking first at progress in Eurostat in implementing improvement actions in response to ESGAB's recommendations. The progress of national members of the ESS is then described, highlighting improvement actions from the last round of peer reviews where the implementation has been delayed or where progress is dependent on authorities outside the NSI. As usual, some recommendations to improve the compliance of the ESS with the Code of Practice are presented.

Chapter 3 reviews ESGAB's activities over its first nine years, showing how these evolved into the current workload comprising the production of the Annual Report, issuing formal Opinions on Code of Practice issues, and meetings with Heads of NSIs and other national statistical authorities within the EU.

# 1. CHALLENGES FACED BY THE EUROPEAN STATISTICAL SYSTEM

## 1.1. MAINTAINING THE RELEVANCE OF, AND TRUST IN, OFFICIAL STATISTICS WHEN 'POST-TRUTH POLITICS' IS GROWING<sup>3</sup>

In its 2016 Annual Report, ESGAB pointed to the challenges of maintaining trust in official statistics and the implications for quality and comparability arising from the use of Big Data sources<sup>4</sup> for the production of official statistics. Analysis of Big Data turns on its head the traditional research process based on deductive reasoning and involves a process of inductive analysis that seeks to make sense of vast quantities of instantly-generated data that are already available. In its 2016 Report, ESGAB made reference to some of the challenges associated with the use of multiple data sources for official statistics.

<sup>3</sup> This section draws on a series of articles and comments published in newspapers and statistical journals, as well as the points made in several conferences, including the 2017 World Statistics Conference, organised by the International Statistical Institute. For a comprehensive piece on these issues see William Davis, 19 January 2017 'How statistics lost their power – and why we should fear what comes next' (<https://www.theguardian.com/politics/2017/jan/19/crisis-of-statistics-big-data-democracy>)

<sup>4</sup> ESGAB recognises that the expression 'Big Data' is not easy to define and may mean different realities for different readers. Nevertheless, its meaning as 'large volumes of unstructured data not necessarily collected for statistical purposes' is relatively widely acknowledged and therefore will be used here.

ESGAB also underlined that, while the amount of data collected by private entities escalates, there appear to be no requirements on private Big Data generators to share their data or methodologies publicly, or to adhere to agreed standards. Thus, unlike the world of official statistics, which is part of the apparatus of government and EU regulation, acting on behalf of the public, the private world of Big Data is driven by commercial imperatives and is largely self-interested. The Report noted that the relevance and credibility of official statistics could potentially be undermined unless NSIs and democratic governments respond effectively to these new challenges.

Nowadays, it is widely recognised that, set against the traditional approach to collection and compilation of official statistics, the availability of Big Data offers vast potential to identify trends, patterns and correlations that are unrestricted by classifications or geographical boundaries (such as nation states). Data on individuals and businesses can be tracked and analysed using categories derived from the information they provide themselves, rather than having categories imposed upon them. On the other hand, with the growing use of Big Data (also by national statistical offices), there is a better understanding of the risks that these practices can have for human rights and a balanced competition among economic agents.

## Challenges to the authority of official statistics

If some of the risks due to these phenomena were already clear one year ago, what has happened over the past year has made the situation more worrying, leading to concern about the risks to democracy from so-called 'post-truth politics' and 'post-statistics society'. A particular concern is the tendency by politicians and interest groups to quote in the political discourse 'facts' that are not based on verified evidence or data that can be validated.

Increasingly, 'facts' are being created from a myriad of sources of unknown quality, or 'invented' or based purely on opinions, to respond to or to create emotions aimed at supporting a particular view of the issues at stake and political agendas. The careful and orchestrated use of social media has made the dissemination of fake news even easier, often relaunched by mainstream media through their own websites.

A number of websites have been established to challenge fake news and some media regularly use 'fact checking' during political debates to minimise the dissemination of wrong information by political leaders, and the evident risks for democracy coming from these behaviours. However, the success of 'post-truth politics' has pushed some experts to talk about a radical transformation of information use in societies, so far based on Enlightenment values and the principle of 'evidence-based decision making'. In this context, it is not surprising that distrust in official statistics has become a hallmark of some political movements; those who produce, analyse and use the statistics are depicted as elitist and aloof from the 'real' concerns of citizens, who, by definition, are supposed to know better than anyone else the 'true' state of the world.

This questioning of the quality and authority of scientifically-produced evidence, and its evident impact on political debates, presents

unprecedented challenges for official statistics and for the democratic institutions that are underpinned by them. Even as the demand for new and more refined statistics from those with oversight and regulatory responsibilities increases, the value and relevance of official statistics are being questioned and undermined in other arenas and are, in particular, being associated with the desire of privileged elites to impose their worldview on the governed.

## Relevance and credibility issues

Ever since the development of the widespread collection of standardised data by nation states in the 18th century, what are now known as official statistics have been integral to the functioning of governments. Apart from their role in providing evidence for policy, official statistics are part of the foundation of public life in democratic societies. They are used as the basis of social science analysis, to inform public debate and to provide evidence for the work of Non-Governmental Organisations. Thus, forward-thinking political ideals are linked to the measurement of progress and the work of governments and parliaments relies on official statistics to demonstrate progress, or lack of it.

However, some scholars have underlined that NSIs usually focus their communication on statistical averages, paying less attention to the distributional aspects of various phenomena due to genuine quality concerns about highlighting spurious differences among different population groups or territories simply due to statistical error. The limitations of this approach are being challenged by the realities of life in European states. For instance, one of the impacts of globalisation has been the agglomeration of economic activities into successful regions while others fall into decline. Statistical indicators which focus on the nation state as the unit of analysis, such as GDP or inflation, conceal regional variation and can mask continual deterioration. This, in turn, can reduce

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trust in official statistics when the statistical indicators are at odds with many citizens' actual experiences.

In fact, since the advent of the EU currency union, the tendency to view the Eurozone as if it were a homogenous territory and to reference indicators accordingly has intensified this problem, especially if there are long delays before disaggregation by population groups or by regions become available. In this scenario, alternative narratives based on instinct, emotion and prejudice can seem credible to EU citizens who find little resemblance to the picture painted by official/aggregated data in their daily lives (e.g. economic recovery).

The limitations of the classification systems used in official statistics to categorise individuals are also posing a problem for the credibility of statistics. From gender or racial identity to the nature of work and employment, traditional classifications, and the politicians who use them, can be dismissed as irrelevant when there is a clear divergence between what is being said about social process 'on average' and what is experienced in reality by these groups. The perceived inability of official statistics to capture the diversity of employment arrangements in labour market statistics is a case in point.

Of course, some politicians who are challenging those in power tend to give voice to groups of people who are in the tails of statistical distributions. Because such groups are barely represented in statistical data, there is a tendency to rely on anecdotal stories that can be transformed into generic cases through mainstream and social media.

The ESS is fortunate to have its Code of Practice, which sets the standards and professional values that are required for the development, production and publication of European statistics. The Code is a key tool for building trust in official statistics and should be widely promoted as a mark of

## 2017 RECOMMENDATIONS

**2017/1** Eurostat, National Statistical Institutes and Other National Authorities responsible for producing and disseminating European statistics should give more prominence to the Code of Practice as a quality mark on their websites if the Code is not already clearly highlighted on their main web pages.

**2017/2** Eurostat, National Statistical Institutes and Other National Authorities should refer to the Code of Practice as a matter of routine in press releases that relate to published statistics, where this is not already the case.

quality at national and European levels. If the value of European statistics is to be more widely recognised it is important that the principles of the Code, and the associated indicators, are highly visible to EU citizens (see Annex 4). The Code should be given prominence on the websites of Eurostat and NSIs and references to the Code of Practice in statistical outputs should become standard practice within the ESS.

In addition, Eurostat and NSIs should continue to work with civil society to promote the value of official statistics and should consider how to address any serious criticisms or misuses of official statistics that may arise, as recommended in last year's report (Recommendation 2016/5).

## 1.2. ACCESS TO ADMINISTRATIVE AND PRIVATELY-HELD DATA

The concept of Big Data is very broad, covering large volumes of data collected by both the private and public sectors. This section looks at the issue of how such data can be accessed for statistical purposes in order to take advantage of what Big Data can offer, such as more disaggregated data that are unrestricted by classifications or geographical boundaries.

In the public sector, access to Big Data in the form of administrative information is important for the more effective production of statistics and in order to reduce the data collection burden on respondents (Principle 9 of the Code of Practice). Amended Regulation (EC) 223/2009 contains a specific provision granting the right of access to administrative records to NSIs and ONAs responsible for the development, production and dissemination of European statistics. Despite this provision, a number of NSIs still do not have full access to administrative data. In addition, access to privately-held data has become a key issue for statisticians, as the data can also offer an opportunity to reduce response burden and to improve the coverage and timeliness of statistics at a lower cost.

When accessing administrative or privately-held data, there is a need to respect the confidentiality of the data and the privacy of the individual. In this context, amended Regulation (EC) 223/2009 already contains a number of important provisions relating to the protection and transmission of confidential data used for statistical purposes.

### Access to administrative data

The amended Regulation (EC) 223/2009 establishes in Art 17(a)1 that:

‘In order to reduce the burden on respondents, the NSIs, other national authorities ... and the Commission (Eurostat) shall have the right to access and use, promptly and free of charge, all administrative records and to integrate those administrative records with statistics, to the extent necessary for the development, production and dissemination of European statistics, which are determined in the European Statistical Programme ...’

and in Art 17(a)2 that:

‘The NSIs and the Commission (Eurostat) shall be consulted on, and involved in, the initial design, subsequent development and discontinuation of administrative records built up and maintained by other bodies, thus facilitating the further use of those records for the purpose of producing European statistics. They shall be involved in the standardisation activities concerning administrative records that are relevant for the production of European statistics.’

The requirement to apply this Regulation in every Member State has triggered revisions of the legislative framework at national level in several countries, aiming to formalise the use of administrative data for statistical purposes, and to impose on the ministries and other administrative authorities the obligation to provide access to administrative data sources for the production of European statistics. Some of these amendments to legislation have already been adopted.

A supporting national legal framework should guarantee full access to the administrative sources for statistical use. Unfortunately, this appears not to be the case yet in all Member States. Even in those that are endowed with satisfactory legislation, the owners of administrative sources may show some reluctance to facilitate access to the data at the required level of disaggregation. When this reluctance is attributable to the fact that the provision of data to the NSI entails the use of additional manpower or other resources, then it is important that a formal agreement such as a Memorandum of Understanding is in place which includes the arrangements for the use of additional resources, e.g. staff exchanges. The establishment of Memorandums of Understanding and standard procedures for cooperating with administrative data providers is now an on-going process in most Member States.

However, when the main obstacle invoked by some administrations to the transfer of data at the required level of disaggregation, is the national legislation protecting the privacy of personal or business data, the problem may appear more difficult to solve. In such cases, the right of the producers of official statistics to access the information, while adhering to strict confidentiality rules, should be emphasised. Building trust by disseminating the right messages, i.e. that the use of administrative records means reducing costs and response burden and improving timeliness can help. The

principle that conducting surveys should be forbidden when the relevant data are already available in administrative sources has already been laid down in some national statistical laws. It should be clearly conveyed and widely disseminated.

In this regard, there is some concern that the new European Regulation on General Data Protection<sup>5</sup> could be an additional source of difficulties for some countries if the transposition of the Regulation into national legislation does not take into account the specific requirements of statistical work and the provisions on statistical confidentiality in amended Regulation 223/2009. This is a point on which NSIs should keep a close watch and, when possible, they should be actively involved in the transposition process.

In some Member States, a provision in the statistical legislation prevents national administrations from using concerns about data privacy as an excuse for denying NSIs access to data for statistical purposes. If extended to other Member States, such a provision might be a significant step forward, as it would not only ensure the availability of the data but would also help to emphasise that the use of data for statistical purposes should be subject to specific rules, and should be clearly differentiated from other uses.

Even when access to data at the required disaggregation level is ensured, other problems can also occur. One of them concerns timing. Some NSIs complain about the possibility of delays in the transfer of administrative data, which can jeopardise compliance with their release calendar. One NSI has recently carried out a risk assessment on the use of administrative data for statistical purposes, and stated that the risks related to data delivery delays are significant.

<sup>5</sup> Regulation EU 2016/679 on General Data Protection

Article 17(a)2 of amended Regulation 223/2009 refers to the involvement of NSIs in the initial design, subsequent development and discontinuation of administrative records built up or maintained by other bodies, that are or can be used for producing European statistics, and in the activities to standardise the administrative data. According to the information provided by the NSIs, much still remains to be done on this issue. For example, in a recent revision of national statistical legislation in one Member State, the NSI tried hard to oblige administrative data owners to announce in advance if a data source will be discontinued, but without success. Other NSIs stated that some of their actions to guarantee continuity of access to administrative data, such as proposing legislation or writing to government authorities, were still awaiting a response. There is therefore a pressing need to convey to Member States the message that political support is necessary to develop the legislation and formal agreements that would assure citizens of high quality and timely statistical information at the lowest possible cost.

The risks associated with the use of administrative records in the production of statistics are particularly significant in countries where geographical decentralisation has taken place, such as the delegation of powers to sub-national entities. When policies are implemented at a local level, the owners of registers are very often the local authorities. Maintaining the right standards, definitions, unique identifiers, classifications and reference periods becomes far more complex as the number of owners of administrative data increases.

In many Member States, an increasing trend is taking place involving outsourcing to the private sector some of the data collection tasks traditionally carried out by the administrative departments. This is a new source of challenges for NSSs in terms of data quality and is, to some extent, linked to the challenges arising from the emerging data economy, where new partners are also involved and where data quality needs to be carefully monitored.

### Access to privately-held data

Access to privately-held data has become a crucial issue for statisticians. Not only are such data now at the core of economic development, generating new products and services, but they can also offer an opportunity to improve the coverage and timeliness of statistics at a lower cost and with less response burden. In particular, emerging technologies such as the Internet of Things (IoT) are opening up new ways to collect and analyse privately-held data. As a result, some Member States are exploring ways of regulating access to machine-generated non-personal data. Also some Member States

## BOX 1: Ethical review relating to Big Data in official statistics

The ethical review and development of guidelines associated with the use of Big Data in official statistics is part of the Big Data study on ethical, communication, legal and skills issues commissioned by Eurostat <sup>7</sup>.

In light of the envisaged use of Big Data for the production of official statistics, the first step in this activity was an assessment of the ESS common quality framework <sup>8</sup> in terms of ethical considerations. In the context of Big Data, issues related to data ownership, privacy and reputation are more complex than with traditional data, and public perception about these issues can impact on the credibility of official statistics. The review was based on an analysis of ongoing projects related to Big Data and official statistics and included a consultation of various stakeholders.

The review identified a number of ethical issues linked to the fact that Big Data sources are held by private entities, in particular:

- the means of accessing data that are suitable for statistical purposes
- dependence on a certain data provider
- risk of manipulation of data by the providers involved

<sup>7</sup> [https://ec.europa.eu/eurostat/cros/system/files/2017\\_06\\_22\\_deliverable\\_1\\_2\\_ethical\\_review\\_version\\_final.pdf](https://ec.europa.eu/eurostat/cros/system/files/2017_06_22_deliverable_1_2_ethical_review_version_final.pdf)

<sup>8</sup> The Principles of the ESS Code of Practice together with general quality management principles (see the Preamble to the Code of Practice, September 2011)

are studying the possibility of revising their statistical legislation to provide the NSI with access to data held by private sector entities.

In order to avoid fragmentation, the Commission is planning to engage in a dialogue with Member States and other stakeholders to explore the possibility of building a future EU framework for data access. This framework could provide effective access to privately-held data while taking into account the legitimate interest of the different market players. Public authorities (among them, statistical authorities) could be granted access to data when this is in the general

interest and could improve the functioning of the public sector<sup>6</sup>.

These are welcome initiatives, which should be followed closely within the ESS. Where data are provided by private sector organisations, it is important that access to these data can be sustained over time. Furthermore, it is also necessary to be assured about the methods used and the quality and security of the data.

- availability of information to evaluate the quality of the data sources
- exploring the potential of partnerships and exchange of information between NSIs and private entities
- ensuring transparency of the methods used by Big Data analytics to obtain statistical output.

Another important ethical issue concerns the fact that data on individuals is provided via third parties, raising concerns about data privacy. While use of personal data might be legitimate from a legal point of view, the individuals should at least be informed about the use of their personal data for statistical purposes. Furthermore, the public should be informed about the privacy and data security policies and practices of the statistical authorities. Privacy and confidentiality must be protected at all stages of data processing, including when the data are with the data holder, the statistical offices or when accessing or transferring data during the production process. Big Data sets are not collected for the specific purpose of producing statistics. Methodologies and algorithms used for analysing the data therefore have to be scrutinised very carefully to avoid misleading statistical inference. With an increasing number of statistical data produced by various actors, issues of statistical inference can therefore affect NSIs even if statistical data are not produced by them. Some algorithms used for Big Data processing, e.g. for machine learning, are 'black box' algorithms. This means that statisticians may be able to control only the set-up and certain input parameters; they may not be able to control and explain how the underlying model would produce the actual results. This inherent lack of transparency could

<sup>6</sup> Building a European data Economy, Communication from the Commission 01.01.2017

raise concerns if the data were subsequently used in the compilation of official statistics. As a consequence, it will be very important for statistical offices to be aware of the quality and transparency aspects of the data. At the same time, this development of Big Data opens up opportunities for NSIs to act as a trusted third party to scrutinise or develop processes that produce high quality results. Given that Big Data originate in the digitalisation of processes and activities, over time innovations could change the data-capturing process completely. One example is the replacement of text messages by instant messaging software running on the Internet. In using Big Data, NSIs will therefore need to be able to produce coherent and comparable data from changing data sources. Following these ethical considerations, work will continue during 2017 on the development of guidelines for producers of European statistics, which are due to be published in 2018.

Other activities involving Big Data are also under way, as described in ESGAB's 2016 Annual Report. A workshop on the different ESSnet<sup>9</sup> pilot projects took place in October 2016 and a 'hackathon' was organised by Eurostat in March 2017. The hackathon gathered teams from all over Europe to compete for the best data product combining official statistics and Big Data to support policy makers. For this event the challenge was 'how to reduce the mismatch between jobs and skills at the regional level in the EU?'<sup>10</sup>.

<sup>9</sup> An ESSnet project is a network of several ESS organisations aimed at providing results that will be beneficial to the whole ESS. For more details see [https://ec.europa.eu/eurostat/cros/page/essnet\\_en](https://ec.europa.eu/eurostat/cros/page/essnet_en)

<sup>10</sup> For more details see <http://ec.europa.eu/eurostat/web/products-eurostat-news/-/CDN-20170317-1>

## 2017 RECOMMENDATIONS

**2017/3** The transposition of the European Regulation on General Data Protection into national legislation should take into account the specific requirements of statistical work and should not prevent NSIs or Other National Authorities from accessing administrative data for statistical purposes at the required level of detail.

**2017/4** Where data are provided by private sector organisations to Eurostat, National Statistical Institutes or Other National Authorities, it is necessary for these bodies to ensure that the data are robust and that access can be sustained over time, and to be assured about the quality of the methods used.

**2017/5** Eurostat and National Statistical Institutes should openly inform the public about their privacy and data security policies.

### 1.3. COORDINATION OF NATIONAL STATISTICAL SYSTEMS

The amended Regulation (EC) 223/2009 establishes that the national statistical authority in each Member State shall be the sole contact point for the Commission (Eurostat) on statistical matters and shall assume the responsibility for coordinating all activities at national level for the development, production and dissemination of European statistics determined in the statistical program. This coordination role has triggered in most Member States a new dynamic for the implementation of coordinating methods and procedures.

The new provision on coordination is particularly welcome, considering that the current European Statistics Code of Practice does not include any principle referring explicitly to the coordination of the NSS. This is unlike the Codes of Practice

produced in other regions (e.g. Latin America and the Caribbean<sup>11</sup>, European Neighbourhood South countries<sup>12</sup>) and is an issue to which some reflection has been given by the ESS Committee, following ESGAB's recommendations in the context of updating the current version of the Code of Practice.

There is now a momentum in the EU for the implementation of activities aiming at better coordination within the NSS. To start with, some cooperation has been established between the NSIs of the Member States and Eurostat on topics such as the correct identification of ONAs (see Annex 2). This is a necessary starting point for the development of further coordination actions.

Building on what had been done in the first exercise, the second wave of peer reviews launched in 2013 included coordination as a specific topic. Detailed information was collected in every Member State on the organisation of the NSS and on the current coordinating practices. A number of ONAs in each Member State were also invited to take part in the exercise. This has been a very significant step forward towards a general improvement of the current situation.

Of course, NSSs differ considerably among the Member States as regards their legislative frameworks as well as their practical organisation. A natural consequence of this is that the challenges faced are also very varied and often ad-hoc coordination procedures may be required. The information collected in the peer reviews on EU and EFTA countries confirmed this heterogeneity and led to the launch of a series of recommendations and improvement actions. On the topic of coordination, the total number of

<sup>11</sup> <https://www.cepal.org/en/publications/16423-code-good-practice-statistics-latin-america-and-caribbean-november-2011>

<sup>12</sup> <http://ec.europa.eu/eurostat/web/products-catalogues/-/KS-32-11-955>

recommendations issued was 122. In response to these, 144 improvement actions were agreed, of which 51 have already been implemented.

The completed actions cover a very wide spectrum. For example, some NSIs have created within their organisation chart a new unit for coordination that will serve as the sole contact point for communication with ONAs. Common communication and dissemination strategies have also been devised by several countries. Some of them have managed to coordinate dissemination by establishing a website shared by the NSI and ONAs, while others have improved coordination through setting a common release calendar. In one country, the NSI has carried out a survey on all ONAs with the aim of assessing their compliance with the Code of Practice.

New coordination processes consisting of holding periodical meetings with specialists from ONAs have been scheduled in some countries. Others have started to organise courses on the Code of Practice for ONA staff, or have disseminated among ONAs their quality assurance and management policy, as an example to be followed by other producers of official statistics. In brief, a considerable number of actions and initiatives oriented towards better coordination of the NSS and better compliance with the principles of the Code have been undertaken recently, and they will presumably lead to significant improvements in the near future.

However, much remains still to be done. Eurostat and the NSIs are concentrating a substantial part of their work on this challenging issue, but in many cases success does not depend entirely on them. An attitude of cooperation on the part of ONAs, as well as a clear political will are essential factors for a real advance in some strategic and particularly sensitive issues. One of these issues is legislation: an improvement of the legislative framework requires strong

political support from national governments and parliaments, which may not always be present. In fact, one NSI explicitly reports having had problems when trying to agree a legal basis for the establishment of a coordinating body.

Changes in the organisational structures, mainly depending on governmental decisions, are also still required in many countries. Producers of European statistics in ONAs should be clearly identified and differentiated within the organisation, with specifically assigned tasks and should enjoy a clear status of functional independence guaranteed by legislation whenever they deal with the production and dissemination of statistics. These units should be run by individuals endowed with the necessary professional qualifications for their statistical work.

Furthermore, the government should provide these units with enough resources to allow for the production of statistics in full compliance with the Code of Practice. They should, for instance, be able to carry out their tasks in premises conveniently separated from the other units within the organisation, and with informatics systems that ensure full protection of their databases, so that compliance with Principle 5 of the Code, concerning statistical confidentiality, is fully guaranteed.

There is a risk that the image of independence and impartiality of the NSS could be significantly damaged if the dissemination of the statistics produced by an ONA is through the press office of the governmental organisation to which the ONA belongs and therefore possibly perceived by the public at large as a political statement. The improvement actions carried out last year by some EU countries, aiming at the publication of all European statistics through a common national web interface, implemented and updated by the NSI, are most welcome, and other countries should be encouraged to follow this dissemination pattern.

## 2017 RECOMMENDATIONS

**2017/6** Producers of European statistics in Other National Authorities should be clearly identified and differentiated within the organisation, with specifically-assigned tasks, and should, in practice, have a clear status of functional independence already guaranteed by legislation.

**2017/7** In accordance with the Code of Practice, the Heads of National Statistical Institutes should ensure that Other National Authorities release statistical publications in an impartial manner that allows clear differentiation from political statements.

**2017/8** Member States should give further consideration to extending the coordination role of NSIs to include national statistics, in addition to European statistics, to support the credibility of official statistics in general.

Finally, one last consideration: the amended Regulation (EC) 223/2009 refers only to coordination with respect to the production of European statistics, but the credibility of the data published outside the ESS (e.g. other national statistics) can also influence the credibility of European statistics. This is particularly true for the statistics that enjoy wide coverage in the media and is a challenge that NSSs will probably have to face in the near future. Hence it is preferable that statistical units in ONAs adhere to the principles of the Code of Practice when producing national statistics as well. ESGAB therefore suggests that Member States extend the coordination task of NSIs in the near future to include other national statistics, in order to support the credibility of all official statistics.

# 2. OVERVIEW OF THE IMPLEMENTATION OF THE CODE OF PRACTICE

## 2.1. REVISION OF THE CODE OF PRACTICE

The current version of the Code of Practice was adopted by the ESS Committee in September 2011. When Regulation (EC) No 223/2009 was amended four years later in 2015, a number of important changes were introduced into law affecting statistical governance within the ESS. These include the coordination of European statistics at a national level, the professional independence and responsibilities of Heads of NSIs and of Eurostat, including the procedure for their recruitment and appointment, the establishment of Commitments on Confidence in Statistics and access to administrative data sources.

In addition to these legislative changes, the second round of peer reviews in 2013-2015 provided important information on the implementation of the Code of Practice across the ESS and identified a number of areas where

further work is needed to strengthen statistical systems at both national and European level<sup>13</sup>.

Furthermore, the use of new data sources has evolved over recent years, with an increasing emphasis on sources other than surveys and administrative data. With this in mind, ESGAB recommended in its 2016 Annual Report that the next revision of the Code should refer to multiple data sources and should address the ethical concerns of using Big Data.

Taking these factors into account, and in accordance with the requirement for the ESS Committee to review and update the Code of Practice, the ESS High-level Group on Quality was tasked with proposing appropriate revisions to the Code of Practice for further discussion.

ESGAB strongly welcomes Eurostat's and the ESS Committee's initiative to establish the High-level Group on Quality and the development in that group of proposals for a revised Code

<sup>13</sup> <http://ec.europa.eu/eurostat/documents/64157/4372828/Report+EP+and+Council+EN/fefc689e-29ec-4cd1-aba9-88435dd8176b>

of Practice that keeps up with the changing landscape of European statistics. Members of ESGAB met with the High-level Group on Quality in July 2017 to discuss the revision of the Code. Following further discussion within the ESS Committee, it is hoped that the revised Code of Practice will soon be finalised by the ESS Committee and that a third peer review exercise should take place by 2020, to assess compliance with the revised Code.

## **2.2. IMPLEMENTATION OF IMPROVEMENT ACTIONS ARISING FROM ESGAB RECOMMENDATIONS**

In its Annual Report 2016 ESGAB presented altogether 16 recommendations covering challenges faced by the ESS and the further implementation of the Code of Practice. On the basis of ESGAB's recommendations Eurostat formulated a list of improvement actions, which can be found in Annex 1. The implementation of Eurostat's improvement actions is monitored annually.

### **Follow up of 2016 and earlier recommendations**

#### **MULTIPLE DATA SOURCES AND REVISION OF THE CODE OF PRACTICE**

Recommendations 2016/1, 2016/2 and 2016/3 of the 2016 ESGAB Report refer to different aspects of the use of multiple data sources for the production of European Statistics. ESGAB mainly recommended the inclusion of a reference to multiple data sources in the Code of Practice, assessments of the impact of the use of new data sources on data quality, in particular on data comparability, and the ethical concerns associated with the use of Big Data, which should be addressed in the next revision of the Code of Practice.

ESGAB's recommendation for a revision of the Code of Practice, which was already put forward in its 2015 Report (2015/14), has been taken up by Eurostat and the ESS Committee by establishing the High-level Group on Quality in May 2016 (see section 2.1 above).

Regarding assessments of the impact that the use of multiple data sources has on data comparability, Eurostat also refers to the High-level Group on Quality and its planned investigations into the possibility of generalising relevant Code of Practice indicators to cater for the production of European Statistics using new data sources.

Exploring and using new methodologies and new data sources such as Big Data and the need to expand further professional capacity and continuous learning for the ESS as a whole has already been the content of Recommendation 2015/13 in ESGAB's 2015 Report. Eurostat reacted with a diversity of measures such as presenting its work on Big Data at an international conference; undertaking a study of Big Data issues that will be finalised by the end of 2017; and organising European Statistical Training Programme courses and internal seminars on Big Data and data science.

#### **TRUST IN EUROPEAN STATISTICS**

Already in its 2015 Report and again in 2016, ESGAB examined the level of trust among users of European statistics and among the public in general. Trust in European statistics is of the highest importance, because statistics that are not trusted will not be used, and statistics that are not used are pointless.

In its Recommendations 2016/4, 2016/5 and 2016/6 ESGAB asked Eurostat inter alia to ensure that future peer reviews should contain an assessment of the extent to which NSIs foster trust in the European statistics they produce. Eurostat and NSIs were further asked to actively engage with civil society to promote the value

of official statistics as a public good and an indispensable policy tool. A similar proposal is contained in Recommendation 2016/9.

ESGAB welcomes that the High-level Group on Quality has already started to reflect on a possible next round of peer reviews, which, however, would not be expected to take place before 2020. Promoting the value of official statistics has been, according to Eurostat, a longstanding commitment of the ESS as a whole, and will be discussed further at the level of the ESS Committee. Regarding ESGAB's Recommendation (2016/6) that Member States' governments should establish Commitments on Confidence in Statistics, some Member States have established or are in the process of establishing such a Commitment while a number

of Member States are providing progress reports in accordance with Article 11(4) of amended Regulation (EC) 223/2009. Eurostat has invited Member States to take the regular reports on the status of their improvement actions under the Code of Practice and to use these as the progress reports, thereby increasing transparency (see Box 2).

ESGAB is of the opinion that the establishment of Commitments on Confidence by national governments would be the best solution to address some of the improvement actions required to ensure compliance with the Code of Practice, in particular those which are still open because further progress depends on authorities outside the NSI.

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## **BOX 2: Commitments on Confidence in Statistics**

Article 11 (4) of amended Regulation (EC) 223/2009 states:

'The Commitments by Member States shall be monitored regularly by the Commission on the basis of annual reports sent by Member States and shall be updated as necessary.

In the absence of the publication of a Commitment by 9 June 2017, a Member State shall submit to the Commission and make public a progress report on the implementation of the Code of Practice and, where applicable, on the efforts undertaken towards the establishment of a Commitment. Those progress reports shall be updated periodically, at least every two years following their initial publication.

The Commission shall report to the European Parliament and the Council on the published Commitments and, where appropriate, progress reports, by 9 June 2018 and every two years thereafter.'

As at August 2017, Commitments on Confidence in Statistics have been either adopted or published by six Member States (Belgium, Greece, Ireland, Sweden, Slovenia and Romania). Progress reports have been provided by Denmark, France, Germany, Italy and Austria. The remaining Member States are due to provide their progress reports in combination with the next annual monitoring exercise on peer review improvement actions.

## Quality

Implementation of Recommendations 2014/6 to 2014/9 of the 2014 ESGAB Report, which referred to a number of aspects of quality, is progressing well:

- implementation of legally-stipulated and agreed methodologies or tools
- harmonisation of methodologies for data processing and for the calculation of quality indicators
- regular and systematic assessments of consistency checking practices
- further harmonisation of quality management and assurance practice.

In particular, statistical domains are assuring that the defined methodologies are implemented. They are issuing guidelines and manuals to support this implementation; work is continuing on implementing the ESS Vision 2020 project on validation; revision of the general quality reporting guidelines has been launched; and the implementation of national metadata and quality reporting is on track. Improvement actions in relation to quality issues will mostly be completed in the course of 2017.

### **APPOINTMENT AND DISMISSAL PROCEDURES FOR HEADS OF EUROSTAT, NSIS AND ONAS**

In its 2014 Report, which was at the same time the peer review Report of Eurostat, and then again in its 2015 one, ESGAB recommended improvements to the legislation underpinning the recruitment and dismissal of Eurostat's senior management (Recommendations 2014/1 – 4; 2015/1, 3, 4). Eurostat expressed divergent views on these recommendations with the argument that the existing legislation, staff regulations and guidelines of the European Commission correspond to the requirements set out in the Code of Practice, and therefore Eurostat did not propose improvement actions in that respect.

ESGAB is still of the opinion that improvements to the existing legislation are necessary, even after the amendment of Regulation (EC) 223/2009. On the other hand, ESGAB is pleased that the recruitment procedure for the new Director General of Eurostat was launched in 2016 based on an open call for candidates as suggested by the Board in its Recommendation 2016/8.

ESGAB further recommended in its 2016 Report that all ESS members should make efforts to ensure that transparent appointment and dismissal procedures for Heads of NSIs and ONAs are specified in law (Recommendation 2016/7). In response, Eurostat pointed out that as amended Regulation (EC) 223/2009 already requires procedures for the recruitment and appointment to be transparent and based only on professional criteria, there is no need to establish these procedures in national law. Eurostat nevertheless agreed to seek information on recruitment at national level and to take appropriate action in case of doubt that the requirements in amended Regulation (EC) 223/2009 have been respected. Although there is no obligation to establish the procedures specified in amended Regulation (EC) 223/2009 in national law, ESGAB considers this to be desirable because such a rule in the national law demonstrates a commitment of the national authorities responsible for the decisions on appointment and dismissal.

### **COSTS OF PRODUCING EUROPEAN STATISTICS**

In its 2015 Report as well as in its 2016 one, ESGAB recommended (Recommendations 2015/10 and 2016/10) that NSIs and Eurostat should improve their cost accounting systems and provide estimates of the costs of producing European Statistics. Eurostat launched a project on cost assessment in the ESS in autumn 2016 (see Box 3). ESGAB is pleased to see that steps are being taken to comply with its Recommendations in this respect and looks forward to the results in the coming months.

### BOX 3: Costs of statistical production

Establishing the cost of statistical products is important in order to assess the relative demand on resources of different statistical products and to provide a basis for setting future priorities. Costing information also allows assessment of cost-effectiveness which is an indicator in the Code of Practice and fulfils specific legal requirements embedded in the European Statistical Programme 2018-2020.

The importance of being able to assess the costs of statistics was highlighted in ESGAB's last two Annual Reports. In 2015, ESS members were asked to improve their cost-accounting systems to provide early estimates of the costs of producing European statistics (Recommendation 2015/10). In 2016, ESS countries were encouraged to contribute to projects under way to develop and improve data on the costs of statistical production at a national level and for specific European statistical products (Recommendation 2016/10). Two ESS projects were described in last year's report and an update on their progress is given below.

#### Project 1. Cost assessment survey of production of statistics in the ESS (including NSIs, regional offices and ONAs)

This top down approach collects information on costs and Full-time Equivalent staff numbers (FTEs) in the ESS over several years. The survey aims at better assessing the resources used for production of official statistics by NSIs and ONAs. The results of the latest round indicate that many but not yet all NSIs already have a detailed cost accounting system in place. In total 30 NSIs (out of 32 NSIs in the ESS) submitted the completed questionnaires to Eurostat for the period 2012-2015.

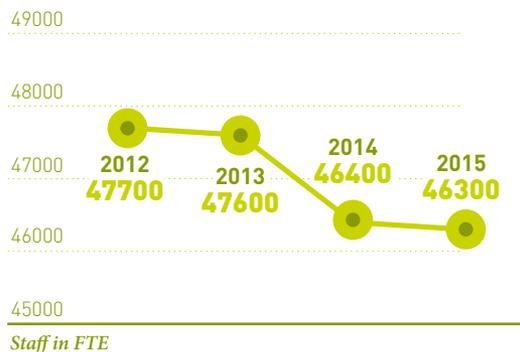
Estimates of the cost of production of statistics in the ESS in 2015, based on total budgets, point to costs of around €3billion (or 0.02% of GDP) and to around 46,000 FTEs. The cost of ESS statistical production per capita is €6 per year.

According to the information available by country and estimates for missing countries, the cost of production of statistics in the ESS (in current prices) decreased by 5% over the time period 2012-2015. Over the same period there was a decrease of around 3% in terms of FTEs.

**FIGURE 1: Cost of production of official statistics in the ESS\***



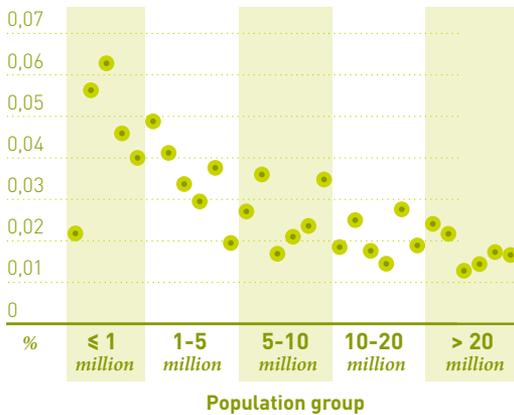
**FIGURE 2: Staff working in official statistics in the ESS\***



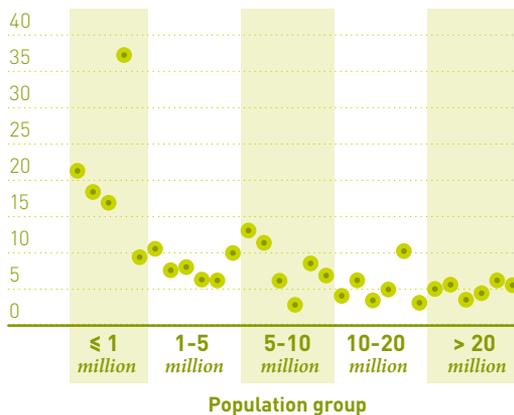
\* Note on Figures 1 and 2: First estimates based on preliminary information from 32 ESS countries and Eurostat; missing countries are estimated.

In general, the production of statistics tends to have higher costs in smaller countries, whereas larger countries can benefit from an economy of scale (see Figures 3 and 4 below). In terms of FTE - relating the number of permanent staff in 2015 to the country population - the corresponding ratios ranged from 1:2,500 to more than 1:28,000 and indicate that larger countries tend to have less staff working in statistics per total population.

**FIGURE 3: Production costs of official statistics as % of GDP, 2015**



**FIGURE 4: Production costs of official statistics in PPS per capita, 2015**



Note on Figures 3 and 4: First estimates based on preliminary information.

## ***Project 2. Survey on the cost of European statistics by statistical product in the ESS (including NSIs, regional offices and ONAs)***

There are now more than 130 statistical products specified as European statistics. Member States and EFTA countries contribute to 85 of these products and the remainder is produced by Eurostat. The aim of the survey is to get a full view on the financial and human resources required for the production of selected European statistical products for the reference year 2015. The financial and human resources required for national statistics are excluded.

The first phase of data collection was launched in 2016. This covered 26 statistical products and involved 24 countries. One particular challenge encountered during the first phase of data collection was incomplete coverage of costs and FTEs in relation to the activities of some ONAs, regional offices and national central banks. In cooperation with the NSIs, Eurostat is analysing selected products out of the 26 products in the first phase in more detail, in order to further develop the guidelines for the survey. The second phase of the survey will be launched at the beginning of 2018, covering an additional 25 products. Further analyses of the cost of European statistics by product will be evaluated in 2018.

### Access to administrative records

The amended Regulation (EC) 223/2009 determines in Article 17a(2) far reaching rights for the NSIs and Eurostat to be consulted on, and involved in, the initial design, subsequent development and discontinuation of administrative records built up and maintained by other bodies.

ESGAB recommended in its 2016 Report (Recommendation 2016/11) that Member States in the process of aligning their legislation to the amended Regulation (EC) 223/2009 should include precise and specific provisions addressing the requirements under Article 17a(2), and further (Recommendation 2016/12) that Member States should produce situation reports on compliance with Article 17a(2). Eurostat suggests discussing with Member States how to address both recommendations at the 4th meeting of the Task Force on implementation of the amended Regulation (EC) 223/2009, foreseen for November 2017.

As in the case of appointment and dismissal procedures, Eurostat argued correctly that amended Regulation (EC) 223/2009 is directly applicable in the Member States and does therefore not require transposition into national law. Nevertheless, ESGAB sees such a transposition into national legislation as very useful, because it makes the obligations for the bodies concerned more transparent and clearly mandatory. Chapter 1 considered in more detail the issue of access to administrative records.

### Coordination of the National Statistical Systems

Coordination of the NSSs has been an important topic for ESGAB for many years although coordination is not included in the Code of Practice. In its peer review Report of Eurostat (ESGAB 2014 Report), the Board recommended that a principle and corresponding indicators should be developed during the next revision of the Code of Practice addressing the need to coordinate the development, production and dissemination of European Statistics (Recommendation 2014/16).

As already stated above, the High-level Group on Quality is in the process of developing a revised Code of Practice that is expected to include a reference to coordination.

In its 2016 Report ESGAB underlines the importance of excellent coordination of the NSSs, recommending the update of national statistical legislation with precise provisions on coordination (Recommendation 2016/13), the introduction of specific ESS training and awareness-raising events for ONAs (Recommendation 2016/14), the inclusion of clear guidance on how to involve and support ONAs in the next peer review exercise (Recommendation 2016/15), and the integration of ONAs into a comprehensive national quality audit system (Recommendation 2016/16). From the corresponding improvement actions formulated by Eurostat it is clear that Eurostat agrees with ESGAB on the activities needed with regard to coordination in the ESS, and that Eurostat will bring ESGAB's recommendations to the appropriate working groups for further discussion.

Chapter 1 contains a more detailed discussion on the coordination of NSSs.

## 2017 RECOMMENDATIONS

**2017/9** In light of the fact that a revised Code of Practice is expected to take into account the emergence of new data sources, the amended Regulation (EC) No 223/2009 and the outcome of the second peer review exercise, the implementation of the revised Code should be assessed in a third peer review exercise by 2020.

**2017/10** Eurostat should work with National Statistical Institutes to develop a more harmonised approach to the method of calculating the cost of European statistics by main categories of statistics.

### 2.3. IMPLEMENTATION OF IMPROVEMENT ACTIONS ARISING FROM PEER REVIEW RECOMMENDATIONS

Between 2013 and 2015, a series of peer reviews were undertaken in EU Member States and EFTA countries to assess compliance with the European statistics Code of Practice. During the peer review exercise 707 recommendations were made by the peer review teams, resulting in 910 improvement actions. In its 2016 Annual Report, ESGAB provided an overview of the most important issues identified by the peer review teams in their reports and in the corresponding improvement actions formulated by the NSIs. The following topics were dealt with:

- Appointment and dismissal procedures
- Professional independence/impartiality and objectivity
- Resources/cost effectiveness
- Quality
- Accessing administrative data
- Coordination of the NSS/ONAs.

This year's overview of the implementation of the improvement actions represents the situation in the NSIs at the end of 2016, about one and a half years after the last peer review. On that date NSIs reported that 365 improvement actions had already been completed, which can be seen as a very positive result, not least because some of those actions required substantial improvements. A few examples of completed improvement actions in different areas from various NSIs are as follows:

- Act on Official Statistics entered into force on 1 January 2017
- Decision taken on organisational changes, including improved human resources policy
- Drafting of strategy promoting online data collection
- Adoption of government resolution concerning the provision of administrative data in accordance with Regulation (EC) 223/2009
- Inclusion of administrative data sources in an Integrated Statistical Information System
- Undertaking of research into the use of Big Data sources within official statistics
- Full integration of the use of scanner data from supermarket chains into the production of price statistics
- Development of performance indicators on reporting burden
- Publication of a revised dissemination policy
- Analysis on how to improve the official statistics portal
- Publication of a more comprehensive and precise release calendar
- Adoption of legislation allowing remote access to micro-data
- Carrying out of an external audit according to ISO 9001 2015
- Review of quality reports with regard to homogeneity
- Evaluation of the quality of administrative registers as statistical input.

It should be noted as a general principle that the improvement actions are implemented under the responsibility of the NSIs, who ensure the appropriateness, completeness and adequate documentation of the actions. The monitoring exercise is based on trust.

The implementation of the improvement actions is reported by the NSIs according to the following criteria:

- Completed
- Closed because no further work is planned or included in a new improvement action
- In progress as scheduled
- Expected to start as planned
- Further progress depends on authorities outside the NSI
- The work has been delayed
- Continuous action.

In the following pages, ESGAB focuses its attention on the actions which are dependent on authorities outside the NSIs and on those that have been delayed. These represent about 34% of the total number of improvement actions still open on 1 January 2017.

### **Improvement actions where further progress depends on authorities outside the NSI**

Around 50 improvement actions, or nearly 10% of the total number of actions still open on 1 January 2017, belong to this category. Although this number of actions is relatively small, the actions are mostly of high importance for the integrity and the good functioning of the ESS. Most of the actions dependent on authorities outside the NSIs concern proposals for amendments to legislation.

In fact, more than half of the peer review reports include recommendations for amendments to the existing statistical legislation. However, a few NSIs expressed a diverging view in relation to these recommendations and therefore did not formulate any improvement action in this respect. Depending on the contents of the existing statistical laws in the NSSs, the scope of amendments recommended varies widely, but the main issues raised in the reports can be summarised as follows:

- Definition of official statistics
- Explicit guarantee of professional independence of the NSI and of ONAs in accordance with Principle 1 of the Code of Practice
- Qualifications and procedures for the selection, appointment and dismissal of the Heads of NSIs and of ONAs
- Role of the Head of the NSI and/or of the respective Board
- Further improvement to access to administrative data
- Involvement of NSIs in the design, changes of content and discontinuation of administrative sources
- Establishment of a Statistical Council or strengthening the role of the existing one
- Access to data produced and held by private entities
- Strengthening the coordination role of NSIs.

The progress regarding the revision of the statistical laws also varies among NSIs. In many cases amendments of the laws have already been drafted in cooperation between the NSI and the responsible Ministry, and are now waiting for the legislative procedure to be completed. In another case the NSI was waiting for an answer to a letter sent several months previously to the responsible Ministry. Two NSIs reported that amendments to their laws have already been adopted.

Other improvement actions which depend on authorities outside the NSIs and are not yet completed are the following:

- Provision of adequate resources
- Providing the NSI with the right to retain earned income
- Change of the organisation of the NSS
- Updating an agreement on IT support provided by another government body.

ESGAB welcomes and strongly supports NSIs' efforts to successfully implement improvement actions that are dependent on a decision by a government body and/or by the national Parliament. In particular, with regard to amendments of the statistical legislation, the amended Regulation (EC) 223/2009 provides the NSIs concerned with strong arguments to convince their respective governments to start the legislative procedures. For example, it includes strong provisions on professional independence; appointment and dismissal, and role of the Heads of the NSIs and ONAs; access to administrative data; and coordination of the NSS. Of help will also be the provision that Member States should publish Commitments on Confidence in Statistics (see Box 2). The requirement to include specific policy commitments in the Commitments on Confidence in Statistics, to improve or maintain the conditions for implementing the Code of Practice, is stipulated in Article 11 of the amended Regulation (EC) 223/2009.

### **Improvement actions where the work has been delayed**

The second category of concern regards those improvement actions which were planned by the NSIs to be completed or at least partly completed in the course of 2016 or even in 2015 but which were still open at the end of 2016. This corresponds to about 24% of the improvement actions.

Improvement actions formulated by the NSIs on the basis of the peer review teams' recommendations

differ broadly in content because they depend on the concrete circumstances in the individual NSI or NSS. There are nevertheless actions which can be found across a number of reports and some examples are categorised below:

### **PRODUCTION OF EUROPEAN STATISTICS**

- Improving electronic data collection
- Improving access to administrative data
- Establishing procedures for collaboration with owners of administrative data
- Standardising and documenting statistical production processes
- Developing a Master Plan for IT solutions
- Assessing response burden

### **DISSEMINATION OF EUROPEAN STATISTICS**

- Drafting guidelines on dissemination and revision policy
- Improving the release calendar
- Redesigning the website
- Introducing new database software
- Improving access to micro-data
- Publishing the results of user satisfaction surveys

### **QUALITY**

- Implementation of Total Quality Management
- Revising quality guidelines
- Developing guidelines on implementation of the Code of Practice
- Updating and publishing the quality framework
- Reviewing the quality and methodology reports
- Implementing an internal quality auditing programme

### **HUMAN RESOURCES POLICY**

- Establishing competence plans for each employee
- Creating knowledge and skills competency models for different groups of staff
- Developing the training programme

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## COORDINATION OF THE NSS

- Defining the NSS
- Establishing a coordination body
- Concluding formal agreements with the ONAs
- Implementing the Code of Practice in the ONAs
- Analysing the division of work between the NSI and the ONAs
- Implementing an annual work programme for the NSS
- Integrating statistics produced by ONAs into the NSI website.

In many cases NSIs justify the delay in implementation with reasons such as:

- Financial and/or human capacity constraints
- The involvement of stakeholders requires more time
- The project has been expanded
- Need to recruit specialised staff
- Need for an external expert service.

Most of the delayed actions are planned to be completed in the course of 2017, with a few either in 2018 or 2019. ESGAB very much welcomes the plans of NSIs to comply with the peer review recommendations as soon as possible, and expects that a substantial number of the delayed actions as well as all the other improvement actions still open will be successfully completed in the course of 2017. ESGAB encourages Members States to continue their efforts to implement their peer review improvement actions by the agreed deadlines.

## 2017 RECOMMENDATIONS

**2017/11** ESGAB strongly reiterates that more Member States should adopt and publish Commitments on Confidence in Statistics in order to address some of the improvement actions required to ensure compliance with the Code of Practice, in particular those which are still open because further progress depends on authorities outside the National Statistical Institute.

# 3. CHALLENGES AND ACHIEVEMENTS OVER THE FIRST NINE YEARS

## 3.1. OVERVIEW

This Chapter describes how ESGAB has evolved during its first nine years and the issues it has highlighted over this period in relation to the implementation of the Code of Practice. The Chapter also serves as a detailed record of ESGAB activities since it was established in 2008. There have been three ESGAB teams since 2008 and the next ESGAB team will begin its mandate in February 2018.

Decision No 235/2008/EC of the European Parliament and of the Council on 11 March 2008 created a new high-level advisory body to provide an independent overview of the implementation of the European Statistics Code of Practice. The Decision specified the Board's tasks, membership and working procedures.

Within a year of its establishment, the seven members of ESGAB had been appointed and began reporting on compliance with the Code. Initially the Board focused on the institutional aspects of the Code and on the progress of improvement actions undertaken by Eurostat and NSIs, following the recommendations of the first peer review exercise in 2006-2008. In subsequent

years the Board examined the implementation of the Code more broadly and carried out several surveys addressed to NSIs to explore compliance issues in more detail. In addition, later Annual Reports began to look at the challenges posed by statistical innovations and the need to update the Code of Practice accordingly.

As ESGAB settled into its new role, its engagement with statistical bodies gradually increased through bilateral meetings with Heads of NSIs, national statistical authorities and the European Statistical Advisory Committee (ESAC). The Board also began to issue formal Opinions, letters and press releases on specific aspects of the Code of Practice and its implementation.

Over the past nine years, the Board has put a strong emphasis on professional independence and the coordination of statistics at national and European level. The Board therefore welcomed the strengthening of these areas in the amendments to Regulation (EC) 223/2009 which were adopted in 2015. The Board is also pleased that a revision to the Code of Practice, which ESGAB has been advocating, is now under discussion by the ESS Committee, and the Board looks forward to its adoption.

ESGAB is now firmly established and well-recognised within the ESS and can be considered as a bridge between the world of official statistics and the use of statistics in the political world. While the Code of Practice provides a sound basis for good statistical governance, monitoring compliance with the Code is, and will remain, an essential task within the ESS in order to ensure confidence in European statistics and in European statistical authorities.

### 3.2. ESGAB ACTIVITIES 2009 – 2016

#### 2009: The first year of ESGAB with a focus on statistical independence, resources and quality

The first year of ESGAB's legal existence (2008) was largely spent on identifying and appointing the members. ESGAB started its work in March 2009 under the Chairmanship of Mr Johnny Åkerholm<sup>14</sup>. The six other members were: Sir Tony Atkinson, Jean-Michel Charpin, Margit Epler, Johann Hahlen, Karin Mossler and Edvard Outrata. The secretariat was ensured by the Head of the newly-created Eurostat unit.

The Regulation (EC) No 223/2009 on European statistics was adopted on 11 March 2009 and highlighted the importance of statistical governance and the role of ESGAB. Therefore, at its first meeting in March 2009, the Board started work on the first Annual Report scheduled for publication after the November ECOFIN Council. In this timescale ESGAB received input from

Eurostat, which is responsible for the monitoring of individual Member States' compliance with the Code, showing the progress made since April 2008 regarding the implementation of improvement actions and peer review recommendations<sup>15</sup>.

At the end of each year, the Annual Report is presented to the ESS Committee, the European Parliament's Committee on Economic and Monetary Affairs (ECON), the European Council's Economic and Finance Committee (EFC) and the ECOFIN Council.

The first Annual Report focused on three core principles of the Code of Practice, namely professional independence, adequacy of resources and commitment to quality. In addition, some remarks on co-ordination of statistical production were provided. Overall the 2009 Report concluded that although there had been progress during the previous year for all principles of the Code, most improvement actions were still to be completed for full compliance.

In its conclusions regarding ESGAB's Annual Report, the ECOFIN Council welcomed it, especially regarding the plans for future work of ESGAB with a particular focus on the principle of professional independence. The conclusions also welcomed the clear progress achieved on the compliance with the Code and noted that around one third of the improvement actions were completed. It also encouraged NSIs to continue the implementation of their improvement actions and to take full advantage of the experience within the ESS.

<sup>14</sup> <http://ec.europa.eu/eurostat/web/esgab/members/2009-2012>

<sup>15</sup> Peer reviews, covering principles 1-6 and 15 of the Code, were carried out in the 31 NSIs of the EU Member States and EFTA countries and in Eurostat over the period 2006-January 2008. These, together with self-assessments, resulted in a number of improvement actions in each Member State.

### 2010: Misreporting of Greek statistics and strengthening ESGAB's relationships with statistical authorities

After ESGAB's first Report, the Lisbon Treaty entered into force and a new European Parliament and European Commission took office. An unprecedented economic crisis had left the ESS with the challenge of responding to the new statistical demands at a time when resources were coming under increased pressure.

The misreporting of public finance statistics in Greece in the previous year highlighted that loss of confidence in statistics can lead to huge economic costs and that professional independence and adequacy of resources are crucial for the quality and reliability of statistics. The ESGAB Chair stated<sup>16</sup> in November that recent events had shown that reputational risk in one country has a negative impact on the credibility of European official statistics. This experience underlined the need to reinforce compliance with the Code of Practice.

In 2010 ESGAB carried out two surveys focusing on the three principles identified in its 2009 report: professional independence, adequacy of resources and quality commitment. One questionnaire was addressed to NSIs, the other to a limited number of stakeholders. ESGAB also held an exchange of views with the Chair of the European Statistical Advisory Committee (ESAC) on user issues and quality.

In its second Annual Report, ESGAB considered the first corrective measures (the revision of the Greek Statistical Law and the adoption of the Regulation 479/2009 granting 'audit-like powers' to Eurostat) timely, but believed that further preventive measures were still needed. Although ESGAB welcomed the modernisation of statistical

laws in nine countries in the ESS, in a number of others more efforts were necessary to guarantee the independent and transparent development, production and dissemination of statistics. Furthermore, the Board encouraged the creation of ESGAB-like bodies at a national level to help strengthen statistical independence.

The Report noted that 59% of the improvements recommended in the 2006-2008 peer reviews to strengthen professional independence were still pending and ESGAB urged their accelerated implementation. In addition, the Board warned that more scrutiny was required regarding the appointment and dismissal practices of the Heads of statistical services, which varied considerably in the ESS. The Board noted that in six countries changes of top management coincided with elections.

ESGAB was also alarmed about the inadequacy of resources as well as the impact of budget restrictions on quality. In many cases the demand for official statistics was increasing at the same time as resources were being squeezed, and this highlighted the need for priority-setting and for rationalising the use of resources.

The Board improved the communication of the Annual Report by addressing it personally to the Heads of the NSIs, and by issuing a press release in 22 languages. However, it did not name individual Member States, other than mentioning Greece in the context of the misreporting of Greek statistics, which was already publicly known.

In December 2010 ESGAB met with the UK Statistics Authority and briefly also with the French Official Statistics Authority to learn more about each other's ways of working. The national insights into the compliance with the Code of Practice in France and the UK were valuable for reflecting on the future work of ESGAB.

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<sup>16</sup> ESGAB Press Release 18 November 2010

When the Annual Report was presented to the ECOFIN Council at the end of 2010, the Council welcomed it and called upon Member States to accelerate, where needed, their alignment of statistical legislation with the principles of the Code of Practice and the European Statistics Regulation; to step up the implementation of other national improvement actions in order to achieve full adherence to the Code of Practice and to reinforce the binding nature of the Code by enshrining in a legal act some of the minimum standards, including professional independence. It also encouraged the ESS to accelerate the full implementation of the provisions in the Code, in particular to reinforce mandates for data collection and to further enhance quality.

### 2011: First ESGAB Opinions, country dialogues and letters to Greece and Germany

In 2011 ESGAB developed further its bilateral relations with the NSIs by launching a series of country dialogues to study in depth specific issues identified in the 2010 survey. Bilateral meetings (country dialogues) were arranged with Luxembourg, Belgium, Hungary, Italy, Estonia, Germany, Poland and Slovakia. In addition, separate talks with Eurostat and the ex-Head of the Polish NSI were organised in May.

ESGAB also published its first formal Opinion in 2011, on the Commission Communication 'Towards robust quality management for European Statistics' COM(2011)211. ESGAB endorsed the measures put forward in it, such as Commitments on Confidence in Statistics, which ESGAB considered essential in bringing governments to acknowledge their responsibility in strengthening the credibility of official statistics. Moreover, ESGAB encouraged Member States to cooperate with Eurostat to identify, assess and monitor significant risks as outlined in the revised Regulation No 479/2009 on the

excessive deficit procedure in order to implement 'audit-like powers' in a transparent way.

Following a request from Eurostat and based on the discussions with the ESGAB-like bodies in the UK and France as well as the ESS Committee Task Force "Sponsorship on Quality", in June 2011 ESGAB issued its second Opinion, concerning the revision of the European Statistics Code of Practice. ESGAB proposed moderate changes to the Code clarifying its principles and the efforts to align the quality systems between ESS and European System of Central Banks. It also suggested an alternative wording for the indicator 1.8 on the appointment and dismissal rules of top management. The revised Code was adopted by the ESS Committee in September.

The year 2011 saw further progress in compliance with the Code of Practice and some new initiatives to strengthen the governance structure of the ESS and the quality of official statistics. In its third Annual Report ESGAB continued exploring the three core principles of the Code of Practice i.e. professional independence, adequacy of resources and quality commitment. The report was based on the results of the annual Code of Practice compliance monitoring carried out by Eurostat and two questionnaires sent to the NSIs by ESGAB. The questionnaires followed up on the 2010 recommendations, exploring further the three core principles and including general questions on the Code of Practice.

In its overview, ESGAB welcomed the efforts of the ESS members to comply with the principles of the Code. However, its overall judgment was that the progress had slowed on many fronts. Five years after the Code and three years after the last peer review completion, 40 of the improvement actions still remained to be completed. ESGAB noticed that in many countries important changes to the legislation had been proposed, but often the proposals had not advanced. Also, in many member states the resources were continuously

under increasing stress due to new requirements from new policy initiatives and weakening public sector finances.

The Board stated in its Report that its legal base would benefit from clarification of the expectations set by its founders and the means to achieve them particularly regarding its scope to act if the credibility of the ESS as a whole is at risk. In light of the increasing tendency to use statistical indicators as an automatic trigger for policy decisions or sanctions, ESGAB underlined different roles and responsibilities between official statistics and executive powers. ESGAB also encouraged again the creation of ESGAB-like bodies or other mechanisms applicable in a national setting to monitor compliance with the Code.

The Greek situation stayed very high on ESGAB's agenda. In a letter addressed to the Greek Prime Minister and the Speaker of the Hellenic Parliament in October, the ESGAB Chair welcomed the actions taken to strengthen the role of the Hellenic Statistical Authority (ELSTAT) and emphasised that a crucial element in building confidence in the economy is to establish trust in statistical reporting.

In December the ESGAB Chair also sent a letter to the Federal Minister of Interior of Germany, in which he welcomed the commitment of the statistics profession in Germany to the Code of Practice, which was revised and adopted by the ESS Committee in September. However, he also noted the recurrent changes of the top management in the Statistical Office of Lower Saxony, where the procedures did not appear to be in line with the principles of the Code of Practice. In addition, ESGAB's Annual Report noted that modernisation of the statistical law in Germany would merit more attention.

When the Annual Report was presented to the ECOFIN Council at the end of 2011, the ECOFIN Council called upon governments to acknowledge their share of responsibility in strengthening the

credibility of official statistics and to consider the necessary steps, based on the results of the pilot exercise, for a swift implementation of 'Commitments on Confidence in statistics' as a concrete way to commit all parties involved in the provision of high quality statistics. The Council also invited the Commission to put forward a proposal for amending Regulation (EC) No 223/2009 on European statistics to reinforce the governance framework especially regarding professional independence of national statistical authorities and Eurostat.

Following an assessment by the Commission of the role and effectiveness of ESGAB after the first three years, the Commission stated <sup>17</sup>:

'The Commission looks forward to continuing its cooperation with this Board, from which it has benefited since it was set up in 2009.'

**2012: The second ESGAB team, extending links to ESGAB-like bodies and ESGAB representation on the Greek Good Practice Advisory Committee**

In 2012 a new ESGAB team <sup>18</sup> with a new Chair, Mr Thomas Wieser, took office. Other members of the Board were: Jean-Michel Charpin, Margit Epler, Edvard Outrata, Patricia O'Hara, Pilar Martín Guzmán and Günter Kopsch.

ESGAB continued to have country dialogues during 2012 (with Spain, Romania and Eurostat in April and Sweden in June) as well as meetings with the ESGAB-like bodies. An exchange of views with the French Official Statistics Authority

<sup>17</sup> COM(2011)211 final, Communication from the Commission to the European Parliament and Council: Towards robust quality management for European Statistics, p. 5

<sup>18</sup> <http://ec.europa.eu/eurostat/web/esgab/members/2012-2015>

and the Swiss Ethics Council for Official Statistics was organised in December to enable the three bodies to learn more about each other's ways of working and to identify possible areas of collaboration. The national insights into the monitoring of the compliance with the Code of Practice were a valuable input for the future work of ESGAB. A more efficient process for the production of European Statistics and the labelling of official statistics were discussed.

In September the Board proposed Mr Gerry O'Hanlon as the ESGAB representative on the Greek Good Practice Advisory Committee, which consists of five members representing the Hellenic Parliament, Eurostat, ESGAB, the ESS Committee and the Personal Data Protection Authority. The task of this committee is to prepare an Annual Report, advisory in nature, on the implementation of Principles 1 to 6 (institutional environment) of the Code in the Hellenic Statistical System. The committee submits its report to the Hellenic Parliament after informing ESGAB.

In September the European Court of Auditors addressed to the Council its special report No 12/2012 entitled 'Did the Commission and Eurostat improve the process for producing reliable and credible European statistics' to the Council. The audit included the contribution of ESGAB to the process of producing reliable and credible European statistics. In the conclusions the Court of Auditors recommended extending the remit of ESGAB and enhancing the professional independence of the Chief Statistician of the EU by appointing him/her for a fixed-term mandate. In its reply the Commission considered ESGAB's recommendations valuable but did not see an urgent need to propose an update to Decision No 235/2008 establishing ESGAB.

In 2012 the Board extended in its Report its perspective to areas that are not explicitly covered in the principles and indicators of the European Statistics Code of Practice, such

as coordination, and continued to explore the cornerstones of credible statistics: the principles of professional independence and quality commitment.

The 2012 Report took into account the results of two questionnaires addressed to the NSIs by ESGAB. The questionnaires followed up on the 2011 recommendations and explored Principles 1, 2, 3, 4, 5, 10 and 15 of the Code of Practice, as well as issues relating to coordination. Eurostat reported separately on its progress over the year. Information obtained from the dialogues with representatives from Spain, Romania, Sweden and Eurostat also contributed to ESGAB's views in the report.

Although the Board acknowledged that the ESS had taken important steps towards reform, it did not consider the degree of change within the ESS sufficient and complete. Political decision-makers and legislators were invited to create the enabling conditions for high-quality European statistics and to keep statistical production and dissemination free of political interference. ESGAB considered that statistical legislation, in line with the principles of the Code and its effective implementation, was a basic requirement and underlined the need to safeguard the professional independence of the national statistical authorities and Eurostat, and to ensure that adequate resources were provided to them.

The 2012 Report was presented to the ECOFIN Council in November. The Council welcomed the recommendations of the Report, acknowledging the progress achieved at Eurostat level and in the implementation of national improvement actions to adhere with the Code, but underlining the need to accelerate the pace of progress. The Council agreed with ESGAB in urging governments to acknowledge their share of responsibility in reinforcing professional independence and strengthening the credibility of European statistics.

**2013: Ongoing concerns  
about coordination,  
quality and Greek statistics**

In February 2013, ESGAB supported the statement of the members of the ESS on recent developments concerning ELSTAT in Greece<sup>19</sup>. It expressed a deep concern at developments with regard to ELSTAT, which the ESS members believed could affect not only the integrity of official statistics in that country, but also the functioning of the ESS as a whole.

Country dialogues with the United Kingdom and Statistics Austria were organised in March 2013, with Bulgaria and Malta in April 2013 and with Belgium and Eurostat in June. These dialogues provided ESGAB with supplementary information for its 2013 report. ESGAB also exchanged views with ESGAB-like bodies in December 2013 on topics of common interest: the Greek Good Practice Advisory Committee (GPAC), Malta Statistics Authority, French Official Statistics Authority, the UK Statistics Authority and the Swiss Ethics Council for Official Statistics. The ways forward to enhance compliance with the European Statistics Code of Practice and other topics of common interest were discussed.

In addition to examining the principles of the European Statistics Code of Practice already explored in previous reports, ESGAB's 2013 Report had a focus on the interdependence between coordination and quality in the production of statistics. ESGAB's views on its future work and its mandate related to governance questions were also discussed. The report took into account the responses to ESGAB's questionnaire to NSIs following the 2012 ESGAB recommendations, addressing

coordination issues in relation to Principles 1, 3, 4, 5, 6, 7 and 10 of the Code of Practice.

When the ESGAB's Annual Report was presented to the ECOFIN Council at the end of 2013, the ECOFIN Council took note of ESGAB's recommendation to enhance further the coordination within the ESS and of the Board's call for a clear and strong coordination role for the NSIs and of other members of the ESS while respecting subsidiarity and national specificities. The Council also took note of ESGAB's recommendation as regards the need to develop modernised and more integrated ways of producing European statistics.

**2014: Eurostat peer review,  
statistical classification rules and  
recruitment procedures**

In July, the ESGAB Chair wrote to the German Federal Minister of Interior, repeating the worries ESGAB had expressed in 2011 regarding the recruitment procedures of the Heads of Statistical Institutes, which in some Bundesländer appeared not to be in line with the Code's first principle on professional independence (in particular indicators 1.2 and 1.8).

In September ESGAB issued an Opinion on upholding the principles of the European Statistics Code of Practice in the implementation of Regulation (EU) No 549/2013 on the European system of national and regional accounts, concerning the provision referring to monetary financial institutions. In its Opinion ESGAB emphasised that an independent, impartial and objective application of the ESA 2010 regulation is guaranteed only by separating statistical classification from any administrative purpose and that this, according to the European Statistics Code of Practice, is clearly a matter of sole competence of ESS members.

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<sup>19</sup> <http://ec.europa.eu/eurostat/documents/34693/344453/ESGAB+statement+ESSC+feb+2013/2c829d7b-0451-4f49-9032-ccc52398da22>

ESGAB expressed its support for a joint statement of 10 October 2014 by six statistical societies from Austria, Czech Republic, Hungary, Romania, Slovakia and Slovenia, calling on the authorities responsible for recruitment or dismissal practices to act in line with the principles of the Code of Practice.

In October the Board issued another Opinion on the compliance of senior appointment procedures in the German Bundesländer with the European Statistics Code of Practice. Having drawn the attention of the Federal Minister of the Interior in 2011 and 2014 to these matters, and despite reassuring replies, ESGAB remained concerned that appointees to top management posts in the Bundesländer statistical offices were not always required to have statistical qualifications.

The sixth Annual Report of ESGAB sat firmly in the context of the new round of peer reviews which the ESS was undergoing. While the NSI peer reviews were organised as an independent externalised exercise monitored and managed by Eurostat, it was ESGAB's task to conduct the peer review of Eurostat, on which the 2014 Report focused. The Report also included recommendations addressing four main areas: legislation underpinning procedures for the appointment and dismissal of senior management and the implementation of legislative architecture; coherence of European statistics; dissemination and communication; and coordination.

The peer review team concluded that Eurostat was performing well in the areas of legal environment, commitment to quality, methodology and quality of human resources, despite the declining resources at its disposal. The legal framework had significantly improved and Eurostat's methodological framework and procedures were found satisfactory. Nevertheless, the peer review team remained concerned about the legal provisions on recruiting and dismissing the Director-General of Eurostat. Also, the importance of Eurostat's

coordination role was underlined and the establishment of clear mechanisms for it was recommended, as well as a pragmatic division of labour between the ESS and the European System of Central Banks.

The Annual Report was presented to the ECOFIN Council in October and in its meeting conclusions, the ECOFIN Council took note of the importance placed by ESGAB on the need for independent peer reviews carried out in the ESS and of ESGAB's assessment of Eurostat.

### **2015: The third ESGAB team took office, with an initial focus on Eurostat's implementation of the Code**

The third ESGAB team under the Chairmanship of Mr Martti Hetemäki was appointed for three years from 1 February 2015. The team included three members from the previous team, who were re-appointed for three years: Patricia O'Hara, Pilar Martín Guzmán, Günter Kopsch, and three newly-appointed members: Enrico Giovannini, Marius Profiroiu and Lars Lyberg (who resigned in March 2016).

In March 2015 ESGAB issued an Opinion urging full implementation of the Hellenic Statistical Law (3832/2010) and Greece's Commitment on Confidence in Statistics. While ESGAB welcomed the newly-elected Greek Government's pledge to fight corruption and to continue to modernise its public administration, it highlighted several critical issues. These were raised in the second Annual Report of the Good Practice Advisory Committee (GPAC) and in the peer review report on compliance with the European Statistics Code of Practice and the coordination role of ELSTAT.

In April 2015 ESGAB again issued an Opinion urging the German authorities to make statistical competence one of the professional qualifications required when appointing Heads of statistical offices.

The year 2015 was particularly significant for the ESS because of the revision of Regulation (EC) No 223/2009 on European statistics<sup>20</sup> which aimed to strengthen the professional independence of statistical authorities and improve the coordination and efficiency of the ESS. Also, the 2013-2015 peer review exercise resulted in new recommendations and improvement measures throughout the ESS, focusing on quality in governance, procedures and statistical outputs.

The 2015 Annual Report addressed three challenges faced by the ESS: the 'data revolution', continuing resource constraints in the face of growing data needs for policy-making, and the regionalisation of statistical systems in some Member States. The Report also served a monitoring purpose following the peer review of Eurostat of the previous year. ESGAB issued 16 recommendations, which resulted in 20 measures to improve Eurostat's compliance with the principles of the Code such as professional independence, efficiency, quality, methodology and impartiality. Four recommendations were devoted to the legislation governing the recruitment and dismissal of Eurostat's senior management, including one for improving the relevant indicator in the Code of Practice.

When the Annual Report was presented to the ECOFIN Council in December, the Council supported ESGAB's recommendations for ensuring that the ESS is adequately resourced and that cost accounting systems for official statistics are improved to support efficiency in the production of statistics. In addition, the Council took note of ESGAB's recommendations regarding the preparedness of the ESS to respond to the challenges stemming from the data revolution and regionalisation.

### 2016: Challenge of multiple data sources and coordination within National Statistical Systems

In June 2016, further country dialogues were organised with Belgium, Spain and Cyprus and a dialogue with Greece took place in September. Also in June, the biannual European Conference on Quality in Official Statistics<sup>21</sup> took place in Madrid, where there was a special ESGAB session focusing on 'Opportunities and Challenges for Quality of Official Statistics – The Future of the Code of Practice'. The session included presentations on Big Data, improving data comparability, and the use of indicators to inform decision-making, which were followed by a panel discussion on revising the Code of Practice.

In its Annual Report ESGAB paid particular attention to two issues: the challenges faced by the ESS regarding the use of multiple data sources and the coordination of the range of national authorities responsible for producing European statistics. ESGAB argued that the Code should be updated to provide additional guidance on the use of non-traditional data sources particularly in relation to data quality, impartiality and trust. The Board also highlighted that the special skills required to exploit the analytical opportunities provided by new data sources need to be identified and staff trained or recruited accordingly.

As a result of the amended Regulation (EC) 223/2009, which entered into force in 2015, additional responsibilities relating to the coordination of European statistics were placed on Eurostat, NSIs and ONAs producing European statistics. In Member States where the arrangements for the coordination of statistical activities at national, regional and local levels were not well defined, ESGAB recommended

<sup>20</sup> <http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:02009R0223-20150608&qid=1435820363605&from=EN>

<sup>21</sup> <http://q2016.ine.es>

the creation of appropriate control mechanisms to ensure that the responsibilities for the development, production and dissemination of European statistics are clearly established at each institutional level.

The Annual Report noted that, in general, the Code is complied with well across the national statistical authorities of the ESS, and that they operate on sound legal bases and enjoy a high level of trust. In Eurostat, progress had been made with ESGAB's recommendations in relation to limiting access to European statistics before their official publication and to supporting the coordination role of NSIs. However, ESGAB considered that more work was still required to make the value of official statistics more apparent to main stakeholders and to address ESGAB's previous recommendations in 2014 and 2015 regarding the recruitment and dismissal of Eurostat's senior management. On this point, in August ESGAB wrote to the European Commissioner responsible for Eurostat, Marianne Thyssen, to stress the importance of having an open recruitment procedure for the appointment of the next Director-General of Eurostat.

In its Report ESGAB also emphasised the importance of monitoring users' satisfaction and trust in European statistics. In order to maintain trust, the report stated that investment in both staff and the statistical infrastructure must continue, to ensure compliance with the Code, and that the value of official statistics should be better promoted. In an era of 'fake news' a further recommendation was that statistical authorities should demonstrate how they are addressing the need to comment publicly on criticisms and misuses of statistics<sup>22</sup>. ESGAB also recommended that the value of official

statistics should be better promoted to the public at large as a public good and an indispensable policy tool.

At the ECOFIN Council in November, the Council supported ESGAB's recommendation to improve data on the costs of statistical production, the importance of good coordination of providers of European statistics within NSSs and ESGAB's call for progress regarding NSIs' access to administrative data. In addition, the Council took note of ESGAB's proposal that the next revision of the Code of Practice should take into account private data providers and multiple data sources.

<sup>22</sup> Code of Practice Indicator 1.7: "The National Statistical Institute and Eurostat and, where appropriate, other statistical authorities, comment publicly on statistical issues, including criticisms and misuses of statistics as far as considered suitable"

## Annex 1: 2016 ESGAB recommendations and Eurostat's improvement actions in response to the recommendations

### CHALLENGES FACED BY THE EUROPEAN STATISTICAL SYSTEM

#### Recommendation 2016/1

The next revision of the Code of Practice should include a reference to multiple data sources and the implications for data quality and the cost of statistical production.

#### CURRENT SITUATION 2016/1:

The text of the generalised and modernised Code of Practice is planned to be presented at the ESSC meeting of November 2017.

#### IMPROVEMENT ACTION:

The next revision of the Code of Practice is being discussed by the High-level Group on Quality established by the ESSC in May 2016. The approach to be taken in order to integrate into the Code multiple data sources in statistical production will be agreed by this Group in view of being proposed to the ESSC.

#### TIMELINE:

12/2017

#### Recommendation 2016/2

To ensure adherence to Principle 14 of the Code (Coherence and Comparability), Eurostat should assess the impact that the use of multiple data sources has on data comparability, particularly the impact of modelling techniques and estimates on both the production of statistics and dissemination in the form of new information services and "on demand" analysis.

#### CURRENT SITUATION:

Eurostat is currently piloting the use of a solution to streamline the integration of multiple data sources. Eurostat is also exploring the capabilities of "confidentiality-on-the-fly" software.

The related Vision Implementation Projects (ADMIN, BIGD, etc.) will provide findings in this regard - and the final report of the High-level Group on Quality is expected to be submitted to the ESSC in Q2 2018.

#### IMPROVEMENT ACTION 2016/2.1 TO 2016/2.2:

1. In 2017 a project will be launched to improve the accessibility of Eurostat's data for analytical purposes through populating a cross-domain data integration platform and

testing of the so-called confidentiality-on-the-fly approach for accessing micro-data for research purposes.

2. The High-level Group on Quality, established by the ESSC in May 2016, will also investigate the possibility of generalising relevant Code of Practice indicators to cater for producing European statistics by using new data sources.

**TIMELINE:**

1. 12/2019
2. 12/2018

### Recommendation 2016/3

The next revision of the Code of Practice should address the ethical concerns associated with the use of “big data”. The Code should include at least a Principle and appropriate indicators to address the relationship between NSIs and private data providers, setting out clearly the appropriate characteristics of big data providers, and the assurance of data quality.

**CURRENT SITUATION:**

The text of the generalised and modernised Code of Practice is planned to be presented at the ESSC meeting of November 2017.

**IMPROVEMENT ACTION 2016/3:**

The next revision of the Code of Practice is being discussed by the High-level Group on Quality established by the ESSC in May 2016. The approach to be taken in order to integrate into the Code ethical concerns related to Big Data will be agreed by this Group in view of being proposed to the ESSC.

**TIMELINE:**

12/2017

### Recommendation 2016/4

Future peer reviews should ensure that assessments of compliance with the Code of Practice are accompanied by an assessment of the extent to which National Statistical Institutes foster trust in the European statistics they produce.

**CURRENT SITUATION:**

The High-level Group on Quality will also issue strategic guidance and recommendations on the methodology and organisation of the future monitoring of the Code’s implementation in the ESS.

**IMPROVEMENT ACTION 2016/4:**

The second round of Peer Reviews was finalised in 2015. The High-level Group on Quality established by the ESSC in May 2016 has started to reflect on a possible next round of Code of Practice reviews. Fostering trust in European Statistics is per se one of the objectives of Code of Practice reviews. At this stage such a possible future Code review would not be expected to take place before 2020. Eurostat will duly consider trust fostering by NSIs when preparing, together with ESS members, the methodology for a possible future Code of Practice review.

**TIMELINE:**

12/2020

### Recommendation 2016/5

In order to further increase trust in official statistics, National Statistical Institutes and Eurostat should actively engage with civil society to promote the value of official statistics as a public good and an indispensable policy tool. They should also consider appropriate demonstration of the Code of Practice Indicator 1.7, which requires statistical authorities to comment publicly on criticisms and misuses of statistics, defending them where necessary.

**CURRENT SITUATION:**

Promoting the value of official statistics has been a longstanding commitment of Eurostat and the ESS as a whole for years, through many actions. The foreseen discussion at the ESSC is one further step in this long-term exercise.

**IMPROVEMENT ACTION 2016/5:**

Eurostat will propose to hold a discussion on these issues at the level of the ESSC on the basis of a document outlining best practices and also in light of recommendations from the forthcoming UNECE-CES report on the value of official statistics.

**TIMELINE:**

12/2017

## Recommendation 2016/6

Member States' governments should establish Commitments on Confidence in Statistics to ensure trust in European statistics and implementation of the Code. The annual reporting on the Code of Practice and Commitments on Confidence should be coordinated to avoid unnecessary reporting burden on Eurostat and the Member States.

**CURRENT SITUATION:**

Member States reported on the state of play as regards Commitments on Confidence at national level in January 2017, in combination with reporting on peer review improvement actions. Eurostat reported to the ESSC Partnership Group meeting on 31 March 2017. Commitments on Confidence were also on the agenda of the Resource Directors' Group (RDG) meeting on 27-28 April 2017. At that meeting it was concluded that Eurostat will approach some Member States before 9 June as regards clarifications of national legislative procedures and that Eurostat will develop an example of a progress report to guide the Member States which will provide such a report rather than a Commitment on Confidence.

**IMPROVEMENT ACTION 2016/6:**

In 2017, the reporting on Commitments on Confidence/progress reports and on peer review improvement actions will be combined. Member States should report to Eurostat by end January 2017. Eurostat will then inform the ESSC Partnership Group.

**TIMELINE:**

03/2017

## OVERVIEW OF IMPLEMENTATION OF THE CODE OF PRACTICE

### Recommendation 2016/7

ESS members should step up their efforts to revise the respective statistical legislation so that transparent appointment and dismissal procedures for Heads of National Statistical Institutes and Other National Authorities are specified in law.

**CURRENT SITUATION:**

Regulation (EC) 223/2009 requires procedures for the recruitment and appointment to be transparent and based only on professional criteria. There is no obligation to establish these procedures in law.

**IMPROVEMENT ACTION 2016/7:**

Eurostat will seek information on recruitments that take place at national level and take appropriate action in case of doubt that the conditions in Regulation (EC) 223/2009 have been respected.

**TIMELINE:**

Continuous process

## Recommendation 2016/8

The forthcoming recruitment procedure for the new Director-General of Eurostat should be based on an open call for candidates. The selection criteria, explicitly stated in the vacancy notice, should include very good knowledge and experience in the fields relevant to Eurostat's mission. The Commission should ensure that candidates' professional competences in the field of statistics are assessed independently.

### CURRENT SITUATION:

The recruitment procedure was launched in 2016 based on an open call for candidates and as suggested, so no further action is required for this recommendation.

### IMPROVEMENT ACTIONS 2016/8:

N.A.

### TIMELINE:

N.A.

## Recommendation 2016/9

ESS members should create information and communication campaigns to make the value of official statistics as a public good more apparent.

### CURRENT SITUATION:

A planned study is part of the ongoing ESS.VIP DIGICOM project that aims at developing solutions in the following fields: users' analysis; innovative and shareable products and tools; open data dissemination; communication and promotion.

### IMPROVEMENT ACTIONS 2016/9:

In 2017 a study will be launched on engaging with users through focus groups on the brand of (European) official statistics and potential ESS/Eurostat further activities to increase its value.

### TIMELINE:

03/2018

## Recommendation 2016/10

Comparable information on the cost of producing European statistics is essential in an environment where resources are increasingly constrained. ESS countries should ensure that they contribute to the projects under way to develop and improve data on the costs of statistical production at a national level and for specific European statistical products, and that they facilitate this information-gathering from their internal cost accounting systems.

### CURRENT SITUATION:

A cost assessment on European Statistics in the ESS was launched in autumn 2016.

### IMPROVEMENT ACTIONS 2016/10:

First results of the exercise will be assessed in 2017.

### TIMELINE:

12/2017

## Recommendation 2016/11

Member States in the process of aligning their legislation to amended Regulation (EC) No 223/2009 should include precise and specific provisions addressing the requirements under Article 17a(2) relating to the use of administrative records for European statistics, in order to facilitate and improve the further use of those records for producing European statistics.

### CURRENT SITUATION:

Regulation (EC) 223/2009 is directly applicable in the Member States and does not require transposition into national law.

### IMPROVEMENT ACTION 2016/11:

If consulted by the NSI in the process of aligning national legislation, Eurostat's contribution will cover improvements to provisions on access to administrative data, if relevant.

A 4th meeting of the Task Force on implementation of amended Regulation (EC) 223/2009 could include the item on the agenda, foreseen for November 2017.

**TIMELINE:**

Continuous process

## Recommendation 2016/12

Member States should produce situation reports on compliance with Article 17a(2) of amended Regulation (EC) No 223/2009 concerning the extent to which NSIs are consulted and involved in the design, development and discontinuation of administrative records used for the production of European statistics.

**CURRENT SITUATION:**

The 4th meeting of the Task Force on implementation of amended Regulation (EC) 223/2009 is foreseen for November 2017.

**IMPROVEMENT ACTION 2016/12:**

A 4th meeting of the Task Force on implementation of amended Regulation (EC) 223/2009 could include the item on the agenda, foreseen for November 2017.

**TIMELINE:**

11/2017

## Recommendation 2016/13

There are still a number of Member States without either a coordinating mechanism provided by legislation or the coordinating responsibility of the NSI clearly established in their legal framework. In such cases the national statistical legislation should be updated in this respect, including precise provisions on this issue.

**CURRENT SITUATION:**

Regulation (EC) 223/2009 is directly applicable in the Member States and does not require transposition into national law.

**IMPROVEMENT ACTIONS 2016/13**

If consulted by the NSI in the process of aligning national legislation, Eurostat's contribution will cover improvements to provisions on the coordinating role of the NSI, if relevant.

**TIMELINE:**

Continuous process

## Recommendation 2016/14

Eurostat should consider the introduction of specific ESS training and awareness-raising events focusing on the legal and practical obligations of Other National Authorities with regard to European statistics and their coordination within the national statistical system.

**CURRENT SITUATION:**

On 16 November 2016 Eurostat sent a note to the members of the ESSC, updating the practical guidance on ONAs and also raising awareness with regard to the obligations of ONAs.

This action should more usefully be performed in combination with the invitation to the 4th meeting of the Task Force on implementation of amended Regulation (EC) 223/2009 and preparation of its agenda.

**IMPROVEMENT ACTION 2016/14:**

Recirculate to NSIs the relevant reports of the Task Force on the implementation of amended Regulation (EC) No. 223/2009, whose work includes raising awareness and exchanging experiences on the obligations of ONAs, as well as on the coordination role of NSIs.

**TIMELINE:**

05/2017

## Recommendation 2016/15

The next peer review exercise should include clear guidance on how to involve and support Other National Authorities in the process.

### CURRENT SITUATION:

The High-level Group on Quality will also issue strategic guidance and recommendations on the methodology and organisation of the future monitoring of the Code's implementation in the ESS, including the scope of the reviews and a clear involvement of the ONAs.

### IMPROVEMENT ACTIONS 2016/15:

The second round of Peer Reviews was finalised in 2015. The High-level Group on Quality established by the ESSC in May 2016 has started to reflect on a possible next round of Code of Practice reviews. At this stage such a possible future Code review would not be expected to take place before 2020. ONAs involvement and support by NSIs in the context of peer reviews will be included in the methodology for a possible future Code of Practice review.

### TIMELINE:

12/2020

## Recommendation 2016/16

In order to further improve the quality of European statistics produced by Other National Authorities and compliance with the Code of Practice, Other National Authorities should be integrated into a comprehensive national quality audit system facilitated by the NSI and including training on quality management, quality assurance, quality reporting and systematic quality audits.

### CURRENT SITUATION:

Members of the Working Group on Quality in Statistics conducted in-depth exchange of views and experiences on the related quality aspects.

### IMPROVEMENT ACTION 2016/16.1 TO 2016/16.2:

1. A short online presentation/webinar on ONAs and their role (maximum length 30 minutes), including specific references to the Code of Practice and quality issues.
2. In accordance with Regulation 223/2009, NSIs are responsible for coordinating all activities at national levels for the production of European statistics. Eurostat will draw the attention of the Quality Working Group members to the importance of facilitating the integration of ONAs into comprehensive national quality systems. Exchange of best practices between Quality Working Group members will be sought.

### TIMELINE:

1. 06/2017
2. 12/2017

## Annex 2: Summary information on Other National Authorities (ONAs)

### Identification criteria for ONAs

The following basic criteria are agreed for Member States' designation of institutions, or their clearly identifiable organisational parts, as ONAs.

Institutions, or parts of institutions, that:

- exercise public authority based on national law (regardless of their legal form);
- have formally been given the responsibility at national level for the production of a specific and identifiable part of European statistics (with a clear link to sectoral legislation, the European statistical programme, Eurostat annual work programme or the catalogue of statistical products).

There is an additional criterion, for voluntary application to allow some flexibility and adaptation to national circumstances, namely to designate institutions, or parts of institutions, that:

- have production of statistics included among their tasks in the respective basic act (e.g. constitutive legal act, statute, mandate, mission statement, etc.).

The above criteria should be implemented consistently across the ESS. To this end, it was necessary to formulate more detailed operational principles and guidelines, and foresee ways to address national specificities. A list of the operational principles and practical considerations that were discussed at the ESSC meeting in May 2014 is published on the Eurostat website<sup>23</sup>, together with the list of national statistical authorities complying with these criteria<sup>24</sup>.

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<sup>23</sup> <http://ec.europa.eu/eurostat/documents/747709/753176/Guidance-note-on-ONAs-ESSC.pdf>

<sup>24</sup> [http://ec.europa.eu/eurostat/documents/747709/753176/List\\_ONAs\\_FR\\_14092016/4b8becf5-5923-46c3-a208-4423830aaf87](http://ec.europa.eu/eurostat/documents/747709/753176/List_ONAs_FR_14092016/4b8becf5-5923-46c3-a208-4423830aaf87)

## Annex 3: ESGAB Opinion in 2017

Helsinki, 11 May 2017  
ESGAB/2017/10

### OPINION OF THE EUROPEAN STATISTICAL GOVERNANCE ADVISORY BOARD (ESGAB), CONCERNING PROFESSIONAL STATISTICAL INDEPENDENCE AND STAFFING RESOURCES IN THE HELLENIC STATISTICAL AUTHORITY (ELSTAT)

The European Statistical Governance Advisory Board (ESGAB) is very concerned about the situation in the Hellenic Statistical System and the effect it is having on public confidence in Greek statistics and European statistics as a whole. ESGAB has been monitoring the situation in Greece particularly closely, after sizeable revisions to the government's deficit and debt statistics were published in November 2010. These revisions were needed to address methodological weaknesses and unsatisfactory technical procedures in the National Statistical Service of Greece, the General Accounting Office and the Ministry of Finance.

Much has been achieved since 2010 to improve the situation through the collaboration of the Greek authorities and the European Commission (Eurostat). ESGAB welcomes the progress that has been made and the fact that since November 2010, the Greek government's deficit and debt statistics have been published by Eurostat without reservation. However, despite this progress, ESGAB continues to be concerned that the measures now in place to strengthen the Hellenic Statistical System are still being undermined by a lack of resources and pending legal cases. These concerns have been raised by the Good Practice Advisory Committee (GPAC)<sup>25</sup> and were referred to in an ESGAB Opinion<sup>26</sup> in March 2015.

The third GPAC report, published in January 2017, states that the number of staff in ELSTAT, at 70% of the 2010 level, is 20% below the minimum level required for the delivery of the statistical programme<sup>27</sup>. This significant shortfall implies that Greece does not comply with Principle 3 of the European Statistics Code of Practice, which requires that sufficient resources should be available to statistical authorities to meet European Statistics requirements<sup>28</sup>. Concrete action needs to be taken quickly to address this shortfall. ESGAB therefore urges the Ministry of Finance to implement the initiatives put forward by GPAC concerning staff recruitment and a more flexible organisational structure in ELSTAT.

The responsibility for taking decisions relating to statistical methods, standards and procedures lies solely with the President of ELSTAT and is stipulated in the law establishing ELSTAT as an independent authority<sup>29</sup>. However, professional statistical independence is undermined by the fact that the President of ELSTAT, and senior officials acting on the authority of the President, can be personally liable for paying the costs of defending their professional decisions if these are challenged in court. It is absolutely crucial that such officials should have the confidence to

<sup>25</sup> <http://www.statistics.gr/en/good-practice-committee>

<sup>26</sup> <http://ec.europa.eu/eurostat/web/esgab/opinions>

<sup>27</sup> <http://www.statistics.gr/en/good-practice-committee>

<sup>28</sup> <http://ec.europa.eu/eurostat/web/products-manuals-and-guidelines/-/KS-32-11-955>

<sup>29</sup> Law no. 3832 (amended), Article 14: <http://www.statistics.gr/documents/20181/42f49b16-cab6-41c2-89ce-97ad4329c2e4>

be able to take professional decisions without the fear, or threat, of expensive legal action. ESGAB finds this situation very disturbing, as a President of ELSTAT may at some point have to take professional decisions which are politically controversial. ESGAB therefore strongly endorses GPAC's recommendation that senior officials of ELSTAT should not have to pay the legal costs of defending their professional decisions in the courts. This change would send out a clear signal that the Greek government is putting into practice its commitment made in 2012 to guarantee and defend the professional independence of ELSTAT<sup>30</sup>. In this regard, ESGAB notes that there is a plan to legislate for State indemnification of the ELSTAT President and calls for this to be executed and implemented as soon as possible.

At the current time, long-running legal proceedings are in fact under way, against the former President of ELSTAT and two senior colleagues, for allegedly conspiring to artificially inflate the 2009 government deficit figures. Disappointingly, these legal proceedings, which are widely considered to have a substantial political context, have dragged on without a clear conclusion since 2011. The longer these proceedings take, the greater the damage to the credibility of the institutions tasked with upholding public confidence in Greek statistics. GPAC, the European Commission<sup>31</sup>, the International Statistical Institute<sup>32</sup>, the Royal Statistical Society<sup>33</sup>, and more recently the American Statistical Association<sup>34</sup> have all expressed their strong concern about the

ongoing legal battle and its effect on public confidence in Greek statistics.

Paradoxically, while legal proceedings are under way against three officials who the European Commission considers to have properly implemented European statistical standards, no legal action has been taken by the Greek government to bring to account those responsible for the misreporting, during two different periods, of Greek deficit and debt data, which was detected following the transmission of revised figures in 2004 and 2009<sup>35</sup>. This lack of action not only sends out the wrong message to all those who may have manipulated, or who might seek to manipulate, official statistics in Greece; it also reinforces the perception that administrators and politicians are not taking the implementation of professional statistical independence sufficiently seriously and reflects unfavourably on the European Statistical System as a whole. The professional independence of statistical authorities is the cornerstone of good statistical governance. The Greek government now has in place the necessary legal and administrative instruments to assure professional independence, but this is not enough. The stated commitment of the government to secure adequate and stable resources, and to guarantee and defend the professional independence of ELSTAT, must now be seen in practice.

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<sup>30</sup> <http://www.statistics.gr/documents/20181/c5b9264e-815e-4f74-9955-467d14cad474>

<sup>31</sup> <http://ec.europa.eu/eurostat/web/ess/-/european-commission-calls-on-greek-authorities-to-defend-independence-of-elstat>

<sup>32</sup> <https://www.isi-web.org/images/news/2016-09/ISI%20Statement%20on%20Greece.pdf>

<sup>33</sup> <http://www.rss.org.uk/Images/PDF/influencing-change/rss-Letter-John-Pullinger-Karolos-Papoulias-Greek-statistics.pdf>

<sup>34</sup> <http://www.amstat.org/asa/files/pdfs/POL-ASALetterRegardingAndreasGeorgiou2017-03-27.pdf>

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<sup>35</sup> COM(2010) 1 final "Report on Greek Government Deficit and Debt Statistics (p. 6)"

# Annex 4: The Principles of the European Statistics Code of Practice (2011)

## INSTITUTIONAL ENVIRONMENT

1. Professional independence of statistical authorities from other policy, regulatory or administrative departments and bodies, as well as from private sector operators, ensures the credibility of European Statistics.
2. Statistical authorities have a clear legal mandate to collect information for European statistical purposes. Administrations, enterprises and households, and the public at large may be compelled by law to allow access to or deliver data for European statistical purposes at the request of statistical authorities.
3. The resources available to statistical authorities are sufficient to meet European Statistics requirements.
4. Statistical authorities are committed to quality. They systematically and regularly identify strengths and weaknesses to continuously improve process and product quality.
5. The privacy of data providers (households, enterprises, administrations and other respondents), the confidentiality of the information they provide and its use only for statistical purposes are absolutely guaranteed.
6. Statistical authorities develop, produce and disseminate European Statistics respecting scientific independence and in an objective, professional and transparent manner in which all users are treated equitably.

## STATISTICAL PROCESSES

7. Sound methodology underpins quality statistics. This requires adequate tools, procedures and expertise.
8. Appropriate statistical procedures, implemented from data collection to data validation, underpin quality statistics.
9. The reporting burden is proportionate to the needs of the users and is not excessive for respondents. The statistical authorities monitor the response burden and set targets for its reduction over time.
10. Resources are used effectively.

## STATISTICAL OUTPUT

11. European Statistics meet the needs of users.
12. European Statistics accurately and reliably portray reality.
13. European Statistics are released in a timely and punctual manner.
14. European Statistics are consistent internally, over time and comparable between regions and countries; it is possible to combine and make joint use of related data from different sources.
15. European Statistics are presented in a clear and understandable form, released in a suitable and convenient manner, available and accessible on an impartial basis with supporting metadata and guidance.

## Annex 5: Glossary

### European Statistics

#### Code of Practice ('the Code')

The European Statistics Code of Practice<sup>36</sup> sets the standards for developing, producing and disseminating European statistics. It builds on a common definition of quality in statistics used in the European Statistical System, composed of national statistical authorities and Eurostat. The Code is a self-regulatory instrument containing 15 Principles which address the institutional environment in which national and EU statistical authorities operate, and the production and dissemination of European statistics (see Annex 4). Its implementation is supported by a set of indicators of good practice for each Principle.

### European Statistical Governance

#### Advisory Board (ESGAB, 'the Board')

ESGAB<sup>37</sup> provides an independent overview of the implementation of the Code of Practice. It seeks to enhance the professional independence, integrity and accountability of the European Statistical System, key elements of the Code, and the quality of European statistics. Its tasks include the preparation of an Annual Report to the European Parliament and the Council on the implementation of the Code by Eurostat and the European Statistical System as a whole. ESGAB also advises the Commission (Eurostat) on appropriate measures to facilitate implementation of the Code.

### European Statistical System (ESS)

The European Statistical System<sup>38</sup> is a partnership between the European Union's statistical authority, i.e. the Commission (Eurostat), the National Statistical Institutes (NSIs) and Other National Authorities (ONAs) responsible in each Member State for the development, production and dissemination of European statistics.

### European Statistical

#### System Committee (ESSC)

The European Statistical System Committee is the highest authority for the ESS. It is made up of the Heads of the Member States' NSIs and is chaired by the Director-General of Eurostat. Liechtenstein, Iceland and Norway, through the Agreement of the European Economic Area (EEA), and Switzerland through the Agreement between the EU and the Swiss Confederation on cooperation in the field of statistics, fully participate in the ESSC without the right to vote. Other participants are observers. The ESSC meets four times per year and its task is to provide professional guidance for developing, producing and disseminating European statistics and to discuss strategic issues for the development of the ESS.

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<sup>36</sup> <http://ec.europa.eu/eurostat/web/quality/european-statistics-code-of-practice>

<sup>37</sup> <http://ec.europa.eu/esgab>

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<sup>38</sup> <http://ec.europa.eu/eurostat/web/ess/about-us>

## Eurostat

Eurostat is a Directorate-General of the European Commission. Its mission is to be the leading provider of high quality statistics on Europe. Together with the national statistical offices, Eurostat is responsible for the European Statistical System: Eurostat develops and implements standards, methods and classifications for the production of comparable, reliable and relevant data. Users of Eurostat's output include the European Commission and other EU institutions, Member State governments, international organisations, businesses, universities and a wide range of other users. Eurostat also supports non-EU countries, including the candidate countries, in adapting their statistical systems.

## Peer reviews

Peer reviews<sup>39</sup> are part of the European Statistical System strategy to implement the European Statistics Code of Practice. The objective is to enhance the integrity, independence and accountability of ESS statistical authorities. The first round of peer reviews was carried out in 2006-2008, followed by a second round in 2013-2015. Both rounds covered all EU Member States and EFTA countries. The European Statistical Governance Advisory Board (ESGAB) carried out a peer review of Eurostat using the methodology developed for the NSI peer reviews, with some adaptations to reflect Eurostat's specific role in the ESS.

<sup>39</sup> <http://ec.europa.eu/eurostat/web/quality/peer-reviews>.



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