ESAC Opinion on the draft 2022 Work Programme

ESAC Doc. 2021/12

General recommendations

The draft 2022 Work Programme (WP), as presented in the three annexes, is a vast and very ambitious programme that systemically considers important measurable phenomena for European policies and, ultimately, to improve the life of European citizens.

ESAC congratulates Eurostat and the ESSC for continuing to deliver high quality statistics also in this difficult period, despite the many restrictions imposed by the COVID-19 pandemic.

ESAC welcomes the efforts from Eurostat and the national statistical institutes (NSIs) to capture the changing economic and social situation from March 2020 onwards, i.e. the implications of the crisis generated by the COVID-19 pandemic.

(i) ESAC underlines the importance to learn from this situation how to respond in an agile manner to environmental, social, and economic concerns following catastrophic and catalysing events, providing information and tools for policymakers and citizens to quickly understand crises as soon as they occur, as well as to propose strategies of resilience and recovery.

ESAC is glad that a European Statistical Recovery Dashboard was introduced in 2020. The users represented by ESAC found this tool very useful, and hope to see further developments as announced by Eurostat.

In addition, ESAC believes that Eurostat and the NSIs should put a Crisis Management Structure in place, to plan and prepare for acute crisis situations, collect the information needed to react, ensure comparability, organise and coordinate the cross-country dissemination, and use standard protocols. Learning from the pandemic crisis, it is imperative to prioritise tasks.

Particular attention should be given to proactive risk assessment and mitigation initiatives necessary to create more resilient European statistics.

(ii) ESAC suggests that emphasis be given to activities providing reliable and timely statistics for revitalising the economy and getting back on a path of sustainable growth in response to the COVID-19 pandemic.

ESS activities should support the policy-making and public debate to overcome the negative effects of the pandemic.

This year the EU has introduced the Recovery and Resilience Facility, which will make €672.5 billion in loans and grants available to support reforms and investments undertaken by the Member States. To benefit from the support of the Facility, these reforms and investments should be implemented by 2026. Therefore, in the next years the European Parliament, the Council, and many other European institutional users, represented by ESAC, will need additional data and analyses for ex-ante and ex-post monitoring. New indicators of risks and mitigations should be also included.

The natural development that ESAC recommends is the identification of a package of indicators among those produced, or to be produced, and tools that should be useful for the Recovery and Resilience Facility, in order to quickly allow to: describe the situation ex-ante the actions of the Facility; produce the data for the monitoring, and realise the ex-post analyses.

Indicators for resilience, defining risks and mitigations, should be also considered in this package that should be proposed to the European Commission as the main official informative tool for the Recovery and Resilience Facility.

(iii) ESAC recalls that, taking into consideration the new needs for statistics, the response burden of the enterprises should always be kept in mind. Especially in the SME sector, statistical surveys are often challenging for the enterprises in terms of time and human resources. The use of existing data (e.g. administrative data) and micro-data-linking data can offer new potential to answer user needs without simultaneously increasing the burden for respondents. Enhancing the timeliness of data must not go hand in hand with shortening the reporting deadlines; instead, the efficiency of data production must be increased.

The topic of "full use of existing data" is relevant for ESAC across all sectors: often, data that are available in the national offices are not delivered to Eurostat because they are not included in the delivery programmes. More emphasis should be placed on voluntary delivery by the statistical offices than has been the case so far. The clear goal should be to make the best possible use of all available data.

Recommendations on key areas of the programme

ESAC wishes also to give advice on specific relevant topics for the users that the Committee represents.

1. Based on development and user feedback, improve timeliness, functionality and coverage of the indicators contained in the European Statistical Recovery Dashboard from a broad range of statistical areas to track the economic and social recovery from COVID-19.

ESAC agrees that this initiative also showcases the potential of statistical systems to be agile and innovative, respond to crises with a strong capacity, including through the incorporation of non-traditional data sources, and therefore also bears our undivided support. Major priority should be assigned to strengthening timeliness, and the coverage of information on environmental, social and economic recovery. Work on variables related to labour market slack, public support measures and business demographics should be particularly emphasized. To keep pace with the rapidly evolving global activities of multinational enterprises and financial intermediaries, European statistics should use experimental statistics more extensively.

2. New statistics in support of the Recovery and Resilience Facility (Recovery Fund).

Please, see the general recommendation (ii) above.

3. New statistics in support to the Green Deal. New statistics on health, agriculture, use of pesticides, waste and population, to give a clearer picture on climate change, its causes and impacts to support a just transition to a climate-neutral continent.

The Green Deal poses a new challenge for official statistics, as the political context takes shape very quickly and statistical needs have to be anticipated within a relatively short time. Many economic sectors are affected by the European Green Deal, making coherent coverage of statistical needs relatively complex. In this context, ESAC considers that the prioritization of the needs and the funding of methodological improvements in this area are inevitable. ESAC

is of the view that, in order to meet the new urgent demands, the potential of experimental statistics, if their fit-for-purpose quality can be assured, could be used.

Since indicators mainly use existing data sources, significant effort should be made on the methodology of production to ensure comparability in close consultation with the member countries, including the ONAs which are heavily involved in this type of statistics.

Within the framework of the European Green Deal, additional data will most likely be required in some areas, e.g. energy and waste statistics. ESAC suggests that to avoid an increase of reporting obligations as far as possible, existing data sources should be combined, where available at granular level, including with private sources, and re-used as far as possible for the compilation of new environmental and energy statistics. Improvements in geospatial statistics will provide further momentum in this domain as well.

ESAC supports the ongoing initiatives at European and international level for a harmonized disclosure of ESG information by corporations – the basis for high-quality indicators in this field.

4. Further development and dissemination of key indicators will help monitoring the progress towards the sustainable development goals (SDG) in an EU context, and the transition towards the circular economy.

ESAC suggests that the development of additional statistics for sustainable development requires a bottom up process involving more cooperation with the NSIs and the users. This process will allow improving ex-ante rather than ex-post comparability.

5. Statistics to support the Single Market Programme with global discussions on trade, EU policies related to the European Monetary Union, the single market and small and medium-sized enterprises as well as the Commission’s priorities on jobs, growth and investment.

In recent years Eurostat made progress and published inter-country supply, use and input-output data at EU levels. These experimental statistics are called FIGARO tables. Those International and Global Accounts for Research in I-O Analysis (FIGARO) seem a powerful tool for addressing some policy questions. ESAC suggests to continue and reinforce this project.

The legal requirements for the structure of earnings statistics (SES) and the labour cost statistics (LCS) will be adapted in the course of renewing the legal basis for the Labour Market statistics collected from Businesses (LMB). So far, the coverage of section O (public administration and defence; compulsory social security; NACE Rev. 2) is only optional. ESAC suggests that a substantial improvement of the informational content could be achieved by extending coverage to section O for both surveys. To avoid an increase of response burden sampling schemes should be adopted accordingly.

Viewing combined data on income, consumption and wealth is of special interest when analysing living conditions. The reconciliation of national accounts aggregates and micro-data concerning the distribution of (households') income, consumption and wealth, as well as their joint distribution, are highly relevant for the design and monitoring of various economic and social policy measures. ESAC suggests that existing research projects and approaches focusing on data-linking should be pursued and expanded.

Within the Community Innovation Survey, ESAC proposes considering voluntary questions on artificial intelligence. Due to the relevance and actuality of the topic, the status of artificial

intelligence could be identified at the development stage. The same applies to the Surveys on Information and Communication Technology (ICT) Usage. ESAC suggests that the annual question program with a focus on the topic of artificial intelligence be expanded and be a main focus (more than in the survey year 2020 and 2021).

6. Statistics to support territorial development policies providing timely and complete statistical indicators on regions, cities and rural areas to monitor and evaluate the effectiveness of territorial development.

Eurostat's work in the field of regional statistics is commendable. In particular, the regional yearbook is a unique tool to raise awareness on existing data and current developments in the field. Nevertheless, big gaps are still present in indicators that are used in important composite indicators or scoreboards. These have been highlighted in previous studies developed by the Committee of the Regions[1] in fields such as the Sustainable Development Goals or the Social Scoreboard.

The current work of the European Commission on foresight also presents many gaps in this field, leading to a deficient foresight capacity when it comes to policy design at the sub-national level. In this sense, ESAC underlines the need to further reflect on these gaps, and plan the provision of indicators available at regional and local level, giving priority to those where the logistical, technical and financial limitations may be easier to solve. For example, the "introduction of a regional dimension into Resilience dashboards in particular and Strategic Foresight approaches in general, making use of existing regionalised statistical datasets e.g. those already collected for the various regional indices collected at EU level"[2] could be an easy way to improve the monitoring of territorial development without excessive new costs on Eurostat.

7. The social statistics produced under the programme will be instrumental in promoting our European way of life and our working conditions.

In the development process of renewing the legal basis for the Labour Market statistics collected from Businesses (LMB), an increased coverage of the economy to small enterprises with 1 to 9 employees for the structure of earnings statistics (SES) and the labour cost statistics (LCS) are discussed. When generating this new legal basis, the response burden of enterprises should be kept in mind and its increase should be avoided. Especially for small enterprises, burden from statistical surveys is harder to cope with.

The opportunities for the analysis on labour market statistics are today limited by: the scant availability of key structural variables such as geographical location, sector of activity, enterprise dimension with sufficient level of details.

At the geographical level, the NUTS 1-digit level (regions) would allow making regional analysis and looking at the presence of industrial ecosystems.

For industries, the NACE 2-digit level would be necessary for a more fine-grained analysis; the size-classes are not harmonised between different surveys so that it is to date impossible to use this information; coverage appears to be heterogeneous across countries and unexplained missing values render the use of these datasets difficult; there is a lack of harmonisation between countries in the choice of sectors to cover (e.g. in the CIS); there is often a lack of harmonisation in the model questionnaire, where many questions are optional.

[1] https://cor.europa.eu/en/engage/studies/Documents/CoR_Geodata_report.pdf and also https://cor.europa.eu/en/engage/studies/Documents/European%20Regional%20Social%20Scoreboard/European-Regional-Social-Scoreboard.pdf.

[2] In https://cor.europa.eu/en/engage/studies/Documents/CoR_Geodata_report.pdf, Conclusion, page iv.

Therefore, ESAC suggests that at least the already aggregated data provided by Eurostat through the website should be available at a finer level of details (regions, NACE-2digits, size classes).

8. Dissemination & Communication. Promotion of European statistics by means of different channels. Continued efforts to make the website more user friendly.

Reliable data sources are becoming increasingly important. As the COVID-19 pandemic has shown, the acceptance of political measures also depends on the trustworthiness of the underlying data.

ESAC considers that a transparent dissemination of statistics is of immanent importance in this context. This applies both to the metadata for the individual statistics and to an objective presentation. ESAC underlines that the use of visualization tools is becoming increasingly important in order to attain even less technically experienced users.

However, the conventional presentation of data (e.g. tables) should be retained. To ensure simple electronic processing of data, appropriate interfaces should be offered. ESAC welcomes that the relaunched Eurostat Website already meets these requirements in many areas.

ESAC considers the project to give access to Secured Use Files for research as crucial. A priority should be given to finalize it quickly, with an additional perspective of enlarging the perimeter to all surveys with the use of very detailed microdata for research purposes, particularly the LFS and the SILC (widely used and for which the SUF do not fulfil the researchers' needs).

9. Progress in the modernisation of the production of European statistics, by allocating increased resources to building capacity within the European Statistical System so that the system can: (i) respond faster to emerging trends and user needs; (ii) make use of new types of data, data sources and tools; (iii) develop the skills of official statisticians; (iv) improve the statistical literacy of the public at large; (v) build partnerships with a wide range of stakeholders.

ESAC considers the improvement of statistical literacy for the public at large an important issue, therefore the inclusion of actions for achieving that are welcome, as well as the development of a measure to monitor the level of statistical literacy.

ESAC fully welcomes the progress in the modernisation of the production of European Statistics as reported in the AWP 2021 and in the draft 2022.

ESAC advises the ESS to strongly invest in particular in innovative methods of data collection and in statistical learning methods for decision making. These methods are studied in Artificial Intelligence (AI) as well, which has received a plan of investments of 1 billion per year. AI is seen strictly connected with Big Data as a major innovative tool for storing, analysing, and processing data.

ESAC suggests that the modernisation process of ESS should move in two directions. Firstly, strengthen the message that innovative methods of data collection and analysis, such as the experimental statistics of the NSIs and Smart Statistics, are innovative products realized with due attention to the data quality. In addition, ESS has to invest more on methodologies and tools of statistical learning for decision making in order to speed up fast processes of evaluation guided by data, and make these tools available to the users.

ESAC, in harmony with DG REFORM, suggests proposing activities on “larger and better use of Big Data together with attention on topics of access and legislation”.

The second direction that ESAC suggests is to move towards collaboration with main actors of AI, because it is necessary to know the technologies and their developments. ESAC indeed supports, as indicated by DG REFORM, the “use and integration of artificial intelligence”. Eurostat and NSIs should operate jointly on this, together with the major European Universities. It important to support training in AI methods and the use of new data sources. However, care must be taken to keep a good balance with traditional methods and sources.

In addition, ESAC observes that the use of administrative data is constantly developing, often involving a growing number of ONAs. This increased use obviously poses problems of quality and comparability. The priority should be on solving these issues.

10. Explore the potential of the new data sources under the digital revolution and continuing the Trusted Smart Statistics initiative, to get sustainable access to data using digital technologies to produce quickly more granular statistics that are cost-effective and meet the user needs.

Raising efficiency potentials and using new methods in data collection, process and production are becoming more and more important. In addition to production of statistics, cooperation with respondents must also be taken into account as part of a comprehensive innovative approach. Although instruments such as experimental statistics or alternative data sources open the possibility of new data access in production, data quality must not be undermined.

ESAC suggests to consider an intensive technical exchange between the Member States as well as a division of labour depending on the expertise in the individual NSIs. Involving the scientific community and existing expertise outside the statistical field can also be helpful and profitable for the discussion. The workshop organized this year by ESAC is a first step in this direction.

In addition to production and processes, ESAC considers data dissemination as an area of application for innovative approaches. Visualizations give data users a quick overview of complex data sets and should be increasingly used. In addition, data users should be offered appropriate interfaces for further data processing.

ESAC is strongly convinced that the innovative approaches represent an important and necessary step for a modern ESS. Nevertheless, data protection, quality requirements and the cost-benefit aspect must not be forgotten.

ESAC considers that the access to privately held data by NSIs should primarily be achieved through negotiation on the basis of a co-interest in this action. From a technical point of view, it must be considered, that data are primarily designed for use in the company. Digital transformation for other purposes will lead to costs in the company. It should be further noted that the potential is primarily seen in large companies in the mobile communications, retail and energy supply sectors, as well as in platforms for tourism and job offers. For companies operating in several Member States, ESAC supposes that a harmonized approach will be essential to develop efficient solutions for cooperation with NSIs.

Taking into account the digital transformation and legislative acts on data use, artificial intelligence and privately held data will be a determining element of future statistics production. These improvements would also help improve cost-effectiveness.