



22 November 2017

Quality assurance of statistics underlying the Macroeconomic Imbalances Procedure (MIP)

The Macroeconomic Imbalances Procedure (MIP) was established under Regulation (EU) No 1176/2011 of the European Parliament and of the Council of 16 November 2011. It was part of the 'Six-Pack' regulation on economic governance for the prevention and correction of macroeconomic imbalances in the EU.

The MIP includes a scoreboard that consists of fourteen main indicators (and twenty eight auxiliary indicators) that are used for the early detection of existing or emerging macroeconomic imbalances at Member State level. This scoreboard is included in the annual Alert Mechanism Report released by the European Commission at the start of the European Semester. The Alert Mechanism Report identifies the Member States for which in-depth analyses will be required, given the economic reading of their scoreboard indicators.

MIP scoreboard indicators are derived from economic and financial statistics produced by the European Statistical System (ESS) and the European System of Central Banks (ESCB), and which are then transmitted to Eurostat.

The statistics underpinning the MIP stem from surveys, administrative data and complementary estimates, as well as statistical modelling and expert judgement. The compilation process recognises the need to limit the reporting burden for respondents such as small and medium-sized enterprises. The ESS and the ESCB produce fit-for-purpose statistics in a cost-effective manner, by striking a balance between timeliness, accuracy and the degree of detail.

The ESS and the ESCB continuously apply statistical quality assurance mechanisms. This is to ensure that their statistics meet the quality standards required for policy use, are reliable and comparable across Member States, and are in line with international statistical standards. The ESS and the ESCB, as well as Eurostat and the ECB/Directorate General Statistics must work closely together to ensure that reliable statistical data is available for the MIP. The need for such close collaboration has been reiterated by the ECOFIN Council since 2011.

MIP indicators are underpinned by statistics that include GDP statistics, Balance of payment/International investment position data, unit labour costs, house price statistics, financial accounts, government finance statistics and labour market statistics. The majority of these statistics are regulated by legal provisions, which in most cases include quality assurance and monitoring procedures. The quality standards found in the ESS Code of Practice and the ESCB's Public Commitment specifically aim to guarantee the accuracy, reliability and comparability of the data to ensure that data quality is of the same high standard within the European Union.

Eurostat follows a quality management approach based on the Code of Practice, which covers all statistical domains and includes specific provisions by domain. For example, unit labour costs and government finance statistics fall within the quality monitoring framework for ESA 2010 data. Government finance statistics are also governed by specific legislation covering quality assurance in the field of Excessive Deficit Procedure statistics.

The Quality Assurance Framework of the European Statistical System (ESS QAF) identifies activities, methods and tools that can provide guidance and support when implementing the ESS Code of Practice and that can equally be used when developing, producing and disseminating European statistics. Similarly, the ECB applies a quality management approach based on the ESCB's Public Commitment for European statistics.

At the beginning of November 2016, both Eurostat and the ECB/Directorate General Statistics signed a Memorandum of Understanding (MoU) covering the quality assurance of MIP-related statistics. The MoU was signed after the two parties jointly recognised the quality frameworks of both the ESCB and the ESS.

The MoU covers Balance of Payments, International investment position, and financial accounts statistics. It lays down the practical working arrangements for cooperation between Eurostat and the ECB/Directorate General Statistics when these statistics are compiled by national central banks in the Member States by NCBs in their capacity as members of the ESCB. The MoU stipulates that the datasets are quality assured by the ECB/Directorate General Statistics according to the ESCB's Public Commitment on European statistics.

To ensure full transparency with respect to the quality of the MIP-related statistics, a three-level quality reporting system was set up over the last few years with the support of the Committee on Monetary, Financial and Balance of Payments Statistics (CMFB). The system is made up of national self-assessment reports (Level 3), which outline the key quality aspects of the statistics (self-assessment by national authorities). These national reports, in turn, feed into the domain-specific quality reports (Level 2), which are drafted by the ECB and Eurostat. Finally, a joint Eurostat/ECB summary report assessing the quality of all statistics underpinning the MIP (Level 1) is published each year.

As from 2017, it has been agreed that the ECB/Directorate General Statistics provides Eurostat with quality assured data sets from the national central banks. The data sets come with additional information detailing major events and revisions that have impacted the data. These data set deliveries follow an agreed timetable, which takes the European Semester requirements into account. At the time of writing, the preparations for the first transmission of Balance of Payment/International investment position data and financial accounts statistics in September/October 2017 are well under way.

To further increase statistical quality over time, it was agreed that Eurostat and the ECB/Directorate General Statistics, together with the national central banks and national statistical offices, may analyse the output quality and consistency of the datasets together with their related statistical domains. The MoU also foresees visits by the ECB/Directorate General Statistics and Eurostat to national central banks or statistical offices to help assess the output quality of the MIP-relevant data and to better understand national production sources and methods. The first such visits are envisaged for the last quarter of 2017, with visit procedure guidelines to be elaborated based on the experience from these initial visits.

Finally, it is worth underlining that the statistical work related to MIP is carried out in close cooperation with key users such as DG-ECFIN of the European Commission. This ensures that the quality assurance service provided by Eurostat and the ECB/Directorate General Statistics is aligned to policy needs.