

EXECUTIVE SUMMARY AND RECOMMENDATIONS

Executive summary

Throughout the world, the digitalisation and datafication of societies are presenting statistical producers with new opportunities and challenges. As a result, Eurostat, and the whole of the European Statistical System (ESS) with it, will be going through an important transition in the coming years.

This peer review of Eurostat, the third of its kind, reflects – in addition to an evaluation of Eurostat's adherence to the European Statistics Code of Practice (ES CoP) – the need to rise to the new opportunities and challenges, with a clear focus on adapting to the future. As was the case for its predecessors, the peer review was based on a range of interviews with Eurostat staff and important stakeholders. Due to the COVID-19 pandemic, these interviews had to be done virtually, but the European Statistical Governance Advisory Board (ESGAB) is nonetheless satisfied that the impressions gained from the interviews and from reading relevant documents reflect reality, and that the observations and recommendations contained in this report have a solid basis.

Another reason for putting the emphasis on the future is that Eurostat's recent performance over a range of relevant criteria has been excellent. Its ability to maintain statistical production, and even to enhance the production of experimental statistics during the pandemic, has borne witness to the substantial agility of the ESS as a whole. Furthermore, many of the challenges identified in past peer reviews of Eurostat have been addressed, leaving only a limited set of issues that have more of a compliance character in relation to the ES CoP. One of the themes of this peer review is Eurostat as a **role model for independence and impartiality**, and it covers several compliance recommendations relating to the appointment and dismissal of senior management. While there is no suggestion that practices in these areas have compromised Eurostat's professional independence, it is important to use good times to establish the institutional protections that can be tested during potential bad times. This is even more the case because Eurostat serves as a role model for national statistical institutions and needs to have the moral authority to challenge national practices that may impinge on professional independence and impartiality, and therefore sap confidence in European statistics.

In the same vein, some current procedures within the European Commission, as reflected in relevant documents, may raise doubts about the independence and quality of statistics. These procedures may therefore need some reconsideration in order to limit any risk of reduced confidence in European statistics. More than ever, with the proliferation of statistical information of varying levels of quality, confidence is a crucial asset for official statistics that must be protected in the best way possible.

A particular aspect of confidence relates to trusting that information provided in confidence will stay confidential. Eurostat and the institutions of the ESS have an excellent record in that area, but must be mindful that their ability to operate relies on preserving that confidence, and therefore on continuing to take action to protect confidentiality.

A second broad theme of the peer review is the need to **reach out to users and partners**. This has always been a priority, but is becoming ever more so in an increasingly digitalised and data-dependent society.

Outreach to academia is particularly important at this juncture for various reasons, and should be organised within a comprehensive strategic framework. Eurostat needs to be able to draw on methodological innovations and inspiration from science to exploit new sources of data, created as

digital footprints of individuals, households and enterprises, using insights from fields such as data science and artificial intelligence. This should occur in ongoing relationships that will raise the profile and attractiveness of Eurostat both as a partner and as a potential employer, thus helping to close Eurostat's apparent skills gap in new data areas.

But Eurostat also has some important potential contributions to bring to this relationship. Access on a secure basis to micro data sets that are comparable across countries could provide strong impetus to research and societal innovation in Europe. In addition, research in some areas could be boosted by easy access to statistics of different vintages.

The relationship with users of statistics is of course crucial to Eurostat, and needs to be invested in at a time when statistical facts and factoids are available in abundance from an increasing number of sources. Eurostat needs to ensure that its statistics remain the prime source of quantitative information on European societies by continuing to develop its communication and dissemination tools and allowing users to customise their access as much as possible to their requirements. In this regard, and building on an improved relationship with academia, efforts should be made to understand, analyse and possibly reduce the revisions of statistics as new data become available – such revisions are an unavoidable by-product of timely publication, but they remain a problem for users.

A third theme of the review is **expanding the frontier of statistical production possibilities**. This is very much about making the most out of the new sources of data that are emerging in society. One important precondition for this is gaining access to statistics from new data sources, which are predominantly privately owned. ESGAB emphatically underlines the public interest in this regard, along with the need for the upcoming European Union (EU) Data Act to provide such access to all producers of European statistics.

However, in order to exploit their full potential, the new data sources also need to make comprehensive changes to the way their statistics are produced. ESGAB suggests that a new strategy be developed for approaching the new data. This strategy would cover the priorities with respect to data sources, different modes of access and production, and the implications for skills requirements among staff. Meeting the latter demand is generally seen as a challenge for Eurostat, and one that needs to be addressed in a comprehensive manner by exploiting all the possibilities and freedoms of the generally rigid Commission employment framework and putting a significant amount of effort into training.

To be successful, the various producers of European statistics should direct their efforts at meeting these new challenges. The further strengthening and extension of cooperation among the central banks and statistical institutes has a great deal of potential, and needs to be a priority. ESGAB therefore underlines the need for Eurostat and the European Central Bank (ECB) to seek ways to maximise coordination and cooperation between their statistical systems (the ESS and the European System of Central Banks), for example in the areas of sharing information on global enterprises or statistical infrastructures.

Most of the above efforts to meet the challenges of the new world of data will require additional resources, both financial and human. The efficiency gains in the production of traditional statistics will not by themselves free up enough resources to cover all of the new requirements. Such resources will be needed both by Eurostat and at the national level. ESGAB calls on EU policymakers at the various levels to meet these needs in the interest of strengthening official statistics as a bulwark against disinformation, reducing the burden on enterprises of traditional data collection, making statistics more promptly available and covering new areas of society with statistics.

The fourth and final main theme of the review is the need for Eurostat to **be agile and proactive**. Crises do occur, and when they do, priorities often change at short notice. For example, the timeliness of information may become more important than accuracy, detail and coherence with other statistics. Eurostat and national producers will have to act correspondingly and will need to be prepared to do so. Preparation also involves taking stock of the possibilities for undertaking collective statistical actions at short notice, financed from European sources.

As mentioned above, the COVID-19 pandemic response has been impressive in terms of both production being maintained under difficult circumstances and the development of new, experimental statistics and dissemination vehicles. Eurostat has played a key role, not least by guiding and advising national producers. It is important to learn the lessons of what has worked well and what has worked less well during the crisis so as to be even better equipped to respond in extraordinary circumstances in the future. This should include a review of the necessary flexibility in terms of the legal framework.

The role of experimental statistics has been particularly significant, and it will be important to consider how Eurostat can mainstream such statistics – which only a subset of countries will be able to produce – both during future crises and during more normal times. A particular point of observation will be how to make such experimental statistics more visible to a wider set of users than has been the case during the pandemic.

To sum up, Eurostat's performance over recent years and during the pandemic has been impressive. Moreover, most of the earlier issues associated with compliance with the ES CoP have been dealt with. Accordingly, the emphasis of this review has mostly been on how best to adapt to the new and emerging data landscape. Eurostat is at a good point of departure in this regard, but a number of initiatives also need to be put in place.

In particular, ESGAB is of the opinion that Eurostat can and should be a role model, extend its reach to users and partners, expand the production possibilities frontier and be agile and proactive. To serve these goals, ESGAB presents 18 concrete recommendations.

In the spirit of continuous improvement that is integral to the ESS, Eurostat will translate the recommendations formulated in this report into improvement actions for implementation.

ESGAB 2021 Recommendations

I. Being a role model for independence and impartiality

R1.

ESGAB recommends that legislation should specify reasons for the early termination of the contract (dismissal) of the Director-General of Eurostat. These should not include reasons that compromise their professional or scientific independence.

R2.

ESGAB recommends that the recruitment and dismissal of Eurostat senior management, other than the director-general, should be public and transparent, with a strong emphasis on statistical qualifications.

R3.

ESGAB recommends that Eurostat ensure the systematic follow-up of the implementation of the reference quality framework applicable for other statistics, in cooperation with the European Commission directorates-general concerned. This should include exploring the usefulness of setting up a mutual peer-review process in order to monitor and, if needed, strengthen compliance with the reference quality framework.

R4.

ESGAB recommends that Eurostat evaluate critically whether the current practice of pre-releasing statistics to other bodies of the European Commission, while respecting the ES CoP, complies with Eurostat's position as standard bearer of the ESS.

R5.

ESGAB recommends that Eurostat further develop its already strong safeguards for confidentiality by reviewing and, to the extent possible, further harmonising practices across statistical areas as regards procedures and tools for anonymisation and/or statistical disclosure control.

II. Reaching out to users and partners

R6.

ESGAB recommends that Eurostat develop a comprehensive strategy of cooperation with academia.

R7.

ESGAB recommends that Eurostat further improve its communication and dissemination in light of the 'new world of information overflow', where many providers fight for the limited attention of the users.

R8.

ESGAB recommends that Eurostat find ways, where appropriate, of establishing externally accessible vintage databases for relevant statistics in order to facilitate policy-relevant research.

R9.

ESGAB recommends that Eurostat take action to enhance research on microdata by developing appropriate methods and agreeing with Member States on data sets to which access may be feasible, and by developing privacy-protecting techniques for access (such as metadata-driven software) that could also be applied at the Member State level.

R10.

ESGAB recommends that Eurostat further develop its analytical frameworks with respect to revisions. Eurostat should publish its revision policy and regular analyses of revisions.

III. Expanding the statistical production possibilities frontier

R11.

ESGAB recommends to the co-legislators that the upcoming adoption of the EU Data Act should establish a permanent path for access to privately held data for Eurostat and for all producers of European statistics.

R12.

ESGAB recommends that Eurostat develop a comprehensive strategy for the use of new digital data sources that have the potential to contribute to the objectives of relevance, accuracy and timeliness, and may help to reduce the burden on respondents and increase cost-effectiveness.

R13.

ESGAB recommends that Eurostat and the ECB build on the existing strong cooperation between the ESS and the ESCB to exploit the scope for better coordination and cooperation on data sharing and on dealing with complex statistical cases (such as multinational enterprises), and to evaluate the potential for common statistical infrastructures (such as statistical business registers).

R14.

ESGAB recommends that Eurostat identify and map the (future) required skills/competencies of staff. Based on this information, training for existing staff should be adjusted to allow for successful upskilling in the relevant new areas. At the same time, Eurostat should proactively use all the possibilities of the Commission's current recruitment system to attract and retain staff with the necessary future-proof skills.

R15.

ESGAB recommends that EU policymakers back up all the ongoing innovation endeavours with appropriate funding, covering both financial and human resources. It also reiterates its recommendations (recommendations 2020/6 and 2020/7) that the Commission propose significant investment in digital infrastructure for statistical purposes, to enable innovation and experimentation. The Member States' recovery and resilience plans and other relevant EU funds should support this action on new EU policy initiatives throughout the ESS, covering both development and running costs.

IV. Being agile and proactive

R16.

ESGAB recommends that Eurostat and the ESS perform a thorough assessment of the experience during the COVID-19 crisis. This review should cover the challenges, reactions, obstacles and successes, and should draw concrete conclusions. In addition, an action plan should be prepared to ensure resilience in future crisis situations.

R17.

ESGAB recommends that Eurostat, jointly with national statistical institutes (NSIs), set up procedures for proactively introducing rapid statistical innovation, which should include experimental statistics

in particular. This will help prepare for times of crisis. Proposals should be included on how to ensure the visibility of such statistics, and processes should be devised for their eventual mainstreaming.

R18.

ESGAB recommends that Eurostat use, when necessary, the powers provided for under Article 14(1)(b) and Article 14(2) of Regulation (EC) No 223/2009 on European statistics actively and to the fullest possible extent so as to be able to react quickly to unexpected and urgent statistical demands for policymaking. It should therefore analyse the potential and limits of these legal provisions. If they turn out to be inadequate, the issue should be considered in the context of an amendment to Regulation (EC) No 223/2009.