

## 2023 ESGAB ANNUAL REPORT - EXECUTIVE SUMMARY

The 2023 Annual Report of the European Statistical Governance Advisory Board (ESGAB) assesses the implementation of the European Statistics Code of Practice (CoP) in the European Statistical System (ESS) as a whole. ESGAB's assessment is that the production of European statistics overall demonstrates a good level of implementation of the CoP. However, there are important areas where implementation of the CoP is not as strong as what it can and should be, and it ought to further improve. The evolving environment of the data ecosystem will increasingly present challenges to the implementation of the CoP in the future. In this context, ESGAB considers the implementation of the CoP in a dynamic and forward-looking way to render the ESS fit for the future. Taking all the above into account, ESGAB presents in this report 28 concrete recommendations for improving the implementation of the CoP in the ESS.

There is a need for improvement in the implementation of the CoP in various parts of the ESS – whether Eurostat, National Statistical Institutes (NSIs) or Other National Authorities (ONAs)—and their respective institutional environments, often concerning certain aspects of the following areas: (i) professional independence, impartiality, and objectivity, (ii) statistical system development, (iii) access to administrative and privately held data sources, (iv) resource availability and management, (v) quality assurance of statistical processes and output, and (vi) user orientation and responsiveness. These topics have been used here to organise ESGAB's recommendations.

As far as topic 1, '**Professional independence, impartiality and objectivity**' is concerned, ESGAB has identified areas of needed improvements that affect various statistical producers in the ESS. In nearly all cases, the challenges need to be addressed by actors in the institutional environment, i.e. those in control of the legislative framework and the various institutional setups within which European statistics production takes place, and who also take discretionary actions that can affect the work of official statisticians. ESGAB strongly believes that getting legal frameworks and institutional set-ups right at both the EU and national levels is necessary to be able to fully implement the CoP. The current weaknesses constitute a fundamental challenge that needs to be addressed.

ESGAB believes there is a need for amended legal frameworks and institutional setups regarding procedures for the recruitment/ dismissal of heads of statistical producers and their specific responsibilities, as these are often inadequate. Appropriate law-provided processes and statistics-centred criteria and transparency are key and are further specified by ESGAB in this report. Similarly, it is important to provide for in the law that heads have sole responsibility for statistical decisions and for all matters regarding the internal management and budget execution of the statistical producer. While for the heads of NSIs and Eurostat this should be done with minimum delay, in the case of ONAs countries should commit to clear steps to be taken over the medium term. Responsibilities or participation of heads in activities outside the production of statistics that may involve, or give the appearance of, conflicts of interest should be barred. To buttress the independence and impartiality of ESS statistical producers, ESGAB also recommends that when these producers are part of policy institutions, laws should specify that their status differs in fundamental ways from that of other parts of these policy institutions. Over the medium term, explicit consideration should be given to the optimal institutional setting for a given European statistics producer and conclusions reflected in laws and institutional settings.

ESGAB reiterates its view that all users should have equal access to statistical releases of any European statistics producer at the same time, with no exceptions, and this should be provided for in law. Until this is achieved, there should be full transparency upfront in the affected statistical releases. To help address challenges by discretionary actions from the institutional environment (which have continued to take place over the years), ESGAB is of the view that independent national bodies that monitor compliance with the CoP regarding the institutional environment for NSIs and ONAs should be established by law in all Member States, specifying that the members of these bodies should work solely in the interest of official statistics, and must be independent in fulfilling their function from political or any other interests. Furthermore, the political Commitments on Confidence in Statistics (CCSs) should be strengthened by amending Regulation (EC) No 223/2009 to strengthen the rules of formulation of CCSs and by the European Commission and Member States reviewing and recasting their existing CCSs.

As far as topic 2, **‘Statistical system development’**, is concerned, ESGAB believes that the further development of the ESS, both at the national and EU levels, is essential to guarantee compliance with all the principles of the CoP. To improve coordination and cooperation within a National Statistical System (NSS), which is currently usually inadequate, legislation should be strengthened on coordination and supervision of all ONAs by the NSI, on application of quality assurance in the whole NSS, on statistical work programmes for the entire NSS, and on the definition of the scope and purpose of official statistics. In addition, the division of labour between NSIs and ONAs should be reviewed and optimised, while heads of NSIs should always make available to ONAs national quality guidelines for European statistics and should monitor their implementation.

Statistical systems have to evolve, from systems focused mostly on surveys to systems that must be a mixture of surveys, administrative records and privately held data. This modernisation of official statistics brings opportunities and benefits, but also challenges. ESGAB makes relevant recommendations, presented under topic 3, on access to administrative and private data sources. At the same time, there are new demands on NSIs to become stewards of government administrative data, which presents challenges to the implementation of various principles of the CoP. Therefore, ESGAB firmly believes that before data stewardship functions are established, national authorities must carry out a thorough analysis of the proper conditions for, and the implications of, such a change, and the legislative framework and the institutional settings must be strengthened appropriately to address the above challenges. ESGAB also recommends that a clear analysis be carried out of risks to statistical confidentiality that may arise from existing or new aspects of the production and dissemination of European statistics in a NSS and actions be taken to safeguard confidentiality.

To decisively advance coordination and development at the level of the ESS, ESGAB holds the view that Regulation (EC) No 223/2009 should be amended regarding access to private data and data-sharing within the ESS. The various legislative texts on these areas currently under discussion are in the direction of the recommendations of the ESGAB 2022 Annual Report, but should be further improved in accordance with the specific recommendations therein. The regulation should also reinforce the coordination functions of Eurostat and provide for Eurostat publicly and promptly making available any serious concerns for Member States’ European statistics quality and disclosing any breaches of the CoP.

As far as topic 3, '**Access to administrative and privately held data sources**', is concerned, access of the ESS to such data is an increasingly important issue and is handled in very varied ways across the ESS, often inadequately. ESGAB strongly believes that sustained and long-term access of NSIs (and ONAs, if they follow the CoP) to administrative data sources should be enshrined unambiguously in national laws across the ESS and the seniority of these provisions over conflicting laws should be ensured.

Similarly, ESGAB believes laws should provide NSIs and Eurostat access to and use of privately held data for statistical purposes, with data protection ensured by means of strict and transparent arrangements and protocols. Such protection of data is particularly important whenever records need to be linked because this entails, at least to some extent, the sharing of personal identifiers. ESGAB is fully aware of these challenges, but also emphasises the usefulness of record linkage for precisely defined and well-documented statistical purposes, and believes that laws should grant NSIs and Eurostat the right to process personal identifiers in order to allow record linkage. ESGAB clearly sees the need for European statistics producers to have sustained cooperation with academic and research institutions and for the establishment of a European Research Institute for Official Statistics (ERIOS). These are important levers for, inter alia, the innovation required to harvest the new data sources.

As far as topic 4, '**Resource availability and management**', is concerned, ESGAB observes that over the years, efficiency of statistical systems has increased, especially due to the development of computation technologies. Nevertheless, the need for high quality statistics and all that this entails, along with often tight fiscal situations for governments, have meant that the producers of official statistics have continuously faced a damaging shortage of financial, human and technical resources. The development of new statistics, accessing new data, setting up modern data platforms, customisation of statistical products and improved timeliness all require more resources.

In this challenging situation, ESGAB recommends that the statistical authorities of the ESS should treat retaining, attracting and developing professional staff as a strategic priority. They should also strive to update skills and expertise of staff in data management / data science to be able to address the fast-evolving needs of data production and dissemination. IT strategies and systems need to be kept under review and updates and investments in this area should be leveraged at the national and ESS levels to the extent possible. Synergies between statistical and academic institutions should be sought for in this context. Statistical authorities should continuously explore and deploy organisational, methodological and technical measures to improve efficiency of data collection and data processing and in order to free up resources for new activities. It is also extremely important that the responsible budgetary authorities back up production and innovation of European statistics with appropriate funding and the capacity of statistical producers to hire adequate numbers of new staff with the right qualifications.

In case of possible outsourcing of IT services, the statistical authorities should maintain decision-making powers in developing and running statistical IT systems so as not to jeopardise implementation of the CoP.

As far as topic 5, '**Quality assurance of statistical processes and output**', is concerned, the consistently high degree of implementation of the principles of the CoP relating to quality assurance of statistical processes and outputs are of distinguishing value for users of European statistics, especially in the current data ecosystem with the deluge of data of unclear provenance. In ESGAB's

view, this has to be preserved and further improved, but must also be properly communicated to data users. ESGAB observes, however, that the current situation in the ESS is heterogenous, especially with ONAs often lagging behind the NSIs.

Thus, ESGAB believes there is a need for consistent compliance of both processes and outputs with the quality requirements of European statistics throughout the NSS, reinforced regularity and coverage of quality reviews, easily accessible and proactively promoted information on output and process quality, tailored to the common user and to the experienced user, and standardised production processes to appropriately lay the ground for development of new IT systems and the necessary quality assurance methods and tools.

Building on their positive experience of early estimates and experimental statistics, statistics producers should explore similar opportunities to improve timeliness of statistics. Moreover, problems in data coherence and consistency should be identified and reasons for revisions analysed and explained.

As far as topic 6, **'User orientation and responsiveness'**, is concerned, official statistics producers must strive to increase their user orientation. They should engage in more systematic discussions with users through permanent consultative bodies to identify users' information needs, thus not only enhancing the relevance of official statistics, but also clearly differentiating the ESS from other data providers and promoting the brand of and trust in European statistics.

Procedures and ease of access to microdata for researchers are currently highly varied throughout the ESS. In ESGAB's view, more needs to be done to expand and facilitate the access of accredited researchers to such data, fully observing the principle of statistical confidentiality.

ESGAB encourages ESS members to review their communication and dissemination approaches in order to adequately serve all the different groups of users, according to their diverse information needs, levels of statistical literacy and preferred channels of information access. Statistical literacy initiatives should support the distribution and reception of official statistics. Furthermore, to be professionally independent and to maintain credibility in the eyes of the users, it is important that members of the ESS publicly address criticisms of validated statistics and misuses of European statistics they produce. This is currently still lacking in many countries. ESGAB sees a need for a proactive and standardised procedure for how to identify and respond to such cases to strengthen the credibility of European statistics producers vis-à-vis the general public and contribute to discouraging further cases in the future. Official statistics producers should provide possibilities for regular and unbiased user feedback. One tool for this are representative user satisfaction surveys that – in ESGAB's view – should be conducted regularly, both at the national and EU levels.

ESGAB is convinced that the recommendations made in this report, if implemented throughout the ESS, will significantly help the ESS to produce high-quality official statistics on the EU, currently and in the future, in full conformity with the principles and the spirit of the CoP. This will support trust in such statistics and allow them to serve as a public good, for society as a whole and all the different user groups.

## **RECOMMENDATIONS**

**R1.** For the heads of NSIs and Eurostat, relevant laws should specify the following:

- (i) best practices for open competition and transparency in their recruitment, using clear professional criteria, among which statistical reputation and high level of competence in statistical matters are key;
- (ii) the reasons for their dismissal or transfer, which must not compromise their independence on statistical or internal management and budget execution, and that a reasoned decision be published;
- (iii) that they have sole responsibility for statistical decisions and for all matters regarding the internal management and budget execution of the statistical producer.

This recommendation should be implemented with minimum delay. Member States should also implement the principles of this recommendation in the case of ONAs, and commit to clear steps to be taken over the medium term (optimally in the context of a revised Commitment on Confidence in Statistics). This implementation may require changes in the institutional setup of some ONAs.

**R2.** Regarding responsibilities of heads of European statistics producers (Eurostat, NSIs, ONAs) outside the production of statistics, relevant legal acts should bar responsibilities or participation in such activities that may involve, or give the appearance of, conflicts of interest.

**R3.** Relevant laws should specify that while the producers of European statistics may in some cases be part of policy institutions, their status should differ in fundamental ways from that of other parts of these institutions. They should provide that the relations between the rest of the policy institution and the statistics producer be based on respect of the professional independence of the latter with regard to all activities that affect the production and dissemination of statistics, including activities regarding internal management and budget execution relating to the statistics production process. Over the medium term, explicit consideration should be given to the optimal institutional setting for a given European statistics producer (Eurostat, NSI or ONA). Institutional dependence or administrative anchoring needs to be scrutinised and solutions reflected in laws and institutional settings.

**R4.** The best practice provided in the Code of Practice under the principle of impartiality and objectivity, namely 'All users have equal access to statistical releases at the same time', should be applied with no exceptions. This recommendation applies to NSIs, Eurostat and ONAs equally. Abstention from pre-release access should be explicitly and unambiguously provided for in law. Until this is achieved there should be full transparency upfront in the affected statistical releases.

**R5.** Independent national bodies that monitor compliance with the Code of Practice regarding the institutional environment for NSIs and ONAs should be established by law in all Member States. Laws should provide that the members of these bodies are selected with a transparent selection process from among experts with exceptional skills and national and/or international experience in matters relating to the Code of Practice. They should specify that members of such bodies work solely in the interest of official statistics and must be independent from political or any other interests in fulfilling

their function. It should be provided that these bodies operate at arm's-length from other bodies, including policy bodies, NSIs and ONAs.

**R6.** The political Commitments on Confidence in Statistics (CCSs) should be strengthened. Regulation (EC) No 223/2009 should be modified to strengthen the rules of formulation of CCSs to be made by the policy side. The European Commission and Member States should review and recast their existing CCSs so as to more adequately support and further improve the implementation of the Code of Practice.

**R7.** To improve coordination and cooperation within the national statistical system, Member States should reinforce legislation on coordination and supervision by NSIs of all ONAs, on application of quality assurance in the whole NSS, on statistical work programmes for the entire NSS and on the definition of the scope and purpose of official statistics. In addition, the division of labour among NSIs and ONAs and their respective institutional set-ups should be reviewed and optimised.

**R8.** Heads of NSIs should always make available to ONAs national guidelines to ensure quality in the development, production and dissemination of European statistics and should monitor their implementation and the quality of the statistics.

**R9.** With the new developments in the data ecosystem, inconsistencies may arise between the EU and the national legal frameworks affecting the Code of Practice principle on 'Mandate for data collection and access to data'. These would need to be identified early and pre-emptively addressed.

**R10.** Before data stewardship functions are established and roles are assigned, national authorities must carry out a thorough analysis of the proper conditions for, and the implications of, such a change. If the decision is made to proceed, the legislative framework and the institutional settings must be strengthened appropriately to buttress the implementation of the principles of official statistics that may face risks, such as professional independence, impartiality and objectivity, adequacy of resources, commitment to quality and statistical confidentiality. New systems that are being contemplated should, inter alia, be assessed on whether they would ensure clear separation between statistical and administrative activities, both in substance and in the eyes of the public.

**R11.** There must be a clear analysis of risks to statistical confidentiality that may arise from existing or new aspects of the production and dissemination of European statistics in a national statistical system and actions taken to safeguard confidentiality.

**R12.** To decisively advance coordination and development at the level of the ESS, Regulation (EC) No 223/2009 should be amended regarding access to private data and data sharing within the ESS. The proposal from the Commission and the reactions to this proposal from the co-legislators, which are in the direction of the recommendations of the ESGAB Annual Report 2022, should be further improved in accordance with the specific recommendations therein regarding (i) Eurostat's leading role, with accountability, in accessing privately held data and in involving NSIs in its processing; and (ii) Eurostat's leading role in setting up a new system of sharing the data of individual statistical units within the ESS with Eurostat itself as an accountable hub of sharing data among ESS statistical producers in an EU space. With a view to improving ESS coordination and development, the regulation should also be amended by providing for (i) Eurostat publicly and promptly making available any serious concerns for Member States' European statistics quality and disclosing any

breaches of the European Statistics Code of Practice; and (ii) reinforcement of the coordination functions of Eurostat.

**R13.** ESGAB recommends that sustained and long-term access of NSIs to administrative data sources be enshrined unambiguously in national law and that the seniority of this legal provision above others be secured. In the case of ONAs, such access to administrative data sources should be granted if they adhere to the stipulations of the Code of Practice as they apply to the NSIs.

**R14.** ESGAB recommends that NSIs and Eurostat be provided with a legal mandate for the access and use of privately held data for statistical purposes. Such access should be based on clear long-term cooperation agreements. To ensure data protection, NSIs and Eurostat should set up appropriate and transparent arrangements and protocols.

**R15.** ESGAB recommends that the legislator grant NSIs and Eurostat the right to process personal identifiers, in order to allow record linkage for precisely defined and well-documented statistical purposes. In such cases, compliance with strict rules and protocols that guarantee data-protection needs to be ensured.

**R16.** ESGAB recommends that the members of the ESS be mandated and endowed with appropriate funds to closely cooperate with the research community. In particular, Eurostat should be mandated to set up and host a European Research Institute for Official Statistics (ERIOS).

**R17.** The statistical authorities of the ESS should treat retaining, attracting and developing professional staff as a strategic priority.

**R18.** The responsible budgetary authorities should back up production and innovation of European statistics with appropriate funding of operating costs and investments (IT investments in particular) to meet existing legal obligations and new data demands.

**R19.** The statistical authorities of the ESS should update skills and expertise of staff in data management / data science to be able to take up new data sources, develop and implement new methodologies and techniques of data collection, processing and dissemination. Synergies between statistical and academic institutions should be sought in this context.

**R20.** To further increase the efficiency of and innovate the production of statistics, the statistical authorities of the ESS should revise their IT strategies where appropriate. The authorities should keep the IT systems updated for the existing business, continue standardisation of statistical processes and further develop and leverage existing IT solutions into several statistical domains to the extent possible. Common ESS-wide IT solutions should be continuously explored and launched where feasible. Statistical authorities should continuously explore and deploy organisational, methodological and technical measures to improve efficiency of data collection and data processing and to free up resources for new activities.

**R21.** In case of outsourcing and centralisation of IT services, the statistical authorities should identify and manage corresponding risks. They should maintain necessary decision-making powers in developing and running statistical IT systems.

**R22.** European statistics producers should follow the quality requirements consistently and keep quality guidelines updated, especially when making use of new data sources (administrative and

private ones). They should systematically carry out quality reviews of both statistical processes and outputs. In case of limited capacities, prioritisation of statistical domains should be undertaken.

**R23.** Statistical authorities should produce user-oriented quality reports and producer-oriented quality reports that are easily accessible, preferably based on ESS-wide metadata standards. Access to metadata and quality information therein should be promoted in statistical products. Quality reports submitted to Eurostat should be made public at the national and global levels. Quality measures and content of metadata should be proactively explained to users.

**R24.** Building on their positive experience of early estimates, European statistics producers should explore further similar opportunities to improve timeliness of European statistics. They should pursue systematic and regular dialogue among internal units, as well as with experienced users of statistics, to identify any problems in data coherence and consistency. The reasons for and results of revisions should be clearly explained to users.

**R25.** ESGAB recommends that in all Member States and at the EU level, institutionalised, permanent user consultation bodies and processes be established and actively used, thus helping to identify the most up-to-date needs for statistical information (including the best means for its dissemination) of a very large and diverse community of users.

**R26.** ESGAB recommends putting harmonised rules and procedures in place throughout the ESS for easy access by properly accredited researchers to disaggregated data and microdata, including databases derived from registers and private sources. Adequate methods for linking different datasets should be developed and the results provided to accredited researchers if there is consent of statistical units for such data reuse. Strict rules and protocols that guarantee statistical confidentiality need to be in place.

**R27.** ESGAB recommends that the ESS members review their dissemination and communication practices using, inter alia, feedback and views received from users, with the goal of adequately serving all the different user types/groups, considering their diverse information needs, levels of statistical literacy and preferred channels of information access. Initiatives to enhance statistical literacy should be initiated and pursued to reach and serve new user groups.

**R28.** ESGAB recommends that the ESS members create adequate possibilities for users to regularly provide feedback on the statistics produced and disseminated. Surveys should be conducted that are both representative and comparable over time. In this regard, EU surveys on the public's trust in official statistics should also be regularly conducted, for instance using the well-established Eurobarometer.