

The governance of the ESS

Coordinating expectations

Clingendael Report

Adriaan Schout
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About the authors

Adriaan Schout is Senior Research Fellow and Coordinator Europe. He combines research and consultancy on European governance questions for national and European institutions. He has worked on projects addressing issues of the EU presidency, EU integration and Improving EU regulation, amongst others.

Arnout Mijs is Senior Policy Officer European Economy at the Ministry of Economic Affairs after having worked as Research Fellow at the Clingendael Institute and as a consultant at BMC. His research predominantly consists of EU economic and financial affairs such as the EU budget, economic policy coordination, better regulation and the Banking Union. In this he addresses institutional topics such as interinstitutional relations, and the functioning of the European Commission and the EU Presidency.

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The Clingendael Institute
P.O. Box 93080
2509 AB The Hague
The Netherlands

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Email: info@clingendael.nl

Website: www.clingendael.nl

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1 Introduction

The functioning of the European Statistical System (ESS)¹ has been a topic for debate for quite some time.² The reliability of European statistics is essential to underpinning trust in the euro and in the EU in general. Hence, it is important to analyse how the ESS is governed, whether the governance system ensures trust based on reliability, and if it lives up to essential European principles such as proportionality (cost effectiveness), subsidiarity, implementation and enforcement.³ This report examines the governance structure of the ESS by focusing on the following central questions: to what extent is the ESS future proof, and in what directions can improvements be envisioned?

The economic and euro crisis has, in part, been ignited by weaknesses in European statistics and, hence, by weaknesses in programming, management and supervision within the ESS. As a result, many new rules and regulations have been adopted to improve the quality of the ESS. Now that the dust of the euro crisis is settling and ESS governance has been upgraded, it is important to examine what the effects of the new measures are and in what direction the ESS is now heading. Given the depth of the different EU crises, the consequences these have had on public trust (including trust in statistics) and the increasing doubts about support for the deepening of European integration,⁴ any discussion on the future of the ESS must be seen against this background. Trust is related to the quality of its output and to the way in which EU tasks build on subsidiarity-based policies and cooperative administrative structures.

Central to any governance discussion are key questions related to, firstly, the relation between member states and EU institutions: to what extent should the EU build on national capacities? Should a strengthening of predominantly European capacities (centralisation) be considered? Should EU cooperation be based on division of labour

1 The ESS is the partnership between 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, Art. 4, *Regulation 223/2009*.

2 Schout, A. (1999) "Eurostat: The gains and losses of an agency structure", in: Everson et al., *The Role of Specialised Agencies in Decentralising EU Governance – Report for the European Commission*, (Brussels: Commission of the European Communities).

3 As embodied in the European impact assessment system. See *inter alia*: Mijls, A. & Schout, A. (2015) *Better Regulation in the EU and The Netherlands: A Comparison of Impact Assessment Systems*, in-depth analysis for AFCO Committee of the European Parliament, 31.07.2015.

4 Doubts have increased among the wider public, national politicians and European elites, including civil servants.

specialisation? Or should the EU be a network organisation? This means, in relation to quality: how is quality ensured in these different models? Secondly, whatever division between member states and EU institutions is chosen, it has to be considered how tasks related to ESS are organised within the European Commission. Similar questions also play a role in other policy areas and therefore have broader relevance in discussions on centralisation or decentralised network management in the EU.

A proper division of tasks in the EU's multilevel statistical network, one that can deliver trust and quality, requires discussion of the ongoing developments in the ESS and of the new ESS Vision 2020⁵ in which the Commission proposes a structural change in EU statistics. The next section (Section 2) discusses the current state of affairs as a starting point for a diagnosis of the governance of the ESS. A model for diagnosing the governance framework is provided in Section 3. Section 4 maps the division of labour in the governance framework of the ESS. Current (and recurring) discussions that influence the future of the ESS are analysed in Section 5. The concluding section presents the findings on the functioning and development of the ESS as a network and the role of Eurostat in this. Furthermore, it includes suggestions for strengthening the current model of cooperation in European statistics.

This analysis is based on the available literature, policy documents and 14 interviews.⁶ Throughout the report, a distinction is made between 'Eurostat' and 'the Commission'. The former term is used as a Directorate General of the European Commission and the latter as a collective noun for EU Commissioners, Cabinets, and other DGs and services.

The scope of the research questions is ambitious but the size of the project is limited. Given the time constraints of this project, this is no more than a preliminary study which aims to provide insight into the activities of the European Statistical System (preparation of new regulation, implementation of work planning, etc.). It leaves aside the legislative procedure in the Council and European Parliament. In addition, the findings have to be regarded as a starting point for debates on whether the European Statistical System can or should be improved and in what ways. If doubts emerge from this analysis, future study will be welcome to either remove these doubts or explore more in depth the room for improvement.

The research was carried out during the first half of 2016. Drafts of the report were circulated among several officials from within the ESS and their feedback has been incorporated.

5 <http://ec.europa.eu/eurostat/web/ess/about-us/ess-vision-2020>.

6 Three interviews were conducted with Commission officials, ten with representatives of national statistical offices, and one with a national official from a parent ministry. The interviews are based on the Chatham House Rule: we use the information, but neither the identity nor the affiliation of the respondent is revealed.

1.1 A note on a core EU value: subsidiarity

With the end of the EU's permissive consensus, any step in European integration has to be thoroughly argued. In addition, economic and better regulation principles demand that state functions be organised close to the markets and to the public. Article 5 of the Treaty on European Union (TEU) underlines that a focal point of good governance in the EU is subsidiarity – and for good political and organisational reasons. Firstly, subsidiarity strengthens the credibility of the EU in general – governance needs to be close to the citizens. Secondly, national governments and national institutions generally (e.g., media) cannot function properly if European institutions crowd out national institutions. For example, national parliaments may find it hard to function without national statistical systems. Thirdly, in line with the work of Nobel Prize winner Herbert Simon, complex organisations (i.e., the EU with 27/8 member states) require decentralised structures in which sub-parts have their own information and information assessment system.⁷ Otherwise, there will be information overload, richness of information may suffer, and information asymmetry and misinformation in the communication process will occur, to the detriment of ownership of problems and solutions.⁸ Finally, 'identity' is becoming a topic of increasing importance, and governments want to consolidate EU integration (in other words, subsidiarity is of key importance in enabling further European integration efforts). Subsidiarity is also formalised in Article 4 TEU, which underlines that national institutions fulfil 'essential State functions'⁹ for national decision-making and national society. Although subsidiarity does not preclude being 'big on big things', it has to be seen in relation to the principles of proportionality and subsidiarity as monitored by the First Vice-President of the European Commission.¹⁰ In administrative terms: EU networks allow deeper integration by building on the richness of national capacities.

7 In addition to numerous papers and political statements about the political and practical importance of subsidiarity, a recent Dutch study shows that 43% of industry believes that EU tasks should go back to the national level (Price Waterhouse Cooper, 7 January 2015).

8 Akerlof, G. A. (1970) The Market for "Lemons": Quality Uncertainty and the Market Mechanism. *The Quarterly Journal of Economics*, 84(3), pp. 488-500.

9 Art. 4(2), *Treaty on European Union*.

10 The Juncker Commission: The Right Team to Deliver Change, Brussels, 10 December 2014.

2 State of affairs 2015

Official statistics play ‘a decisive and continually growing role in today’s society’.¹¹ Since the start of the euro it has been clear that successful European monetary policy demands timely, comparable and reliable European statistics. However, in the 1990s, it was already clear that not all member states had effective national statistical systems and that the quality of EU statistics were issues of concern.¹² The real risks became apparent when the new Greek government had to state, in 2009, that government budget statistics had been concocted.¹³ The Greek statistical crisis of 2009 showed a lack of adequate implementation and enforcement of legislation and of capacity building.¹⁴ This underlined the importance of reconsidering the governance of European statistics. Since 2009, many new measures have been taken to improve governance structures. European statistics are gathered, analysed and monitored via the ESS, functioning as a European network, and their quality has improved considerably. Nevertheless, in 2012, the European Court of Auditors signalled that trust was not guaranteed.¹⁵

There are three reasons why the current state of European statistics may require an update and why subsequently a comprehensive discussion on the future of the ESS may be needed. Firstly, questions remain concerning the current ESS network model with regard to quality of control, implementation, coordination between the central and decentralised level and the role(s) of the Commission.¹⁶ The second reason concerns the independence of statistics: essential economic functions that involve trust are

11 Quote by Director-General Walter Radermacher in: Augustyniak, L. (2015) ‘The importance of statistics’ in: *Commission en Direct*, No. 23, Juillet-Août.

12 Schout, A. (1999) ‘Eurostat: The gains and losses of an agency structure’, in: Everson et al., *The Role of Specialised Agencies in Decentralising EU Governance – Report for the European Commission*, (Brussels: Commission of the European Communities).

13 See for example, Featherstone, K. (2010) ‘The Greek Sovereign Debt Crisis and EMU: A Failing State in a Skewed Regime’, in: *Journal of Common Market Studies*, 49(2), pp. 193-217.

14 European Commission (2009) *Report from the Commission to the European Parliament and the Council on the ex-post evaluation of the Community Statistical Programme 2003-2007*, SEC(2009)14, COM(2009) 1 final.

15 European Court of Auditors (ECA) (2012) *Did the Commission and Eurostat improve the process for producing reliable and credible European statistics?*, Special Report No 12.

16 ECA (2012) *Did the Commission and Eurostat improve the process for producing reliable and credible European statistics?*, Special Report No 12.; European Statistical Governance Advisory Board (ESGAB) (2014) *Annual Report 2014*, (Luxembourg: Publications Office of the European Union).

irreconcilable with politicisation.¹⁷ It is therefore important to assess the current state of affairs concerning the independence at European and national levels (also in light of obligations for member states in the Six-Pack¹⁸). Thirdly, as a consequence of declining government budgets, many national statistical institutes have to cope with budget cuts.¹⁹ As a result, they find themselves in a paradoxical position where they have to meet increasing demands in order to improve the quality of European statistics and remain viable partners in the delivery of the ESS work plan, while being put under financial stress.²⁰

17 Majone, G. (1996) *Regulating Europe*, (London: Routledge); Majone, G. (2012) *Rethinking European integration after the debt crisis*, Working Paper No. 3/2012.

18 *Council Directive 2011/85/EU of 8 November 2011 on requirements for budgetary frameworks of the Member States*, O.J.L. 306.

19 ECA (2012) *Did the Commission and Eurostat improve the process for producing reliable and credible European statistics?*, Special Report No 12.

20 European Statistical Governance Advisory Board (ESGAB) (2015) *Annual Report 2015* (Luxembourg: Publications Office of the European Union).

3 The diagnostic tool: a European governance framework

Governance in the European context is defined here as a set of multilevel institutions and instruments (legal framework, budgets, management roles of, in particular, the Commission, codes of procedures, and operational procedures within the European network) necessary to manage the European network. There are different modes of governance to manage the national statistical systems: via hierarchy (legislation & direct supervision), via markets (relying on commercial sub-contractors²¹) and via networks of national institutes.²² These modes are complementary (networks operate on markets and require legislation) and, together, they define the strengths of a governance system. This offers a diagnostic framework and a model for formulating advice.

3.1 Hierarchical governance: legislation and supervision

3.1.1 Hierarchy I: Legislation

One form of hierarchical governance is via legislation, which is based on 'hard' tools such as sanctions and where the central level, i.e., the European Commission, has more intervention possibilities.²³ However, integration based on legislation may sit uncomfortably with national administrative systems and reforms.²⁴ This type of hierarchy is used more frequently in the face of crises.²⁵ Closer hierarchical steering can

21 Majone, G. (1996) *Regulating Europe*, (London: Routledge).

22 Kaufman, H. (1985) *Time, Chance, and Organizations: Natural Selection in a Perilous Environment* (Chatham, NJ: Chatham House).

23 Kooiman, J. (1993) *Modern Governance* (London: Sage). Bauer, M. and S. Becker. (2014) 'The Unexpected Winner of the Crisis: The European Commission's Strengthened Role in Economic Governance', in: *Journal of European Integration*, 36(3), pp. 213-229.

24 Meyer-Sahling, J.-H. & K. Yesilkagit (2011) Differential legacy effects: three propositions on the impact of administrative traditions on public administration reform in Europe East and West, in: *Journal of European Public Policy*, 18(2), pp. 311-322.

25 Boin, A., M. Busuioac and M. Groenleer (2014) 'Building European Union capacity to manage transboundary crises: network or lead-agency model? In: *Regulation & Governance*, 8(4), pp. 418-436.

be applied through new operating procedures as well as via new regulations. Essentially, legislation relies on national capacities but also on European networks.

The Commission is the guardian of the Treaties (supervision of implementation and enforcement) and has the right of initiative (initiator and drafter of legislation). Within the legal framework, member states are responsible for the implementation of policy ('primary control').²⁶ Subsequently, it is the Commission's task to supervise the quality of the implementation ('secondary control') and, if necessary, to take member states to the European Court of Justice. In order for member states to implement improvements, a credible and transparent sanctioning/Court procedure should be in place.

Policy initiatives may vary from minor operational ameliorations to major legislative proposals. The quality of policy proposals depends on several factors, such as effectiveness & efficiency (costs) and respect for core EU values such as proportionality, subsidiarity and transparency. These legislative procedures and requirements are defined and operationalised in the EU impact assessment system.²⁷

3.1.2 Hierarchy II: Supervision

A second type of hierarchical governance concerns the way production is organised (full supervision). The Commission can, for example, centralise ownership and produce statistics itself. Alternatively, it can limit supervision to, e.g., quality indicators and leave production to national or private bodies.

What kind of supervisory role the European Commission/Eurostat has defined for itself will be an important starting point for understanding ESS' governance model.

3.2 Markets

Governance via a market mechanism entails tendering by market actors without further involvement of specific national authorities. 'Markets' are relevant in relation to statistics where it concerns using consultants or other bodies to gather data. Yet, this report analyses the governance of the ESS proper and the relation between Commission and national bodies (leaving aside additional market-based actors).

²⁶ Art 4(3), *Treaty on European Union*.

²⁷ Radaelli, C. et al. (2010) *How to Learn from the International Experience: Impact Assessment in the Netherlands*, Report, 2 March.

3.3 Networks

The 'networked' approach specifically assumes a collective responsibility for the production and monitoring of European public services. The network respects the relevance of national institutions, yet offers a framework for collective management functions. These collective functions include: work programming, implementation, quality control, upgrading of both the network and the individual actors, supervision of the collective budget for the production of statistics and for the upgrading of the network, including of problematic actors.²⁸

European networks depend on cooperation with and between national institutions. Networks typically operate via a package of different steering instruments ranging from 'soft' (such as peer review, best practices and budgets²⁹) to 'hard' tools (supervision can result in 'punishment' via transparent reporting, fines and possible exclusion from the network). Member states are expected to cooperate in networks to build common standards, exchange information, and, together with the Commission, carry out mutual control of statistics, as well as collectively engage in (binding) quality control and supervision. In this regard, the following questions are relevant: does the network work deliberately and routinely towards upgrading the individual components – and does this involve assessments of national authorities and of the functioning of the network? Do peer reviews include a bite (naming and shaming, fines, publication of weaknesses) or are the mutual surveillances 'soft' exchanges of information? Does the network have a suitable budget for quality improvement?³⁰ In other words: how strong is the network?

As a major complement to its legal role, the Commission is responsible for the functioning of European networks. Its role in networks is in particular a management one: ensuring that the network processes function effectively.³¹ The Commission can directly shape the process and its supervision, or it can consciously work towards a European network of national institutes. In the latter case, the Commission focuses on the role of manager/secretariat of the network and supervises the functioning and

28 Schout, A. & A. Jordan (2005) Coordinated European Governance: Self-Organizing or Centrally Steered? In: *Public Administration*, 83(1), pp. 201-220.

29 Héritier, A. (2003) New modes of governance in Europe: increasing political capacity and policy effectiveness, in: T.A. Börzel and R.A. Cichowski (eds) *The State of the European Union* (Oxford: Oxford University Press), pp. 105-26.

30 Compare for instance: Schout, A. & A. Jordan (2005) Coordinated European Governance: Self-Organizing or Centrally Steered? In: *Public Administration*, 83(1), pp. 201-220.

31 Metcalfe, L. (1992) After 1992: Can the Commission Manage Europe? in: *Australian Journal of Public Administration*, 51(1), pp. 117-130.

quality of the network and the strengthening of national capacities.³² Often primary (legal) control is the chosen path for development instead of secondary control (controlling the quality of national institutions). A tendency towards centralisation can sometimes be expected because national reforms can be disappointing and efficiency may be an easy argument (it appears easier to get it right in one go at EU level than to work with 27/28 national institutions of various quality).

The governance instruments here are complementary: it involves a proper legal framework as well as decentralised network cooperation. A one-dimensional focus on hierarchy without networks may lead to ‘integration by stealth’, a shift of competences to the European level.³³ Conversely, a narrow focus on networks without hierarchy may lead to ineffective and inefficient systems.

From a governance perspective, an analysis of whether the hierarchical and network frameworks are usefully combined is essential. Each of the governance mechanisms demands specific roles of the actors in the multilevel governance. It is of particular importance to examine the role of the Commission in each of the models. This short introduction to governance points to a basic model for diagnosing the management of the ESS:

Table 1 Governance framework

	Description	Developments in the ESS since 2009	Role of the Commission/ Eurostat
Hierarchy I: Legislation			
Hierarchy II: Supervision			
Markets			
Networks			

32 Metcalfe, L (2004) ‘European policy management: future challenges and the role of the Commission’, in: *Public Policy and Administration*, 19(3), pp. 77-94.

33 Majone, G. (2005) *Dilemmas of European Integration: The Ambiguities and Pitfalls of Integration by Stealth* (Oxford: Oxford University Press).

4 Tasks and responsibilities in the ESS

The tasks and responsibilities of the national statistical institutes (NSIs) and the Commission / Eurostat are manifold. This section follows the governance framework presented above. It starts with the legal framework (4.1), followed by the organisation of supervision in the professional community (4.2), and, lastly, discusses the functioning of the ESS network in 4.3.

4.1 Hierarchy I: the legal framework

The ESS has an European Statistical Programme (ESP). This ESP consists of four main objectives: conditions for the delivery of statistical information; implementation of new production methods; strengthening the ESS partnership; and consistency of statistics.³⁴ These objectives are further developed in the ESP Regulation and the annual work programmes (AWPs) that reflect priority areas (currently 14) and provide more detailed objectives.³⁵ Eurostat draws up the ESP and AWPs and consults the European Statistical System Committee, which consists of the heads of NSIs, chaired by the Director-General of Eurostat. The Council and the European Parliament establish the ESP in a regulation.

Eurostat, the NSIs and other national authorities³⁶ (ONAs) are in charge of delivering high-quality European statistics in accordance with the statistical quality criteria laid down in the Framework Regulation on European statistics.³⁷ The European Code of Practice (CoP) guides quality control in the ESS.³⁸ The Quality Assurance Framework (QAF) provides activities, methods and tools for the practical and effective

34 Art. 4(2), *Regulation (EU) No 99/2013 of the European Parliament and of the Council of 15 January 2013 on the European Statistical Programme 2013-2017*, O.J.L. 39.

35 Eurostat (2015) *Annual Statistical Work Programme 2015 – Part I: Overall priorities*.

36 Authorities other than the NSIs designated by Member States responsible for the development, production and dissemination of European statistics.

37 Art. 12, *Regulation (EC) 223/2009 of the European Parliament and of the Council of 11 March 2009 on European statistics*.

38 Eurostat (2011) *European Statistics Code of Practice for the national and Community statistical authorities*, 28 September.

implementation of the indicators.³⁹ There are two main mechanisms that oversee the implementation of the CoP, i.e., at the European (hierarchical) and national (network) level. At the European level, the European Statistical Programme (ESP), which is a multi-annual work planning adopted in multiple regulations⁴⁰ (currently for the period 2013-2017), is the basis on which Eurostat may start infringement procedures in case of non-compliance. At the national (network) level a peer review system is in place that oversees compliance with the more general European Code of Practice. The latter is discussed under the network heading below.

The main developments relating to the legal framework of the ESS concern: the implementation and (legal) enforcement of quality control; and legislative and policy initiatives and proposals. The proposals are assessed on the basis of the effectiveness, efficiency – closely related to the principles of subsidiarity and proportionality – and transparency of the procedures.

4.1.1 Hierarchical legal control of the member states

Since the economic, financial and sovereign debt crisis, Eurostat has gained more rights and obligations concerning quality control in the member states. First of all, the 2011 Six-Pack gave Eurostat more responsibilities in the Excessive Deficit Procedure and the Macro-Economic Imbalances Procedure⁴¹ where, backed up by fines, it ‘may conduct all investigations necessary’⁴² in cases of misrepresentation. Secondly, ‘where sectoral legislation provides for fines in cases where Member States misrepresent statistical data’⁴³, Eurostat may also initiate and conduct investigations. Finally, there is also a new overall tool to enforce quality control, the so-called ‘Commitments on Confidence in Statistics’.⁴⁴ This contract contains policy commitments by member state governments, which have to send annual self-assessment reports to the Commission (not Eurostat). These three developments pave the way for (strict) enforcement.

39 European Statistical System (2012) *Quality Assurance Framework of the European Statistical System*, 22 November.

40 *Regulation (EU) No 99/2013 of the European Parliament and of the Council of 15 January 2013 on the European Statistical Programme 2013-2017*, O.J.L. 39.

41 Preamble 2, *Regulation (EU) No 1174/2011 of the European Parliament and of the Council of 16 November 2011 on enforcement measures to correct excessive macroeconomic imbalances in the euro area*, O.J.L. 306.

42 Art. 8(3), *Regulation (EU) No 1173/2011 of the European Parliament and of the Council of 16 November 2011 on the effective enforcement of budgetary surveillance in the euro area*, O.J.L. 306.

43 Art. 12(5), *Regulation (EU) 2015/759 of the European Parliament and of the Council of 29 April 2015 amending Regulation (EC) No 223/2009 on European statistics*, O.J.L. 123/90.

44 Art. 11, *Regulation (EU) 2015/759 of the European Parliament and of the Council of 29 April 2015 amending Regulation (EC) No 223/2009 on European statistics*, O.J.L. 123/90.

4.1.2 Legislative and policy initiatives

4.1.2.1 Effectiveness and efficiency

One way to make European statistics more effective and efficient, that is, cost effective (proportionality), is to focus on output regulations (a member state can decide how it produces statistics as long as the quality requirements set by the Regulation are met). This focus is based on differences in the (infra)structure of national statistical systems, differences in the structure of what has to be measured and, hence, on different data collection and production methods.

Another way to improve cost effectiveness is through 'reprioritisation': the phasing out of existing statistical products in exchange for new ones. To cover the costs, Eurostat may contribute funds to NSIs for new developments/implementation, but not on a permanent basis. The 'Commission considers that the information gathered on relevance of statistical outputs, costs and burdens so far is sufficient to effectively underpin the new strategy-driven priority-setting mechanism and that no regular assessments of the costs and burdens for the ESS and its member and for the respondents are necessary for the purposes of the reprioritisation process'.⁴⁵ The EU Court of Auditors (ECA) advises a systematic review of statistical priorities and regular assessments of the relevance of statistical output and of costs and burdens.⁴⁶

4.1.2.2 Transparency

The procedures concerning transparency, e.g., regarding the impact of the proposals, is closely aligned to the Commission's Better Regulation agenda.⁴⁷ Impact assessments may concern the European Statistical Programme and/or new statistical regulations. An impact assessment on whether to have another ESP has been pursued by Eurostat.⁴⁸ In addition, in the AWP 2015, Eurostat provides a list of outputs with a separate column called 'resource impact on MS'.⁴⁹

45 ECA (2012) *Did the Commission and Eurostat improve the process for producing reliable and credible European statistics?*, Special Report No 12, p. 59.

46 *Ibid.*, p. 44.

47 European Commission (2015) *Better regulation for better results – An EU agenda*, COM(2015) 215 final, 19 May.

48 European Commission (2011) *Commission Staff Working Paper – Impact Assessment accompanying the document Proposal for a Regulation of the European Parliament and of the Council on the European statistical programme 2013-2017*, SEC(2011) 1625 final, 21 December.

49 Eurostat (2015) *Annual Statistical Work Programme 2015 – Part II: List of outputs*.

However, an assessment of the content of the actions in the actual ESP and work programmes is lacking. Moreover, although several roadmaps indicate planned impact assessments for statistical regulations⁵⁰ they could not be found on the Commission or Eurostat website.⁵¹

4.2 Hierarchy II: supervision

This paragraph discusses the second type of hierarchical governance: supervision – the way in which the multilevel production of data is organised through a chain of command. Supervision relates to the degree and location of ownership in the production process of Eurostat – and conversely of the NSIs – and to centralisation of statistics. To diagnose supervision, we focus on the two visions of the Commission: the 2009 Commission Communication ‘on the production method of EU statistics: a vision for the next decade’⁵² (hereafter ‘the Commission Vision’), and the ‘ESS Vision 2020’ of 2014. These seem to rely on a rather centralised approach.

National statistical institutes are responsible for coordinating all data production activities at national level.⁵³ NSIs have different administrative models according to which they collect data and produce statistics. One model is the federal system, whereby statistical sub-offices in the regions are specialised in certain types of statistics, for instance, labour statistics. The domain statistics are then compiled at the central national hub and disseminated. It differs per member state who is responsible for a particular domain. For example, in the case of the Balance of Payment statistics, responsibility may lie with the NSI or another national authority such as the national central bank. ‘At Community level, the Commission (Eurostat) shall ensure the production of European statistics ...’⁵⁴. The current supervisory model for European statistics implies that data collection and production of statistics at the national level is being done by NSIs (which process the data per statistical domain and transfer statistical output to the European level) while Eurostat publishes the national results and compiles the data so as to make European aggregates: the so-called ‘stovepipe model’.

50 http://ec.europa.eu/smart-regulation/roadmaps/index_en.htm. Accessed on 21 March 2016.

51 Neither on http://ec.europa.eu/smart-regulation/impact/ia_carried_out/cia_2016_en.htm nor on the Eurostat website. Accessed on 21 March 2016.

52 European Commission (2009) *Communication from the Commission to the European Parliament and the Council on the production method of EU statistics: A vision for the next decade*. COM(2009) 404 final. 10.8.2009.

53 Art. 5, *Regulation 223/2009*.

54 Art 6(1), *Regulation 223/2009*.

The 2009 Commission vision questioned this model on the basis of unnecessary high burdens on respondents, such as the inability to collect data on phenomena that cover multiple statistical dimensions; inefficiency; and high costs.⁵⁵ Therefore, it proposed a new model: the integrated model. This model integrates data sets and combines data from different sources in a common infrastructure (network). This network of databases links data at the micro-data level. Collaborative networks (ESSnets) that develop joint structures, tools and processes complete the model. These ESSnets 'will facilitate specialisation by certain Member States in specific statistical activities for the benefit of the ESS as a whole'.⁵⁶ At the level of the NSIs, statistics for specific domains should no longer be produced independently from each other. Instead, they should be produced as an integrated part of comprehensive production systems for clusters of statistics in a common (technical) infrastructure with standardised software. The system also provides for the re-use of (non-statistical) administrative data for statistical purposes, to which every actor should have access. This model, based on division of labour, could be interpreted as a sort of conglomerate model of statistics – in contrast with a model in which national bodies collect all statistics themselves, also with a view to national purposes.

NSIs used to be hardly involved in the creation of the Commission Vision (written by Eurostat).⁵⁷ As a reaction, Eurostat started a new process with several working groups where member states could make themselves heard. The result was a more broadly backed scenario: the ESS Vision 2020,⁵⁸ in which the concept of a 'common infrastructure' – the backbone of the integrated model – has largely been abandoned.

4.3 Networks: Eurostat as a network manager

This paragraph discusses how the network operates and, more specifically, how Eurostat assumes its role in it. Firstly, it will describe the system of quality control at the network level via the peer review system directed at the member states, Eurostat and the ESS as a whole. Secondly, one of Eurostat's main tasks as a network manager will be described: coordination between Eurostat and the NSIs. Thirdly, it will depict the way in which coordination takes place between Eurostat and the rest of the Commission.

55 European Commission (2009) *Communication from the Commission to the European Parliament and the Council on the production method of EU statistics: A vision for the next decade*, COM(2009) 404 final, 10.8.2009, p. 5.

56 *Ibid.*, p. 10.

57 Interviews 1, 3, 7, 10.

58 European Statistical System (2014) *ESS Vision 2020*.

4.3.1 Peer review system

Peer reviews in the ESS evaluate the implementation of the European Code of Practice. Peer reviews of the network and of individual actors contribute to the functioning of the network. These peer reviews underline the level of engagement, independence, collective ownership and, hence, the level of trust in European statistics.

4.3.1.1 Peer review in the member states

After the first round of peer reviews in 2006-2008, the second round was concluded in all member states in 2015. The criticism regarding the 2006-2008 round was that, at that time, the European Statistical Governance Advisory Board (ESGAB) preferred 'an autonomous peer-review team' and that 'the new set of peer reviews must be more streamlined and standardised than the previous ones'.⁵⁹ These peer reviews cover: 'all principles of the CoP; the coordination role of the NSI; cooperation within and the level of integration of the ESS'⁶⁰, and apply to EU and EFTA member states. A review team of three members executes the peer reviews and an observer from Eurostat may participate.⁶¹ The team is composed of, *inter alia*, former NSI officials (also at Director or even DG level), statistical consultants and academics. They base their reports on (self-assessment) questionnaires and an in-house visit of one week where they interview the NSI and other stakeholders (users, ONAs, media, etc.). The outcomes are presented in a general report per country and in so-called Improvement Action reports containing both the recommendations of the review team and the improvement actions undertaken by the NSI.⁶²

4.3.1.2 Evaluation of the ESS and Eurostat

Several institutions evaluate the ESS and Eurostat: Eurostat itself, ESGAB and the European Court of Auditors (ECA). This report will not discuss the latter, because the ECA's assessment of the ESS has thus far been a one-time exercise.

Firstly, Eurostat evaluates itself via mid-term and ex-post evaluations of the Community Statistical Programmes (currently the European Statistical Programme 2013-2017), via domain-specific evaluations, and via user satisfaction surveys. Eurostat has a separate

59 European Statistical Governance Advisory Board (ESGAB) (2011) *Annual Report 2011* (Luxembourg: Publications Office of the European Union).

60 Eurostat (2015) *Peer reviews in the European Statistical System*. p. 3.

61 European Statistical System (2014) *European Statistical System Peer Reviews: Guide for Peer Reviewers*.

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

unit for evaluation.⁶³ These evaluations are output oriented, predominantly directed at the specific statistical domains.

Secondly, the European Statistical Governance Advisory Board (ESGAB) reports on the implementation of the Code of Practice (as it relates to Eurostat and the ESS as a whole) in its annual reports and opinions. ESGAB, which started its activities in 2009, is a high-level body that provides an independent overview of the ESS. A Board member acts in a personal capacity, independently, and possesses outstanding competences in the field of statistics. Currently, the seven Board members are national experts without prior experience in the Commission. Board members are appointed for a three-year term. The Commission (Eurostat) is represented as an observer at the meetings⁶⁴. The Commission (Eurostat) provides the secretariat, but 'must act independently thereof'.⁶⁵

4.3.2 Coordination in the ESSC

The European Statistical System Committee (ESSC) is a committee within the meaning of Regulation (EU) 182/2011 of the European Parliament and of the Council⁶⁶ and 'shall provide professional guidance to the ESS for developing, producing and disseminating European statistics'.⁶⁷ The ESSC is composed of the heads of the NSIs and chaired by the Director-General of Eurostat. At the four-yearly meetings the agenda covers two types of issues: comitology items⁶⁸ and other (strategic) issues. The chairperson – the Director-General of Eurostat, supported by his staff – draws up the agenda. The ESSC votes on implementing acts (consensus is the preferred method of decision-making). Regarding other issues, it does not have formal decision-making powers and is limited to giving opinions.⁶⁹ The ESSC shall be consulted in regard to: a) the measures of the Commission intends to take for the development, production and dissemination of European statistics [...]; b) initiatives to bring into practice the reprioritisation and reduction of the response burden; c) issues concerning statistical confidentiality;

63 European Commission (2015) *Report from the Commission to the European Parliament and the Council on the implementation of the European Statistical Programme 2013-2017*, COM(2015) 309 final, Brussels, 24.6.2015.

64 Art. 6, European Statistical Governance Advisory Board (ESGAB) (2015) *Rules of Procedure*, ESGAB/2015/302.

65 Art. 8, ESGAB (2015) *Rules of Procedure*, ESGAB/2015/302.

66 *Regulation (EU) 182/2011 of the European Parliament and of the Council of 16 February 2011 laying down the rules and general principles concerning mechanisms for control by Member States of the Commission's exercise of implementing powers.*

67 Art. 7, *Regulation (EC) 223/2009 of the European Parliament and of the Council of 11 March 2011 on European statistics.*

68 Art. 7, European Statistical System Committee (ESSC) (2012) *Rules of Procedure of the European Statistical Committee.*

69 Art. 7, ESSC (2012) *Rules of Procedure of the European Statistical Committee.*

d) any other question [...] raised by its Chairperson, either on its own initiative or at the request of a Member State.⁷⁰ The focus here is on the other (strategic) issues.

Within the ESSC there are sector groups or 'directors' groups' per statistical domain (e.g., social statistics) that consist of directors of the NSIs. They thoroughly prepare all dossiers for final decision making by the DGs in the ESSC. Working groups, consisting of technical experts, deal with specific objectives in the Annual Work Programme (AWP) and report to the sector groups. Working groups have task forces consisting of delegates with specific mandates. Eurostat chairs and supports these groups and task forces (there are 8 sector groups and approx. 45 working groups). In general practice, potential political problems move upwards within the ESSC.

4.3.3 Coordination in the Commission

The 2012 Commission Decision on Eurostat⁷¹ sets out the parameters for coordination between (the Director-General of) Eurostat and the other DGs of the Commission. The Director-General shall 'neither seek nor take instructions from the Union institutions or bodies, from any government of a Member State, or from any other institution, body, office or entity' when carrying out statistical tasks (processes, methods, standards and procedures).⁷² This is reiterated via the 2015 amendments to Regulation 223/2009, and his position is moreover strengthened through his recruitment procedure and via the hearing in the European Parliament regarding his appointment.⁷³

Currently, the political leadership of Eurostat is in the hands of the Commissioner for Employment, Social Affairs, Skills and Labour Mobility, Marianne Thyssen. In the coordination between the Commissioner and the Director-General the former 'determines the general policy' whereas the latter is responsible for 'the proper implementation of the policy guidelines for the management' of the Directorate General.⁷⁴ The Director General has the 'sole responsibility for deciding on statistical methods, standards and procedures, and on statistical releases...'. Monthly meetings are held, and the Commissioner's primary objective is to inform the DG about (her) political priorities and strategy. Regarding new regulations, political priorities may demand that strategic points should be integrated into the statistical planning.⁷⁵ Another point

70 Art. 2.3, ESSC (2012) *Rules of Procedure of the European Statistical Committee*.

71 *Commission Decision of 17 September 2012 on Eurostat (2012/504/EU)*, O.J.L. 251/49.

72 Art. 7, *ibid*.

73 Art. 6a, *Regulation (EU) 2015/759 of the European Parliament and of the Council of 29 April 2015 amending Regulation (EC) No 223/2009 on European statistics*, O.J.L. 123/90.

74 European Commission (2015) *Practical arrangements governing working relations between Commissioner Thyssen, her cabinet and Eurostat*, Res Ares(2015)3874929, 18.09.2015, p. 1.

75 Interviews 2, 5, 7, 9.

concerns reporting on management issues. Regarding (new) infringement cases, or other politically sensitive issues, active communication from the Director-General to the Commissioner is required.⁷⁶

The new 2012 Commission Decision confirms a strengthening of Eurostat's professional independence vis-à-vis other DGs. Strategic coordination between Eurostat and other Directorates-General takes place via the Interdepartmental Coordination Group on Statistics, and operational coordination proceeds via the network of statistical correspondents. Furthermore, there is a growing number of Memoranda of Understanding (16 at the time of writing) between Eurostat and other Directorates-General in the area of statistics.⁷⁷ Pursuant to the common provisions in the MoUs, 'when preparing its annual statistical work programme as part of the implementation of the current European statistical programme, Eurostat will consult DG ENER about its needs and priorities for European statistics'.⁷⁸ Eurostat reviews needs and priorities on the basis of criteria such as the Code of Practice, administrative burdens and relative costs. Commission services are often present at ESS meetings to raise and explain data needs.

76 European Commission (2015) *Practical arrangements governing working relations between Commissioner Thyssen, her cabinet and Eurostat*, Res Ares(2015)3874929, 18.09.2015, p. 5.

77 This follows from Article 5(3) from the 2012 Decision regarding 'specific inter-service agreements'.

78 We have taken the publicly available MoU with DG ENER as an example. European Commission (2015) *Memorandum of understanding between Eurostat and the Directorate-General for Energy in the area of statistics*.

5 Analysis – Challenges in the ESS

5.1 Hierarchy I: the legal framework

5.1.1 Hierarchical legal control of the member states

There have always been problems in the implementation and enforcement of quality control. Quality control has been questioned by the ECA, stating that ‘... the move towards a better quality framework for European statistics is slow, is not yet completed and remains a challenge for all those involved’.⁷⁹ Furthermore, ‘Eurostat currently monitors NSIs’ reporting on improvement actions without verifying their implementation’.⁸⁰ According to the ECA, in September 2012, ‘no appropriate inspection mechanism has yet been proposed’ for cases where misrepresentations of data may occur.⁸¹ Regarding the application of such tools in 2014, ESGAB urged Eurostat to ‘step up its corrective measures’.⁸²

This criticism has led to considerable efforts undertaken by Eurostat and the ESS to improve quality control. Instruments, such as more rights via the Six-Pack and via the Commitment of Confidence, underline the interest in a better implementation of the Code of Practice. As confirmed in interviews, in recent years Eurostat has indeed become stricter regarding the implementation of legislation.⁸³ This could, e.g., be seen in the case of the manipulation of statistics in Valencia.⁸⁴ However, long-standing issues,

79 European Court of Auditors (2012) *Did the Commission and Eurostat improve the process for producing reliable and credible European statistics?*, Special Report No 12., p. 42.

80 *Ibid.*, p. 18.

81 *Ibid.*, p. 6.

82 ESGAB (2014) *Annual Report 2014* (Luxembourg: Publications Office of the European Union), p. 6.

83 Interviews 1, 3, 5, 7, 8, 14.

84 European Commission (2015) *Recommendation for a Council Decision imposing a fine on Spain for manipulation of deficit data in the Autonomous Community of Valencia*, Brussels, COM(2015) 209 final, 7.5.2016.; European Commission (2015) *Report from the Commission on the investigation related to the manipulation of statistics in Spain as referred to in Regulation (EU) No 1173/2011 of the European Parliament and of the Council on the effective enforcement of budgetary surveillance in the euro area (Commission Decision of 11 July 2014)*, COM(2015) 211 final, 07.05.2015.

such as the credibility and reliability of Greek statistics, are far from being settled.⁸⁵ These cases show that the implementation and enforcement of quality control is still not up to par.

5.1.2 Legislative and policy initiatives

5.1.2.1 Effectiveness and efficiency

The 2015 Annual Work Programme reflects the main issue for the ESS, namely that 'NSIs and Eurostat will continue to face serious resource constraints in 2015' and that '[t]he reduced resources available for the production of statistics need to be balanced against the increasing need for European statistics (according to information collected in hearings with Commission DGs) to support new and existing European policies'.⁸⁶ One official phrased this as a 'sandwich situation', where, on the one hand, member state governments make budget cuts regarding the NSI, whilst, on the other hand, the NSI has to implement an increasing amount of EU legislation, involving additional costs. The increasing demands are a relatively big burden on smaller member states, which have to produce the same statistics as bigger member states. Or, in the words of a Eurostat official, 'they suffer really from European statistics, they have to produce without a real national corresponding need'.⁸⁷

The dominant line of thought about circumventing this challenge (and absorbing the budget cuts) is to realise 'productivity gains through collaboration in sharing methods, tools, technological infrastructure and where appropriate data and human resources'.⁸⁸ These and other initiatives, especially in handling new (big) data sources, will ultimately 'promise lower costs, response burden and greater efficiency'.⁸⁹ However, the perception among many NSIs regarding new regulation and programmes is that they will often 'do exactly the opposite, certainly in the short to medium term' via other, additional costs, such as compliance costs.⁹⁰ The costs may vary between member states or may only apply to certain member states. Consequently, smaller member states often have a more positive attitude towards collaboration instruments and common infrastructures, and perceive them as a cost-reducing exercise.⁹¹

85 ESGAB (2015) *Opinion of the European Statistical Governance Advisory Board (ESGAB), urging full implementation of the Hellenic Statistical Law (3832/2010) and Greece's commitment on confidence in statistics*, ESGAB/2015/271, March.

86 European Commission (2015) *Annual Statistical Work Programme 2015*, p. 2.

87 Interview 9.

88 European Statistical System (2014) *ESS Vision 2020*, p. 7.

89 ESGAB (2015) *Annual Report 2015* (Luxembourg: Publications Office of the European Union), p. 4.

90 Quote from interview 5. Similar remarks made in interviews 3, 6, 7, 10, 12.

91 Interviews 1, 3, 8, 9.

The assessment of the effectiveness and efficiency of the proposals should give insight into the application of the proportionality (cost effectiveness) and subsidiarity principle. Firstly, the focus on output regulation can be seen as an operationalisation of the subsidiarity principle, because it gives more leeway to NSIs in gathering data in the most appropriate and cost effective way. Secondly, according to several interviews, Eurostat explains reprioritisation/cost reduction as a subsidiarity issue, which, in its view, entails that the NSIs have to come up with proposals.⁹² However, in practice, NSIs do not have or make the time and/or capacity to formulate alternatives. These findings relate to the broader questions of what role Eurostat should have as initiator of proposals and who the main user of European statistics is.

5.1.2.2 Transparency

The principles of proportionality and subsidiarity make transparency of the potential impact of legislative and policy initiatives all the more pressing. Thus, Eurostat makes active use of public consultations – although it is difficult to assess to what extent the comments have been processed (as is often the case with IAs⁹³). In addition, ESGAB remarks that Eurostat should develop a system of cost assessment in order to facilitate decision-making on priorities.⁹⁴

In the operationalisation of the Annual Work Programme, the vast majority of outputs is considered as cost neutral (or ‘not applicable’), though the linked outputs might suggest otherwise. Apart from using robust calculation methods, due to time and capacity constraints, it is nearly impossible for NSIs to perform thorough checks (also partly due to late access to documents).⁹⁵ As a consequence, neither Eurostat nor NSIs really know whether the burden increases or decreases. More generally, there is little public information on both the procedures and the outcomes of impact assessments.

5.2 Hierarchy II: supervision

The combination of a common infrastructure and specialisation may lead to centralisation. Centralisation may imply more efficient data production but a danger of centralising production is that a connection between national and supranational production of data may be lacking (which may lead to diverging figures and different

92 Interviews 6, 7, 9, 11, 13, 14.

93 Mijs, A. & Schout, A. (2015) *Better Regulation in the EU and The Netherlands: A Comparison of Impact Assessment Systems*, in-depth analysis for AFCO Committee of the European Parliament. 31.07.2015.

94 ESGAB (2014) *Annual Report 2014* (Luxembourg: Publications Office of the European Union).

95 Interviews 1, 6, 11.

information needs).⁹⁶ Moreover, there is unease among interviewees⁹⁷ about the effects of common infrastructures on several areas in relation to the application of subsidiarity, (lack of) mutual trust, and quality.

As regards subsidiarity, the principle will be fully respected according to the Commission Vision.⁹⁸ However, the Commission Vision refrains from commenting on the importance of subsidiarity and the role of statistics at the national level, and on the fact that individual member states are responsible for both the quality and availability of their national figures. In many cases, European statistics may not replace but may be additional to national statistics. This also raises questions about the ownership of statistics (national bodies becoming more EU oriented?) and the role that the more Europeanised programming of statistics can still play in the national arena.

The lack of enthusiasm for common infrastructures is also created by a lack of mutual trust among member states as regards statistical confidentiality and quality. A common infrastructure implies that NSIs and ONAs have access to data from all member states, including micro data on, for instance, individual companies. This leads to questions on privacy and statistical confidentiality. The approach to the problem differs between those that interpret confidentiality as a matter of principle and those regarding it as a technical matter. On the technical side, as ESGAB notes, 'statisticians are beginning to develop ways of harnessing the mass of available data to produce high-quality statistics while respecting privacy and confidentiality rules and resolving many other technical and legal issues'.⁹⁹ However, mutual trust remains an issue.¹⁰⁰ This can also be derived from the ESS Vision, which is careful in respect of exchange of micro data.¹⁰¹ Furthermore, pilot projects with common infrastructures show considerable ground to cover as regards comparability, and hence quality, of statistics. The lack of mutual trust between member states can, in part, be attributed to the lack of trustworthy quality control mechanisms.

Looking at the Commission Vision and the ESS Vision, there appears to be a considerable gap between the Commission perspective and how the member states¹⁰²

96 Interviews 5, 7, 10.

97 Interviews 1, 5, 6, 7, 10, 11, 12, 14.

98 European Commission (2009) *Communication from the Commission to the European Parliament and the Council on the production method of EU statistics: A vision for the next decade*, COM(2009) 404 final.

99 ESGAB (2015) *Annual Report 2015* (Luxembourg: Publications Office of the European Union).

100 Despite provisions in Articles 20-24 of Regulation 2009.

101 European Statistical System (2014) *ESS Vision 2020*, p. 16.

102 Due to the limited scope of the study, we regard 'member' states as a monolithic actor in issues dealing with the Vision. However, there are some (particularly smaller) member states where criticism is more limited.

want to reform the ESS. In the implementation of specific projects, the 'integrated model' seems to be the applied method based on the division of labour. This may offer efficiency advantages. However, as most often the case with centralised efficiency advantages, it should be questioned whether these advantages are not at the expense of effectiveness and subsidiarity. It is clear that national governments need fully fledged national statistical systems for the functioning of their states.

Broadly, there are two supervisory models with far-reaching consequences. 1) Eurostat as part of a network of member states (with responsibility for, among others, secondary control). This will require Eurostat to be independent of, but closely cooperate with the Commission. Member states and Eurostat together will be responsible for work programmes formed and executed within the budgetary limits of the member states. Member states will have a large role to play in mutual quality control, with oversight by Eurostat (a model that has been successful in other EU networks – see below). 2) Direct supervision by Eurostat (primary control – producing statistics within a type of conglomerate-company structure). Here, Eurostat will create foci within the network of specialised branches. Moreover, in this model Eurostat will also have to be responsible for adequate resources in the member states (financing from the EU budget).

5.3 Networks: Eurostat as a network manager

5.3.1 Peer review system

A network includes not just subsidiarity-based production but also mutual (tight) control. A system of organised and binding peer reviews is needed (cf. the organisation of quality control in aviation safety or food safety). As regards the review teams, in 2012, the ECA called for independent assessments with an external element¹⁰³ to also foster mutual control (as also happens in other EU policy fields). The exchange of information and the creation of common values and standards are better served by mutual control in combination with the help of external experts, as also emerged from earlier studies.¹⁰⁴

As regards comparability, the institutional environment and implementation, the recent peer review system was a revised and strengthened formula.¹⁰⁵ The guidelines and questionnaires show a considerable level of comparability. However, in practice,

103 ECA (2012) *Did the Commission and Eurostat improve the process for producing reliable and credible European statistics?*, Special Report No 12, p. 43.

104 Schout, A., F. Pereyra (2011) The institutionalisation of EU agencies – agencies as 'Mini Commissions', *Public Administration*, 89(2), 418-432.

105 ECA (2012) *Did the Commission and Eurostat improve the process for producing reliable and credible European statistics?*, Special Report No 12, p. 15.

especially when looking at the Improvement Action reports, the process heavily depends on the input it receives from the stakeholders. Although the reports mention fundamental issues regarding the institutional architecture of a national statistical system (e.g., the reports of Belgium and Greece), sometimes trivial issues such as the use of geographical maps are discussed.¹⁰⁶ While there has been substantial improvement compared to the previous round, the question remains whether it is enough.

A related point of attention concerns ESGAB. It is an esteemed body, which has contributed to improving the quality control mechanism.¹⁰⁷ In 2014, it recommended focusing future peer review on Eurostat (and less so on the ESS).¹⁰⁸ Yet, the 2014 report raised questions about Eurostat's coordinating role.¹⁰⁹ If one compares the 2014 and 2015 Annual Reports, the tone and policy priorities shifted considerably. The focus in 2015 was on the implementation of the Code of Practice in the NSIs.¹¹⁰ Apart from the partially copied agenda from the 2014 Annual Report, the recommendations were explicitly and implicitly directed at the NSIs. Furthermore, the 2015 ESGAB annual report did not mention pitfalls in the coordinating role of Eurostat. Hence, Eurostat's role as a network manager was hardly evaluated anymore, making the implementation of improvements very difficult. This considerable shift of priorities shows the lack of common standards and of comparability of the ESS and Eurostat peer reviews. On the whole, although several important topics are addressed, it still proves difficult to establish a firm, in-depth, cross-referenced quality control system for the implementation of the Code of Practice.¹¹¹

5.3.2 Coordination in the ESSC

A manager in a multi-level network tries to leave tasks to the member states as much as possible (to manage is not to control), firstly, for practical reasons relating to the importance of decentralisation in complex systems, and secondly, for political and legal reasons relating to the principle of subsidiarity. The manager facilitates information sharing, capacity building in the member states (for which it should have a budget), and organises evaluations and the related follow-up. A network manager's role is hard to combine with more political roles.

106 Durr, J.-M., Jouneval, M., A. Redmond (2015) *Peer review report on compliance with the Code of Practice and the coordination role of the National Statistical Institute – Denmark*, March.

107 Interviews 5, 8, 10.

108 ESGAB (2014) *Annual Report 2014* (Luxembourg: Publications Office of the European Union), p. 26.

109 *Ibid.*, pp. 10-12, 23-24.

110 ESGAB (2015) *Annual Report 2015* (Luxembourg: Publications Office of the European Union).

111 Interviews 1, 6, 7, 10, 11.

In the ESSC and its subcommittees, Eurostat's enforcement and quality control role is becoming increasingly blurred in relation to its task as a network/process manager. As for the multiple hats, ESGAB states that 'it is not always easy to distinguish from the outside the capacity in which Eurostat is acting, which occasionally leads to difficulties in working relations with its partners'.¹¹² It has happened that, during strategic debates, Eurostat officials pointed out potential non-compliance issues to NSIs with diverging strategic views.

As regards its coordinating role in the network, in 2014, ESGAB was very critical of Eurostat in that it could 'still do more in engaging with and consulting its partners on new initiatives at the earliest possible stage'.¹¹³ In addition, in three interviews it was stated that the atmosphere worsened again after the broadly backed publication of the ESS Vision in 2014.¹¹⁴ According to some interviews,¹¹⁵ ESSC members have difficulty putting strategic items on the agenda, regardless of their rights under the Rules of Procedure.¹¹⁶ In addition, certain documents are sometimes not included in the planning cycle. As a result, Committee members sometimes feel side-lined in decision-making and in the collaborative networks. The corresponding 2014 ESGAB recommendation stresses concerns and the 'need to coordinate...'¹¹⁷ also in the context of the revision of the Code of Practice in the course of 2016.¹¹⁸ In other words, there is room for improvement in managing coordination issues in the ESS between Eurostat and the NSIs.

5.3.3 Coordination in the Commission

The institutional positioning of Eurostat in the Commission has been discussed for a long time. During the Barroso II administration, Algirdas Šemeta, the Commissioner for Taxation, Customs, Statistics, Audit and Anti-Fraud, was the person primarily responsible for Eurostat, while during Barroso I, Eurostat was the responsibility of the Commissioner for Economic and Monetary Affairs, Joaquín Almunia. One of the main reasons behind this switch was that the President wanted to separate statistics from (economic) analysis in order to ensure independence and confidentiality of data

112 ESGAB (2014) *Annual Report 2014* (Luxembourg: Publications Office of the European Union), p. 5.

113 *Ibid.*

114 Interviews 5, 10, 14.

115 Interviews 1, 7, 11, 12.

116 Art. 7, ESSC (2012) *Rules of Procedure of the European Statistical Committee*.

117 ESGAB (2014) *Annual Report 2014* (Luxembourg: Publications Office of the European Union).

118 European Commission (2014) *ESGAB's recommendations and Eurostat's improvement actions in response to the recommendations*.

(as part of the Six-Pack¹¹⁹ – cf. also the procedures surrounding the ‘independent’ Commissioner for Economic and Financial Affairs).¹²⁰

In the organisational design, according to some officials,¹²¹ Eurostat is considered a fellow DG or an ‘executive’ DG. A complicating factor in the inter-DG relationship is that Eurostat is, in part, financially dependent on other Commission services,¹²² and officials involved sometimes lack insight into whether and why additional demands for statistics are warranted. Moreover, Eurostat, being an intermediate between other DGs and the NSIs, is perceived as being unable to ‘push back’ other DGs and is therefore seen as lacking independence also in relation to other DGs. Furthermore, member states criticise the lack of transparency as to where the demands come from and/or the lack of (legal) evidence backing up the demands.¹²³ It thus remains to be seen whether there is sufficient trust in Eurostat’s independence.

In 2012, the European Court of Auditors already concluded that Eurostat’s ‘professional independence’ was not ensured.¹²⁴ It expressed criticism regarding the operational independence of Eurostat and its Director-General. In this respect, the ECA compared Eurostat to the organisational structures of the European Anti-Fraud Office (OLAF), which is monitored by a supervisory committee instead of a Commissioner and which benefits from considerable safeguards in terms of its independence. Given the type of task, the production of statistics resembles other tasks that have been organised through EU agency-type structures (although (?why although) other arrangements can produce comparable results).¹²⁵ Agency formats seem to be the preferred option, whereby Eurostat would be organised under a Board composed of representatives from the member states, stakeholders and the EP, and of independent

119 Preamble 5, *Council Directive 2011/85/EU of 8 November 2011 on requirements for budgetary frameworks of the Member States*, O.J.L. 306.

120 Schout, A. & A. Mijs (2015) *The Independent Commissioner: An Administrative Analysis*, in: E. Ongaro (ed.), *Multi-Level Governance: The Missing Linkages* (Bingley: Emerald).

121 Interviews 1, 6, 10, 11.

122 ECA (2012) *Did the Commission and Eurostat improve the process for producing reliable and credible European statistics?*, Special Report No 12, p. 20.

123 Interviews 7, 10, 11, 12, 14.

124 ECA (2012) *Did the Commission and Eurostat improve the process for producing reliable and credible European statistics?*, Special Report No 12, p. 20.

125 Areas of comparison include aviation safety, food safety and environment policy. See, for instance, Schout, A. (2011) *Framework for assessing the added value of an EU agency*, in: *Journal of Public Policy* 31(3), pp. 363-384.

Board members – cf. other EU agencies and similar bodies. However, for political and personnel policy reasons, the Commission has always been reluctant towards further agencification.¹²⁶ On the whole, despite improvements in the institutional positioning, independence is not ensured.

126 Groenleer, M. (2009) *The Autonomy of European Union Agencies: A Comparative Study of Institutional Development* (Delft: Eburon).

6 Conclusions and recommendations to strengthen the ESS as a network

After the euro crisis, coordination in the European Statistical System changed in terms of quality control mechanisms and institutional set-up. The central questions are now: is the ESS future proof and in what directions can improvements be envisioned? To answer these questions, this report describes the different governance modes: Hierarchy 1 (legislation), Hierarchy 2 (supervision/data production), and Networks. Our assumption is that EU integration is based on multilevel administrative cooperation and involves EU legislation and the role of the Commission as guardian of the Treaties, while member states are first in line to ensure implementation (first-order control) and the Commission monitors and enforces (second-order control). The EU heavily relies on subsidiarity-based European networks. Subsidiarity is not only a core legal principle but also, as argued above, a necessity due to practical and political reasons. Hence, strengthening a policy field requires modifications in legislation (new legislation, new rules of procedures, including better monitoring and enforcement) as well as improvements in the network.

Applying this framework to the ESS, we conclude the following:

- 1) Hierarchy via legislation has been improved in many ways over the past few years. New legislation has emerged that gives Eurostat more tools for quality control. Similarly, implementation of legislation by the member states has been improved. Moreover, Eurostat has stepped up its enforcement role. However, it is too early to draw conclusions about the improvement of the legal framework. This preliminary research indicates that the quality of statistics is still not guaranteed. Moreover, the Better Regulation agenda is not fully applied to ESS legislative and policy proposals. Thus, despite progress in the legal framework, further steps seem to be needed to ensure that the vital objectives of the ESS are met.
- 2) The supervisory model (Hierarchy 2) regarding data production in the new ESS Vision remains unclear. Although the ESS Vision provides direction for improvements in cooperation, it is not clear how the Vision combines fully fledged national statistical offices with specialisation within the European Statistical System. Hence, the application of the principle of subsidiarity may need to be reconsidered in the context of the EU's multilevel context.

- 3) Governance mode three, the ESS network, is being elaborated, but the network still poses challenges as regards national capacities. Quality control is wanting or, at least, not beyond doubt. This suggests that the lessons of the euro crisis and of the audit report seem to sink in slowly. The peer review system seems to be far from being institutionalised: the development towards a high-quality, cross-referenced system of mutual control seems inadequate. The peer review as well as the coordination and control tasks of Eurostat may have to be reconsidered.
- The multiplicity of tasks and responsibilities of Eurostat as part of the Commission remain an issue. The ESS network relies on Eurostat as a legal actor, budget holder and network manager. It sometimes remains unclear in which capacity Eurostat acts. Furthermore, at times, Eurostat seems to take a go-it-alone approach, e.g., in terms of legislation and implementing its own vision on statistics. Moreover, the Commission Vision may erode the subsidiarity-based network model.
- Finally, as regards the independence of statistical bodies, Eurostat is formally a part of the Commission. Compared to OLAF, which is monitored by a supervisory committee instead of a Commissioner, there is room for improvement in the professional and organisational independence of Eurostat.
- Given these remaining – and possibly new – weaknesses in the ESS, the overall network model seems still underdeveloped.

As regards the central question, the ESS does not seem future proof. To some extent, the ESS appears to be in an identity crisis. There are some unresolved issues and, as it seems, a structural approach to the problems it is facing is lacking. In the framework of this limited analysis, discussions seem to be called for regarding improvements of the ESS in the following directions:

- An official and independent management audit should be conducted of the ESS, as well as of the position of Eurostat (in the network and as part of the Commission), of the functioning of the ESS as a network, of the application of subsidiarity as organisational model, of the quality of the national authorities and bodies, and of the quality of the network management.
- As regards the legal model: there seems to be room for improving quality control mechanisms, and the implementation of the steps that are being taken needs to be further developed.
- A strategic discussion on the model of the ESS is essential and may have far-reaching consequences. There are still questions about 1) what the ESS should look like, and 2) whether legislation and/or elaboration of the current network could offer more appropriate ways to improve the statistical system. Points of departure for such a discussion would be the principles of network-based subsidiarity and proportionality.
- As regards the network: the quality differences require further attention, *inter alia*, via a rolling peer review system, guided by the comparability of results.

- As regards the network model: both the position of Eurostat in the network and the management of the network require more systematic attention. As it now seems, Eurostat is in favour of a different model altogether.
- Importantly, a comparison with similar EU networks of national and EU bodies is required. Some EU policy sectors have done really well (food safety, aviation) but European statistics, a vital economic sector, is not beyond doubt.
- To facilitate better mutual understanding between Eurostat and the member states, more transparency in the work planning phases is needed. It seems essential that there should be no doubts about the application of the impact assessment system. Successful application would require adequate capacity in the early stages on the part of member states.

This has been a study of limited scope. The conclusions suggest that the European Statistical System has to be upgraded. As it stands, there are doubts regarding the quality of EU statistics, mutual trust, the quality of the European statistical network, and the position of Eurostat as part of the European Commission. These are quite important doubts for something as important as European statistics.

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Annex I

Table 2 Governance mechanisms, roles and relation to the ESS

	Description	Developments in the ESS since 2009	Role of the Commission/ Eurostat
Hierarchy I: Legislation	<ul style="list-style-type: none"> • Implementation of European legislation • New legislation 	<ul style="list-style-type: none"> • Quality control mechanisms: via Code of Practice - ESP, Commitments on Confidence • New legislation: procedures, effectiveness & efficiency, transparency 	<ul style="list-style-type: none"> • Guardian of the Treaties: implementation and enforcement • Right of initiative to formulate legislative and policy proposals
Hierarchy II: Supervision	<ul style="list-style-type: none"> • Development, production and dissemination of European statistics 	<ul style="list-style-type: none"> • Commission Vision • ESS Vision 	<ul style="list-style-type: none"> • ‘Eurostat shall be in charge of the development, production and dissemination of European statistics’¹²⁷
Markets	<ul style="list-style-type: none"> • Tendering by market actors 	<ul style="list-style-type: none"> • Not within the scope of this research 	<ul style="list-style-type: none"> • Not within the scope of this research
Network	<ul style="list-style-type: none"> • Collective ownership of EU statistics and of the functioning of the network (including quality control of the network) • Mutual (quality) control of statistics • Building common standards and professional values • Exchange information 	<ul style="list-style-type: none"> • Coordination in the ESSC • Collaborative networks • Peer review system of member states, the ESS and Eurostat • Coordination in the Commission • Capacities in the ESS 	<ul style="list-style-type: none"> • Responsible for functioning of the network • Facilitating cooperation between NSIs • Strengthening national capacities (the network needs a budget for capacity building) • Ensuring that network processes are performed • Internal coordination • Administrating the ESS

127 Article 6.1, Commission Decision 2012.