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**REPLIES OF THE COMMISSION TO THE SPECIAL REPORT OF THE
EUROPEAN COURT OF AUDITORS**

**"DID THE COMMISSION AND EUROSTAT IMPROVE THE PROCESS FOR
PRODUCING RELIABLE AND CREDIBLE EUROPEAN STATISTICS?"**

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EXECUTIVE SUMMARY

II. Article 338 of the Treaty on the functioning of the European Union provides a general legal basis for European statistics. According to Regulation N°223/2009, European statistics are collectively produced by Eurostat and the national statistical authorities in the framework of the European statistical system, which is a partnership operating in conformity with the subsidiarity principle.

III. The Commission agrees with the Court that the Code of Practice provides the ESS with an ambitious framework for the production of high quality statistics on Europe. The Commission also recognises that the European Statistics Code of Practice represents a challenge for the ESS as a whole and continues to support the ESS in its efforts to fully implement the Code.

IV. Eurostat collects annual information on progress with the implementation of the Code in Member States and will continue to enhance and exploit this information in order to identify progress and areas of difficulty, also through the peer reviews exercise, in line with the recommendations made by the Court. The Communication (2011)211 was issued to support the implementation of the Code. The Commitments on Confidence in Statistics will provide an important mechanism for involving Member State governments directly and targeting the high-priority actions which are required for implementing the Code. Elements of the Code are included in the Statistical Law, as adopted in 2009 and proposed to be amended in 2012. These elements are, respectively will be, legally binding. Statistical principles are included in the Treaty and in the sectoral statistical legislation for all statistical domains.

V. The Community Statistical Programme (CSP) 2008-2012 has been designed, based on the lessons learned from the previous multiannual programme and its evaluations. The shortcomings seen in the design of the CSP 2008-2012 by the Court were addressed by Eurostat in the design of the European Statistical Programme (ESP) 2013-2017, which will also allow setting more precise targets and milestones, a better planning and monitoring for accountability purposes. The reprioritisation of activities is advancing as of 2010 in the context of the new strategy-driven priority setting approach and Eurostat intends to reinforce this approach for the next five year programme.

VI. In the Commission's view, the Code of Practice contains the necessary elements of a system which aims to ensure reliable and credible European statistics. The recent initiatives developed by the Commission and proposals already made, as announced in COM(2011)211, allow to strengthen the enforcement of the principles of this tool, designed to be a self-regulatory instrument in the context of the European Statistical System, functioning in line with the principle of partnership between its members foreseen by R 223/2009 on European Statistics.

OBSERVATIONS

19. After the publication of the 2008 Report from the Commission to the European Parliament and the Council, the Commission began annual monitoring of the peer review improvement actions identified in the peer review reports to achieve full compliance with the Code of Practice. Many actions have already been achieved, while others are under way. Following the results of the annual monitoring exercise in 2012, the Commission will publish a full list of the remaining actions and the schedule for their implementation. In addition, Commission Communication (2011) 211 was issued to reinforce the implementation of the Code and refers to the strengthening of the principle on professional independence as part of the revision of Regulation 223/2009.

23. In 2011 the ESS Committee Task Force "Sponsorship on Quality" proposed a number of changes to the Code of Practice. This Task Force comprised ten Member States and was chaired jointly by Statistics Norway and Eurostat. The changes to the Code of Practice made in 2011 were limited to those which were

considered necessary to ensure the standards in the Code continue to reflect the needs of the European Statistical System, and to maintain continuity with the previous version of the Code.

25. The new Commitments on Confidence in Statistics will provide a way of formally committing national governments to adhere to the Code. They will be signed by the government at the highest level and will identify actions within the governments' responsibility aimed at improving compliance with the Code along with the deadlines for their implementation.

28. The peer reviews involved two experts from NSIs and one expert from Eurostat following a common methodology for conducting the peer reviews. Conclusions were based on the interviews with stakeholders and the documentation provided. The peer review teams had no mandate to demand access to specific information from government departments.

As the Court notes in paragraph 54, in 2010 Commission Regulation 679/2010 introduced audit-like powers for the Commission in the context of the excessive deficit procedure.

31. In its annual monitoring report presented to the European Statistical System Committee in November 2011, Eurostat commented that it was not always clear if actions recorded as "on-going" had been completed. Eurostat also concluded that national statistical offices should provide some details of the final outcome of any completed actions. These changes were implemented in the 2012 monitoring exercise.

32. The list of peer review improvement actions included tasks which could be achieved over short-, medium- and long-term time scales. The annual monitoring continues to track these actions and for the 2011 and 2012 annual monitoring exercises, national statistical offices were asked to identify any new actions launched to improve compliance with the Code of Practice. Several new improvement actions were reported in both exercises by NSIs, related to the different principles of the Code. In addition, national statistical offices also provide annual information on the extent to which the Code has been extended to other national data providers.

34. A new Decision on Eurostat is expected to be adopted by the Commission during the first semester. It will bring the status of Eurostat in line with the European Statistics Code of Practice as reviewed and updated by the European Statistical System Committee (ESSC) on 28 September 2011. The Decision addresses professional independence with respect to Eurostat and refers in particular to the status and functional responsibilities of the Director General, notably in his/her capacity as Chief Statistician.

35. One of the objectives of the new Commission Decision on Eurostat is to re-define the role and the responsibilities of Eurostat within the internal organisation of the Commission in line with Regulation (EC) No 223/2009 taking also into account the amending proposal adopted by the Commission on 17 April 2012 (COM(2012)167).

36. Eurostat is a Directorate-General of the Commission under the political responsibility of a Commissioner, as defined in the working arrangements between the Commissioner, his cabinet and Eurostat. However, the new Commission Decision on Eurostat ensures that the Director-General of Eurostat has the sole responsibility for deciding on statistical methods, standards and procedures, and on the content and timing of statistical releases and acts independently when carrying out statistical tasks.

37. The new Commission Decision on Eurostat has been drawn up taking into account the Commission Decision on OLAF although it will not replicate it. However, it addresses the professional independence of Eurostat and of its Director General.

38. The Commission is already bound under the Staff Regulations to ensure that the procedures for recruitment of the Director General are transparent in accordance with the Staff Regulations. This obligation is also emphasised in the new Decision.

39. The current Staff Regulations provide for an appropriate legal framework to ensure that EU staff members are selected and appointed on the basis of merit. This is in particular reflected in Articles 27 - 29 of the Staff Regulations, which also guarantee that the process is transparent.

40. The Commission considers that sub-delegations of appropriations to Eurostat by other Directorates General do not run counter to the principles of Professional independence and adequacy of resources. Indeed, statistical actions may be decided by the European Parliament and the Council, when appropriate with a specific financial envelope or within the framework of policy oriented programmes. This allows adapting the financial resources to specific statistical needs. The Financial Regulation allows such sub-delegations and rules ensure accountability and transparency.

41. The new Decision on Eurostat addresses the specific role of Eurostat in the quality management of Excessive Deficit Procedure data and Government Finance Statistics elaborated in the "Six Pack".

The delegated act on investigations and fines for misrepresentation of statistics specifies the tasks for Eurostat. Eurostat will have the overall responsibility for the investigations.

43. Special data release arrangements are in place for handling administrative data relating to the release of statistics on the excessive deficit procedure, own resources and remunerations and pensions which do not comply with Principle 6 of the Code of Practice. The Commission will examine what further action is required in order to enable Eurostat to comply fully with the impartiality requirements of the Code of Practice.

44. Action is already under way in order to enhance the coordination between policy DGs and Eurostat on statistical work. Since mid-November 2011, a new field in the Agenda Planning display screen requires all DGs and Services introducing new items in Agenda Planning to indicate whether an AP item has statistical aspects, a joint note issued by the Secretary General and the Director General of Eurostat informed the policy DGs about the need to consult Eurostat at an early stage when proposing new legal instruments with statistical aspects; the SG officers responsible for Inter-Service Consultations and Impact Assessments will continue to be involved, in the early identification of areas where information and involvement by Eurostat could be necessary; the new Commission Decision on the role of Eurostat further clarifies the already established coordinating role of Eurostat by making explicit the obligation of all Directorates-General and Services to closely associate Eurostat at an early stage on all initiatives with statistical aspects. Furthermore, the Internal Audit Service is currently carrying out a Commission-wide audit which may result in identifying recommendations to further strengthen this role.

46. The implementation of the next round of peer reviews is closely linked to the review arrangements required for the Commitments on Confidence in Statistics which are now being signed with Member States. The arrangements for the peer reviews, including the scope, composition, and testing, are expected to be endorsed by the ESS Committee in November 2012.

47. The Task Force "Sponsorship on Quality" comprising the Commission and Member States and referred to in the response to paragraph 23 has developed a Quality Assurance Framework (QAF) which is being further enhanced and is due to be published in 2012. The QAF will be used to guide Eurostat and national statistical offices on what methods and tools could be put in place to implement the Code of Practice. The guidance will serve as useful planning, monitoring and training material for statistical offices and will be a key reference document for peer reviewers when undertaking peer reviews.

48. See the reply to Paragraph 46 above.

49. The scope of future peer reviews will take into account the resources and powers available to the Commission. Peer reviews of individual statistical domains in each NSI are not economically practical for all statistical processes. However, the Commission could identify a statistical process to be reviewed in a particular Member State if there is a justified concern over the quality of data and if the Member State is willing to take part in such a review.

50. See the reply to Paragraph 46 above.

56. Upstream dialogue visits are procedures included in the risk assessment as foreseen by Regulation (EC) 479/2009.

57. Dates and findings of dialogue visits and of methodological visits are published on Eurostat's website, dates and findings of upstream dialogue visits will be published as well.

61-63: In its proposal for a Regulation amending Regulation No 223/2009 on European statistics (COM(2012)167 final) adopted on 17 April 2012 the Commission set out provisions strengthening the professional independence of National Statistical Institutes (see in particular Article 5a of the proposal) as well as their mandate for the use of administrative records for statistical purposes (see Article 17a of the proposal). This proposal also contains a legal basis for the Commitments on Confidence in Statistics. Member States are proposed to be requested to sign and implement such a Commitment, which the Commission would counter-sign. In this way it will ascertain that the level of ambition of the Commitment, in particular of the identified improvement actions, is high enough.

64. The pilot exercise requested by the Council proved to be successful already in terms of participating countries. As of April 2012 one Member State has already signed and partly implemented the Commitment, and in six other Member States the respective work started leading to a different level of progress achieved. The workshop to be held in May 2012 was expected to give another important impetus to implementation of this initiative even though its legal basis is not adopted at this stage.

65. Since its introduction in 2005 the Code of Practice has remained unequivocally a self-regulatory instrument which sets the standards for the development, production and dissemination of European statistics. The Commitments on Confidence in Statistics, to be signed by Member States, identify specific actions required in order to address particular standards in the Code, thereby making certain aspects of the Code more binding.

66. In addition to the specific audit-like powers granted to Eurostat in relation to Excessive Deficit Procedure data (Council Regulation (EC) No 479/2009), powers have been granted to the Commission to investigate cases of misrepresentations of general government deficit and debt data, as a result of intent or serious negligence (Regulation (EU) No 1173/2011). However, inspection mechanisms are not suitable to all statistical areas and therefore cannot be generalised.

67. ESGAB's recommendations are valuable and carried out if the Commission shares their view and has the resources to implement them.

While acknowledging that some aspects of the operational framework of ESGAB needs further clarification or precision, at the moment the Commission does not see an urgent need to propose an update to Decision No 235/2008/EC of the European Parliament and of the Council of 11 March 2008 establishing the European Statistical Governance Advisory Board. This is because ESGAB currently operates in a very efficient way and fulfils its role very well even within the existing framework. The line was put forward in the COM(2011)211: "Having assessed the role and effectiveness of ESGAB, the Commission looks forward to continuing its cooperation with this Board, from which it has benefited since it was set up in 2009. The Commission expects ESGAB to benefit from reinforced implementation and monitoring of the Code of Practice. In line with the Decision establishing ESGAB, the Commission will take stock of experience and make further proposals on the functioning of this Board, if need be."

72. Although no ex-ante evaluation for the Community Statistical Programme 2008-2012 was prepared, the proposal for a Decision of the European Parliament and of the Council on the Community Statistical Programme 2008 to 2012 was a continuation of the previous programme (CSP 2003-2007) and was based on the evaluations and lessons learned from it.

73. The report, COM (2010)346 on the mid-term evaluation of the Community Statistical Programme 2008-2012, was only a summary of the work performed in the framework of the mid-term evaluation.

74. The objectives of a five year programme need to be precise but at the same time broad enough to allow for flexibility throughout the programming period.

75. The evaluation report addressed the key elements for the second half of the programme, which the Court mentions, but a revision of the programme was not envisaged due to the length of the process for adopting the revised programme decision (co-decision).

(a) Although not covered by a revision of the CSP 2008-2012 the important developments, which took place after the adoption of the five year programme, mentioned by the Court were addressed by Eurostat in practice through the 2012 reorganisation and a redeployment of about 50 staff related to the creation of a Directorate exclusively dedicated to government finance statistics.

(b) See the reply to paragraph 75 (a).

(c) Actions related to these initiatives are also performed based on appropriations sub-delegated by other Directorates General.

76. The revision of the current five year programme would not have been meaningful having regard to the duration of the procedure to revise the CSP Decision. Although not accompanied by a revision of the CSP 2008-2012, all concerns raised by the Court under paragraph 75 a) to e) were addressed by appropriate action, as reflected in the annual Statistical Work Programmes. The evaluation of whether a revision of the CSP would be meaningful is also a political decision, not only a management decision.

77. For the current programme no other reports will be produced apart from those legally required: one on the mid-term evaluation and the final evaluation report. Those reports guarantee that the reporting requirements imposed by the Decision No 1578/2007/EC on the Community Statistical Programme 2008 to 2012 will be fully met. Nevertheless, going beyond the current legal obligation, in order to have more frequent monitoring reports for the next European Statistical Programme 2013-2017, the connection between the five year programme and the annual programmes will be substantially strengthened, linking the outputs of the annual work programmes to the objectives of the five year programme. This will facilitate the monitoring of the implementation of the objectives of the ESP 2013-2017. With the alignment of the annual Statistical Work Programmes with the Management Plans, the achievements of ESP 2013-2017 will also be better reflected in the Annual Activity Reports.

78. Although no systematic reporting on the delivery of the outputs of the annual Statistical Work Programmes was done in the beginning of the CSP 2008-2012, the monitoring of different outputs of the annual work programmes was regularly performed at different levels of management. Furthermore, from 2012 onwards a greater synergy between the annual work programmes and the management plans is possible and every output/action of the annual work programme is monitored twice a year, allowing for systematic reporting. This will also allow better reflecting the achievements of the annual work programmes in the AAR reporting.

79. The Commission agrees with ECA's assessment that ESAC is a heterogeneous body. The Committee has had difficulties in finding common positions and in being concrete on what its needs are. It has been unable to guide Eurostat so that the latter can provide documents which are better tailored to its needs.

81. Grant agreements and public procurement contracts are the two main tools provided by the Financial Regulation in support to programmes implementation.

82. In accordance with Regulation (EC) No 223/2009 on European Statistics, NSIs and other national authorities designated by the Member States may receive grants without call for proposals, in line with Article 168(1)(d) of Commission Regulation (EC, Euratom) No 2342/2002 of 23 December 2002 laying down detailed rules for the implementation of Council Regulation (EC, Euratom) No 1605/2002 on the Financial Regulation applicable to the general budget of European Communities.

83. Simplification of grant management is a priority for the Commission. The proposal for a Regulation of the European Parliament and of the Council on the European Statistical Programme 2013-2017 specifies that lump sums, when appropriate, may be used for statistical actions based on surveys. In addition current initiatives to reduce the risk of errors by using standard scales of unit costs will be further developed. This will be supplemented by additional simplification measures based on the relevant provisions that the revised Financial Regulation may offer from 2013 onwards.

84. Corrective actions have already been agreed upon and are being implemented both in the area of financial management of grants and the execution of controls.

As the majority of costs reported by beneficiaries concern staff costs a simplification of the way of declaring costs has been put under way. Audited scales of unit costs have been introduced to report on staff costs and are already used by a number of beneficiaries of ESTAT.

In terms of controls, further enhancements have been adopted. In particular, in addition to mandatory ex-ante controls implemented in accordance with the FR and covering 100 % of financial transactions, additional risk based controls are performed on ex-ante as well as on ex-post level.

87. Same comment as for paragraph 83.

88. The Commission agrees with the comments made by the Court, concerning the need to consolidate the procedure for performing reinforced ex-ante controls performed on a sample of transactions. The procedure has been revised based on the comments made by the Court.

(d) The Commission agrees with the Court on the need to assess the overall risk of error, and produced guidelines to its services for this purpose. As a follow-up, such an assessment has been reported by Eurostat in its 2011 Annual Activity Report.

90. The Commission underlines that the 2011 report of the Internal Audit Unit of Eurostat on procurement identified potential risks, without having singled out any occurrence of the risk of favouritism in Eurostat environment.

91. The Commission agrees with the Court on the need to further address market concentration. Following Eurostat's IAC report on procurement, actions plan to address market concentration as well as to tackle difficulties with selection and award criteria are timely being implemented as described in reply to paragraph 92 below.

92. The Commission underlines that the action plan designed by Eurostat as soon as the IAC Report had been finalised had been delivered in accordance with the planning, in particular: the standard tender specifications and guidelines to the drafters have been revised to take into account the audit recommendations. They are applicable from January 2012, and more than 50 staff members have been trained on them. A specific additional internal training course on the evaluation process has been designed; focussing on weaknesses identified by the auditors and on selection and award criteria, and has been delivered to 97 staff members. This training has been made mandatory for the chairmen of evaluation committee. A specific report has been provided in February 2012 to the management of the DG to further address the risk of potentially excessive reliance on third parties and quasi-monopoly situations. The publicity on calls for tender of Eurostat has been improved with a direct access from the internet home page (better visibility). The IAC will perform a follow-up audit in due time.

93. The Commission is of the opinion that using minimal thresholds for the quality component of award criteria under the best-value-for-money procedure is an appropriate way to guarantee quality, for services requiring a high level of technical expertise. Nevertheless, the Commission acknowledges the legitimate concern of the Court to avoid a weakening of price competition. Eurostat will reflect on those objectives.

94. Promoting statistical innovation through projects aiming at efficiency gains on the long term, implementing COM(2009)404, is one of Eurostat's priorities as a reply to MSs budget cuts.

96. From the beginning of the CSP, considerable work has been undertaken by Eurostat to perform in due time the cost-effectiveness analysis of the fields of the programme, as required by the CSP (evidence-based approach).

Despite efforts made, no harmonised method for measuring costs and burden within the ESS in a systematic way was established so far. The work on such a method would be perceived as even more burdensome by the producers of statistics for the future, in the context of scarce resources.

The lack of progress with establishing a systematic measurement and the difficult situation of the ESS members in the context of budget cuts related to the financial and economic crisis, triggered the establishment of the strategy-driven priority setting approach in 2010. This approach takes also into account the consideration of costs/burden as the information gathered so far on this subject, although not in a

systematic way allows formulating statements as what are the greatest centres of costs and burden in the production of European statistics. The strategy has already brought results. The Commission considers, therefore, that it is not behind schedule with the reprioritisation exercise and that no additional, systematic measurement of costs and burden is needed to achieve this goal.

97. The new priority setting mechanism has already produced results and Eurostat steps up efforts to improve the effectiveness of the mechanism for the future. In particular, Eurostat has decided that, the burden on businesses imposed by the Intrastat Regulation will be reduced. This will be done through the implementation of the Single Market Statistics Project.

98. The identification of negative priorities follows a three-fold approach. Each year proposals are made to repeal/modify existing legal acts; stop voluntary data collections based on gentlemen agreements and make proposals for areas under review for simplification. The Commission agrees with the Court, as to the need for additional efforts to encourage statistical innovation, where relevant, by proposing to users to phase out statistics which become less relevant in exchange for new statistics. This concern is taken into account in the priority setting mechanism, in the framework of which Eurostat is currently aiming at reducing the burden stemming from the Intrastat Regulation (see also the reply to Paragraph 97).

99. Currently, Eurostat does not have harmonised, complete information about these budgetary and financial consequences in the Member States. Therefore Eurostat has proposed a strategy-driven approach for priority setting: the chosen approach constitutes an annual review of all existing requirements for statistics in terms of their relevance so that sufficient resources would be freed up to satisfy new important needs.

104. It was not possible to synchronise the period of the European Statistical Programme 2013-17 with that of the next multiannual financial frameworks as Regulation (EC) N°223/2009 provides that the programme should cover a period not exceeding five years.

However, in the recently adopted proposal to amend (EC) N°223/2009, it is proposed that in the future the programme will cover a period corresponding to that of the multiannual financial framework.

CONCLUSIONS AND RECOMMENDATIONS

107. The Commission would like to recall the ESS is in charge of producing high quality statistics on Europe. As all production systems, reengineering to improve quality takes time. The Commission therefore cannot share the Court's opinion that this move towards better quality is slow.

Recommendation 1

The Commission agrees with the Court's observation that the European Union, its Member States, and their statistical authorities share a common responsibility for maintaining trust in Europe's democratic process. The Commission, for its part will continue to do what it can to strengthen the system of European statistics. However, ensuring professional independence, sufficient resources, effective supervision, with sanctions and swift improvement measures for cases where quality standards are not respected is a common responsibility of all actors involved.

108. The Commission recognises that the European Statistics Code of Practice represents a challenge for the ESS as a whole and continues to support Eurostat in its efforts to fully implement the Code. Eurostat also collects annual information on progress with the implementation of the Code in Member States and will continue to enhance and exploit this information in order to identify progress and areas of difficulty, also through the peer reviews exercise. The Communication (2011)211 was issued to support the implementation of the Code. The Commitments on Confidence in Statistics will provide an important mechanism for involving Member State governments directly and targeting the high-priority actions which are required for implementing the Code. Elements of the Code are included in the Statistical Law, as adopted in 2009 and proposed to be amended in 2012. These elements are, respectively will be, legally binding. Statistical principles are included in the Treaty and in the sectoral statistical legislation for all statistical domains.

Recommendation 2

In relation to Recommendation 2 made by the Court, the Commission's position is as follows:

(a) The initiatives announced in COM(2011)211, mainly, the proposal for an amendment of Regulation (EC) No 223/2009 on European statistics, the forthcoming revision of Decision 97/281/EC on the role of Eurostat, the revised Code of Practice as approved in September 2011 are in Commission's view the necessary and sufficient conditions to ensure a sound basis for review and enforcement covering the institutional environment of statistical production, the statistical processes and the statistical output both at EU and national level. In the context of a system based mainly on a self-regulatory approach and also considering the resource constraints, Eurostat's mandate for on-site data verification granted by the legislator is limited to the specific domain of government finance statistics where Eurostat was granted audit-like and investigation powers to assess the quality of statistics;

(b) The Commission is of the view that the self-regulatory nature of the Code of Practice is clear. Elements of the Code are included in the Statistical Law, as adopted in 2009 and proposed to be amended in 2012. These elements are, respectively will be, legally binding;

(c) The Commission welcomes the Court's recommendation to extend ESGAB's remit to supervising or overseeing peer reviews, within the frame of the Board's current legal basis. Overseeing verifications and inspections does not fall within the current Board's legal base;

(d) The Commission agrees with the Court as to the need to clarify the professional independence of the Chief Statistician of the European Union. To this end, the new Commission Decision on Eurostat ensures that the Director-General of Eurostat has the sole responsibility for deciding on statistical methods, standards and procedures, and on the content and timing of statistical releases and acts independently when carrying out statistical tasks. An appropriate legal framework and necessary safeguards exist to ensure that appointment and dismissal procedures are transparent, ensuring full compliance with the principle of independence as foreseen in Regulation No 223/2009 in this respect;

(e) The new Decision on the role of Eurostat brings its status in line with the European Statistics Code of Practice, as reviewed and updated by the ESSC in September 2011. The Commission will also examine what further action is required in order to enable Eurostat to comply fully with the impartiality requirements of the Code of Practice. Concerning the phasing out of sub-delegation of credits for statistical production, the Commission considers that it does not run counter to the principles of Professional independence and adequacy of resources. Indeed, statistical actions may be decided by the European Parliament and the Council, when appropriate with a specific financial envelope or within the framework of policy oriented programmes. This allows adapting the financial resources to specific statistical needs. The Financial Regulation allows such sub-delegations and rules ensure accountability and transparency;

(f) The implementation of the next round of peer reviews is closely linked to the review arrangements required for the Commitments on Confidence in Statistics which are now being signed with Member States. It is expected that the peer reviews will cover all the principles of the Code of Practice, apart from those covered by the Commitments on Confidence relating to the institutional environment. The arrangements for the peer reviews, including the scope, composition, and testing, are expected to be endorsed by the ESS Committee in November 2012;

(g) The scope of future peer reviews will be determined in 2012 and will take into account the resources and powers available to the Commission. Peer reviews of individual statistical domains in each NSI are not economically practical for all statistical processes. However, an individual statistical domain could have a peer review if there is a justified concern over the quality of data and if the Member State is willing to take part in such a review.

109. The shortcomings seen in the design of the CSP 2008-2012 by the Court were addressed by Eurostat in the design of the ESP 2013-2017. The reprioritisation of activities is advancing as of 2010 in the context of the new strategy-driven priority setting approach and will be reinforced for the next five year programme. As regards procurement, the Commission underlines that the action plan designed by Eurostat in relation to the IAC Report on procurement in Eurostat has been delivered so far in accordance with the planning.

Recommendation 3

In relation to Recommendation 3 made by the Court, the Commission's position is as follows:

(a) The Commission accepts the recommendation to supplement the implementation actions included in the European statistical programme by precise targets and milestones to be (re)defined each year in the annual statistical programmes. However, the Commission is of the opinion that, given the greater synergy foreseen between the ESP 2013-2017 and the annual Statistical Work Programmes, as well as between the annual Statistical Work Programmes and the Management Plans, the regular reporting on the main outputs done in the framework of the Annual Activity Reports is sufficient for accountability purposes. Moreover specific reporting is foreseen by sectoral legislation when required by the legislator;

(b) The forthcoming ESP 2013-2017 was conceived as a flexible framework, and the Commission will use the option of revising the programme once its implementation is under way in case of major developments, also considering whether the programme should be prolonged to synchronise it with the multiannual financial framework 2014 to 2020;

(c) The Commission will ensure a systematic review of statistical priorities. However, the Commission considers that the information gathered on relevance of statistical outputs, costs and burden 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;

(d) The Commission will encourage, in the context of reprioritisation, statistical innovation, for example by phasing out existing statistical products in exchange for new ones. However, the Commission would like to recall that statistical innovation is not a goal in itself, but it should help to improve efficiency and effectiveness of the production processes;

(e) The Commission appreciates ESAC's involvement in the work programme cycle and will ensure that ESAC has adequate information to fulfil its role;

(f) The Commission agrees with the Court's recommendation to simplify and improve the efficiency of financial management of grants and reminds that it is a priority for the Commission. In the field of statistics, the proposal for a Regulation of the European Parliament and of the Council on the European Statistical Programme 2013-2017 specifies that lump sums may be used for statistical actions based on surveys. In addition current initiatives to reduce the risk of errors by using standard scales of unit costs will be further developed. This will be supplemented by additional simplification measures based on the relevant provisions that the revised Financial Regulation may offer from 2013 onwards;

(g) The Commission acknowledges the legitimate concern of the Court to avoid a weakening of price competition and will reflect on the best ways to enhance competition in procurement procedures, taking due account of the need to ensure high quality services from suppliers in order to support Eurostat in fulfilling its mission to produce high quality statistics. The objective could be reached by adapting the existing threshold and ratio for selecting the economically most advantageous tender.