



European
Commission

Annual Activity Report 2020

EUROSTAT

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THE DG IN BRIEF

Eurostat is the statistical authority of the European Union. Its mission is to provide high-quality statistics for Europe. To this end, Eurostat develops and promotes standards, methods and procedures that allow the cost-effective development, production and dissemination of European statistics. Eurostat's activities are governed by professional independence, impartial treatment of all users, objectivity, reliability, statistical confidentiality and cost-effectiveness.

European statistics are developed, produced and disseminated in accordance with the statistical principles enshrined in Article 338 of the Treaty on the Functioning of the European Union and further elaborated in Regulation (EC) 223/2009 on European statistics¹ as well as the European statistics Code of Practice². By providing reliable and comparable statistical information, Eurostat supports evidence-based EU policies and the implementation of the Commission political priorities³.

Eurostat produces European statistics in partnership with the Member States based on shared statistical standards, methods, procedures, practices and tools. The Member States' National Statistical Institutes (NSIs) and other national authorities designated to produce official statistics form the European Statistical System (ESS). European Economic Area countries and Switzerland participate in the ESS under specific agreements.

Commission Decision (2012/504/EU) defines the role and responsibilities of Eurostat within the internal organisation of the Commission, as regards the development, production and dissemination of statistics. Eurostat also manages the inventory of statistics produced by other DGs of European Commission (EC). In addition, Eurostat cooperates very closely with the European Central Bank and other international organisations in developing international standards to ensure comparability of statistics across the globe.

Eurostat is also involved in the process for own resources verification. Furthermore, Eurostat supports DG Budget in the verification of the VAT statements provided annually by the Member States and verifies the public finance statistics.

The EU's statistical priorities are defined in multi-annual statistical programmes proposed by the Commission and adopted by the European Parliament and the Council. Eurostat implements the budget of the statistical programmes through grants and public procurement contracts, to provide European statistics to different users.

In 2020, Eurostat managed a total of 96.94 million Euro, made up of operational and administrative budget commitments, with both own and subdelegated appropriations.

As of December 2020, Eurostat had 635 staff members (permanent and contractual staff), as well as 115 members of other personnel (seconded national experts, service providers, interim agents and trainees).

¹ Regulation (EC) 223/2009 of the European Parliament and the Council of 11 March 2009 on European statistics, OJ L 87 of 31.3.2009.

² The European Statistical System Committee (ESSC) adopted the revision of the European Statistics Code of Practice in November 2017.

³ 'A Union that strives for more' Political guidelines for the next European Commission 2019-2024:
https://ec.europa.eu/info/sites/info/files/political-guidelines-next-commission_en_0.pdf

EXECUTIVE SUMMARY

This Annual Activity Report is a management report of the Director-General of Eurostat to the College of Commissioners. Annual Activity Reports are the main instrument of management accountability within the Commission and constitute the basis on which the College takes political responsibility for the decisions it takes as well as for the coordinating, executive and management functions it exercises, as laid down in the Treaties⁴.

A. Key results and progress towards the achievement of the Commission's general objectives and the DG's specific objectives (executive summary of section 1)

In 2020, as the statistical authority of the European Union and as a Directorate-General of the Commission, Eurostat pursued its mission and commitment to delivering European statistics supporting EU policymaking in respect of the six headline ambitions defined in the Political Guidelines of President von der Leyen³, as well as in the Commission's coordinated response to the unprecedented Covid-19 crisis.

In line with its strategic plan 2020-2024, Eurostat contributed to the general objective of 'A modern, high-performing and sustainable European Commission' by delivering on its mission and modernising the way it works.

The year 2020 was exceptional, with the Covid-19 pandemic causing an emergency in European countries and throughout the world. It has also put the European Statistical System (ESS) and its production processes under significant pressure. This extraordinary health and economic situation has shown the importance of reliable and comparable European statistics being provided on a timely basis and responding to new needs.

Eurostat and the NSIs have turned to **innovative methods and new data sources** in order to respond to emerging demands for new information and overcome difficulties related to limited availability of data or even missing primary data. In this period, Eurostat not only continued to be the trusted reference point for statistics for policymaking and published all statistics within deadlines and with the required quality, but it also **expanded the production of statistics into emerging fields as a response to the Covid-19 pandemic.**

A **new statistical information tool** has been developed and disseminated in a very short amount of time. The **European Statistical Recovery Dashboard** responds to the needs of policymakers at national and European levels in the Covid-19 context. It brings together 23 monthly and quarterly indicators and covers all statistical areas that are relevant for tracking the economic and social recovery from the Covid-19 pandemic. The Dashboard is built around an **interactive visual tool**, linked to the Eurostat database, from which data

⁴ Article 17(1) of the Treaty on European Union

can be downloaded. It was designed by Eurostat in collaboration with the Federal Statistical Office of Germany and was launched in December 2020.

During the Covid-19 emergency, monitoring **health conditions** has also been a central priority for Member States and the Commission. Timely and relevant data are needed for the daily management of the crisis. These data are based on **different sources and methods** and are compiled for the purpose of reporting on epidemiological events. Eurostat has set up a voluntary data collection (covering 37 European countries) of **weekly deaths statistics**, prepared on the basis of a statistical framework that ensures their comparability. On this basis, monthly **excess mortality indicators**, including all deaths independent of their causes, are also published. These provide a general measure of the mortality and demographic impact of Covid-19. These indicators are integrated in the European Statistical Recovery Dashboard, and will continue to be collected as long as needed during the recovery period and beyond.

In response to emerging needs in the analysis of the **labour market effects of the Covid-19** crisis, Eurostat focused on **innovation in statistical products**. The lockdown measures for business and population affected the traditional measurement of employment. In response, Eurostat developed a **new approach to adapt to the evolution of the labour market**. Eurostat used the information available from the EU Labour Force Survey (LFS) and provided additional seasonally-adjusted indicators (labour market slack, absence from work by reasons, working time) as well as better information on the transitions between different labour market conditions. The data were published faster than in the past, and Eurostat is currently working with Member States in order to further improve its timeliness. In the longer term, it is planned to develop robust labour data on a monthly basis.

Eurostat also provided high-quality and timely business and trade statistics as part of the **Principal European Economic Indicators (PEEIs)**. The PEEIs provide detailed insights into the **impact of the Covid-19 crisis on the European Union's economy, industry, construction, retail trade and services activities, as well as international trade in goods**. In autumn 2020, the dissemination of **experimental statistics** on quarterly registrations of businesses and declarations of bankruptcy augmented the data provided to users on the impact of the crisis on European businesses.

At the end of April 2020, Eurostat introduced a dedicated **section on Covid-19 on its website**, containing all relevant information and providing easy access in one place. The information presented covered a range of topics related to the economy, society and work, population and health, as well as agriculture, energy, transport and tourism. The section also included **guidance for official statisticians on how to address methodological issues** triggered by the crisis.

Eurostat also provided timely **guidance on the correct implementation of accounting rules**, ensuring as far as possible that similar policy measures across EU are recorded in a harmonised way. Eurostat followed closely the developments concerning the **Recovery**

and Resilience Facility (RRF) instrument. Discussions took place in appropriate statistical fora in order to ensure sound **statistical recording of the RRF non-repayable financial support**.

The above achievements supported the European Commission's efforts in response to the crisis and at the same time contributed to the Commission headline priorities of [‘An economy that works for people’](#) and [‘A Europe fit for digital age’](#).

Other major achievements supporting the Commission priority ‘An economy that works for people’ included the methodological work stemming from the updated **Manual of Government Deficit and Debt (MGDD)**. This work led to higher-quality and more harmonised public finance statistics, essential for fiscal monitoring in the EU, particularly in the context of the statistical implications of the Stability and Growth Pact.

Furthermore, a review of the data transmission requirements of the **European System of Accounts (ESA)** identified a list of measures to improve data consistency and to better respond to user needs. This initiative will include repealing the legal acts related to the previous ESA of 1995 that are still in force; the Commission legal proposal will be prepared in 2021.

The adoption of the Commission Implementing Regulation 2020/1197, laying down the technical specifications of the **European Business Statistics (EBS) Regulation**, was a key milestone for its implementation. **Additional data** will become available in this statistical domain, particularly information on the services sector, international trade and globalisation. Furthermore, through the implementation of the EBS Regulation, business and trade statistics will also be better equipped to support the initiatives under the ‘European Green Deal’.

Eurostat continued to contribute towards Commission's priority [‘A Europe fit for digital age’](#), responding to the need to modernise the means of statistical production. The **Trusted Smart Statistics** initiative is a major development that Eurostat initiated together with its partners in the ESS. It aims at providing the ESS with the capability to embrace the opportunities provided by new technologies and data originating from the digitalisation of society and the economy. Eurostat also concluded **agreements with four internet platforms** for the provision of data to compile more reliable and detailed statistics on short-term accommodation in the collaborative economy compared to traditional surveys. Eurostat, together with DG DIGIT and the European centre for vocational training (Cedefop), laid down the foundations of **Web Intelligence Hub** to collect and process internet data to better assess labour market developments on a timely basis, using advanced technologies. This new source of statistical information supports Commission priorities as expressed in the European skills agenda. In 2021, the hub will be fully operational and deliver high-frequency data on the demand for skills and jobs in Europe.

Eurostat also made significant progress in the modernisation of its data and metadata platform **EDAMIS**, which is used for all data exchanges between Eurostat and data providers at both national and international level. The new EDAMIS 4 application offers

functionalities to enable the secure exchange of sensitive data within the ESS and to provide better upfront validation of data transmitted to Eurostat.

As a further support to the Commission priorities, in particular **'A stronger Europe in the world'**, Eurostat revamped its **dissemination and communication strategy** governing all Eurostat's communication and dissemination activities, in line with Eurostat's overall mission to 'provide high-quality statistics for Europe'. The strategy defines the operational framework for ensuring that trustworthy European statistics are widely accessible to users and well understood by anyone looking for reliable data on Europe. It describes the wide range of existing statistical products on offer, highlights the areas that will require further attention in the future, and lists the actions to be taken at different stages of the communication cycle. The strategy focuses on better linking dissemination to the release of key datasets, introducing the concept of communication and dissemination packages for all these releases, prioritising digital interactive products, reducing printing to a minimum and increasing further Eurostat's presence on social media.

In this context, the activities of Eurostat are relevant for the priority 'A Europe fit for digital age'. In October, Eurostat released a new type of **digital interactive publication**, 'Regions in Europe – Statistics visualised'⁵, including various innovative visualisations showing regional statistics in a user-friendly and attractive way. The second such interactive publication was 'Housing in Europe – Statistics visualised'⁶, published in December. In this cross-cutting publication different data sources have been combined in order to give a broad picture of the subject. The structure of the publication builds on the former one used for interactive digital publications, but it has been modernised, with a video and easier navigation. The other, existing, six digital interactive publications were all updated with new editions⁷.

Eurostat also supported the priority 'A stronger Europe in the world' by continually making sure that the statistics produced are of high quality and standards and therefore comparable across regions. The **third round of peer reviews in the ESS**, planned to start in 2021, will contribute to verifying that European statistics are produced with high quality in a professionally independent, impartial and objective manner and according to the principles of the European Statistics Code of Practice. The methodology for the third round of ESS peer reviews, as well as tools and instruments to implement them in 2021-2023, were finalised, there was extensive consultation with the relevant stakeholders and the methodology was endorsed by the ESS Committee. Preparations for the peer review of Eurostat have begun.

In relation to Commission priority **'A European Green Deal'**, there were a number of important achievements. Concerning the **Sustainable Development Goals (SDG)**, the Eurostat **SDG monitoring report** and the accompanying communication package (including a digital publication and a summary brochure) are key sources of information for a wide range of users. Progress made by Member States towards the SDGs was also

⁵ <https://ec.europa.eu/eurostat/cache/digpub/regions/#top>

⁶ <https://ec.europa.eu/eurostat/cache/digpub/housing/index.html?lang=en>

⁷ <https://ec.europa.eu/eurostat/web/main/publications/interactive-publications>

integrated into the European Semester, with a summary assessment and a **dedicated annex for each country**, setting out the individual Member State's SDG performance and the trend over the past five years.

Reducing the risks of and dependency on pesticides is one of the headline 2030 targets of the European Commission's Farm-to-Fork and Biodiversity 2030 strategies under the Green Deal. The harmonised indicator based on **European statistics on pesticide** sales was adapted to suit the monitoring needs linked to the Farm-to-Fork strategy and was **published for the first time**.

In order to provide **even more statistics essential for implementing the European Green Deal**, Eurostat has finalised the proposals for two legal acts serving the Farm-to-Fork strategy data needs: the proposal for a regulation on Statistics on Agricultural Inputs and Outputs (SAIO) and a proposal for amending the regulation on Economic Accounts for Agriculture (EAA). The SAIO regulation proposal was adopted by the Commission on 2 February 2021. It covers key information for monitoring the Common Agricultural Policy as well as the Farm-to-Fork strategy's key targets linked to organic farming, plant protection products and nutrients. The amended EEA regulation will help analyse better the performance of the agricultural sector at regional level. It was adopted by the Commission in February 2021.

With the political agreement on the 2021-2027 Multiannual Financial Framework, the **new EU budgetary own resource on non-recycled plastic packaging waste** was confirmed to apply from January 2021. Throughout the year, Eurostat continued preparing for the verification of this new EU budgetary own resource and supporting Member States in setting up the necessary statistical systems. Waste statistics were upgraded to provide information for the European Green Deal, in particular the Circular Economy Action Plan, and the new EU budgetary own resource on non-recycled plastic packaging waste. Eurostat launched a new data collection on packaging and packaging waste, in line with the updated legislation. The data were published on 1 December and are used for monitoring progress towards the recovery and recycling targets as set out in the Packaging and Packaging Waste Directive.

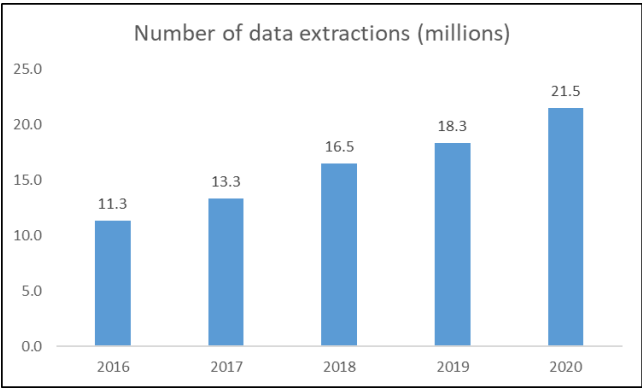
Finally, within the headline Commission priority '[A new push for European democracy](#)', the **Commission's Demography Report** was prepared and published based **almost exclusively on Eurostat data**. It presents the main drivers of demographic change and the impact they are having across Europe. In addition, largely based on Eurostat statistics, the Long-Term Vision for Rural Area sets out a vision for the future of rural areas by 2040, covering demographic challenges.

The achievements listed above demonstrate the value added that Eurostat brings to public debate and to the design, monitoring and evaluation of Union policies, by providing comparable and high-quality data and statistics on Europe. **A similar level of harmonisation, comparability and quality could not be achieved by Member States alone.**

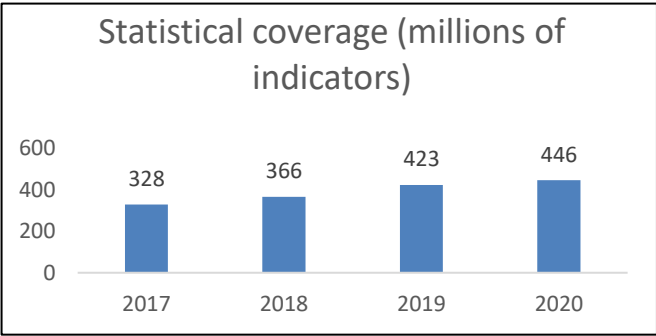
B. Key Performance Indicators (KPIs)

Eurostat has defined three Key Performance Indicators to monitor and measure the achievement of objectives.

First, the ‘Number of data extractions’, measures the relevance of European statistics for users. It is calculated as the number of data extractions from Eurostat dissemination databases, via the Eurostat website, by external users. The increase this year in comparison with 2019, as well as the previous years, has been noticeable, as presented in the graph on the right:



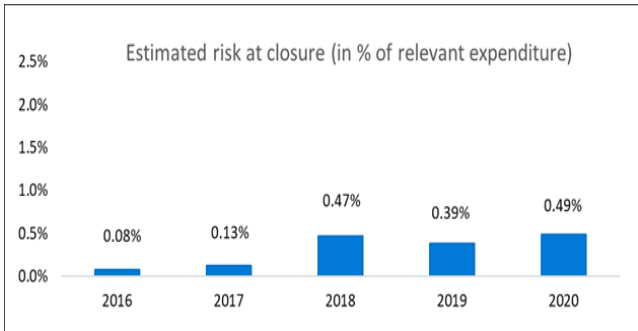
The second key performance indicator, ‘Statistical coverage’, measures the relevance of the statistics published by Eurostat. It shows how the quantity and variety of data published by Eurostat evolves. It is calculated as the number of indicators, sub-indicators and all their breakdowns included in Eurobase (the Eurostat dissemination database).



This KPI shows an increase of 23 million compared to the baseline last year, demonstrating that Eurostat has enlarged its offer of statistics to meet new user needs. It is presented in the graph above.

Both the KPIs above can be analysed together, showing that during 2020, Eurostat enlarged its database with additional new data, which were relevant for the users, as reflected in increased data extractions.

The third key performance indicator ‘Estimated risk at closure’ shows whether resources have been used in accordance with the principles of sound financial management, and whether cost-effective controls are in place, providing the necessary guarantees concerning the legality and regularity of underlying transactions.



The indicator shows an increase from 0.39% of the relevant expenditure in 2019 to 0.49% of the relevant expenditure in 2020. It is still below the 2% of relevant expenditure set as target value.

C. Key conclusions on Financial management and Internal control (executive summary of section 2.1)

In accordance with the governance arrangements of the European Commission, (the staff of) Eurostat conducts its operations in compliance with the applicable laws and regulations, working in an open and transparent manner, and meeting the expected high level of professional and ethical standards.

To ensure the achievement of policy and management objectives, the Commission has adopted a set of internal control principles, based on international good practice. The financial regulation requires that the organisational structure and the internal control systems used to implement the budget be set up in accordance with these principles. **Eurostat has assessed its internal control system during the reporting year and has concluded that it is effective and the components and principles are present and functioning well overall, but some improvements are needed, in particular as major deficiencies were identified related to Internal Control Component 1 (Control Environment) specifically Principle 4.**

Please refer to AAR section 2.1.3 for further details.

In addition, Eurostat has systematically examined the available control results and indicators as well as the observations and recommendations issued by the internal auditor and the European Court of Auditors. These elements have been assessed to determine their impact on management's assurance about the achievement of the control objectives. Please refer to Section 2.1 for further details.

In conclusion, management has reasonable assurance that, overall, suitable controls are in place and working as intended; risks are being appropriately monitored and mitigated; and necessary improvements and reinforcements are being implemented. The Director-General, in capacity as Authorising Officer by Delegation has signed the Declaration of Assurance.

D. Provision of information to the Commissioner

In the context of the regular meetings during the year between the DG and the Commissioner on management matters, the main elements of this report and assurance declaration have been brought to the attention of Commissioner Paolo Gentiloni, responsible for Economy as well as for Eurostat.

E. Specific actions on Covid-19

In 2020, Europe was strongly impacted by the Covid-19 pandemic. The Commission has proposed a strong and coordinated response to the health crisis as well as to the impact on Europe's economy and society. Covid-19 has also posed challenges as regards performance, control, audit and assurance in relation to the 2020 EU budget. In an exercise coordinated at corporate level, all Commission services have promoted the consistent and

rigorous protection of the EU budget, ensuring that appropriate mitigating measures were put in place.

Thanks to these measures and the electronic processes in place, all financial transactions were run without interruption. Eurostat successfully implemented its annual work program and ensured the continuity of ongoing procurement and grant projects.

Eurostat swiftly implemented initiatives to support the Commission in better measuring the impact of the pandemic. While successfully addressing the business continuity challenges of the crisis and continuing to disseminate statistics in time, Eurostat in parallel supported the Commission by **providing new statistical information products in response to users' needs during the Covid-19 pandemic and the recovery period.**

To ensure this, Eurostat made sure all production systems were operated remotely and securely, ensuring the continued production and dissemination of relevant European statistics, and additionally, introduced **innovative tools and new methods for producing statistics, which will be capitalised on beyond the crisis.**

Eurostat implemented a coordinated way of responding to the crisis, which was crucial to the ESS providing a timely and adequate reaction to these unprecedented circumstances. Practical guidance for official statisticians on the issues triggered by Covid-19 in the form of **guidelines and methodological notes** were published on Eurostat's website.

New statistical information and tools have been swiftly developed and disseminated. The European Statistical Recovery Dashboard provided short-term indicators aiming to offer a **comprehensive overview of the economic and social consequences of the Covid-19 crisis and of the recovery.** Flash estimates were produced, data on weekly deaths were collected and made available (with unprecedented high frequency), new visualisations and dedicated sections were published on Eurostat website, and work on experimental statistics was accelerated.

Simultaneously, Eurostat together with the NSIs have launched a number of initiatives for communication with respondents and users, in order to preserve **trust in official statistics.**

Thanks to these initiatives, Eurostat has managed to respond well to the main problems caused by the Covid-19 pandemic, ensuring the continuity of statistical production processes and additionally **responding to emerging data needs through the mobilisation of new data sources.** All processes were run without interruption or delays, and Eurostat swiftly provided **important new statistics related to Covid-19 that were necessary to support the recovery** from this challenging period.

1. Key results and progress towards the achievement of the Commission's general objectives and DG's specific objectives

As the statistical authority of the European Union and as a Directorate-General of the Commission, Eurostat continued to provide high-quality statistics on Europe, and remained fully committed to delivering European statistics supporting EU policymaking in the six headline ambitions defined in the Political Guidelines of President von der Leyen.

As laid down in its strategic plan 2020-2024, Eurostat contributed to the general objective of 'A modern, high-performing and sustainable European Commission' by delivering on its mission and modernising the way it works.

To translate the general objective into a concrete plan, Eurostat has set the following three specific objectives:

- 1) Eurostat remains the trusted point of reference for statistics and data on Europe, necessary for better policies, decisions and public debate in the European Union.
- 2) Eurostat better meets user needs for relevant, timely and high-quality statistics, in particular by continuing to foster partnerships and by embracing innovative data sources and technologies.
- 3) Eurostat better communicates and better promotes European statistics and facilitates their use by policymakers, citizens, businesses, researchers and the media.

In its annual management plan 2020, Eurostat defined the concrete initiatives, outputs and targets contributing to the achievement of these Specific Objectives.

Eurostat's 2020 management plan is aligned with the 2020 Financing Decision, which includes the Annual Work Programme for the implementation of the European statistical programme 2013-2020, as well as with the Commission Work Programme for 2020, 'A Union that strives for more'.

The details below reflect Eurostat's major achievements grouped by each specific objective.

Specific Objective 1: Eurostat remains the trusted point of reference for statistics and data on Europe, necessary for better policies, decisions and public debate in the European Union.

In 2020, the statistics produced and disseminated by Eurostat were the main output under this specific objective. In particular, the regular production and dissemination of the following statistics was assured:

- ***Business and trade statistics***

Business and trade statistics, and notably the respective Principal European Economic Indicators (PEEIs), including short-term indicators on industry, on construction, on wholesale

and retail trade; and international trade in goods were produced and delivered on time, despite the Covid-19 outbreak.

During the year, Eurostat also ensured the uninterrupted provision of high-quality statistical information on European businesses, and in particular of timely statistics on short-term business developments and international trade, also in the context of the Covid-19 crisis. In addition, other important data (tracking Covid-19's impact on the economy) were provided, e.g. on digital and innovative economy and international flows, foreign direct investment and international trade in services. Eurostat issued specific methodological guidance for several business statistics domains to overcome possible problems in data collection and compilation caused by lockdowns. Short-term business statistics were a particularly timely source of information for monitoring the impact of the pandemic outbreak on European businesses. Eurostat made additional efforts to focus the dissemination of business statistics on the most relevant aspects of the Covid-19 context.

Monthly updated Statistics Explained articles highlighted the impact of the Covid-19 crisis on industry, construction, retail trade, and international trade in goods.

In order to provide further evidence on the effects of the crisis on the population of businesses, the regular data production was complemented with new **experimental statistics on quarterly registrations and bankruptcies**.

The statistics flagged above are contributing to the Commission priority 'An economy that works for people'. In addition, other business and trade statistics, contributing to this priority, were produced without delays. Eurostat also provided important information on the digitalisation and innovation of the European economies through additional data releases, news items and Statistics Explained articles.

As far as experimental statistics are concerned, new statistics on high-growth micro-enterprises (starting from less than 10 employees) as well as new statistics on multinational enterprise groups (MNE groups) based on the EuroGroups Register and statistics on service trade by enterprise characteristics were published.

In addition, in the context of globalisation, new experimental statistics are currently being developed, i.e. service trade by modes of supply, service trade by broad economic categories, and foreign direct investment by ultimate investing country dissemination of statistical data within the EU. The latter will contribute to the identification of the ultimate investor in case investments are channelled through several countries, e.g. by using special purpose entities.

Work also continued in order to ensure the production of globalisation-related statistics via the regular activity of profiling European MNE groups. The work on globalisation and international trade statistics is linked to the Commission priority 'A stronger Europe in the world'.

- **Excessive Deficit Procedure (EDP) and Government Finance Statistics (GFS)**

Regular production of high-quality EDP and GFS continued to form the solid evidence for fiscal monitoring in the EU. These statistics are essential for monitoring budgetary developments in the Member States and the possible statistical implications of the Stability and Growth Pact.

Responding to the new policy measures taken by EU governments **to mitigate the economic and social impact of the enforced shutdown of businesses across the EU due to the Covid-19 pandemic, Eurostat provided timely guidance on the correct implementation of accounting rules**, ensuring as far as possible that similar policy measures across EU Member States are recorded in a harmonised way.

Eurostat has established new data collections to monitor the correct statistical recording of the national measures introduced by Member States in the context of the Covid-19 pandemic and to monitor the accounting consequences of the implementation of the Recovery and Resilience Facility (RRF) associated flows. RRF is the the centrepiece of NextGenerationEU, which is the recovery instrument to help the EU emerge stronger and more resilient from the current crisis.

- **Social statistics**

Timely data for policymaking, monitoring, and informing the public have been produced and disseminated in many fields of social statistics, namely the **labour market, income, living conditions, consumption, demography and migration, health, education and social protection**.

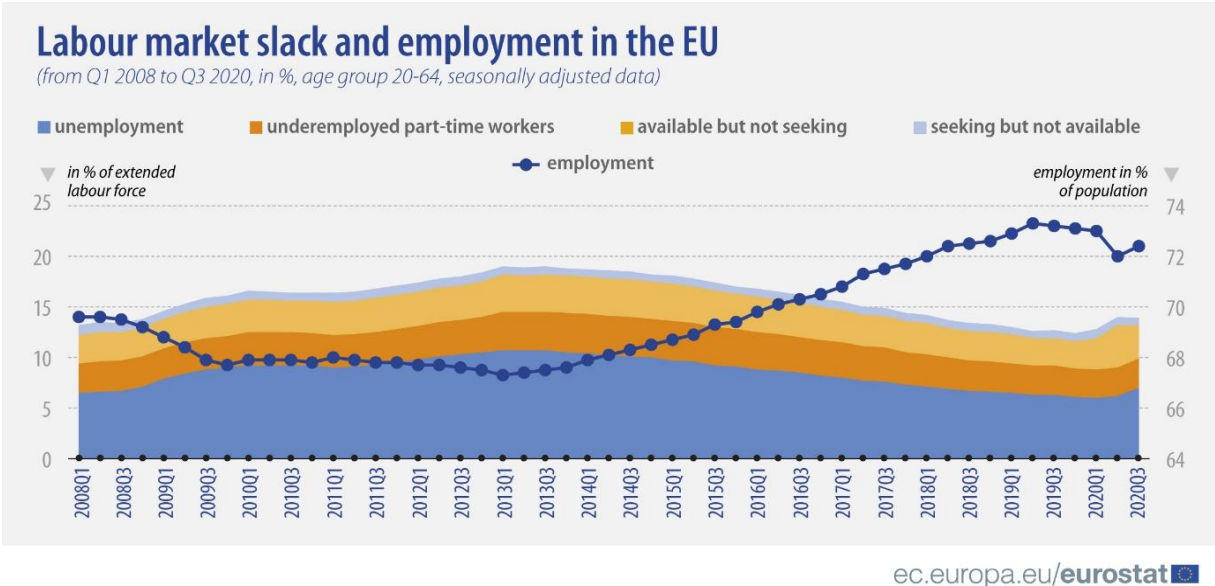
The social statistics contribute to the Commission objective ‘An economy that works for people’ and support the Recovery Plan for Europe. Whenever possible, breakdowns were produced allowing regional, age, gender, equality, disability, and other analyses. All the foreseen data collections have been produced in time and with high quality.

Data from the dedicated surveys conducted in 2018/2019 have been published, such as the 2018 **structure of earnings survey (SES)**, the **labour force survey (LFS) 2019** module on **work organisation and working time arrangements**, the 2019 European **health interview survey (EHIS)** and the statistics on **income and living conditions (SILC) 2019** module on intergenerational transmission of disadvantages and evolution of income.

Moreover, Eurostat supported Member States in the implementation of the 2020 **Household Budget Survey (HBS)** and the **Harmonised European Time Use Survey (HETUS)** data collections.

Eurostat also finalised the methodology and tools for the implementation of the **EU Gender-Based and other interpersonal Violence survey (EU-GBV)** over 2021-2023, which is collected from the Member States on a voluntary basis.

Eurostat developed and published a set of additional seasonally-adjusted quarterly indicators, which help to capture **the most recent movements on the labour market in the EU in the Covid-19 context** (the ILO employment and unemployment concepts are not sufficient to describe all the developments taking place in the labour market). These additional indicators include total **labour market slack**, which comprises all persons who have an unmet need for employment, either because they are unemployed according to the ILO definition, are close to unemployment while not fulfilling all ILO criteria, or are working part-time and would like to work additional hours.

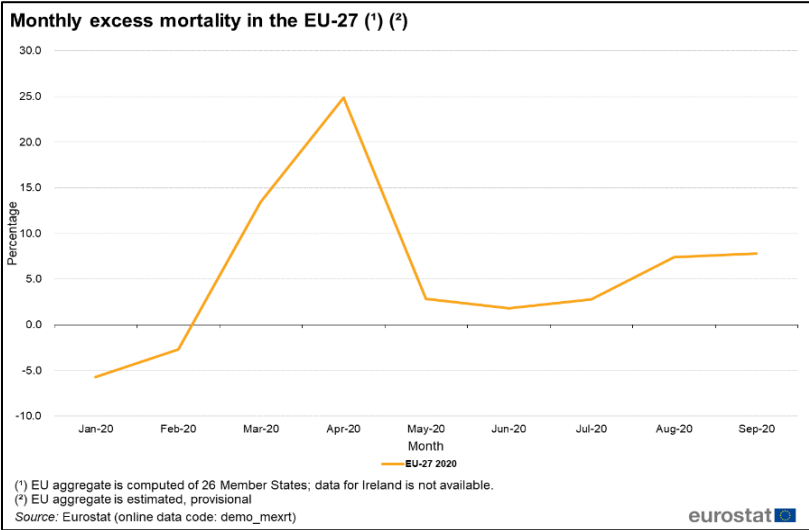


In the Covid-19 context, a new monthly data collection on beneficiaries of the governmental measures supporting the labour market has been put in place.

Concerning the social consequences of **Covid-19**, an SILC voluntary module on the **impact on income and benefits, distance-schooling, working from home, access to health care and mental health** was agreed in 2020 for data collection in 2021.

Furthermore, with the high commitment and efforts of the Member States, the weekly data on deaths in 2020 and back series over past years, decomposed by age, sex and regions, have been collected and made available in the Eurostat dissemination database for an increasing number of countries. This is the first time Eurostat provided data with such high frequency.

This allowed the computation of **monthly excess mortality**, disseminated in the context of the European Statistical Recovery Dashboard. It also allowed specialists to analyse the deaths time series, independently from their causes, in order to deepen the analysis of additional direct or indirect mortality during the Covid-19 period.



- **Statistics on agriculture, environment, fisheries, transport, energy, water and for regions and cities**

Eurostat continued to produce high-quality statistics on agriculture, environment, fisheries, transport, energy, water, regions and cities.

Waste statistics were upgraded to inform the **European Green Deal**, in particular the Circular Economy Action Plan, and the **new EU budgetary own resource on non-recycled plastic packaging waste**. Eurostat launched a new data collection on packaging and packaging waste, in line with the updated legislation. The data were published on 1 December and are used for monitoring the progress towards the recovery and recycling targets as set out in the Packaging and Packaging Waste Directive.



To meet the EU’s energy and climate targets for 2030, EU Member States established comprehensive National Energy and Climate Plans (NECP), where each country outlines its plans to reach its energy and climate goals in the next 10 years, starting from 2021.

Eurostat contributed to ensuring a harmonised and comparable statistical basis, and will endeavour to close the remaining gaps, to ensure that the targets, such as reducing emissions, increasing the take-up of renewables or improving energy efficiency (including in buildings), are calculated on a comparable basis.

This is important, since the NECPs are not only driving the clean energy transition,

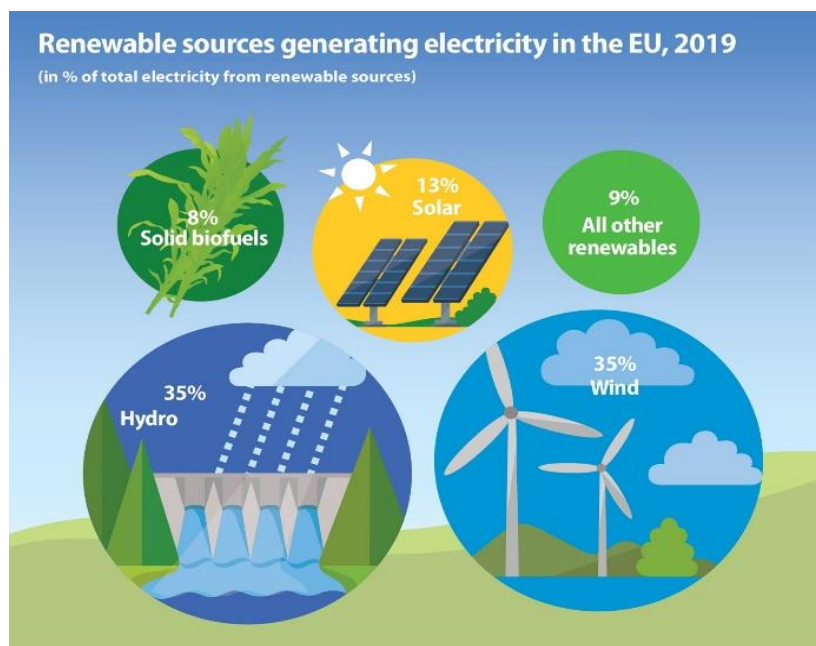
but form a key building block of the **‘European Green Deal’** to achieve carbon neutrality by 2050. Moreover, Eurostat’s work on bringing forward the timeliness of energy statistics has become essential, since the NECPs are key to channelling investments in the wake of the Covid-19 crisis and determining the eligibility criteria to qualify for EU funding under national recovery plans.

Reducing the risk of and dependency on **pesticides** is one of the headline 2030 targets of the European Commission’s Farm-to-Fork and Biodiversity 2030 strategies under the Green Deal. The harmonised risk indicator 1, based on European statistics on pesticide sales, was adapted to suit the monitoring needs linked to the Farm to Fork strategy.

In 2020, Eurostat took over the crude oil import register from DG ENER, a monthly data collection, and expanded it to more than 650 origins (from 100). This allows the calculation of greenhouse gas emissions with much greater accuracy.

Statistics on passenger mobility were collected with dedicated surveys in ten Member States on the basis of Eurostat guidelines and harmonised indicators were published for the first time. Beyond the regular quarterly and annual statistics by transport mode, new information on the type of goods transported by sea was published, as well as **more timely data on commercial aviation to monitor closely the effect of the Covid-19 pandemic and the recovery of the EU economy**. The regular transport statistics and, in particular, indicators on modal shift of goods and passengers to more environmentally friendly modes were fundamental to the evaluation of the White Paper ‘Roadmap to a Single European Transport Area – Towards a competitive and resource efficient transport system’.

Eurostat produced for the first time geographical maps showing the location and capacities of hospitals – a rapid reaction to the information needs created by Covid-19.



ec.europa.eu/eurostat

- **Macro-economic data and statistics for administrative purposes regarding own resources, remunerations and pensions**

Important macroeconomic data and statistics for administrative purposes regarding own resources, remunerations and pensions continued to be produced. Work continued to expand publication of data with voluntary collection of breakdowns, also in the G20 context, to make available new and harmonised productivity indicators, to provide more detailed information on regional investment and to enhance harmonisation of capital stocks of assets and consumption of fixed capital.

The work on globalisation continued in the context of the specific quality assurance mechanism on **GNI for own resource** purposes, whereas the recording of globalisation-related issues as provided in ESA 2010 in the Member state's national accounts is being further scrutinised. With respect to the GNI verification, which leads to enhanced reliability, comparability and exhaustiveness of the data provided for EU GNI own resources purposes and further improves the overall quality of national accounts, Eurostat focused on the follow-up of the identified improvement needs regarding the quality of sources and the methods used by Member States to compile GNI. These improvement needs took form of GNI reservations. In 2020, there were 140 transversal reservations and 157 transaction specific reservations.

Furthermore, the preparatory works on the verification cycle 2020-2024 have started and two relevant legal acts under the GNI Regulation (EU) 2019/516 have been adopted during the course of the year, namely the Commission Implementing Regulation (EU) 2020/1546 establishing the structure and detailed arrangements of the inventory of the sources and methods used to produce gross national income aggregates and their components in accordance with the European System of Accounts (ESA 2010) and the Commission Delegated Regulation (EU) 2020/2147 defining the list of issues to be addressed in every verification cycle.

Besides the production and dissemination of statistics, in order for Eurostat to remain the trusted point of reference for statistics and data on Europe, the following additional outputs were assured:

- **European Statistical Recovery Dashboard**

As one of the main priorities of the German Presidency of the Council of the EU in the field of statistics, Eurostat, together with the Federal Statistical Office of Germany, has developed and published the **European Statistical Recovery Dashboard**.

The Recovery Dashboard responds in particular to the needs of policymakers in the context of Covid-19 at national and European levels.

It brings together 23 monthly and quarterly indicators, covering all relevant areas, in order to provide a holistic overview of the economic and social consequences of the Covid-19 crisis both during the crisis and in the recovery period. The dashboard provides timely insights and well-founded answers to economic questions such as the impact of the

recovery plans implemented by Member States to combat the economic and social repercussions of the Covid-19 crisis. In addition to the macroeconomic dimension, the dashboard also includes social indicators (labour market, health, education and skills) and information about sectors hit particularly hard by the pandemic (e.g. tourism, transport and the hospitality industry).

- **Review of European System of Accounts (ESA) 2010**

The data transmission requirements of the European System of Accounts (ESA) 2010 have been subject to review, in order to improve data consistency and to respond to user needs. Intensive discussions have taken place with Member States over 2020, including detailed consultations, and a Commission proposal will be prepared during 2021.

- **Demography Report**

While Europe is going through a period of profound demographic change, demography is an important policy area associated with ‘A new push for European democracy’. The **Commission's Report on the Impact of Demographic Change**⁸ was prepared based almost exclusively on Eurostat data and presents the main drivers of demographic change and the impact they are having across Europe. This report was based on the Report from the Commission to the European Parliament, the Council, the European Economic and Social committee and the Committee of the Regions⁹. It was accompanied by the Staff working document¹⁰ with demographic factsheets produced by Eurostat. The report is the cornerstone of the development of policies, starting with work on the Green Paper on Ageing. With Europe’s population ageing, that Green Paper seeks to launch a wide public debate on this issue. In addition, largely based on Eurostat statistics, the Long Term Vision for Rural Area sets out a vision for the future of rural areas by 2040, covering demographic challenges. There is also a push to systematically include Eurostat demographic change statistics in the European Semester.

Specific Objective 2: Eurostat better meets user needs for relevant, timely and high-quality statistics, in particular by continuing to foster partnerships and by embracing innovative data sources and technologies.

In 2020, Eurostat achieved progress on a number of initiatives aiming at better meeting user needs.

Eurostat has finalised the proposals for **two legal acts serving the Farm-to Fork strategy data needs: A proposal for regulation on Statistics on Agricultural Inputs and Outputs (SAIO) and a proposal to amend the regulation for Economic**

⁸ https://ec.europa.eu/info/sites/info/files/demography_report_2020_n.pdf

⁹ <https://eur-lex.europa.eu/legal-content/EN/TXT/?qid=1593587638149&uri=CELEX%3A52020DC0241>

¹⁰ https://ec.europa.eu/info/sites/info/files/commission-staff-working-document-impact-demographic-change-17june2020_en.pdf

Accounts for Agriculture (EAA). The SAIO regulation covers animal and crop production statistics, agricultural price statistics and statistics on nutrients and plant protection products. They are all key statistics for monitoring the Farm-to-Fork strategy's key targets linked to organic farming and for the new Common Agricultural policy. The amended EEA regulation will help analyse better the performance of the agricultural sector at regional level. Both legal acts were adopted by the Commission in early 2021.

The evaluation on **European Fisheries Statistics (EFS)** was completed in late 2019. The evaluation confirmed that EFS are an important independent source of information for the Common Fisheries Policy (CFP), serving several types of user needs linked to fisheries management, market monitoring and research. However, their relative added value for fisheries management has been on a downward trend as other data sources have emerged. In order to improve the relevance of the EFS, Eurostat launched an impact assessment to assess the impact of future options for EFS. The impact assessment has been done in co-operation with the policy DGs, in particular with DG MARE, as the main aim is to improve the EFS to fit better into the rich data ecosystem around fisheries. The results of the consultations point strongly towards the option of developing a new legal framework for EFS in order to better meet user needs and reduce the burden on respondents and statistical systems. The impact assessment will be completed in early 2021.

With regards to the **Better Regulation tools** used for the fulfilment of 2020 policy outcomes, except for the evaluation on European Fisheries Statistics, the SAIO proposal integrates four regulations or directives and the statistical parts of two other regulations as well as ten agreements on voluntary data collections into a single new framework regulation. This framework harmonizes and simplifies common statistical building blocks such as scope, coverage and frequencies across four domains of agricultural statistics, which are then further detailed in flexible and tailored implementing acts.

The impact assessment on European Fishery Statistics assesses, among others, an option that would integrate the current five fisheries statistics regulations into a single new framework regulation, with a similar setup and simplification benefits as the SAIO proposal. This option is preferred by the majority of fishery statistics stakeholders and the respondents to the public consultation on the impact assessment.

The implementation of the framework Regulation on European Business Statistics (EBS) was one of the key outputs, fostering an increase in the quality of the business and trade statistics as well as a future increase in the availability of statistical information in order to better respond to emerging user needs (thereby contributing to several Commission priorities).

Three out of the nine legal acts foreseen to implement Regulation 2019/2152 on European business statistics were adopted, i.e. Commission Regulation 2020/1197 (stipulating detailed data requirements for stable business statistics), Commission Regulation 2020/1030 (on Information and Communication Technologies enterprise statistics for reference year 2021) and Commission Regulation 2020/1470 (on the nomenclature of countries and territories for the statistics on international trade in goods and on the geographical breakdown for other business statistics). In particular, the inclusion of new

statistical requirements for international trade in services in the Implementing Commission Regulation 2020/1197 is a milestone and paves the way for the future dissemination of new official statistics responding to important user needs. These user needs were expressed by DG TRADE and the World Trade Organization (WTO) in the context of EU free trade agreement negotiations.

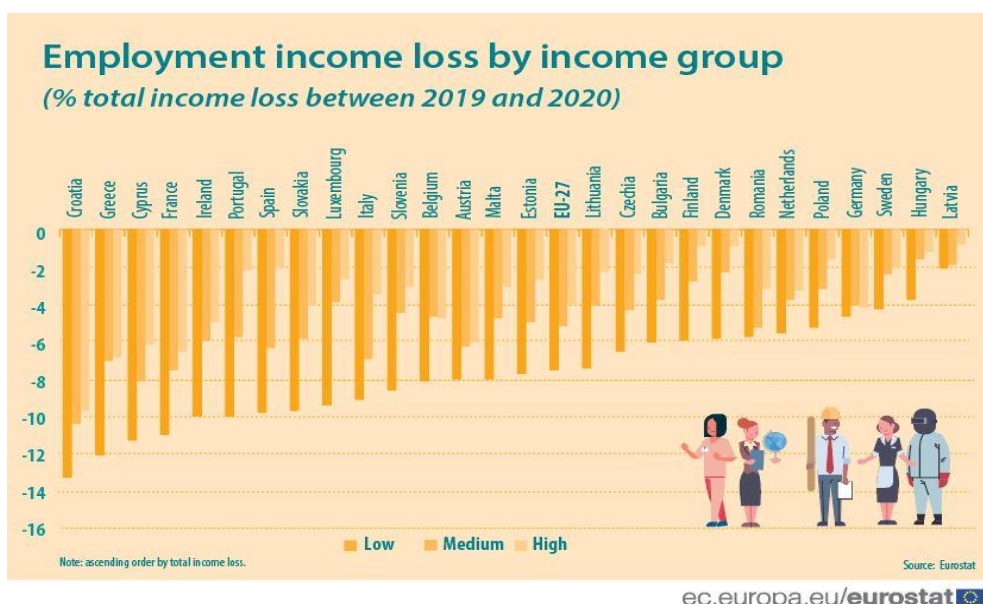
The preparatory work for the remaining implementing and delegated acts to be adopted in 2021 continued, along with the technical preparatory work related to two new compulsory micro-data exchanges in the area of trade in goods statistics becoming applicable on 1 January 2022, i.e. the micro-data exchange (MDE) related to intra-EU trade in goods statistics and the customs data exchange (CDE) related to extra-EU trade in goods statistics.

Finally, discussions continued on how to use micro-data linking to compile new business statistics indicators without adding a significant burden on businesses, particularly with a view to developing new experimental statistics that would combine several statistical domains as well as use the multinational dimension of the EuroGroup Register (EGR) project.

In the context of the **Integrated European Social Statistics (IESS) Regulation**, a major step was reached with the finalisation of all legal acts and the technical preparatory works for the implementation in 2021, namely for the data collections on the labour market and on income and living conditions, contributing to increase in the quality of the statistics and better meeting emerging user needs.

During the year, innovative and more timely statistics on flash estimates of income, yearly transition on the labour market, and the salary calculator, as well as links between income, consumption and wealth have been disseminated. Benefiting from advances in data availability from new data sources, the last phase of discussions at technical level on a new coherent framework on population statistics has begun, with the potential of replacing four existing regulations.

An important achievement was the **analysis of the income distribution changes arising from the Covid-19 crisis, which included the model-based study of the population most hit by the pandemic, from an employment income perspective**. This analysis was based on various data sources (LFS, SILC, special collection on support measures) and the results have been disseminated as experimental statistics.



For the purpose of better quality **flash estimates of income** and distribution changes, Eurostat has finalised the development of the methodology for the input datasets of the EUROMOD income microsimulation model of the Joint Research Centre. This included better harmonisation across Member States and better use of EU-SILC and national SILC data. From 2021 onwards, Eurostat will be the responsible provider for these input data.

In the context of income, consumption and wealth, new data aiming at reconciling the national accounts aggregates and the data stemming from surveys have been produced, both by Member States and through a central exercise at Eurostat. This approach should now be analysed by users, to assess the relevance of the data, and should pave the way towards the integration of distribution of national accounts in the European System of Accounts (ESA) revision framework.

Data for social protection expenditure (ESSPROS) have been disseminated for the first time in advance of the legal requirements.

In order to strengthen the data collection on healthcare human resources and healthcare utilisation, a new legal act implementing Regulation (EC) No 1338/2008 has been prepared and will be adopted in 2021.

During the year, Eurostat made available data on occupational diseases as part of experimental statistics, thus responding to a strong political need for information regarding occupational safety and health. An analysis of how Covid-19 will be reported in occupational health data sets was also carried out.

Additional Covid-19-specific reporting items have been included in the questionnaire for healthcare expenditure data. Recommendations for these items have been produced in partnership with the OECD and WHO to guide national data providers.

In the area of HBS and HETUS, Eurostat continued to coordinate the development of innovative tools and sources.

Eurostat was closely involved with the Commission services contributing to the EU economic governance review and aiming at **strengthening the economic and fiscal surveillance framework**, in line with the applicable rules and transparency requirements. In order to improve the communication and use of public finance statistics, Eurostat continued methodological developments in public finance, leading to more comprehensive and more harmonised public finance statistics, which are essential for fiscal monitoring. Eurostat also provided early clarifications of the statistical rules applicable for various types of public investment and related instruments, particularly the transparency requirements.

Eurostat published several decisions providing general guidance on particularly complex statistical recording of transactions, as well as bilateral advice to several Member States, inter alia, on the issue of recording of investment, Public-Private Partnerships (PPPs) and Energy Performance Contracts (EPCs), thus contributing to the undertaking of investment projects in the EU.

In addition, the methodological work stemming from **the updated Manual of Government Deficit and Debt (MGDD)** led to **higher-quality and more harmonised public finance statistics**, which are essential for fiscal monitoring in the EU, in particular for monitoring the statistical implications of the Stability and Growth Pact.

The global consultation on the **international statistical handbook System of Environmental-Economic Accounting - Ecosystem Accounting (SEEA-EEA)** was completed in November. The handbook will be presented at the annual meeting of the United Nations Statistical Commission in early March 2021 for endorsement. It is planned to publish the handbook with the logos of the European Commission, the United Nations, OECD, the FAO and the World Bank.

The **Sustainable Development Goals** and several other global and European agendas called for the production of **harmonised statistics for urban and rural areas**.

Eurostat, together with other Commission services and international organisations, developed a new methodology to define cities, towns and rural areas. This was endorsed by the UN Statistical Commission in March 2020.

Eurostat is co-publishing a manual on this topic to support countries in producing more comparable indicators by type of area. Applying this methodology will enable countries to better identify the areas that are close to reaching the Sustainable Development Goals and the policies that are contributing to this success.

In response to user needs, Eurostat has published a comprehensive **Handbook on the compilation of statistics on sea and air transport** in balance of payments and national accounts.

Eurostat has also developed experimental data for 2010-2018 on **inter-country Supply, Use and Input/Output Tables (SUIOT)** - within the framework of the full international

and global accounts for research in input-output analysis (FIGARO) project - for regular production starting from 2021.

Methodological development work has continued in the fields of national accounts and balance of payments to better respond to user needs for new data.

Based on a Eurostat proposal, Member States agreed in July to a methodology and a voluntary data collection for greenfield investment, starting in 2022.

By actively participating in and co-chairing task teams and relevant groups, Eurostat has ensured that European interests are represented in the update process of the System of National Accounts (SNA) and Balance of Payments and International Investment Position Manual (BPM).

In February, Eurostat together with the ESS agreed on a **systematic and continuous review of priorities to meet user needs in relation to the Commission's headline ambitions**. The first such review, launched at the end of the year, covers **climate change-related statistics, directly supporting the 'increased climate ambition' of the European Green Deal**. Climate change-related statistics is one important area where the role of official statistics is not fully established and where the European Statistical System is not the main data provider. The objective of the review, conducted under a framework contract of DG CLIMA, is to identify data gaps and unmet user needs and to make recommendations for an action plan to improve the statistics in support of the increased climate ambition of the EU. The review will deliver results in 2021.

Trusted Smart Statistics is another major development that Eurostat recently initiated together with its partners in the ESS. The term refers to the evolution of official statistics to embrace the opportunities provided by new technologies and new data sources originating from the digitalisation of society and the economy.

Eurostat, together with DG DIGIT and Cedefop (European centre for vocational training), laid down the foundations for the Web Intelligence Hub to collect and process web data as part of the Trusted Smart Statistics centre.

The **Web Intelligence Hub** uses advanced technologies to modernise and improve European statistics. In 2021, the Web Intelligence Hub will be fully operational and will deliver high-frequency data on the demand for skills and jobs in Europe.

The collaborative economy is fuelled by internet platforms that provide contact between consumers and service providers. In January, Eurostat concluded agreements with **four platforms on the provision of data for compiling statistical indicators on short-term accommodation in the collaborative economy**. This collaboration will enable Eurostat to compile more reliable and detailed statistics of high policy relevance in comparison to traditional surveys. The project confirms the potential of **setting up partnerships with data owners in both the public and private sectors** and of

preparing legislative initiatives with a view to establishing systematic statistical access to some privately held data sources.

The methodology for the **third round of ESS peer reviews**, as well as tools and instruments to implement them in 2021-2023, were finalised, there was extensive consultation with the relevant stakeholders (Working group on quality in Official Statistics, the directors of methodology at national level, the ESS Task Force on peer reviews), and the methodology was endorsed by the ESS Committee. Preparations for the peer review of Eurostat began, along with other preparations for the ESS reviews, such as defining a timetable for the peer review visits, selecting the experts to carry out the peer reviews and planning the workshops to train both the experts and the national peer review coordinators. The new cycle of quality reviews of statistical processes and outputs was continuously implemented, and brought a number of improvements to Eurostat's processes and outputs.

Eurostat also made significant progress in the modernisation of its data and metadata platform **EDAMIS, which is used for all data exchange between Eurostat and its data providers** at both national and international level. The new EDAMIS 4 application offers functionalities to enable the secure exchange of sensitive data within the ESS and to provide better upfront validation of data transmitted to Eurostat. It therefore contributes to the European Commission's priority 'A Europe fit for a digital age' by enabling increased access to high-quality data while ensuring that personal and sensitive data is safeguarded. At the end of 2020, 90% of all data sent to Eurostat goes through the new EDAMIS 4 application, and 100% coverage will be reached over the course of 2021.

Finally, Eurostat continued to expand its **partnerships with international organisations** and signed two administrative arrangements with Food and Agriculture Organization (FAO) and United Nations Statistics Division (UNSD) respectively.

Specific Objective 3: Eurostat better contributes to communicating and promoting European Statistics by disseminating high-quality statistics for Europe through its website and across other dissemination channels.

In order to fulfil this objective Eurostat has undertaken the following activities:

In May, Eurostat launched its **Instagram channel, which had gained more than 9000 followers** by the end of the year. The established social media channels continued to expand their reach, with **Twitter gaining 20 000 new followers to nearly 165 000**, and **Facebook increasing by nearly 20 000 to reach more than 60 000 followers**.

In April, Eurostat introduced a dedicated Covid-19 section on its website, containing links to all methodological guidance developed for official statisticians on how to address the methodological issues triggered by the crisis. In December, the European Statistical Recovery Dashboard was launched.

Eurostat also **expanded the range of statistical literacy products available**. The Education corner on the Eurostat website was launched. It provides information about several statistical literacy products available both at Eurostat and within the ESS: Statistics 4 beginners, games, e-learning tools, videos, and others. This page is continuously updated when new tools become available.

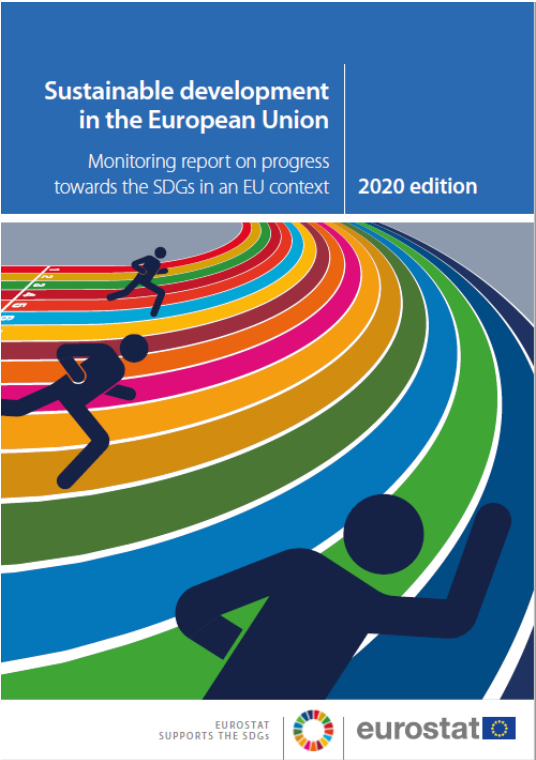
The project dealing with outreach to teachers and students has continued: one video for teachers and four for students were finalised, as well as linked exercises. They were disseminated to a large network of teachers in January 2021.

The Statistics 4 beginners section of Statistics Explained has been expanded through the launch of new articles explaining Business statistics and Balance of payments, to be published in 2021.

Eurostat published in October 2020 a new type of **digital interactive publication** ‘Regions in Europe – Statistics visualised’ including **innovative visualisations** showing regional statistics in a user-friendly and attractive way.



The second new digital interactive publication was ‘Housing in Europe – Statistics visualised’, published in December. In this cross-cutting publication, different data sources have been combined in order to give a broad picture of the subject. The structure of the publication builds on the former one used for interactive digital publications, however in a modernised way with a video and easier navigation. The existing six digital interactive publications were all updated with new editions.



Eurostat contributed to communication activities on Commission priorities, in particular the EU **Sustainable Development Goals (SDG) monitoring report 2020**, which was released on 22 June by Commissioner Gentiloni. The report and the accompanying communication package (including a digital publication and a summary brochure) are a key source of information for a wide range of users. Progress made by Member States towards the SDGs was also integrated into the **European Semester**, with a summary assessment and a dedicated annex in each country report setting out the individual Member State's SDG performance and the trend over the past five years.

Furthermore, Eurostat produced a comprehensive **dissemination and communication strategy**

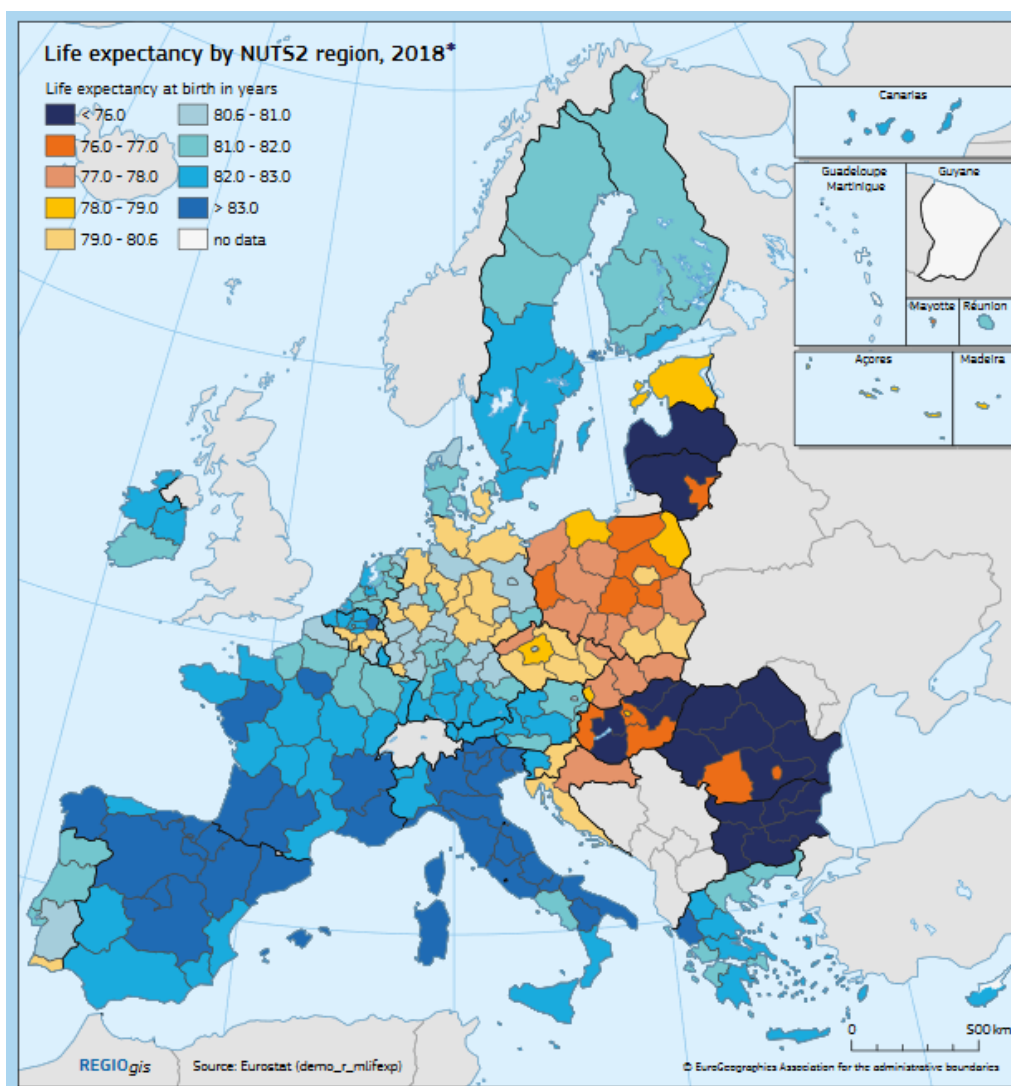
in line with Eurostat's overall mission to 'provide high-quality statistics for Europe'. In the last quarter of the year, implementation of the strategy began with the development of Eurostat's 2021 dissemination programme.

Eurostat developed, together with the NSIs, a communication strategy to accompany the third round of ESS peer reviews with a communication campaign, on the ESS and Member State level, highlighting the value of European statistics. A draft version of the strategy was finalised in October and is now being discussed internally in Eurostat before a consultation with the ESS Committee. A communication campaign, based on the strategy, is planned for each peer review in the Member States and for Eurostat.

In February, Eurostat launched the Task Force on ESS Strategic Communication, comprising Eurostat and 18 NSIs. Five Task Force meetings were held during the year, chaired by Eurostat. The Task Force on ESS strategic communication provides a forum for discussing strategic internal communication within the ESS, joint external communication activities and the coordination of the individual external communication activities of the NSIs and Eurostat. The Task Force provided opinions on Eurostat's communication initiatives and views on common communication challenges within the ESS. The key priorities agreed by the Task Force for further work in 2021 are: the preparation of an ESS communication strategy, communication around the use of privately held data for official statistics, and handling disinformation.

The **Regional Yearbook** was produced in a new format and included a new digital edition. The digital edition includes several new visualisations, which help users to discover regional patterns, distributions, trends and correlations in an innovative way.

Eurostat also contributed to the **Commission report on the description and the impact of demographic change in Europe**. This report has been based on Eurostat data and covers in particular life expectancy, birth rate, ageing population, and household composition in the context of a shrinking population in the EU compared to the rest of the world. Eurostat is involved in the follow-up reports, particularly the Green Paper on Ageing and the Long-Term Vision for Rural Areas.



In 2020, Eurostat has worked on adherence to and promotion of European statistical standards, including in the countries outside of the ESS. Eurostat actively contributed to the maintenance and further development of statistical standards including classifications. In this context it is worth mentioning the development of a new version of the Statistical Data and Metadata Exchange (SDMX) standard called SDMX 3.0, in collaboration with six other international organisations, and the establishment of the next SDMX global roadmap for 2021-2025. Eurostat has taken a leading role in the global SDMX work, by chairing the Secretariat until June and afterwards the Sponsors committee.

Eurostat contributed to the High-Level Group on Modernising Statistics (HLG MOS) by active input to the management of the work in the Executive Board and to the different working groups and projects. Eurostat also made a substantial contribution to the Supporting Standards group working on international harmonisation of glossaries, models and geographical data management.

The implementation of the Single Integrated Metadata Structure (SIMS) metadata standard progressed significantly.

In the context of the ongoing review of the Statistical Classifications of Economic Activities in EU (NACE), the Task Force evaluated 80% of the received input and started the assessment of the crosscutting classification challenges and specific issues.

In the framework of the **EC Data strategy**, Eurostat has assumed its role of horizontal coordinator for statistical data and for geographical information systems. The inventory of statistical products produced by Commission services (other than Eurostat) was initially used as a starting point to design the inventory of data assets owned by DGs, then the two inventory have been merged in a unique corporate **Data Catalogue**. Eurostat experts actively contributed to multiple actions of the corporate data strategy (data platform, data analytics), included the more visible for the public work on reference data and metadata management. Eurostat proactively made significant contributions to the working groups by sharing its experience in the field of statistics and GIS and collaborated with other relevant EC services.

Thanks to Eurostat's manifold actions to support their gradual alignment with the European statistical standards, the Western Balkans and Turkey are more compliant with the EU *acquis* in statistics. Besides the implementation of the current regional programme under the Instrument for Pre-accession Assistance (IPA), the future IPA has been successfully contracted at regional level as well as through grants with five countries (including Albania for the first time).

Furthermore, Eurostat has promoted European norms, methodologies and standards via the Statistics Through Eastern Partnership (STEP) regional programme within the Eastern Partnership countries. Eurostat also contributed intensively to the approval of the MEDSTAT V programme, co-delegated by DG NEAR, which will keep promoting European statistical norms and standards in the EU's Southern Neighbourhood from 2021 onwards.

Eurostat's cooperation project with the African Union Commission through the Pan African Statistics (PAS) programme is coming to its end and has provided good results, especially in the field of institutional capacity-building (16 peer reviews of African national statistical systems) and in the trade data collection at national and regional level. Data have been published in three subsequent Statistical Yearbooks on African trade.

Last but not least, in relation to the **Withdrawal of the United Kingdom from the European Union** on 1 February 2020, Eurostat took a number of actions in order to prepare the databases for dissemination of data and aggregates for the EU (new EU-27 without the UK). This included guidelines for the dissemination of European statistics after the United Kingdom leaves the European Union and guidelines for the representation of the United Kingdom on maps. Additional measures were decided in anticipation of the end of the transition period on 31 December 2020, also considering that statistical legislation would cease to apply to the United Kingdom as of that date. Finally, preparatory work also began, with a view to preparing the implementation of the Protocol on Ireland and Northern Ireland in relation to international trade in goods statistics.

For an extensive reporting on all components in this section, please refer to Annex 2.

Specific actions on Covid-19

The crisis caused by the Covid-19 pandemic has been unprecedented in the history of the EU. What started as a health emergency quickly turned into a socio-economic crisis, with lockdown measures, directly affecting the European economy and labour markets. **New information demands emerged** and the need for timely and well-structured data became apparent. Policymakers had to make timely decisions, which meant **quick, targeted, and comparable statistics** needed to be available swiftly.

In supporting Commission's response to the Covid-19 crisis, Eurostat promptly implemented a number of actions to **ensure business continuity in providing relevant and high-quality statistics**, but also **implemented new methods of producing statistics with new data sources, experimental statistics and innovative tools**, to respond to emerging data needs during pandemic and the recovery period. **These advancements will stay and be capitalised on, even after the crisis.**

At the beginning of March, the Director-General of Eurostat established a crisis management team to monitor developments related to the Covid-19 outbreak and ensure the continuation of statistical production and dissemination. Eurostat made sure all production systems were operated remotely, with adequate security measures in place. At the same time, significant efforts have been made in providing new data necessary for the EU's coordinated response to the pandemic.

A brand **new tool**, the **European Statistical Recovery Dashboard**, has quickly been set up, aiming at tracking economic and social developments during the recovery from the Covid-19 outbreak in the Member States and EU as a whole. In addition to the macroeconomic dimension, this recovery dashboard includes social indicators (labour market, health, education and skills) and information about sectors hit particularly hard by the pandemic (e.g. tourism, transport and the hospitality industry). It is described in more detail above.

A new section on Eurostat's website 'Covid-19 Statistics serving Europe' was developed in April. In this section, a wide range of statistics and data related to Covid-19 are displayed. This gives a baseline against which **the impact of the crisis can be measured**, providing an overview of the evolution of the crisis. One of the most important elements for monitoring the effects of the pandemic, included in this section, was the implementation of reporting on **weekly deaths**, leading to the publication and analysis of an indicator of **excess mortality**.

In parallel, the crisis is pushing the European Union to take unprecedented policy and financial actions, including the establishment of the NextGenerationEU initiative, which is the recovery instrument to help the EU emerge stronger and more resilient from the current crisis. Eurostat has been establishing **new data collections to monitor the correct statistical recording of the national measures** introduced by Member States in the

context of the Covid-19 pandemic and to monitor the accounting consequences of the implementation of the **Recovery and Resilience Facility** (RRF) associated flows, which is the centrepiece of **NextGenerationEU**.

During the Covid-19 crisis, Eurostat and the NSIs have also accelerated their work on **experimental statistics**. These experiments have included the use of new data sources, both administrative and privately held, along with the production of flash estimates and more frequent data dissemination.

Since the beginning of the crisis, Eurostat has been in close contact with the NSIs and other national authorities. In the first weeks of lockdowns, the focus was to address the difficulties that the statistical authorities were facing with data collection and the risks the lockdown measures posed to the continuity, quality and timeliness of the primary data. At the same time, NSIs reported that the exceptional circumstances also had positive effects concerning, for example, access to new public and privately held data, as data owners became keener on sharing those data for better measurement of the economic and social impact of Covid-19. The top priorities included addressing the **methodological challenges brought by the Covid-19 outbreak**, particularly the data collection difficulties during lockdowns, and ensuring timely dissemination while assuring **the comparability of the statistics based on new techniques and sources**. The set of guidelines, methodological notes and practical solutions were developed jointly by Eurostat and the NSIs and a new section, **'Support for Statisticians'** was set up on Eurostat's website. This section brings together in one place all the new guidelines to collect and process data in the challenging time of the Covid-19 pandemic. These solutions, primarily aimed at guiding the statisticians in the ESS, have **also provided support for statisticians from other countries** in developing immediate solutions to ensure continuity of producing comparable and timely official statistics. Eurostat also launched virtual verification and methodological missions to Member States in order to maintain important activities related to **quality assurance of statistics**.

Simultaneously, Eurostat and the NSIs have launched a number of initiatives for **communication with respondents and users**, in order to preserve **trust in official statistics**. They organised more frequent, virtual exchanges of views and discussed communication issues in the context of a newly-created task force on ESS strategic communication, allowing best practices to be shared and efficiency to be improved.

Eurostat's staff successfully overcame the challenges posed by the introduction of extensive teleworking. All **planned statistical releases have been published on time** and the corresponding data and analyses have been made available in the public databases and dissemination portals. **All processes ran without interruption or delays, while additional innovative actions took place**. With reduced physical possibilities for meetings and training, all programmes and projects have adjusted to the new 'virtual' situation.

Thanks to all these initiatives, Eurostat and the ESS has managed to respond extremely well to the issues caused by the Covid-19 pandemic, ensuring the continuity of statistical

production processes and supporting the Commission and EU by answering newly-emerging questions through the **mobilisation of a variety of new data sources**.

Steps taken by the DG to ensure sound financial management in the context of Covid-19

As the Covid-19 crisis emerged, Eurostat assessed possible impacts, including those on financial management and controls as well on the implementation of its annual work programme, and swiftly introduced measures to mitigate these impacts, where needed. Coordinated at both corporate/Commission level and within Eurostat, the mitigating measures aimed to protect the EU budget, while also ensuring the smooth running of all financial transactions and therefore the implementation of Eurostat's annual work programme, and allowing grant participants and tenderers in procurement processes to adjust.

To enhance paperless processes, Eurostat put in place a procedure for qualified electronic signature of contracts and agreements/amendments in March 2020. The procedure covers all procurement contracts and grant agreements managed outside the electronic corporate tools that already allow for electronic signature (e.g. eGrants, eOrders). This measure proved especially useful in the context of the Covid-19 crisis. Eurostat's processes in financial management are paperless and controls are performed using electronic corporate IT tools.

In parallel, Eurostat took a number of actions to ensure the implementation of its annual work programme. In the first weeks of the crisis, the focus was on addressing the difficulties the lockdown measures posed to continuity. Eurostat decided to postpone by three months the launch of calls for proposals and calls for tender, and extend the deadlines for ongoing calls, allowing participants to adjust to the new circumstances. For ongoing grant agreements and procurement contracts, the Covid-19 crisis presented a force majeure situation. To accommodate these situations and when necessary for the continuity of procurement and grant projects, Eurostat signed amendments with contractors and grant participants.

Due to the outbreak of Covid-19 and following thorough consideration, one grant agreement had to be cancelled, as it was impossible to organise the ESS Q2020 Conference in Hungary.

Overall, it may be concluded that Eurostat has managed to respond well in its financial management to the challenges posed by the Covid-19 pandemic. Thanks to these measures and the electronic processes in place, all financial transactions were run without interruption. Eurostat successfully implemented its annual work programme and ensured the continuity of ongoing procurement and grant projects.

2. Modern and efficient administration and internal control

This section explains how the DG delivered the achievements described in the previous section. It is divided into two subsections.

The first subsection reports the control results and other relevant information that supports management's assurance on the achievement of the financial management and internal control objectives¹¹. It includes the information necessary to establish that the available evidence is reliable, complete and comprehensive. It covers all activities, programmes and management modes relevant to the DG.

The second subsection deals with the other aspects of a modern and efficient administration: human resources, better regulation principles, information management and external communication.

2.1 Financial management and internal control

Assurance is provided on the basis of an objective examination of evidence of the effectiveness of risk management, control and governance processes.

This examination is carried out by management, who monitor the functioning of the internal control systems on a continuous basis, and by internal and external auditors. The results are explicitly documented and reported to the Director-General. The following reports have been considered:

- the reports regarding the declaration of assurance provided by authorising officers by subdelegations (AOSDs);
- the contribution by the Director in charge of Risk Management and Internal Control, including the results of internal control monitoring at DG level;
- the reports on recorded exceptions, non-compliance events and any cases of 'confirmation of instructions' (Art 92.3 FR);
- the reports on *ex post* supervision and audit results;
- the limited conclusion of the Internal Auditor on the state of internal control, and the observations and recommendations reported by the Internal Audit Service (IAS);
- the observations and the recommendations reported by the European Court of Auditors (ECA);
- the annual report on the work performed by the Market Committee related to public procurement;
- regular reports on budgetary implementation of operational and administrative appropriations.

These reports result from a systematic analysis of the evidence available. This approach provides sufficient guarantees as to the completeness and reliability of the information

¹¹ Art 36.2 FR: a) effectiveness, efficiency and economy of operations; b) reliability of reporting; c) safeguarding of assets and information; d) prevention, detection, correction and follow-up of fraud and irregularities; and e) adequate management of risks relating to the legality and regularity of underlying transactions




reported and results in a complete coverage of the budget delegated to the Director-General of Eurostat.

This section covers the control results and other relevant elements that support management's assurance. It is structured into (a) Control results, (b) Audit observations and recommendations, (c) Effectiveness of internal control systems, and resulting in (d) Conclusions on the assurance.






2.1.1 Control results


This section reports and assesses the elements identified by management which support the assurance on the achievement of the internal control objectives¹². The DG's assurance-building and materiality criteria are outlined in AAR Annex 5. Annex 6 outlines the main risks together with the control processes to mitigate them and the indicators used to measure the performance of the relevant control systems.

In 2020, the financial operations managed by Eurostat were exclusively under direct management mode. The overall conclusion table below presents the main objectives and indicators and summarises the control results. It covers all expenditure, revenue and non-expenditure items:

Key data		
 Management plan: Financial management indicators vs. actual figures		
Indicator	Target	Actual
• Residual error rate (multi-annual) for operational budget	< 2%	0.50%
• Estimated overall risk at closure	None	0.33 M€
• Estimated future corrections	None	0.01 M€
• Timely execution of payments for grants	> 95%	100%
• Timely execution of payments for procurements	> 95%	100%
• Number of critical or very important recommendations overdue for more than 6 months	None	None
• Conclusion of cost-effectiveness	Positive	Positive
• Number of anti-fraud actions implemented in the year	100%	100%
 Commitments and payments		
<ul style="list-style-type: none"> • 96.94 M€ commitments made (of which 24.56 M€ co-delegated from other DGs) • 74.60 M€ payments made (of which 17.26 M€ co-delegated from other DGs) <p><i>For further details, please see annex 3, table 1 and table 2</i></p>		
 Efficiency / Economy		
<ul style="list-style-type: none"> • Time to pay (grants) 27 days ☺ • Time to pay (procurements) 18.5 days ☺ • Overall cost of controls 10.62 M€ • Ratio cost of control/expenditure 14.20% 		

¹² 1) Effectiveness, efficiency and economy of operations; 2) reliability of reporting; 3) safeguarding of assets and information; 4) prevention, detection, correction and follow-up of fraud and irregularities; and 5) adequate management of the risks relating to the legality and regularity of the underlying transactions, taking into account the multiannual character of programmes as well as the nature of the payments (FR Art 36.2). The 2nd and/or 3rd Internal Control Objective(s) (ICO) only when applicable, given the DG's activities.

 <p>Control results</p> <ul style="list-style-type: none"> • Detected error rate, ex post controls of grants, ESP 2013-2020; FY 2020 = 0.99% • Detected error rate, ex post controls of grants, ESP 2013-2020, multi-annual 0.53% 	 <p>Safeguarding of assets/information</p> <ul style="list-style-type: none"> • No incidents regarding data integrity • No incidents regarding breach of confidentiality
 <p>Independent audits</p> <ul style="list-style-type: none"> • No open critical recommendations 	 <p>Reservations</p> <ul style="list-style-type: none"> • No reservations to be reported
 <p>Other reporting requirements</p> <ul style="list-style-type: none"> • No cases of 'confirmation of instructions' according to Article 92 (3) of the Financial Regulation (FR) had to be reported • In 2020, Eurostat launched a call for proposals for one grant action, including two modules and covering two years, where the form of financing is financing not linked to costs. [Art. 125 (3) FR] • Eurostat did not implement projects via financial framework partnerships that exceeded a duration of 4 years [Art. 130 (4) FR] • Eurostat implements a flat-rate funding of 30% for indirect costs in line with Article 181(6) FR • Eurostat did not implement projects that are not in line with the principle of non-retroactivity [Art. 193 (2) FR] 	

 The AOD considers that the risks relating to the legality and regularity of the underlying transactions are adequately managed. No significant weaknesses were identified by *ex ante* controls. The error rate for Eurostat's financial transactions is significantly below the materiality threshold of 2%. There are no overdue critical or very important recommendations, no reservations are due.

Eurostat's operational budget aims to implement the European Statistical Programme (ESP) in line with the multi-annual framework and in accordance with the Financial Regulation and related rules. Eurostat has put in place key processes to ensure efficient and effective budget planning and monitoring, the processing and controlling of transactions to ensure their legality and regularity, support to internal and external users, and related reporting. Eurostat also develops projects to simplify its financial management and adapt the control system to current and future changes in its legal and operational environment.

Eurostat implements its budget based on a multi-annual control strategy for budget implementation that is valid until 2020. The objective of the strategy is provide an adequate set of controls related to Eurostat's financial transactions in order to achieve the control objectives in a cost-efficient way. A new control strategy is currently underway to cover the programming period 2021-2027, now under the Single Market programme. The following control results are presented by internal control objective¹³ and are further subdivided by main type of expenditure, namely grants and procurement transactions, covering 99.24% of the payments made by Eurostat in reporting year 2020.

¹³ Effectiveness, efficiency and economy of operations; reliability of reporting; safeguarding of assets and information; prevention, detection, correction and follow-up of fraud and irregularities; and adequate management of the risks relating to the legality and regularity of the underlying transactions.

1. **Effectiveness = the control results and benefits**

- **Legality and regularity of the transactions**

Eurostat is using internal control processes to ensure the adequate management of the risks relating to the legality and regularity of the underlying transactions it is responsible for, taking into account the multiannual character of programmes and the nature of the payments concerned.

One of the control objectives is to ensure that the value of the error affected by the deficiency does not represent more than 2% of the payment(s) authorised. This indicator is based on ex post controls and measured and assessed on a multi-annual basis. More detail on the materiality criteria are outlined under Annex 5.

In addition, financial controls shall verify whether operations financed by Eurostat are correctly implemented in accordance with applicable rules and regulations. The relevance, legality and regularity of procedures shall be assessed, as well as expenditure declared by Eurostat suppliers and beneficiaries; possible overpayments shall be subject to financial recovery. Controls can also provide contributions to the improvement of the financial management of grants and procurements. They can help to ensure financial discipline in organisations (pedagogical and dissuasive effects).

The following RCS show that the report's coverage is comprehensive - it reaches 99.24% of the payments made in 2020:

RCS	Control activity	Indicator	Payments made in 2020 (M€)	Coverage in AAR (M€)
Grants	• Preventive controls (Ex ante controls)	• Number of control failures	37.74	37.74
	• Detective controls (Ex post controls)	• Detected error rate below materiality threshold of 2% (multi-annual)		
Procurements	• Preventive controls (Ex ante controls)	• Number of control failures.	36.29	36.29
Administrative transactions	• Preventive controls (Ex ante controls)	• Number of control failures.	0.57	n.a.
Total amount (In %)			74.60 (100%)	74.03 (99.24%)

Grants

The European Statistical Programme ESP is implemented by means of agreements between the NSIs, other national authorities and Eurostat. In accordance with Regulation (EC) No 2009/223 on European statistics, grants are awarded without calls for proposal to the members of the ESS.



Beneficiaries of grant agreements signed by Eurostat are mainly National Statistical Institutes (NSIs) of the EU Member States and of the enlargement countries and of the EFTA countries. They do not belong to a high-risk environment: they are public sector organisations and partners of Eurostat within the European Statistical System (ESS). The number of Eurostat grants' beneficiaries is limited and the population of potential beneficiaries is highly stable, as they are NSIs or other national authorities designated by the Member States as members of the ESS.

In recent years, Eurostat made increased efforts to reduce the risk of errors for grants via a number of simplification measures:

- As from 2015, the Commission decided that any direct personnel costs incurred to implement grants awarded by Eurostat shall be declared on the basis of unit costs¹⁴.
- In line with Article 181 (6) of the FR and based on Commission Decision C(2013)2900 of 23 May 2013, for the duration of the European statistical programme 2013-2020 Eurostat has implemented a flat rate funding on the beneficiary's indirect costs of 30% of the total eligible direct staff costs for the vast majority of grants¹⁵.

Control results for grant management

Grant agreements are subject to preventive (*ex ante*) and detective (*ex post*) controls. Preventive controls are performed prior to the authorisation of a transaction. *Ex post* controls are implemented in order to detect and correct errors and irregularities of operations after authorisation.

➤ Ex ante controls

As requested under Article 74(5) of the Financial Regulation, all financial transactions related to grants and procurements were subject to *ex ante* controls on operational and financial aspects. All *ex ante* controls are based on checklists and all errors detected *ex ante* are corrected before authorising a transaction. No major weaknesses were identified.

➤ Ex post controls

Re-assurance was given by complementary financial *ex post* controls. In total five beneficiaries were controlled *ex post* in 2020 - four grant beneficiaries were selected randomly under the *ex post* control work programme 2020; in addition, one control was carried over from 2019. Due to restrictions caused by the Coronavirus, the controls were delayed, nevertheless, as two of the controls were performed remotely, all controls could be finalised and their results incorporated in this AAR.

The findings of those controls are mainly related to the cost category 'direct personnel cost' representing the largest share in volume of cost claimed by Eurostat's beneficiaries. The detected error rate for the reporting year is 0.99%. The multi-annual detected error rate increased to 0.53%¹⁶; nevertheless, this value is well below the materiality threshold of 2%. Therefore, it can be concluded that the controls implemented are effective.

The following table presents a number of *ex post* control indicators¹⁷:

¹⁴ Under the ESP and subdelegated credits, with the exception of IPA beneficiaries.

¹⁵ 303 grant agreements out of a total of 306, in line with article 2 of Commission Decision C(2013)2900: "Beneficiaries of grants according to Article 5 of Regulation (EC) 2009/223 shall declare eligible indirect costs on the basis of a flat rate of 30% of the total eligible direct personnel costs for grant agreements implementing the work programme of Eurostat for 2012 and for the duration of the European statistical programme 2013-2020.

¹⁶ 2016 until 2020.

¹⁷ The European Court of Auditors in its 2018 Annual Report and its review of the Commission's *ex post* audits observed that the Commission's methodology for calculating the error rate leads to an understatement of the error rate, the extent of which cannot be quantified. As a result, the Commission will adapt its methodology for the calculation of the ESP 2013-2020 error rate in line to the Court's observations starting with the implementation of the 2020 *ex post* audit campaign. In order to address this issue, the error rates for the year 2019 onwards were calculated with an adapted calculation method that was proposed by Commission's Central Services in order to avoid understated error rates.


Ex post control indicators

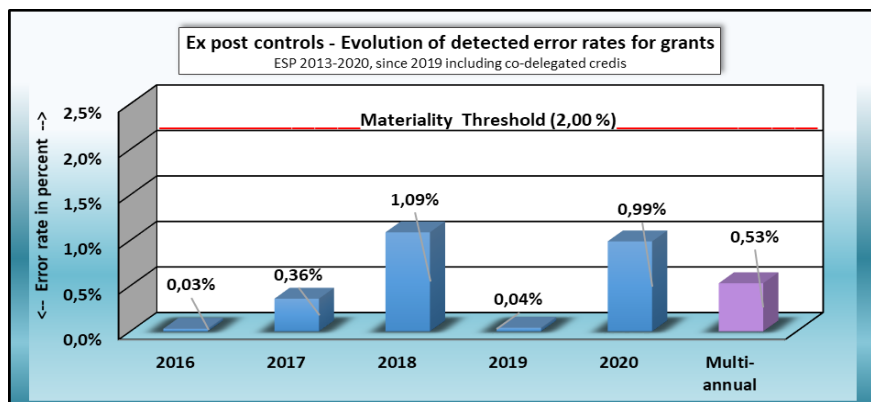
Indicator	Audit year					Multi-annual
	2016	2017	2018	2019	2020	
▪ Audited population (€)	1 093 183	1 253 928	965 461	2 465 076	3 164 844	8 942 492
▪ Audited beneficiaries (n°)	4	5	3	4	5	21
▪ Audited grants (n°)	14	22	25	33	40	134
▪ Amount of errors concerned (€)	302	4 507	10 495	1 093	31 387	47 784
▪ Detected error rate	0.03%	0.36%	1.09%	0.04%	0.99%	0.53%
▪ Number of fraud-related audit observations	none	none	none	none	none	none
▪ Number of audit results failed implementation	none	none	none	none	none	none

Source: European Commission, Eurostat

N.B.: Figures referring to ESP 2013-2020; since 2019, co-delegated appropriations are included in the figures.


The number and amount of errors detected by *ex post* controls related to the funds managed by Eurostat is rather limited, positively reflecting a low error rate. Eurostat is of the opinion that this fact reflects the low level of risk of its financial transactions.

 **The multi-annual detected error rate based on *ex post* controls increased in 2020 compared to the previous year. It remains comfortably below the materiality threshold of 2%.**



Procurements

Besides grant agreements, the European Statistical Programme is implemented via procurement transactions with a share of around 53% of the total amount of appropriations attributed to Eurostat.

 Procurement transactions implemented by Eurostat in 2020 concerned mainly:

- 1) Provision of statistical services and methodologies;
- 2) IT services, supplies and database management;
- 3) Seminars, workshops and training.

Control results for procurement transactions

The different stages of procurement transactions and their controls are lined out under Annex 6. As requested under Article 74(5) of the FR, all procurement transactions were covered by standard *ex ante* controls. These controls are checklist-based and cover financial as well as operational aspects of a transaction. Before authorising a transaction,

financial or procedural errors are corrected. No significant errors or weaknesses were unveiled in 2020. For the determination of the amount at risk in table X, a flat error rate of 0.5% is applied as no ex post controls are carried out. In addition, it can be concluded that there are indications that the equivalent error rate might be close to 'zero'.

In addition to the mandatory *ex ante* controls, in terms of management checks and supervision, a Market Committee reviews the quality of the terms of reference of planned calls for tender on a sample basis, based on internal criteria. In 2020, the Market Committee reviewed the quality of two terms of reference's procedures. No specific issues have to be reported.

Overall assessment regarding legality and regularity of the transactions

Eurostat's portfolio consists of transactions with a relatively low error rate. As explained above, grant beneficiaries are partners of Eurostat under the European Statistical System (ESS) consisting of the National Statistical Institutes of the Member States of the EU, plus a small number of NSIs of Candidate- and EFTA-Countries as well as a number of Non-NSIs. Beneficiaries are informed via dedicated information meetings organised by Eurostat, where they are informed on changes and modifications related to grant management and are also informed on errors and weaknesses disclosed during past audits and controls. Consequently, their experience and expertise in financial management related to grant agreements can be assessed as high.

Eurostat's relevant expenditure, estimated overall risk at payment, estimated future corrections and risk at closure are disclosed in Table X.

The estimated overall risk at payment for 2020 expenditure amounts to 0.34 M€, representing 0.51 % of the DG's total relevant expenditure for 2020 (2019: 0.29 M€ representing 0.41%). This is the AOD's best, conservative estimation of the amount of relevant expenditure during the year not in conformity with the contractual and regulatory provisions applicable at the time the payment was made.

This expenditure will subsequently be subject to *ex post* controls and a proportion of the underlying errors will be detected and corrected in subsequent years. The conservatively estimated future corrections for 2020 expenditure amount to 0.01 M€. This is the amount of errors that the DG conservatively estimates will be identified and corrected by controls planned to be carried out in subsequent years.

The difference between those two amounts results in the estimated overall risk at closure of 0.33 M€, representing 0.49 % of the DG's total relevant expenditure for 2020 (2019: 0.28 M€ representing 0.39%).

In the context of the protection of the EU budget, the DGs' estimated overall risk at payment, estimated future corrections and risk at closure are consolidated at Commission level in the AMPR.

In comparison to the previous year, the estimated risk at closure increased slightly. This effect was caused by *ex post* controls performed in 2020, where slightly higher amounts of

errors in the cost claims audited were identified in comparison to previous year. However, the amount at risk at payment/closure and the estimated future corrections remain at a relatively low level. The main reason is Eurostat's relatively stable control environment with a detected error rate below 2%.

The analysis of the available control results, assessing the issues identified and their relative impact on legal regularity, did not unveil any significant weakness that could have had a material impact on the legality and regularity of the financial operations. Eurostat considers that the control results give a complete and reliable picture and thus concludes that, based on the main indicators' results, the control objective as regards legality and regularity has been achieved; no additional management action is needed in this respect.

Table X – Estimated overall risk at closure

N°	Subject		Description	Grants	Procurements	Admin. credits	Overall
1	Payments made	FY in MEUR	As per AAR annex 3, table 2	37.74	36.29	0.57	74.60
2	Minus new pre-financing	(Plus retentions made)	As per ABAC DWH BO report on prefinancing	- 14.09	- 0.95	- 0.00	- 15.04
3	Plus cleared prefinancing	(Minus retentions released)	As per ABAC DWH BO report on prefinancing	+ 5.15	+ 2.04	+ 0.00	+ 7.19
4	= Relevant expenditure	FY in MEUR	= (1) -/+ (2) +/- (3)	€ 28.80	€ 37.38	€ 0.57	€ 66.75
5	Average error rate	Weighted AER in %	Detected error rates, or equivalent estimates	0.53%	0.50%	0.50%	0.51%
6	Estimated risk at payment	FY in MEUR	= (4) x (5)	0.15	0.19	0.00	0.34 0.51% of (4)
7	Average recoveries and corrections	Adjusted ARC in %	H-ARC (as per ABAC DWH report on corrective capacity), <u>but</u> adjusted	0.02%	0.00%	0.00%	0.01%
8	Estimated future corrections [and deductions]	FY in MEUR	= (4) x (7)	0.01	0.00	0.00	0.01 0.01% of (4)
9	Estimated risk at closure	FY in MEUR	= (6) - (8)	0.14	0.19	0.00	0.33 0.49% of (4)

Source: European Commission, Eurostat

Notes to the table:

N°	Comments
(1)	Payments made or equivalent, e.g. expenditure registered in the Commission's accounting system, accepted expenditure or cleared pre-financing. In any case, this means after the preventive (<i>ex ante</i>) control measures have already been implemented earlier in the cycle. In all cases of Co-Delegations (Internal Rules Article 3), "payments made" are covered by the

	Delegated DGs. For Cross-SubDelegations (Internal Rules Article 12), they remain with the Delegating DGs.
(2)	New pre-financing actually paid by out the department itself during the financial year (i.e. excluding any pre-financing received as a transfer from another department). "Pre-financing" is covered as in the context of note 2.5.1 to the Commission annual accounts (i.e. excluding "Other advances to Member States" (note 2.5.2) which is covered on a purely payment-made basis). "Pre-financing paid/cleared" are always covered by the Delegated DGs, even for Cross-SubDelegations.
(3)	Pre-financing actually cleared during the financial year (i.e. their 'delta' in the Financial Year 'actuals', not their 'cut-off' based estimated 'consumption').
(4)	For the purpose of equivalence with the ECA's scope of the EC funds with potential exposure to legality & regularity errors (see the ECA's Annual Report methodological Annex 1.1), our concept of "relevant expenditure" includes the payments made, subtracts the new pre-financing paid out [& adds the retentions made], and adds the previous pre-financing actually cleared [& subtracts the retentions released; and any deductions of expenditure made by MS] during the FY. This is a separate and 'hybrid' concept, intentionally combining elements from the budgetary accounting and from the general ledger accounting.
(5)	In order to calculate the weighted Average Error Rate (AER) for the total relevant expenditure in the reporting year, the detected error rates have been used – or an equivalent. For low-risk types of expenditure, where there are indications that the equivalent error rate might be close to 'zero' (e.g. administrative expenditure, operating subsidies to agencies), it is nevertheless recommended that 0.5% be used as a conservative estimate.
(6)	Even though to some extent based on the 7 years historic Average of Recoveries and financial Corrections (ARC), which is the best available indication of the corrective capacity of the <i>ex post</i> control systems implemented by the DG over the past years, the AOD has adjusted this historic average from 1.92% for all financial transactions of Eurostat to 0.02% related to grant agreements. As no <i>ex post</i> controls are carried out on procurement transactions and administrative credits [no recoveries were made for procurements and administrative credits], the <i>ex post</i> future corrections for those segments are assumed to be 0.01% as a best and most conservative estimate.

- **Fraud prevention, detection and correction**

Eurostat has developed and implemented its own anti-fraud strategy since 2013, on the basis of the methodology provided by OLAF. It is updated at the end of each three-year implementation period or before, if necessary. It was last updated in 2017. Its implementation is being monitored twice a year and reported to management. All necessary actions have been implemented.

The preparation of the new Anti-Fraud Strategy for years 2021-2023 is in progress, its completion is expected for mid-2021.

The anti-fraud exercise is integrated in Eurostat's normal reporting; regular reporting is ensured in the Annual Activity Report and through the internal control reports, which include a specific section on anti-fraud/OLAF investigations, which are issued twice a year and addressed to the Commissioner.

In 2020, the implementation of the anti-fraud Action Plan 2018-2020 concentrated mainly on achieving the strategic objective of improving awareness among staff to strengthen Eurostat's anti-fraud capacities. In 2020, an information session on anti-fraud was included in each of the three newcomers' induction programme training sessions (in February, June, and October).

Additionally, market concentration for procurement was monitored and the results presented to management.

On the basis of the available information, Eurostat has reasonable assurance that the anti-fraud measures in place are effective overall.

The quantified benefit of controls covering fraud prevention, detection and correction is evident in the fact that there are no pending investigations opened by OLAF from previous years (all potential fraud cases notified by Eurostat have been dismissed by OLAF since 2012). Eurostat neither registered a fraud nor reported to OLAF any potential fraud-related case during 2020. The unquantified benefits are the deterrent effects of controls. In addition, no fraud risks were included in the Eurostat risk register.

- **Other control objectives: safeguarding of assets and information, reliability of reporting**

Safeguarding of assets and information

Eurostat's information systems and data are highly important assets supporting Eurostat's mission to be the leading provider of high-quality statistics in Europe.

Eurostat regards it as crucial to safeguard, monitor and secure its information systems and applications as well as its collection, handling and hosting of sensitive information including the dissemination chain and the website used for publishing statistics and press releases.

As far as IT security and data integrity is concerned, the control objectives in place are mainly related to the definition and dissemination of Eurostat information security policy, implementation of the controls defined in the IT security policy, monitoring and control of access to IT infrastructure, and use of IT infrastructure and information. In 2020, there were no incidents recorded regarding data integrity in the reception and transmission of information, including the website.

Regarding the safeguarding of sensitive information, the control objectives are mainly the identification and definition of sensitive information in Eurostat, access to sensitive information, and control of access to sensitive information. During 2020, no incidents related to a breach of confidentiality were reported.

Within the ESS, the ESS IT security framework defines the controls to be put in place in order to safeguard the sensitive information. Eurostat, as part of the ESS, has been certified by an external authority as correctly implementing these controls.

Reliability of reporting (GNI)

The DG of the Commission in charge of the budget (DG Budget) is the authorising service with regard to own resources. However, Eurostat is the Commission service in charge of checking the implementation of the GNI regulation. This entails proposing methods to ensure the reliability, exhaustiveness and comparability of national GNI data, verifying the compilation of those data and directing the work of the GNI Expert Group. Each year, this group adopts an opinion on the appropriateness of Member States' GNI data for own resource purposes with respect to reliability, comparability and exhaustiveness. At the very beginning of Eurostat's involvement in own resources verification, the division of responsibilities between Eurostat and DG Budget was agreed. This is given in a

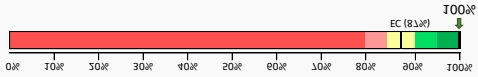
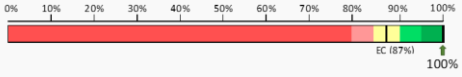
Memorandum of Understanding that includes good practice regarding GNI reservations, which allow Member States' GNI data to be revised after a cut-off date. The GNI verification work is carried out using a multi-annual verification cycle based on periodic inventories (description of sources and methods used to compile GNI) sent by Member States as well as an annual verification of GNI questionnaires and reports on quality underlying the data revisions.

The main indicators used in this activity are presented in Annex 7. These indicators are broken down by input, output and results for the multi-annual and annual verification. They underpin the legality and regularity of underlying transactions concerning own resources based on GNI.

In 2020 the follow-up work on reservations placed on Member States' GNI data concerning the verification cycle 2016-2019 has continued and the preparatory works on the verification cycle 2020-2024 have started.

2. Efficiency = the Time-to-... indicators and other efficiency indicators

To assess the best possible relationship between resources devoted to controls and outputs achieved, Eurostat defined a set of efficiency indicators, which are regularly monitored and analysed. The tables below provide an overview of the timely payment indicators related to grants and procurements.

Indicator	Timely Payments	
	Grants	Procurements
Category	Efficiency of Controls / Timeliness	
Objective	Ensure efficient processing of payments within the legal deadlines	
Result	<p>Eurostat achieved 100% compared to the EC result of 87%</p> 	<p>Eurostat achieved 100% compared to the EC result of 87%</p> 
Comment	<p>In 2020, Eurostat made all payments in time, without any late payments, and achieved an outstanding 100% for the 'payment accepted amount in time' indicator, performing well above the 87% achieved by the Commission as a whole. This is the result of paperless payment processes and a dedicated payment time monitoring system in place in Eurostat, supported with an active follow-up of the advancement of individual payment files through the payment process.</p>	<p>All payments were paid in time in 2020. As already stated under 'grants', this is the result of paperless payment processes and a dedicated payment time monitoring system in place in Eurostat, supported with an active follow-up of the advancement of individual payment files through the payment process.</p>
Definition	<p>Indicator = Value A / Value B Value A : Payment Accepted Amount in time (EUR) Value B : Payment Accepted Amount (EUR)</p>	

In 2020, Eurostat informed applicants and signed grant agreements, with one exception, within the time limits set by the Financial Regulations. Eurostat's time-to-grant indicator

improved further in the reporting year. In comparison with the previous year, the average time to inform applicants of grant decisions decreased by 17 days (from 80 days in 2019 to 63 days in 2020) and the average time to sign grant agreements by 20 days (down from 64 to 44 days). As a result, Eurostat's time-to-grant indicator is well within the limit of 180 days defined by the Financial Regulation.

A number of additional efficiency indicators is presented in the table below:

Indicator	Financial year				
	2016	2017	2018	2019	2020
Grants					
• Average time-to-inform applicants [Art 194 (2a) FR sets a time limit of six months] (180 days)	79 days	71 days	108 days	80 days	63 days
• Average time-to-sign grant agreements or notify grant decisions [Art 194 (2b) FR sets a time limit of three months] (90 days)	36 days	46 days	59 days	64 days	44 days
• Time-to-pay (% on time, number of transactions)	92.63%	83.70%	91.20%	99.37%	*1)
• Payment accepted amount in time (in percentage)					100%
• Average time-to-pay [Art 116 FR]	47 days	57 days	48 days	38 days	27 days
Procurements					
• Time-to-pay (% on time, number of transactions)	88.51%	82.92%	92.52%	99.96%	*1)
• Payment accepted amount in time (in percentage)					100%
• Average time-to-pay [Art 116 FR]	25.13 days	26.02 days	20.61 days	20.60 days	18.46 days

Source: European Commission, Eurostat

*1) This indicator is replaced by the indicator 'Payment accepted amount in time (in percentage)' since 2020

3. Economy = the estimated cost of controls

The calculation of cost of controls is based on a best and most reasonable estimate¹⁸. Staff costs were measured by multiplying the number of full-time equivalents (FTEs) attributable to control-related activities with an annual average cost rate depending on the staff category. External costs were included in the calculation using the individual contracted amount.

For the reporting year 2020, the estimation of FTEs for staff was carried out using the ATLAS-Tool¹⁹. ATLAS is a workforce reporting and planning tool helping to allocate resources to priorities and providing up-to-date information on the allocation of resources to political priorities, and activities. The proportion of the control-related activity was reported only to the extent that it represents at least 10 % of a FTE/year.

Eurostat believes that the calculation of cost gives a true and fair view of Eurostat's control costs for the reporting year, based on a best and most reasonable estimate. Cost drivers are mainly the relatively high number of files of small value increasing the cost-efficiency indicators.

¹⁸ The corporate methodology for the estimation, assessment and reporting on the cost-effectiveness of controls was revisited in September 2018 and applied for the first time in the 2018 annual reporting. The difference in the estimated cost of controls compared to previous years derives from this new methodology and does not reflect any substantial change in the DG's control strategy.

¹⁹ Activity and Task Logging for Allocated Staff (DG HR's IT Tool in Sysper2)

Eurostat regularly monitors and assesses indicators on the efficiency of its controls. The tables below present an overview of cost-effectiveness indicators. More detail is presented under Annex 7 of this AAR.

Overall cost of control:

Indicator	Financial Year				
	2016	2017	2018	2019	2020
Overall					
(1) Overall cost of control (k€ *)	**)	**)	10 694	11 022	10 615
(2) Overall cost of controls / total expenditure executed during the year (payments made for grants and procurements)	**)	**)	11.3%	12.1%	14.2%
*) Overall cost of control includes the cost of control related to grants, procurements, IT security and data integrity as well as safeguarding of sensitive information. **) No comparative data for previous years available					
Grants and procurements					
(1) Cost of control (k€)	8 863	9 066	10 162	10 522	8 630
(2) DG-horizontal control related tasks which are not attributable to a single relevant control system	n.a.	n.a.	n.a.	n.a.	1 279
(3) Total costs = (1) + (2)	8 863	9 066	10 162	10 522	9 909
(4) Total cost of controls of process / total expenditure executed during the year (the payments made for grants and procurements)	14.3%	13.9%	10.7%	11.5%	13.4%

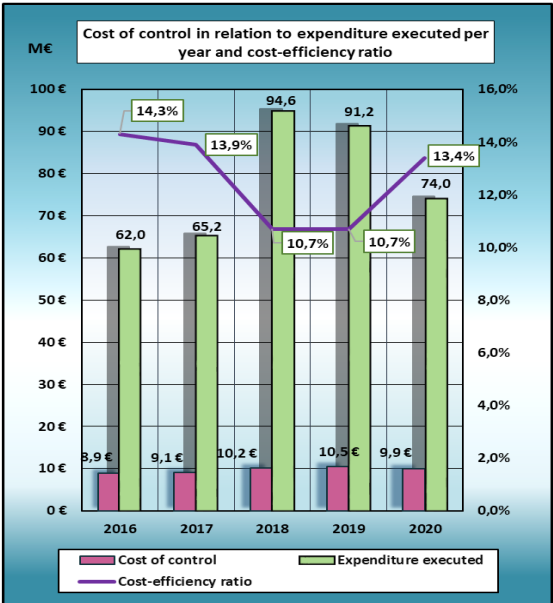
Source: European Commission, Eurostat

N.B.: The structure for presenting cost of controls was modified based on a revised corporate guidance in 2020 to harmonise approaches across DGs. Costs which cannot be allocated to any single relevant control system (e.g. Budget and accounting; coordination incl. strategic programming and planning, etc.) were taken out of the overall cost of controls related to grants and procurements and shown separately.

Overall cost of control decreased from k€ 11.022 in 2019 to k€ 10.615 in 2020. This decline resulted primarily from the change of the methodology for the estimation of FTEs. As explained above, the number of FTEs to be attributed to control-related activities was extracted from the workforce reporting and planning tool ‘ATLAS’ which is commonly used within the Commission, yet providing a higher accuracy in comparison to the prior approach used by Eurostat. Nevertheless, a reverse effect has to be noted for the overall ratio, increasing from 12.1% in 2019 to 14.2% for 2020. This effect can be explained by the declined amount of ‘payments made’ in the reporting year 2020 being the denominator of the formula for the ratio.

Cost of control in absolute terms for grants and procurement transactions decreased from 10.5 M€ in 2019 to 9.9 M€ in 2020 (see red bars in the chart on the right). This effect results from the change of methodology in estimating the number of FTEs to be attributed to control-related activities. As explained above, those numbers were extracted for the reporting period 2020 from the ATLAS-tool.

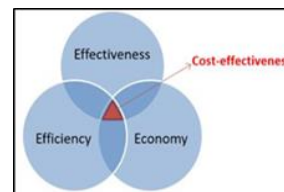
As the ‘payments made’ declined from 91.2 M€ in 2019 to 74.0 M€ in 2020 (see green bars on the right), the cost-efficiency ratio deteriorated



(see red line in the chart on the right) in comparison to the previous year.

4. Conclusion on the cost-effectiveness of controls


At first glance, the cost-effectiveness ratios appear relatively high. However, one of the key determinants of the ratio is the volume of payments made during the reporting year. In this context, it is important to underline that Eurostat is implementing a rather small volume of budgetary appropriations per financial year.



Furthermore, although the average size of grant transactions is relatively small, a full set of controls must be put in place. This results in diseconomies of scale. Additionally, it is important to note that controls are implemented to manage revenue and expenditure in line with the Eurostat control strategy on budget implementation and accordance with the underlying budgetary rules and regulations, ensuring compliance with the requirements regarding the legality and regularity of transactions. To prevent, detect and correct errors and irregularities, many of the controls performed in Eurostat are mandatory; the margin for reducing them is therefore limited.

In 2020, Eurostat continued its path to further improve the cost-effectiveness of controls. Motivated by positive experience from the previous year, Eurostat launched again a project using simplified forms of grants financing in 2020. To improve economy and efficiency further, the project applies a result-based approach, namely financing not linked to costs. In comparison with traditional forms of financing based on costs actually incurred, financing not linked to costs simplifies administrative procedures and the payment process in particular. Also, the project covers an annual survey and as such is a recurrent project. Therefore, the project launched in 2020 is multi-annual, covering two years, i.e. 2020 and 2021, and thus further reduces administrative burdens both for the beneficiaries of the grant project and for the Commission. In addition, as part of efforts for simplification, economy and efficiency gains, Eurostat decided to maintain the use of unit costs in its grant actions, introduced for Eurostat's actions by Commission Decision C(2014)6332 of 11 September 2014. Accordingly, Eurostat prepared the renewal of the decision authorising the use of unit costs for eligible direct personnel costs in all Eurostat grant projects under the Single Market Programme as well in grant actions implemented by Eurostat financed from co-delegated or sub-delegated appropriations of other Directorates-General.

In the framework of paperless workflows, Eurostat put in place a procedure for qualified electronic signature of contracts and agreements/amendments in March 2020. The procedure covers all procurement contracts and grant agreements managed outside the electronic corporate tools that allow for electronic signature (e.g. eGrants, eOrders). This measure proved specifically useful in the context of the Covid-19 crisis. In procurement management, Eurostat on-boarded the Public Procurement Management Tool (PPMT), while in grant management, it has prepared the on-boarding of the audit module of the eGrants tool.

 Based on the most relevant key indicators and control results, Eurostat assessed the effectiveness, efficiency and economy of its control system and reached a positive conclusion on the cost-effectiveness of the controls for which it is responsible. Eurostat considers that

the current control strategy that was implemented is best suited to fulfilling the relevant control objectives, providing an adequate balance between low error rates, fast payments and costs of controls.

2.1.2 Audit observations and recommendations

This section sets out the observations, opinions and conclusions reported by auditors – including the limited conclusion of the Internal Auditor on the state of internal control. Summaries of the management measures taken in response to the audit recommendations are also included, together with an assessment of the likely material impact of the findings on the achievement of the internal control objectives, and therefore on management's assurance.

Audit work performed by IAS during the year

In 2020, the IAS carried out the following engagements in Eurostat:

- **"Audit on HR Management in Eurostat"**: The final audit report was issued on 26/01/2021. The audit report issued eight "very important" recommendations referring to the development of an HR strategy, to the HR planning process, to the HR plan, to task mapping, to skills mapping, to workload assessment, to staff allocation, and to monitoring of HR operational indicators. An action plan was agreed by IAS on 18/03/2021 and its implementation has already started. For any further information, please consult Annex 7.
- **"Audit on Commission's policy for data, information and knowledge management"**: SG, DG BUDG, DG HR, DIGIT, JRC, and Eurostat have been audited. The final audit report of 29/01/2021 issued four "very important" and six "important" recommendations. None of the recommendations has been allocated to Eurostat for implementation.
- IAS announced the start of the **"Audit on Preparedness for the new European Statistical Programme under the new MFF 2020 – 2022"** in October 2020.
- Follow-up of the implementation of the "very important" recommendations one and two of the **"Audit on the production process and the quality of statistics not produced by Eurostat"** (IAS.C3-2016-EUROSTAT-002). Recommendation one referred to the framework for statistical production in the Commission and Eurostat's coordination role in the development and production of statistics by other Commission Services. Recommendation two referred to the completion of the statistical inventory and masterplan. IAS concluded that both recommendations have been adequately and effectively implemented and therefore closed them.
- Follow-up of the implementation of the "very important" recommendation one of the **"Audit on Eurostat's quality management of statistical processes"** (IAS.C3-2018-ESTAT-002). This recommendation referred to ensuring the effective functioning of the quality review process to obtain re-assurance that the statistical production occurs in compliance with the applicable standards. IAS concluded that the

recommendation has been adequately and effectively implemented and closed it therefore.

Eurostat accepted all recommendations issued by the IAS.

Open issues from IAS audits before 2020

Eurostat worked during the year 2020 on the implementation of a “very important” recommendation issued by the IAS on 18/01/2019 in the final report of the **“Audit on effectiveness of Eurostat’s cooperation with external stakeholders”**.

For any further information concerning this recommendation, please consult Annex 7.

Audits performed by the European Court of Auditors during the year 2020

In 2020, the European Court of Auditors published the following Special Report where Eurostat is *chef de file* for implementing at least parts of the issued recommendations:

- The European Court of Auditors issued one “important” recommendation in the **Special Report 05/2020: “Sustainable use of plant protection products limited progress in measuring and reducing risks”**. An action plan has been established and its implementation is ongoing and foreseen to be finalised by 31/12/2023. Eurostat accepted all the recommendations issued by the European Court of Auditors.
- The European Court of Auditors started in 2020 the performance audit **“Does the Commission effectively provide for high-quality European statistics?”** with Eurostat as main auditee.
- Furthermore, the European Court of Auditors started in 2020 the performance audit **“Does the Commission's management of external consultancy services ensure value for money?”**. This audit covers central services (SG, DG BUDG, DG HR) and selected Commission services including Eurostat (DG NEAR, DG JRC, DG SRSS, DG GROW, DG ENV, DG EMPL, DG ESTAT, DG BUDG, DG AGRI and REA).

Open issues from audits of the European Court of Auditors before 2020

In its **Special Report 01/2016 "Is the Commission's system for performance measurement in relation to farmers' incomes well designed and based on sound data?"**, the European Court of Auditors issued two “important” recommendations whose implementation is at least partly under the responsibility of Eurostat. An action plan was established and is being implemented. While one recommendation had already been implemented in 2018, the parts of the second recommendation under Eurostat’s responsibility have been implemented on 12/02/2021 with the adoption of a Commission proposal for a Regulation of the European Parliament and of the Council amending Regulation (EC) No 138/2004 of the European Parliament and of the Council as regards regional economic accounts for agriculture by the European Parliament.

In its **Special Report 08/2019: “Wind and solar power for electricity generation: Significant action needed if EU targets to be met”**, the European Court of Auditors issued one “important” recommendation where Eurostat is *chef de file*. The implementation is ongoing and will be finalised as foreseen by 30/06/2021.

Three “important” recommendations where Eurostat is *chef de file* were issued by the European Court of Auditors in its **Special Report 16/2019: “European Environmental Economic Accounts: Usefulness for policymakers can be improved”**. The implementation of all three recommendations is on track and foreseen to be finalised between 31/12/2021 and 31/12/2023.

Limited conclusion of the Internal Auditor on the state of internal control in Eurostat

On 15 February 2021, IAS concluded that the internal control systems in place for the audited processes are effective, except for the observations giving rise to nine “very important” recommendations. One recommendation needs to be addressed in line with the agreed action plan and eight recommendations need to be addressed by the submission and implementation of an agreed action plan.

Conclusion on the assessment of audit observations and recommendations

- No “critical” recommendations were issued by IAS in 2020.
- Currently Eurostat does not have any “critical” or “very important” recommendations issued by the European Court of Auditors.
- Currently Eurostat does not have any audit recommendations overdue for more than six months.
- During 2020, Eurostat implemented one “very important” recommendation stemming from the IAS’ “Audit on Eurostat’s quality management of statistical processes”.
- Eurostat is currently in the process of implementing two “important” recommendations and nine “very important” recommendations, all issued in IAS audit reports, as well as five “important” recommendations issued by the European Court of Auditors.
- Action plans referring to the “very important” and “important” audit recommendations were established (or are currently being established) and are being implemented.
- Detected risks have either been reduced significantly or they relate to only one specific area. Therefore, from Eurostat’s point of view, the weaknesses and risks that were detected in the audited processes, do not endanger the functioning of the IC system as a whole.
- IAS concluded on the state of internal control in Eurostat that the internal control systems in place for the audited processes are effective, except for the observations giving rise to nine “very important” recommendations.
- Eight “very important” recommendations have been issued very recently (26/01/2021) in the final report of the audit on “HR Management in Eurostat”. All eight recommendations refer to internal control Principle 4 “The Commission demonstrates a commitment to attract, develop, and retain competent individuals in alignment with objectives”. Eurostat acknowledges the combined effect of these recommendations. Nevertheless, these recommendations relate exclusively to IC principle 4. There are identified strengths, demonstrating that this principle is at least partially present and functioning. The deficiencies detected by IAS did not have a significant impact on Eurostat’s achievement of its objectives in 2020. Furthermore, these deficiencies did not have any financial, nor reputational impact on Eurostat in 2020. Due to the late

publishing of the audit report, it was impossible to address the weaknesses already during the year 2020. An action plan has been established, it was agreed by IAS on 18/03/2021 and its implementation has already started.

- Therefore, Eurostat concludes that audit observations and recommendations do not disclose significant weaknesses of the internal control system that would request to qualify the declaration of assurance with a reservation.

2.1.3 Assessment of the effectiveness of internal control systems

The Commission has adopted an Internal Control Framework based on international good practice, to ensure the achievement of its policy and management objectives. Compliance with the internal control framework is a compulsory requirement.

Eurostat uses the organisational structure and the internal control systems suited to achieving its policy and internal control objectives in accordance with the internal control principles and has due regard to the risks associated with the environment in which it operates.

The functioning of the internal control systems was closely monitored throughout the year.

Eurostat's management assessed the effectiveness of the internal control system and its results following the methodology established by DG BUDG in the "Implementation Guide of the Internal Control Framework of the Commission". Please refer to Annexe 8 for the detailed approach and its sources.

Eurostat's management monitored, twice a year, the implementation of the mitigating actions identified for the risks relevant at DG level.

Twice a year Eurostat's management also assesses whether:

- 1) new mitigating actions need to be implemented to further mitigate identified risks;
- 2) the risk level for the risks included in Eurostat's risk register has changed;
- 3) new risks have been identified.

A "critical" risk "Limited participation of the NSIs to the planned calls" was detected during a specific Covid-19 risk assessment exercise. This risk has already been successfully mitigated and was removed from central monitoring in Eurostat's risk register by end of 2020.

A further "critical" risk "Failure to meet continuously increasing requests for new, more timely and more detailed statistics in a fast changing environment" has been detected in the annual risk assessment exercise in the framework of the preparation of the Annual Management Plan 2021. An action plan to mitigate this risk has been established and is currently being implemented.

The analysis of the effectiveness of Eurostat's internal control system resulted in the assessment that the internal control principles 6, 10, and 16 are present and functioning but some improvements are needed and internal control principle 4 is partially present and functioning, major improvements are needed.

The results of the assessment have been analysed and discussed between the Director-General and the DRMIC.

Eurostat has assessed its internal control system during the reporting year and has concluded that it is effective and the components and principles are present and functioning well overall, but some improvements are needed, in particular as major deficiencies related to Internal Control Component 1 (Control Environment) specifically Principle 4 (“The Commission demonstrates a commitment to attract, develop, and retain competent individuals in alignment with objectives”) were identified by IAS in the final report of the audit on “HR Management in Eurostat”.

All internal control components work together in an integrated manner; overall the internal control system is effective. The deficiencies detected by IAS relate exclusively to IC principle 4. They did not have a significant impact on Eurostat’s achievement of its objectives in 2020. Furthermore, these deficiencies did not have any financial, nor reputational impact on Eurostat in 2020. Therefore, these deficiencies do not request to qualify the declaration of assurance with a reservation.

The improvements and/or remedial measures implemented or envisaged refer to internal control principle 4 and the related implementation of the IAS audit recommendations issued recently in the above-mentioned final audit report. Due to the late publishing (26/01/2021) of the audit report, it was impossible to address the weaknesses already during the year 2020. An action plan has been established and its implementation will start immediately after IAS agreed to it.

2.1.4 Conclusions on the assurance

This section reviews the assessment of the elements already reported above (in Sections 2.1.1, 2.1.2 and 2.1.3), and the sub-conclusions already reached. It draws an overall conclusion to support the declaration of assurance and whether it should be qualified with reservations.

The information reported in Section 2.1 stems from the results of management and auditor monitoring contained in the reports listed. These reports result from a systematic analysis of the evidence available. This approach provides sufficient guarantees as to the completeness and reliability of the information reported and results in a comprehensive coverage of the budget managed by the Director-General of Eurostat.

Eurostat’s performance in 2020 demonstrated that it is on course to meet the long-term policy, programme and operational objectives. In Eurostat’s judgement, its operational expenditure authorised has contributed to the policy achievements and generated Union-added value. The KPIs indicate that the usage of European statistics is firmly increasing as a general trend and in particular in the last years. Finally, the residual error rate for grants is consistently below the 2% materiality threshold.

The estimated overall amount at risk at closure for the 2020 payments made is 0.33 M€.

Based on an assessment of the most relevant key indicators and control results, Eurostat has assessed the cost-effectiveness and the efficiency of the control system as satisfactory in its current environment and has identified actions in order to improve.

Concerning the six standard financial indicators, Eurostat's results in 2020 are in three cases below the average Commission results but still green, in two case Eurostat's results are above the average Commission results and one indicator meets exactly the average Commission result.

In 2020, there were no pending investigations opened by OLAF from previous years, nor was any potential fraud-related case reported to OLAF.

In 2020 there were no incidents recorded regarding data integrity in the reception and transmission of information, including the web site.

Eurostat has set up internal control processes aimed to ensure the adequate management of the risks relating to its operations. Eurostat performs a risk assessment on DG level twice a year. In 2020 two additional Covid-19-related risk assessments have been performed.

Eurostat has assessed the observations and recommendations issued by the IAS and the ECA and continued in 2020 with the implementation of actions plans addressing audit recommendations.

IAS concluded on the state of internal control in Eurostat that the internal control systems in place for the audited processes are effective, except for the observations giving rise to nine "very important" recommendations.

Eurostat concluded that audit observations and recommendations do not reveal significant weaknesses in the effectiveness of the internal control system that would require the declaration of assurance to be qualified with a reservation.

Eurostat has assessed its internal control system during the reporting year and has concluded that it is effective and the components and principles are present and functioning well overall, but some improvements are needed. The improvements and/or remedial measures envisaged refer mainly to the implementation of the IAS audit recommendations issued recently in the final report of the IAS audit on "HR Management in Eurostat". Due to the late publishing (26/01/2021) of the audit report, it was impossible to address the weaknesses already during the year 2020. An action plan has been established, it was agreed by IAS on 18/03/2021 and its implementation has already started.

The AOD gained a true and fair (i.e. a reliable, complete and correct) view of the state of affairs in Eurostat and has reasonable assurance that, overall, suitable controls are in place and working as intended.

Overall Conclusion

In conclusion, management has reasonable assurance that, overall, suitable controls are in place and working as intended; risks are being appropriately monitored and mitigated; and necessary improvements and reinforcements are being implemented. The Director-General, in capacity as Authorising Officer by Delegation has signed the Declaration of Assurance.

2.1.5 Declaration of Assurance

I, the undersigned,

Director-General of Eurostat

In my capacity as authorising officer by delegation

Declare that the information contained in this report gives a true and fair view²⁰.

State that I have reasonable assurance that the resources assigned to the activities described in this report have been used for their intended purpose and in accordance with the principles of sound financial management, and that the control procedures put in place give the necessary guarantees concerning the legality and regularity of the underlying transactions.

This reasonable assurance is based on my own judgement and on the information at my disposal, such as the results of the self-assessment, ex post controls, the work of the Internal Audit Service and the lessons learnt from the reports of the Court of Auditors for years prior to the year of this declaration.

Confirm that I am not aware of anything not reported here which could harm the interests of the institution.

Luxembourg, 31 March 2021

(e-signed)

Mariana KOTZEVA

²⁰True and fair in this context means a reliable, complete and correct view on the state of affairs in the DG.

2.2 Modern and efficient administration – other aspects

Examples of initiatives to improve economy and efficiency of financial and non-financial activities:

As lined out under point 2.1.1 “Control results” – “Conclusion on the cost-effectiveness of controls”, Eurostat launched a number of projects to further improve economy and efficiency of its financial activities and transactions:

- Eurostat initiated a new project using simplified forms of grants. In comparison to the reimbursement of actual incurred costs, this financing system applies a result-based approach. It simplifies administrative procedures and reduces administrative burden both for the beneficiaries of the grant project and for the Commission. The project was launched in 2020 and will be recurrent, covering two years, i.e. 2020 and 2021.
- In addition, as part of efforts for simplification, economy and efficiency gains, Eurostat decided to maintain the use of unit costs in its grant actions, introduced for Eurostat’s actions by Commission Decision C(2014)6332 of 11 September 2014. Accordingly, Eurostat prepared the renewal of the decision authorising the use of unit costs for eligible direct personnel costs in all Eurostat grant projects under the Single Market Programme, as well as in grant actions implemented by Eurostat financed from co-delegated or sub-delegated appropriations of other Directorates-General.
- In the framework of paperless workflows, Eurostat put in place a procedure for qualified electronic signature of contracts and agreements/amendments in March 2020. The procedure covers all procurement contracts and grant agreements managed outside the electronic corporate tools that allow for electronic signature (e.g. eGrants, eOrders). This measure proved specifically useful in the context of the Covid-19 crisis.

As regards Eurostat initiatives to further improve economy and efficiency of non-financial activities:

In 2020, the implementation of the ESS Vision 2020 programme has come to an end. The envisaged results have largely been achieved in all dimension of the programme. A comprehensive end-of-programme report has been published. ESS Vision 2020 programme implementation was designed to be cost-efficient at project level and also through the monitoring of synergies across projects and proved to lead to a positive cost/benefit ratio. It has been building on the well-established and proven collaboration models with NSIs, generating economies of scale and large take-up of the results.

As regards developing innovative ways to engage with users and partners and expanding the visibility of official statistics in the global information, the DIGICOM project has made significant contributions. In 2020, the release of the end-of-project report was the occasion to intensify communication activities around the project outputs, in particular the enlarged product portfolio (co-developed digital publications, public use files, experimental statistics) as well as the wide range of statistical literacy products including games, e-learning

material and educational videos. The developed tools and prototypes developed – for use by ESS practitioners – included user personas, visualisation tools, Linked Open Data (LOD) prototype, semantic web tools as well as the Linked Open Statistical Data Hub.

Finally, in 2020, resources for the modernisation of news releases were put in place. From 2021 the generation and format of news releases will be modernised as part of the COOL project.

For extensive reporting on all components, please refer to Annex 9.

2.2.1 Human resource management

Effective management of Human Resources (HR) is an important aspect of the European Commission and Eurostat's administration. As regards the local HR strategy of Eurostat, the work is ongoing. Eurostat had planned a discussion of its HR strategy in the Directors' Meeting seminar in April 2020, which was postponed due to Covid-19 to early August 2020. In October 2020 a specific workshop on Eurostat's HR strategy was organised for Eurostat staff, with DG HR's support. Additionally, a workshop for staff on 'teleworking in the new normal', discussing aspects of teleworking after the Covid-19 crisis, was organised in November 2020.

Just before Christmas, Eurostat received a draft HR audit report containing further input for the local HR strategy. In the second quarter of 2021, the major output will be a new local HR strategy with a five-year perspective. This is consistent with the overall Commission HR strategy in order to ensure the effective management of human resources and to optimise the capacity to deliver on strategic priorities in the future. The pillars of the local HR strategy will be in the following four areas: Recruit, develop and retain talent, leadership and management, learning and development as well as wellbeing and working conditions. The audit recommendations issued which will be taken into account in the HR strategy are referring to the development of an integrated HR planning process, to annual HR plan, to task mapping exercise, a skills mapping exercise, to improve workload assessment, to review staff allocation, and to monitor HR operational indicators. To ensure that Eurostat is prepared for the challenges caused by the rapidly-changing technologies and emerging digital sources, Eurostat will put a particular focus on training, learning and development in order to gain the skills needed to respond to the challenges.

Eurostat is on track as regards the number of first female appointments in middle management for the period 2020-2022. In March 2020, a first female appointment (out of the two foreseen for this period) to a Head of Unit post took place. At the end of 2020, women occupied 54.5% of middle management positions in Eurostat. Eurostat made use of its allocated quota as regards the Female Talent Development Programme and will continue to do so.

Following the staff survey of 2018, there was a series of consultations with staff and management, which resulted in Eurostat development plan adopted in October 2019,

specifying 30 actions in the following four key areas: mobility and career progression, collaboration and communication, senior management, and encouraging innovation. It was the very first time that Eurostat staff were so actively involved in the development of a structured plan addressing the areas of concern to the employees in order to boost staff engagement. Directors have identified relevant activities and review regularly the progress of the plan. The activities, and the progress over time, for each of the 30 actions, are registered and monitored centrally by Unit 01.

Eurostat is on track as regards the implementation of more than 80% of the actions by the end of 2020. Out of the 30 actions, there are only two with little progress, mainly due to the Covid-19 crisis. For example, it was not possible to organise a job-shadowing exercise.

Regarding internal communication, through Eurostat's intranet (Cybernews), staff were kept informed of developments in the workplace, including announcements of informal meetings with senior management, outcomes of important meetings, vacancy announcements, training opportunities, new statistical data, Eurostat publications, and activities specifically in response to Covid-19 (including official announcements, information from senior management). Quick polls/mini-surveys were also conducted to assess staff attitudes on particular issues (for example on teleworking during the Covid-19 restrictions). Also, a new chat section was created on Cybernews to provide a forum for staff to interact informally while working from home. A series of articles to engage staff in a more informal way was introduced (for example staff contributed descriptions of their home office with a photograph).

2.2.2 Digital transformation and information management

Digital transformation

Through the year, Eurostat has continued advancing its digital transformation, modernising its workplace tools and the tools used for statistical production, and moved forward with the implementation of the principles of the EC digital strategy in its IT landscape.

Eurostat has actively participated in the implementation phase of the different collaborative solutions provided by DIGIT. These solutions aim at modernising the workplace, for example the introduction of Microsoft 365 (M365). Eurostat has also actively contributed to the Digital Strategy Modernisation Plan, by participating in the different groups (clusters) defined, particularly in the area of Data Services, Paperless and Process Automation.

Eurostat has also completed the development of the new data browser for the dissemination of statistical data. The, a new modern and user-friendly tool that is available for all users of European statistics in Eurostat's website, replaces legacy tools and fully integrates graphs and maps for a better understanding of European statistics.

Additionally, a new version of EDAMIS was introduced. This is the platform used as a single entry point for all data exchange between Eurostat and its data providers at both national

and international level. Its introduction marked a significant progress in the modernisation of Eurostat's data and metadata infrastructure. The new EDAMIS 4 application offers new functionalities to enable the secure exchange of sensitive data within the ESS and to provide better upfront validation of data transmitted to Eurostat. It enabled increased access to high-quality data while ensuring that personal and sensitive data is safeguarded. At the end of 2020, 90% of all data sent to Eurostat goes through the new EDAMIS 4 application, and 100% coverage will be reached over the course of 2021.

Eurostat has also made significant progress towards a key milestone of the Trusted Smart Statistics initiative: together with DG DIGIT and Cedefop (European centre for vocational training), a beta release of the Web Intelligence Hub Platform provides capabilities to collect and process web data on online job advertisements to produce experimental statistics on labour market-related indicators. The highly automated workflow incorporates advanced technologies like machine learning and natural language processing. In addition to statistical aggregates, the platform provides resources for analysis and research. The first cycle of data production will start in February 2021.

As in other areas, disruption caused by Covid-19 had an impact on Eurostat's digital transformation, giving incentives to embrace new ways of collaboration with different stakeholders and demanding more agile digital solutions to be developed in order to respond to the new data needs (weekly deaths collection, European Recovery Dashboard).

Concerning the digital workplace (DWP), Eurostat has also been severely impacted by Covid-19, which was a main driver in the DWP implementation. Thanks to strong collaboration with DG DIGIT, Eurostat ensured a seamless transition to teleworking by default, with limited or no impact on the main business processes.

Information management

2020 was an important year also for Eurostat's contribution to the corporate Data Information and Knowledge Management (DIKM) initiatives as lead coordinator for statistical and Geographical Information Systems (GIS) issues: the inventory of other statistics produced by Commission services became public service on Europa.eu website²¹ and will be integrated into the Commission's wide data assets catalogue. Eurostat also released a Reference Quality Framework for those other statistics. Moreover, Eurostat expanded within the ESS the usage of the Statistical Data and Metadata eXchange (SDMX), which is a standard for data exchange, as well as of the Single Integrated Metadata Structure (SIMS), which is a standard for metadata reporting. In collaboration with the Publications Office, Eurostat made some of its key statistical classifications available to the public as Linked Open Data for the first time. Building upon its broad experience of data and metadata standardisation, Eurostat actively contributed to the work launched by the Commission's Information Management Steering Board on the definition of a corporate reference data management policy.

²¹ <https://ec.europa.eu/eurostat/web/main/about/overview/co-ordination-role>

Finally, activities in the domain of data protection focused in 2020 on supporting Eurostat's controllers in learning and implementing the regulatory framework, notably by raising their awareness thereof in the context of concrete processing operations. Adapting generic privacy statements to the specific context provided, for example, concrete training opportunities. The longer-than-expected duration of the Covid-19 crisis limited the possibilities for other awareness-raising activities, including the regular newcomers' sessions.

Eurostat also continued its implementation of the Commission's revised Data Protection Action Plan, according to which data processing for statistical purposes requires appropriate safeguards for the rights and freedoms of data subjects, which are laid down in Union law. It is important to note in this context that at Eurostat, the Statistical Regulation 223/2009 provides an additional layer of protection of individuals as regards the processing of personal data. It specifies, as far as European statistics are concerned, the rules laid down in the GDPR and in Regulation 2018/1725. Eurostat applies these additional rules in parallel with Regulation 2018/1725 when it processes personal data for the purposes of European statistics.

Also in connection with the Data Protection Action Plan, and following a request by the European Data Protection Supervisor (EDPS), Eurostat carried out a mapping of its international data transfers. On the basis of these contributions from its services, and coordinated by the Data Protection Officer, the Commission replied to a request from the EDPS to all EU institutions to identify and map their international transfers and to report certain categories of transfers. The goal was to minimise the risks linked to ongoing and future international transfers of personal data, notably by informing all data subjects of the legal situation in which such transfers take place. The current data protection legislation allows international transfers of personal data in principle if the EU standards for the protection of the rights and freedoms of the data subject are guaranteed also after the transfer. In 2020, the invalidation of the EU-U.S. Privacy Shield (the Schrems II ruling) posed concrete challenges. As a result of the mapping exercise, Eurostat was able to rule out any existing transfers which would have been concerned by the invalidation, but will continue to assess its processing activities in light of the requirements of the Schrems II ruling and will coordinate with relevant Commission services and IT governance bodies, as well as the Data Protection Officer.

Eurostat continued to monitor external processor agreements with a focus on the aforementioned invalidation of the EU-U.S. Privacy Shield. Appropriate procedures for data subjects rights are in place for all of Eurostat's records in the Commission's Data Protection Management System.

2.2.3 Sound environmental management

The 'European Green Deal' is an important priority of the von der Leyen Commission, influencing all policy areas of the European Commission. In order to lead by example, reducing the environmental impact of the institution in the framework of Commission's

Eco-Management and Audit Scheme (EMAS) is of crucial importance. All DGs have included initiatives stemming from EMAS Global action plans.

Although DG HR coordinates the EMAS system Commission-wide, EMAS correspondents work in each DG to raise environmental awareness and promote environmentally sound behaviour in their respective DGs. Eurostat created one of the first intra-DG EMAS networks in the Commission. This EMAS network (currently composed of around 45 members) works to raise environmental awareness among Eurostat's staff.

In 2020, Eurostat has successfully continued managing environmental aspects within the framework of EMAS. In particular, environmental awareness (such as responsible behaviour as regards energy, paper or water usage, waste reduction and recycling, using public transport and videoconferencing to reduce emissions, green procurement) and the active environmental contribution of staff in 2020 have been continuously promoted through different channels.

In total 30 Cybernews (Eurostat intranet) articles have been published in relation to EMAS throughout the year, for example on the use of Ecobox in the canteens or on the topic of greening Christmas.

In addition, Eurostat's colleagues demonstrated their commitment to EMAS by sending more than 15 suggestions to the internal mailbox ESTAT EMAS or other similar channels. Several of these contributions followed a Cybernews article asking for input to the area of sound environmental management in Eurostat Strategic Plan 2020-2024.

The EMAS network in Eurostat has developed a Connected website for ESTAT EMAS. This collaborative tool allows the interaction and contribution of colleagues on many different environmental topics.

In the framework of corporate Volunteer for Green Change initiative, zero-waste experts from the ESTAT EMAS network organised an online workshop in November 2020 addressed to EU institution staff in Luxembourg. Information on shopping with less packaging and organic composting practices was provided. Additionally very easy alternatives to reduce the environmental impact in everyday life were explained. This webinar was a success and will be repeated in the future.

In June 2020, the EMAS network in Eurostat created a video on environmental challenges to raise awareness of Eurostat and other Commission colleagues.

The EMAS network is always present during the induction training for newcomers in Eurostat, which is an excellent opportunity to recruit new colleagues with environmental motivation.

At the end of 2020, a new EMAS structure was created with one EMAS relay person in each Eurostat unit. Only some units are not yet covered, which will be addressed in 2021. The goal of this new EMAS relay structure is to spread environmental news in a more efficient way.