

Statistical Indicators for Europe 2020: Development and Use

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Europe 2020

Europe 2020 is a strategy for the EU with the aim to turn the EU into a smart, knowledge based, greener economy delivering high levels of employment, productivity and social cohesion. It is being designed as the successor to the past Lisbon Strategy, which has been the reform strategy for the EU for the last decade.

The strategy contains 7 flagship initiatives within 3 main objectives:

- Smart growth – developing an economy based on knowledge and innovation:

Innovation union

Youth on the move

A digital agenda for Europe

- Sustainable growth – promoting a more resource efficient, greener and more competitive economy

Resource efficient Europe

An industrial policy for the globalisation era

- Inclusive growth – a high employment economy delivering economic, social and territorial cohesion

An agenda for new skills and jobs

European platform against poverty

The strategy as adopted by the summer 2010 European Council sets 5 measurable targets to be achieved by the EU by 2020. These 5 targets are represented in fact by 11 indicators because the climate/energy target includes 3 separate target indicators, the education target consists of 2 indicators and the poverty and social exclusion target is based on three subindicators. The EU targets should be translated into national targets.

- 75 % of the population aged 20-64 should be employed
- 3 % of the EU's GDP should be invested in R&D
- The "20/20/20" climate/energy targets should be met
- The share of early school leavers should be under 10 % and at least 40 % of the younger generation should have a tertiary degree
- 20 million people should be taken out of poverty and exclusion

In addition to the headline targets additional sets of indicators might be used for monitoring the progress made under the flagship initiatives as well as providing more information on the targets themselves.

The headline indicators with targets on the level of the EU and on national level together with additional indicators on the flagship initiatives represent the statistical support for the Europe 2020 strategy. The existence of the targets for all the headline indicators and national targets defined for all Member States separately differentiate the statistical dimension of the strategy compared with the previous Lisbon strategy.

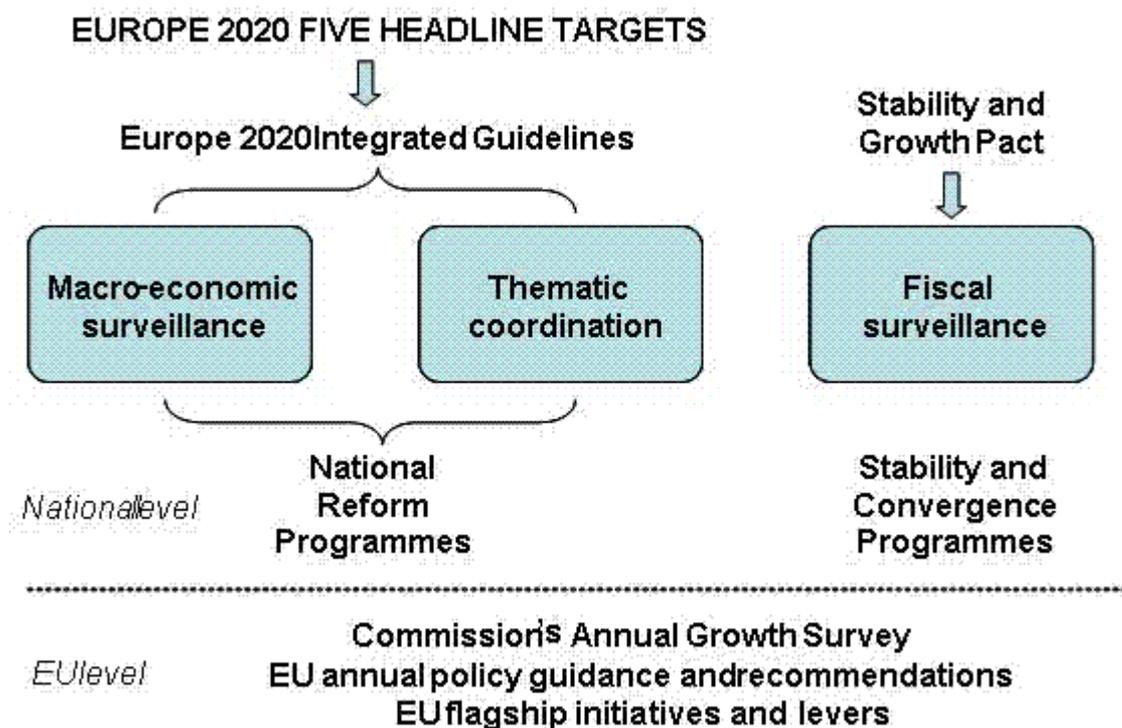
Integrated country surveillance

The statistical support for the Europe 2020 strategy is part of a broader policy framework of integrated

economic surveillance. It consists of:

- Strengthening the country fiscal surveillance within the Stability and Growth Pact by exploiting fully the preventive and corrective arms of the Pact, by giving in budgetary surveillance a more prominent role to the assessment of the levels, evolutions and sustainability of debt, by ensuring that Member states have national budgetary rules and medium term budgetary frameworks and also ensuring the quality of statistical data, essential for a sound budgetary policy and budgetary surveillance. Statistical offices should be fully independent for provision of the relevant data.
- Developing a framework for macro-economic surveillance within which developments with regard to competitiveness and macroeconomic (im)balances of the Member States are be assessed. The objective is to set up an effective surveillance framework for an early detection of unsustainable or dangerous macroeconomic trends. Particular focus is be on the Euro area Member States.
- Synchronisation of the country surveillance mechanism in a "European semester" within which all the main aspects of Member States' fiscal and macroeconomic developments and of their economic and structural policies towards the objectives of the Europe 2020 strategy are be evaluated in parallel. Nevertheless in legal terms the two frameworks, the Stability and Growth Pact and macroeconomic and thematic surveillance within Europe 2020 remain separate.

The graph below outlines the structure of the integrated surveillance system.



The integrated country surveillance within the European semester is a good example of the role indicator sets play in support of certain policies. There is the policy framework in the form of the Stability and growth pact, Europe 2020 objectives and headline targets and the objectives of macroeconomic stability together with the surveillance mechanism. This overall policy framework is supported by sets of indicators related to the different parts of the integrated surveillance framework.

Statistics for policymaking

The design of the statistical support for the Europe 2020 strategy and more generally for the integrated surveillance evoked a number of questions related to the use of statistical indicators within a policy framework.

- How to select the right indicators?
- What should be the roles of statisticians and of the policymakers in this process?
- What are the quality aspects/requirements regarding the indicators used for policymaking?
- How to present and disseminate the indicators?

The example of the Europe 2020 indicators and of the indicators for integrated surveillance illustrates well these issues.

Role of statisticians in the choice of the indicators

For the indicators to serve well the purposes of policymaking they have to meet certain criteria which need to be respected in the process of choice of the indicators. The indicators have to well illustrate the progress towards the objectives of the policy framework. It means that they have to be highly relevant. This sounds obvious however if we realize that statistical indicators are just proxy measures of the real phenomena the issue becomes less trivial.

A good example within the Europe 2020 strategy is the choice of the "innovation" indicator. The indicator should measure how well European growth is based on use of knowledge and innovation. Within the Lisbon strategy and in the initial phase within Europe 2020 the indicator used for this purpose was the share of R&D expenditures in GDP. The assumption was made that the indicator indirectly measures the generation of knowledge which is then applied in the economy. It was however clear that this was a very partial measure which focused on only one relatively narrow aspect of the innovation process. The Commission has therefore decided to improve the situation and define a better indicator which would measure the innovation intensity in more complexity.

In the choice of the new indicator a High level panel of experts cooperated closely with specialized Commission services and with Eurostat. The emphasis was on an indicator which would meet the complex quality criteria of official statistics. This means not only relevance but also reliability, comparability, accuracy and other quality dimensions.

Another good example of cooperation between statisticians and policymakers are the indicators for macroeconomic surveillance. Here again the experts representing the policymaking side were working closely with Eurostat on the choice and definition of the indicators. The role of statisticians in this process was to evaluate and suggest indicators which meet the necessary quality standards and are produced following the good principles of official statistics. The statistical know-how was essential also concerning the choice of the adequate accounting framework as a source of the indicators. This was important for example for indicators of external balance which can be constructed within the framework of balance of payments statistics or alternatively within national accounts. The coherence and consistency of the set of indicators was the basic criterion in this process.

Quality aspects

Statistics for Europe 2020 has thus to meet the highest quality standards. The credibility of the policy framework depends in fact very much on the quality of the used statistics. Statistical institutions have to have means to ensure the quality. The emphasis on quality of the produced and disseminated statistics is in fact one of the most characteristic general features of European statistics. It distinguishes official statistics produced by the European Statistical System and by the European Central Bank from statistics produced by other institutions. A well designed system of quality checks and quality reporting exists on the different levels of producing the statistics. The Europe 2020 indicators are accompanied by exhaustive metadata including quality profiles which provide the users with a lot of information on the given indicator and its different quality dimensions.

In specific areas – government finance statistics used within the Excessive Deficit Procedure in the framework of the Stability and Growth Pact – the quality work includes specific framework which enables activities similar to audit of the data used for the indicators.

The indicators which support the Europe 2020 strategy and more broadly the integrated country surveillance exist in the form of sets of indicators (headline target indicators for Europe 2020, sets of indicators for the flagship initiatives, indicators in the scoreboard for the macroeconomic surveillance, government finance statistics for the EDP). In case of sets of indicators some of the quality dimensions include additional aspects compared with individual indicators. It is for example the coherence between the individual components of the set which is very important. The above example of choice of the adequate accounting framework for the external balance indicator documents well this issue.

In case of a set of indicators we also often speak about its parsimony. How many indicators should be used in support of the given policy? The simple answer is: not more than necessary. This means enough indicators to cover in complexity the policy but not too many which could make the statistical evidence confusing. Sometimes this is easier - like in the case of thematic part of Europe 2020 where we have 8 headline indicators. But in other cases it might be more difficult. For example for monitoring the EU Sustainable Development Strategy we use more than 100 indicators. What to do in such cases? One possibility is to structure the indicator set according to the objectives or themes of the policy. Another possibility is to introduce in the set certain hierarchy of indicators - headline indicators, 2nd level indicators, contextual indicators, or to combine both methods.

Presentation and communication of the statistics

What is finally very important is the presentation and communication of statistics for policymaking. The way of presenting and communicating the statistical indicators influences the perception and use of statistics by the policymakers. It can facilitate the analysis made on the basis of the data. It can make very transparent and comprehensible the surveillance process based on the statistics. In this sense official statistics doesn't provide just the information. It is at the same time important part of the policy framework including the justification and communication of the policy decisions or recommendations.

The statistical institutions have today very good means to ensure good accessibility of the data and user friendliness of the dissemination channels. Official statistics is disseminated via advanced websites, scoreboards or dashboards of data and also modern visualization tools. We shouldn't forget the metadata which are essential part of presentation of the statistics.

In case of the Europe 2020 indicators a dedicated web page directly accessible from the Eurostat home page is available. The tables on the page contain next to the data also the target values for the indicators both for the EU and the individual countries. Data for selected non EU countries are also included. The data are accompanied by detailed metadata and also by quality profiles which enable the users to assess the fit for purpose of the indicators. The statistical indicators are also part of the annual report of the Commission on the implementation of the strategy showing the progress made by the EU and the countries towards the Europe 2020 targets.

The Europe 2020 indicators are in this connection a good example of statistics which has very strong communication content and is used in an analytical surveillance framework. A question in this context arises about where are the borders of what is expected from official statistics? Should the statisticians also try to analyze the data and disseminate this analysis? Should they even evaluate the trends described by the data and give to the indicators normative contents?

Within Europe 2020 official statistics goes certain way in this direction. In some other areas official statistics goes farther and the results are well appreciated by the users. The analytical contents might be supported by modern visualization tools based on implicit theoretical framework. The statistics disseminated in this framework then provides certain analytical insight. One example is the business cycle clock which presents the different principal European economic indicators in a way which enables to follow how the different economic indicators behave during the economic cycle. Via the business cycle clock it is possible to identify the different leading, coincident or lagging characteristics of the different economic statistics.

Sometimes statistics goes even farther. The Eurostat Monitoring report of the EU Sustainable

Development Strategy is an example of statistical publication which contains at the same time the evaluation of the trends described by the data.

These are roles which go beyond of what is normally expected from official statistics. For official statisticians to be able to fulfill them it is necessary that next to being good statisticians they should be also reasonably good experts in all the areas covered by official statistics. In general this is the precondition for official statistics to be able to deliver relevant high quality statistics for the purposes of policymaking.

ABSTRACT

Europe 2020 is a policy strategy for smart, sustainable and inclusive growth. Statistics is an essential part of the strategy. Statistical indicators were used in relation to defining the objectives and targets of the strategy and they will be used for monitoring and surveillance of its implementation. In this respect the headline indicators related to the thematic coordination reflect the 5 headline targets of the strategy. The indicators illustrating the competitiveness and internal and external macroeconomic imbalances are used for macroeconomic surveillance of the countries. The statistics is used within the annual surveillance cycle within the European semester which is a formal policy monitoring framework combining thematic and macroeconomic surveillance with fiscal surveillance within the Stability and Growth Pact. In the process of setting up the statistical support for the strategy Eurostat cooperated closely with the stakeholders. This enabled to establish set of indicators which meet the quality criteria for statistics used for policymaking. The paper will especially look to the issue from the perspective of presentation of the indicators.