

Statistical governance in Greece - recent developments

This document provides an overview of the recent developments of Greek statistical system as well as an indication of the magnitude of the revision of public finance data after their first validation. It also covers legal proceedings before Greek courts against Andreas Georgiou (Head of the Greek Statistical Office, ELSTAT, between 2 August 2010 and 2 August 2015), among others on the ground of the accusation that he has inflated 2009 Greek deficit figures. This document is an update of a briefing published in [November 2016](#).

Court proceedings: Summary of the state-of-play

On 6 September 2017, the International Statistical Institute provided a [detailed paper](#) on the background and chronology of the court proceedings against Andreas Georgiou in his former functions as President of ELSTAT. The paper summarises the current situation as follows:

“After almost six years of detailed deliberations, the criminal charge against Mr Georgiou and two senior staff of ELSTAT of falsifying the 2009 deficit (and debt) figures and thereby causing Greece extraordinary damage is still being pursued. This situation pertains even though investigating judges, prosecutors and the Council of the Appeals Court have on six separate occasions recommended, or decided, that the charges be dropped. The most serious reversals have been the proposals by the Chief Prosecutor of the Supreme Court to annul on two separate occasions (September 2015 and July 2017) the acquittal orders issued by the Council of the Appeals Court.

On the 1st of August (2017) the Appeals Court acquitted Mr Georgiou on two of the three misdemeanour charges of violation of duty but convicted him on the third charge of not obtaining prior approval for the release of the 2009 EDP figures from the Board of ELSTAT. The court sentenced him to two years in prison, suspended for three years. On the basis of this verdict and sentence, it would appear that the fact that Mr Georgiou was acting in accordance with the European Statistics Code of Practice was not taken into account by the Court to any significant extent in reaching its decision. The written verdict from the court is still awaited.

Mr Georgiou was also convicted in 2016 of defaming the former Director of National Accounts in NSSG/ELSTAT (2006-2010) when he issued a statement regarding his legal prosecution on the ELSTAT website in July 2014 (...) He was given a one-year prison sentence, suspended for two years. An appeal against this defamation conviction was rejected in March 2017. Furthermore, Mr Georgiou has just recently been found guilty in a civil lawsuit brought by the former Director of National Accounts, who



is claiming damages for being defamed by the above noted statement. The implications of this conviction are not yet known."

The court case: selected milestones

In 2014, a Greek Investigator was asked by [Decision 1212/2014](#) of the Council of Appeal of Athens to investigate against the former chief of ELSTAT, Andreas Georgiou, and two senior ELSTAT staff members on the ground that they inflated the budget deficit of Greece with the intention to harm the Greek State. The decision was based on [accusations](#) brought against Andreas Georgiou in 2013 by ELSTAT employees claiming that Mr. Georgiou and other officials from the statistics agency artificially inflated Greek budget figures.

A focus of the accusation was that Andreas Georgiou confirmed on 10 November 2010 to Eurostat that the revised Greek government deficit in 2009 was 15.4% of Gross Domestic Product (GDP), thus 1.8 percentage points higher than the earlier Greek deficit figure (13.6% of GDP) that had been notified to Eurostat in April 2010 by the General Secretary of the Ministry of Finance. Andreas Georgiou vigorously [denied the allegations](#), saying he simply applied EU accounting standards.

On 14 July 2015, the lower Greek Court decided ([Decision no. 1149/2015](#)) that there was no sufficient evidence to blame Georgiou for making a false statement pertaining the Greece's deficit in 2009 with the purpose to harm the Greek State. It dismissed the case against the former chief of ELSTAT for the crime of false declaration against the Greek State.

On 14 September 2015, the Deputy Prosecutor of the Greek Supreme Court proposed in her explanatory report ([no. 37/2015](#)) to annul the Decision of the lower court, by arguing that Andreas Georgiou should face criminal charges for making a false statement pertaining to the calculation of Greece's deficit in 2009. In particular, she considered that the lower Court had not justified in depth its decision as well as had not applied correctly the substantial criminal provision.

On 1 August 2016, the Supreme Court in its decision ([no. 1331/2016](#)) accepted the annulment proposal of the Deputy Prosecutor and referred the case back to the lower court, so that the latter reassessed its ruling. As a result of the Supreme Court's decision, which revived charges against him for undermining the "national interest" by allegedly tampering the 2009 deficit, Andreas Georgiou [faces a trial](#) again.

On [18 November 2016](#), Prosecutor Ioannis Koutras - who was put in charge of the case after the Supreme Court overturned the lower court's ruling - proposed that Andreas Georgiou should not stand trial for allegedly tampering with Greece's 2009 deficit figure. The Prosecutor found no evidence to support that the 2009 budget deficit of Greece was artificially inflated by Georgiou with the intention to harm the Greek State. The final decision in the case was to be made by the Appeals Justices' Council in May 2017 and reopened afterwards (see below).

Eurostat statement of April 2010

Eurostat, when validating in April 2010 the 2009 deficit figures of the EU Member States, made the following [reservation](#) on the data submitted by Greece: *"Eurostat is expressing a reservation on the quality of the data reported by Greece, due to uncertainties on the surplus of social security funds for 2009, on the classification of some public entities and on the recording of off-market swaps. Following completion of the investigations that Eurostat is undertaking on these issues in cooperation with the Greek Statistical Authorities, this could lead to a revision for the year 2009 of the order of 0.3 to 0.5 percentage points of GDP for the deficit and 5 to 7 percentage points of GDP for the debt."*

The term "reservation" is defined in article 15 (1) of [Council Regulation 479/2009](#). The Commission (Eurostat) expresses reservations when it has doubts on the quality of the reported data.

December 2016:

- The three misdemeanor charges of violation of duty against Mr. Georgiou were unanimously rejected by three judges of the Court of First Instance at a trial on 6 December, with the concurring recommendation of the trial prosecutor.
- The decision of the Court of First Instance to acquit Mr. Georgiou in respect of the misdemeanor charges was annulled by another prosecutor and the case was referred to the Appeals Court for re-trial at the higher court level.

May 2017: Once again, the Council of the Appeals Court acquitted Andreas Georgiou, and his co-accused, of the criminal charges of falsifying the 2009 deficit figures and causing the Greek State damage amounting to 171 billion euro.

July 2017: For the second time, the Chief Prosecutor of the Supreme Court proposed to annul the acquittal decision of the Council of the Appeals Court and recommended that the case be re-examined again by the Council of the Appeals Court with a different composition.

May 2017 – July 2017: An Appeals Court sat on three occasions to deal with the misdemeanour charges of violation of duty on three counts against Mr Georgiou. On 1 August 2017, the Court **acquitted him on two counts**, namely: for not convening the Board of ELSTAT after October 2010; and of not being fully and exclusively occupied at ELSTAT for the initial three months of his term of office. The Court, however, **convicted him on the third count** of not putting up the 2009 EDP figures for approval by the former ELSTAT Board and imposed a two-year suspended prison sentence. The court sentence did not take into account that Indicator 1.4 of the [European Statistics Code of Practice](#) stipulates that the Head of the National Statistical Institute (in this case the President of ELSTAT) should have “*sole responsibility for deciding on statistical methods, standards and procedures, and on the content and timing of statistical releases*”. In this context, the international statistical institute [stated](#) that “*in October 2010, trust broke down completely within the Board when an investigation by the Greek Police revealed that the Vice President of the Board had for almost three months been hacking the email account of the President and had made some confidential material available to other members of the Board. In these circumstances, the President refused to convene any further meetings of the Board.*”

The court cases: remarks made in the public domain

In statements/opinions of [May](#) and [September](#) 2017, the **European Statistical Governance Advisory Board (ESGAB)** regrets the long-lasting proceedings against Mr Georgiou for the following reasons:

- (1) the European Commission considers that Mr Georgiou has properly implemented European statistical standards,
- (2) significant progress has been achieved in ELSTAT when Mr Georgiou was president of the institution and
- (3) the proceedings undermine the professional independence of the President of ELSTAT, and the credibility of the institutions tasked with upholding public confidence in Greek statistics.

Furthermore, ESGAB deplores that paradoxically legal proceedings are under way against Mr Georgiou and two other officials who the European Commission considers to have properly implemented European statistical standards, while paradoxically no legal action has been taken by the Greek government to bring to account those responsible for the misreporting, during two different periods, of Greek deficit and debt data, which was detected following the transmission of revised figures in 2004 and 2009. This lack of action would not only send out the wrong message to all those who may have manipulated, or who might seek to manipulate, official statistics in Greece; it also reinforces the perception that administrators and politicians are not taking the implementation of professional statistical independence sufficiently seriously.

The [President of the Eurogroup](#) stated after the September 2017 Eurogroup: *"While recognising the full independence of ongoing judicial proceedings, we have also addressed ongoing court cases and expressed our strong concerns over recent developments related to the convictions of the former President of the Hellenic Statistical Authority (ELSTAT), which attracted widespread international coverage and condemnation. We concurred that this is damaging for the reputation of Greek statistics and the confidence in Greek public institutions in general. We will continue to monitor the situation closely."*

In addition to its above-mentioned [paper](#) detailing the background and chronology of the legal proceedings against Mr Georgiou, the **International Statistical Institute** published in August 2017 a [statement on the conviction of Mr Georgiou](#). In this statement, the **International Statistical Institute** declares that Mr Georgiou acted at all times in complete compliance with the European Statistics Code of Practice, which he was required to do under the provisions of the Greek Statistical Law applying at the time. The International Statistical Institute refers to principle 1 of the Code, relating to Professional Independence, which requires that "the Head of the National Statistical Institute (in this case the President of ELSTAT) has the sole responsibility for deciding on statistical methods, standards and procedures, and on the content and timing of releases". Thus, the International Statistical Institute concludes that informing the Board of ELSTAT and seeking its approval prior to the release of the Debt and Deficit figures would have been completely at variance with the Principle of Professional Independence and the Code of Practice. See also earlier statements of the International Statistical Institute defending Andreas Georgiou ([August 2016](#) , [June 2015](#) and [February 2013](#)).

In August 2017, the [Judges and Prosecutors' Union of Greece](#) responded to the criticism by European and international institutions over the verdict of Mr Georgiou by stating that the Hellenic judicial authorities and the Hellenic laws ought to treat equally all citizens without taking into consideration the special relationship that some of them may have with services subject to the European Commission. The correct interpretation and the implementation of laws is assigned from the Greek Constitution to the magistrates, whose judgement is not allowed to be influenced by political weightings, pressures, or inducements. They also stated that the independence of the statistical offices in Member States may constitute a "basic pillar of the economic and monetary union", according to the European Commission, but that the independence of judges and prosecutors of a country constitute the cornerstone of the democratic constitution.

In August 2017, [Valdis Dombrovskis](#), European Commission vice-president, said he was following developments with concern. It was *"important that [the] independence of Elstat and people who do their jobs are protected in line with the law", said vice-president Dombrovskis, responsible for euro affairs."*

The **Good Practice Advisory Committee (GPAC)** established under the Hellenic Statistical Law deplores in its [third report](#) of December 2016 the long-lasting legal proceedings against Mr Georgiou and two other former ELSTAT colleagues; according to GPAC they continue to damage the reputation, and bring into question the ability, of ELSTAT and the Hellenic Statistical System to be seen to function in a professionally independent manner. It also states that the large political context to the proceedings was also unanimously confirmed by the representatives of the media who met the Committee in October. *"Indeed, it was contended that the reason the proceedings have continued for so long is due almost entirely to the political context that surrounds them."*

In [August 2016](#), the **Commissioner for Employment, Social Affairs, Skills and Labour Mobility, as well as European statistics, Marianne Thyssen**, said: *"The independence of the Hellenic Statistical Authority ELSTAT and the quality of its statistics are essential. For the Commission and Eurostat it is absolutely clear that data on Greek Government debt during 2010-2015 have been fully reliable and accurately reported to Eurostat."* Furthermore, the Commission called upon *"the Greek authorities to actively and publicly challenge the false impression that data were manipulated during 2010-2015 and to protect ELSTAT and its staff from such unfounded claims."*

In [February 2013](#), the **Director General of Eurostat** (Walter Radermacher) and the **Presidents/Directors General of National Statistical Institutes** of the EU and EFTA made the following statement: *“While fully respecting the independence of national judicial systems and abstaining from commenting on on-going court cases, we are concerned that political debates surrounding judicial action taken against the Head of the Greek statistical office (ELSTAT) and the calling into question of the validity of data which have repeatedly passed the stringent quality checks applied by Eurostat to ensure full compliance with European law seem to disregard commonly agreed European procedures”*.

In [January 2013](#), Eurostat defended (like in [November 2010](#)) the 2009 deficit data as revised (under Andreas Georgiou) in November 2010: *“Eurostat has published the data on government deficit and debt transmitted by ELSTAT without any reservation for the last five notifications (November 2010, April 2011, October 2011, April 2012, October 2012), in contrast with previous periods. This reflects the very significant progress made in the quality of public finance data transmitted by Greece, as a result of new and strengthened procedures. In consequence, Eurostat refutes allegations that the deficit of 2009 was over-estimated or that any pressure was put on ELSTAT to falsify data.”*

Developments in the Greek statistical system

In September 2017, **ESGAB** referred in a [press release](#) to the supplemental Memorandum of Understanding (MoU) agreed between the Hellenic Republic, the European Commission and the Bank of Greece in July 2017. It welcomed in the press release that in the MoU the Greek government agrees to continue to *“investigate all the support possibilities available to provide ELSTAT with adequate human resources and sufficient financial means”* and to *“continue providing effective access to administrative data”* and that the MoU is now taking effect. It also takes note that the principle of indemnifying ELSTAT officials against costs incurred as a result of legal actions relating to their official duties has now been recognised in Greek law. However, ESGAB notes that Eurostat has not yet received the text of the amended law to see how well it addresses the commitments in the MoU.

In its [opinion of May 2017](#) on the legal proceedings against Mr Georgiou, **ESGAB** also noted much has been achieved since 2010 to improve the situation through the collaboration of the Greek authorities and the European Commission (Eurostat). ESGAB welcomed the progress that has been made and the fact that since November 2010, the Greek government’s deficit and debt statistics have been published by Eurostat without reservation. *“However, despite this progress, ESGAB continues to be concerned that the measures now in place to strengthen the Hellenic Statistical System are still being undermined by a lack of resources and pending legal cases. These concerns have been raised by the Good Practice Advisory Committee (GPAC) and were referred to in an ESGAB Opinion² in March 2015.”*

The **Good Practice Advisory Committee (GPAC)**, established under the Hellenic Statistical Law, published its [third report](#) in December 2016, in which it is pleased to note that a number of recommendations for amendments of the legal provisions to improve compliance with the principle of Professional Independence, which were made in its previous report and in the Peer Review Report of GPAC, were given effect in a revision of the Hellenic Statistical Law adopted by the Hellenic Parliament in July 2015. However, despite these improvements in the legal and organisational framework, GPAC has also a major concern of with an apparent disconnect between the exemplary legal and organisational measures and their acceptance in practice by politicians, administrators and others in the wider external environment. GPAC deplores in this context the long-running legal proceedings against Mr Georgiou, and two senior colleagues for allegedly conspiring to artificially inflate the 2009 Government deficit figures continues to damage the reputation, and brings into question the ability, of ELSTAT and the Hellenic Statistical System to be seen to function in a professionally independent manner. Furthermore, the report mentions that the number of staff in ELSTAT, at about 70% of the 2010 level, is around 20% below the minimum level required for the

delivery of the statistical programme. This significant shortfall implies that Greece does not comply with Principle 3 of the European Statistics Code of Practice, which requires that sufficient resources should be available to statistical authorities to meet European Statistics requirements. Concrete action needs to be taken quickly to address this shortfall. ESGAB therefore urges the Ministry of Finance to implement the initiatives put forward by GPAC concerning staff recruitment and a more flexible organisational structure in ELSTAT.

Also the Euro Summit, on [12 July 2015](#), requested Greece to safeguard the full legal independence of ELSTAT by 15 July 2015, as a pre-requisite for an agreement on an ESM programme.

Comparison of revisions of validated public finance data

In order to have an indication of the magnitude of the revisions of public finance data after their first publication, the Annex 1 and 2 of this document show the development of the 2009 and 2014 deficit figures between their first notification, the second notification and the latest publication by Eurostat for all EU Member States (October 2017).

The key results of these comparisons are the following:

- **Revisions of 2009 data:** While for the EU and euro area aggregates the revisions since April 2010 have been minimal or not existent, several Member States had significant revisions. Greece had the highest changes between April and November 2010 (1.8 percentage points of GDP), followed by Latvia and Slovakia (1.2 and 1.1 percentage points of GDP). However, a comparison between the April 2010 data as validated by Eurostat and the most recent Eurostat data for the 2009 deficit situation shows that the biggest changes for the 2009 deficit figures relate to Austria (-1.9 percentage points of GDP), Greece (-1.5 percentage points of GDP) and the UK (+1.4 percentage points of GDP).
- **Revisions of 2014 data:** the public deficit figures for Greece have, similarly to the euro area and the EU averages, changed only slightly in autumn 2016 and autumn 2017 compared to the first notification in April 2016. Other countries, in contrast, have had significant changes, notably Portugal and Bulgaria (respectively 2.7 percentage points of GDP).

As regards the potential reasons for the above-mentioned revisions, it should be noted that the figures for public deficits and debts are expressed as percentage of GDP; revisions may therefore be result of changes in nominal deficit data and/or the estimates of GDP. ELSTAT [publishes](#) systematically the Eurostat comments on the first and second notifications for national deficit data of Greece.

Annex 1: Revisions of 2009 budget balance figures (% of GDP)

Country	Spring 2010	Autumn 2010	November 2017	Revisions between spring and autumn 2010	Revisions between spring 2010 and November 2017
EU	-6,8	-6,8	-6,6	0,0	0,2
Euro area	-6,3	-6,3	-6,3	0,0	0,0
Belgium	-6,0	-6,0	-5,4	0,0	0,6
Bulgaria	-3,9	-4,7	-4,1	-0,8	-0,2
Czech Rep.	-5,9	-5,8	-5,5	0,1	0,4
Denmark	-2,7	-2,7	-2,8	0,0	-0,1
Germany	-3,3	-3,0	-3,2	0,3	0,1
Estonia	-1,7	-1,7	-2,2	0,0	-0,5
Ireland	-14,3	-14,4	-13,8	-0,1	0,5
Greece	-13,6	-15,4	-15,1	-1,8	-1,5
Spain	-11,2	-11,1	-11,0	0,1	0,2
France	-7,5	-7,5	-7,2	0,0	0,3
Italy	-5,3	-5,3	-5,3	0,0	0,0
Cyprus	-6,1	-6,0	-5,4	0,1	0,7
Latvia	-9,0	-10,2	-9,1	-1,2	-0,1
Lithuania	-8,9	-9,2	-9,1	-0,3	-0,2
Luxembourg	-0,7	-0,7	-0,7	0,0	0,0
Hungary	-4,0	-4,4	-4,5	-0,4	-0,5
Malta	-3,8	-3,8	-3,2	0,0	0,6
Netherlands	-5,3	-5,4	-5,4	-0,1	-0,1
Austria	-3,4	-3,5	-5,3	-0,1	-1,9
Poland	-7,1	-7,2	-7,3	-0,1	-0,2
Portugal	-9,4	-9,3	-9,8	0,1	-0,4
Romania	-8,3	-8,6	-9,5	-0,3	-1,2
Slovenia	-5,5	-5,8	-5,8	-0,3	-0,3
Slovakia	-6,8	-7,9	-7,8	-1,1	-1,0
Finland	-2,2	-2,5	-2,5	-0,3	-0,3
Sweden	-0,5	-0,9	-0,7	-0,4	-0,2
UK	-11,5	-11,4	-10,1	0,1	1,4

Sources: [Eurostat \(October 2017, data extraction: November 2017\)](#)

Annex 2: Revisions of 2014 budget balance figures (% of GDP)

Country	Spring 2015	Autumn 2015	November 2017	Revisions between spring 2015 and autumn 2015	Revisions between spring 2015 and November 2017
EU	-2,9	-3,0	-3,0	-0,1	-0,1
Euro area	-2,4	-2,6	-2,6	-0,2	-0,2
Belgium	-3,2	-3,1	-3,1	0,1	0,1
Bulgaria	-2,8	-5,8	-5,5	-3,0	-2,7
Croatia	-5,7	-5,6	-5,1	0,1	0,6
Czech Rep.	-2,0	-1,9	-1,9	0,1	0,1
Denmark	1,2	1,5	1,1	0,3	-0,1
Germany	0,7	0,3	0,3	-0,4	-0,4
Estonia	0,6	0,7	0,7	0,1	0,1
Ireland	-4,1	-3,9	-3,6	0,2	0,5
Greece	-3,5	-3,6	-3,6	-0,1	-0,1
Spain	-5,8	-5,9	-6,0	-0,1	-0,2
France	-4,0	-3,9	-3,9	0,1	0,1
Italy	-3,0	-3,0	-3,0	0,0	0,0
Cyprus	-8,8	-8,9	-8,8	-0,1	0,0
Latvia	-1,4	-1,5	-1,2	-0,1	0,2
Lithuania	-0,7	-0,7	-0,6	0,0	0,1
Luxembourg	0,6	1,4	1,3	0,8	0,7
Hungary	-2,6	-2,5	-2,7	0,1	-0,1
Malta	-2,1	-2,1	-1,8	0,0	0,3
Netherlands	-2,3	-2,4	-2,3	-0,1	0,0
Austria	-2,4	-2,7	-2,7	-0,3	-0,3
Poland	-3,2	-3,3	-3,6	-0,1	-0,4
Portugal	-4,5	-7,2	-7,2	-2,7	-2,7
Romania	-1,5	-1,4	-1,4	0,1	0,1
Slovenia	-4,9	-5,0	-5,3	-0,1	-0,4
Slovakia	-2,9	-2,8	-2,7	0,1	0,2
Finland	-3,2	-3,3	-3,2	-0,1	0,0
Sweden	-1,9	-1,7	-1,6	0,2	0,3
UK	-5,7	-5,7	-5,5	0,0	0,2

Sources: [Eurostat \(October 2017, data extraction: November 2017\)](#)

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