

# Micro Macro Alignment of Household Income and Consumption in the EU. A Case Study Comparing the Eurostat Centralized Exercise with National Distributional Results

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Distributional national accounts are obtained by breaking down national accounts variables with indicators derived from microdata. The accuracy of these distributional estimates depends on how representative the chosen indicator is for the corresponding national accounts variable. Three factors influence the selection of the indicators: The availability and the quality of microdata sources and the conceptual correspondence of derived indicators with the respective national accounts variables. The best indicators are those that correspond to the best conceptual match and the smallest micro-macro gap. The gaps between macro and micro totals can be read as a measure of coherence between the two sources and represent a first indication of the quality of the distributional accounts.

This paper analyses the methodology and distributional results derived from two different approaches: The Eurostat centralised exercise and national exercises. The centralised exercise used the European Statistics on Income and Living Conditions (EU-SILC) and consumption expenditure microdata from the Household Budget Survey (HBS) available at EU level to derive micro indicators, whereas the national exercises used all microdata sources available at national level that were deemed to meet the purpose. The strength of the centralised approach is that all microdata come from official data sources, harmonised across countries. Moreover, the methodology is well explained in the metadata. The weak point is the lack of additional information, only available at national level, that could help to refine the gap allocation. The national approaches have the advantage of having a variety of microdata sources and auxiliary

information. On the other hand, their methodologies are not necessarily fully the same, despite of following common guidelines, and metadata more difficult to collect and compare.

The paper aims at shedding light on the differences between the Eurostat centralised approach and national exercises, discussing the pros and cons of both approaches and identifying best practices. We compare the micro-macro alignment process for selected EU countries for which both national and centralised exercises are available. In particular, we compare the sizes of initial gaps and the methodology used to fill them, trying to identify best practices. Statistical analysis of the centralised exercise data has shown the high sensitivity of the distributional estimates to the different gap allocation methods, highlighting the need for sound assumptions on which to base the methodology and a coordinated approach across countries.