



DEPARTMENT OF ECONOMIC AND SOCIAL AFFAIRS  
STATISTICS DIVISION  
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# **Implementation Plan for ISIC Rev.5**

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# 1 Introduction

The United Nations Statistical Commission (UNSC) at its 54<sup>th</sup> session in March 2023 endorsed revision 5 of the International Standard Industrial Classification of All Economic Activities (ISIC Rev.5) and encouraged the Committee to finalize the explanatory notes, the development of relevant correspondences and the index as soon as possible.

ISIC implementation is part of the work of the United Nations Committee of Experts on International Statistical Classifications (UNCEISC), which is the central coordination body for the work on international statistical classifications that are the responsibility of the Statistics Division, and for the coordination and review of other international statistical classifications that are the responsibility of other international organizations and that have been proposed for adoption by the Statistical Commission. Under the Committee, a Task Team on ISIC (TT-ISIC) has led the revision process from Rev. 4 to Rev. 5. Following publication of Rev. 5, a Standing Task Team (STT-ISIC) will be formed to provide consistent oversight on issues including assisting in the implementation of ISIC Rev. 5. This group will supersede the former TT-ISIC.

The purpose of this document is to provide further elaboration on the plan for implementing the ISIC Rev.5. The audience of the implementation plan comprises two main groups. The first group includes the ISIC classification custodian at the management level that require an understanding of the resources needed for the ISIC Rev.5 implementation, mainly from the national statistical offices, but could also from other agencies within the government involved in the classification update. The second group are the users of the ISIC, including the owner of various statistical programme that involve applying the revised ISIC classification in their statistical programme and those involved in policy planning and decision making in ministries of finance, planning, environment and other policy agencies based on ISIC.

It is very important to bring together users and custodians of ISIC Rev.5 from the outset of any implementation project or programme. The plan stresses the importance of data users as key partners in the implementation programme from the outset, as it is important for them to understand the need and potential for the revised ISIC in support of integrated statistical programme policy and decision making, as well as setting priorities and ensuring proper resources are allocated for the ISIC Rev.5 implementation.

## 2 Overall objective of implementation

The purpose of this plan is to set targets for implementation that could support wider high-level engagement and identify actions at the global level that can support implementation in countries. It provides a general direction of the steps to be undertaken in setting up an implementation and mainstreaming programme at national level. It also identifies existing global initiatives and possible entry points to advance and promote ISIC Rev.5 implementation.

The efforts to be undertaken to assist countries in the implementation of the revised classifications need to be seen in the context of overall strengthening of statistical capacity and development of coherent and integrated economic statistics programmes. This overall process needs to be coordinated at a high level, engaging not only the national statistical offices (NSOs), but also other statistical data providers and users in the countries.

Countries may find it convenient to introduce these new classifications into their source data and national accounts statistics as part of an overall strategy centred on upgrading their national accounts. Therefore, the implementation of ISIC Rev.5 should strongly be considered in the context of the update of System of National Accounts 2008 (2008 SNA update) and support by implementing organizations should be coordinated within that framework.

While implementation of the classifications is an integral part of this overall development process, it is specialized enough to warrant separate training programmes for specialists involved in the development and use of the classifications.

### **3 Approach/Main elements for technical assistance to countries**

Successfully completing the adaptation of ISIC to the national context and the specific application of the revised classifications will require additional support to countries. International agencies and the global statistical community support the implementation of the ISIC Rev.5 in countries by building capacity through E-learning and workshops, in-country work, on the job training, developing methodological guidelines and supporting communities of practice at the global and regional levels, all of which allow exchange of ideas and advancing the research and implementation agenda. Implementation at the global level also includes coordinating activities to ensure a common approach to implementation and no duplication, as well as the development of tools that can facilitate national implementation.

#### **3.1 Capacity building**

Capacity building is one of the key elements of the implementation strategy. Capacity building programmes include training and E-learning and in-country support. Countries that have experience in updating their industrial classification should support implementation in other countries through providing training and in-country support, as is in their capacity.

Training programs will be implemented through both online and in-person activities, including training seminars, workshops and meetings. Actively pursuing training and capacity building initiatives at a regional level should enable regional organizations and their member countries to share experiences (peer-to-peer) in updating their industrial classification systems. Regional communities of practice have proven to be a very valuable resource for practitioners at the regional level from both statistical and policy communities.

## 3.2 Development of guidelines, materials and tools to support compilation

Several supplementary documents to support the understanding of new concepts in ISIC support switching from previous classifications to the newly revised classifications are currently being prepared and will be made available successively in electronic formats.

The primary manuals for ISIC Rev.5 and specific correspondence tables for change from ISIC Rev. 4 to ISIC Rev.5 will be developed, which will serve as primary guidelines for updating the national classification, business registers, and so on.

In addition, the United Nations Statistics Division will provide correspondence tables for major classifications relevant to the application of ISIC and CPC, such as ISIC and CPC to earlier versions, ISIC to CPC, CPC to the Harmonized Commodity Description and Coding System (HS).

The UNSD Classifications Hotline and the UNSD Classifications website will remain as additional support tools.

## 3.3 Strengthening collaboration

Coordinating activities at the global level is at the heart of the implementation plan, as it will allow to leverage expertise and resources from all involved in the ISIC development and implementation. Coordination is a cross cutting activity that should be undertaken in all areas of work of the UNCEISC, including development of methodology and guidance, capacity building and classification tools, as well as coordination with other international organizations and relevant expert committees from other relevant expert committees tasked by the UNSC for the development and advancement of international statistic standard and recommendation that involve the application of ISIC.

Coordination at the country level is also very important to ensure a coordinated approach to implementation and an efficient use of resources, particularly as different international agencies are oftentimes working with similar objectives in countries. It is important that the national steering committee coordinates national activities and identifies synergies between different projects.

Within each region or sub-region, it is intended that one or more countries could be serving as lead countries. Lead countries will not only have begun to implement ISIC, but also are expected to be leaders and advocates for the region, share technical knowledge with other countries in the region or sub-region that are interested in implementing ISIC, Rev. 5, and foster south-south cooperation.

# 4 Components of work

The components of works for the implementation plan include the development of national industry classifications adapted from the ISIC Rev.5 and the application of these national adapted classification in statistical programmes.

## 4.1 Development of national classifications

As an international standard classification, ISIC is the primary tool for collecting and presenting internationally comparable statistics by economic activity. It is therefore of great importance that data collected at the national level, and therefore the classifications used at the national level, are compatible with ISIC.

The need for international comparability does not, however, imply that countries must adopt ISIC as a whole, without modification. The intention is rather to have countries use ISIC as a guide in adapting their national classifications to the international standard. Countries may choose to either use ISIC directly for their national purposes or develop their own national classification. Wherever countries lack the infrastructure required to develop and maintain their own activity classification, they may adopt ISIC as their national activity classification with little or no modification. This is often done by extending or collapsing the detail of ISIC while maintaining its general structure. Other countries may have historically developed a classification that suits their particular needs. Those countries should make efforts to adapt their classification in a way that allows for the provision of data according to ISIC without substantial loss of information.

To attain international comparability, it is suggested that all countries adopt, as far as individual requirements permit, the same general principles and definitions in their industrial classification schemes. As a result, it should be feasible to rearrange and combine entire categories of national classifications so that they correspond to one or more categories of ISIC, although this may not always be possible since certain categories at the most detailed level of ISIC may not be distinguished in the industrial classifications of some countries.

During the recent revision process of ISIC, countries have been informed of progress in work and major changes in the respective classification structures through a series of regional workshops. These workshops have also been a major tool for countries to provide input in the revision process. Moreover, these workshops have helped to keep countries up to date on the development of ISIC and The next step in the implementation process will be to build on this existing understanding of the new ISIC concepts in developing national classifications.

It is proposed to organize the development of national classifications first on a regional basis, followed by specific national assistance, where necessary. The United Nations Statistics Division will take the main responsibility in the first part of the process. Through a series of regional workshops, the Division will focus on:

- a) Introducing the final structure of ISIC;
- b) Explaining changed concepts that should be carried over into national classifications;
- c) Developing regional adaptations, where applicable; and

- d) Applying rules for the development of national adaptations.

This development process will take into account the recommendation by the Statistical Commission that countries should make efforts to develop national classifications that allow the aggregation and publication of statistical data at the two-digit level of ISIC without loss of information.

## 4.2 Application of the ISIC Rev.5 in the national context

After successfully completing the adaptation of ISIC to the national context, the specific application of the revised classifications will require additional support to countries. Key components of this applications include:

- (a) Updating of business registers
- (b) Use of ISIC in statistical programmes, including surveys for the economic statistics domains, national accounts, environmental-economic accounts and statistics and other statistical domains such as population census, household survey and survey for social and demographic statistics as appropriate.

## 4.3 Recommended timetable

| Implementation plan                         | Statistical Domain                       | ISIC Rev.5       |
|---|--|------------------|
| Adaption of national classifications        |  | By 2025          |
| Adaption of Business registers              |  | By 2026          |
| Use of ISIC Rev.5 in statistical programmes |  | Starting in 2027 |
|   | Economic Census, business survey         | 2027             |
|   | National accounts                        | 2027             |
|   | Environmental-Economic Accounts          | 2027             |
|   | Environment, waste and energy statistics | 2027             |
|   | Population census and household surveys  | 2027             |

## 5 Implementation plan and revision cycle (to be developed)

There is an ongoing discussion on establishment of a regular revision cycle for ISIC and a consideration on a dynamic updating process. The pace of implementation time of classification and the revision cycle of ISIC are interlinked together and will have resources implication to the national statistics offices.

## 6 Uptake of revised ISIC in other international statistical framework and classification

ISIC has a central position among existing classifications of economic activities, as well as other economic classifications, such as those for products. ISIC provides the internationally accepted standard for categorizing producing units within an economy, which allows for data comparison at the national and international levels. Harmonization of ISIC with other statistical frameworks that have conceptual linkages to some part or all of the economic structure has also been considered in the process of developing ISIC, Rev.5. This applies in particular to the System of National Accounts, the System of Environmental Economic Accounting 2012 — Central Framework, and the International Standard Classification of Education (ISCED 2011).

Promoting the adoption of the revised ISIC within international statistical framework is also considered important for the ISIC implementation plan. Effort should be undertaken by UNCEISC with existing or new Committees of experts/groups related to economic, social, demographic, geospatial, environmental and multi-domain statistics to promote the update of revised ISIC into the various international statistical framework that have conceptual linkage to ISIC, for example the System of National Accounts, Balance of Payment Manuals, System of Environmental-Economic Accounting, International Standard Classification Education, Statistical Framework for Measuring Sustainable Tourism, etc.

Works towards ensuring harmonization and convergence in the development of the classifications within the International Family of Statistical Classifications is also another area for consideration as part of implementation plan of ISIC Rev.5. Assistance to custodian of other classification to adopt the changes that reflect those made in the ISIC is recommended.

## 7 Institutional arrangements

An important aspect of a worldwide implementation programme is to ensure that it can reach all countries around the world. The target population for such implementation includes not only national statistical offices, but also central banks and other major data compilers. The conduct of a training and implementation programme requires the participation of partners in all regions. It will not only include international organizations (e.g., United Nations, International Monetary Fund and regional commissions), but will also draw on the support of regional training institutes (e.g., Statistical Institute for Asia and the Pacific) and development banks (e.g., Asian Development Bank, African Development Bank).

The United Nations Statistics Division, under the guidance of the UNCEISC, can take on the function of coordination and monitoring of implementation and training efforts and provide active assistance at regional levels. In this context, the Division will organize regional workshops on statistical classifications.

International agencies and national statistical offices should collaborate in establishing a network of experts having the necessary expertise to assist countries in this implementation process.



Bilateral support of countries should play a major role in the implementation process, particularly in the later stage of application of the classifications. Positive experiences from countries that have completed this process should be used in bilateral support activities to help other countries at that stage.

Related to the requirement of multi-stakeholder coordination for the ISIC implementation and the trend towards NSOs becoming data stewards, national level coordination among ministries and agencies is becoming more prominent. Within each country, the NSO should take on the lead role in the implementation and training process, that is, advise other offices, ministries, and so forth, on the use of the new national classification. There may also be a need to develop more guidance materials to assist NSOs with national level coordination and governance, as well as compile best practices such coordination mechanisms been put in place in other countries.

It should be noted that countries planning to use the Statistical Classification of Economic Activities in the European Community (NACE) and the Classification of Products by Activities (CPA) should be covered by the training/implementation programme carried out by the Statistical Office of the European Communities (Eurostat). This will avoid the unnecessary duplication of efforts, since Eurostat will develop the appropriate implementation tools. Coordination between ISIC/CPC and NACE/CPA implementation will still be necessary.

## **8 Monitoring implementation**

It is recommended that a monitoring process should be set up to allow for reporting back to the Statistical Commission on progress in the implementation programme.

Such monitoring implementation could be undertaken in the context of a survey of national classifications to monitor the implementation of international statistical classifications and to obtain an overview of the adjustments that countries make to these classifications for national purposes, the application of these classifications and revision plans that countries have for such classification.

This process should also monitor the regional and bilateral assistance programmes to avoid duplication and overlap of programmes between bilateral and multilateral donors.

## **9 Resourcing the implementation plan**

As a worldwide process, the implementation of the revised classifications should be considered as a key element in building statistical capacity. Considering the relevance of the revised ISIC in the regular statistical production process of NSO, it is expected that the demand for technical assistance in implement revised ISIC will increase at a rapid pace. It is therefore important to develop a fundraising strategy that will leverage on existing funding initiatives (such as those on building statistical capacity) as well as on existing resources of all stakeholders and partners.

Since bilateral support of countries will be an important factor in the success of this implementation process, the Commission may wish to suggest that NSOs of developed countries commit one staff member each, for two weeks, to assist other countries. This assistance would be helpful for the adaptation of the international standard to national needs and, more importantly, in the stage of application of ISIC and CPC in the statistical programmes.

It is important for national statistical systems to be properly resourced to undertake the regular update of revised ISIC. National statistical offices should avoid the risk the update of ISIC are undertaken on an ad-hoc basis, rather than facilitating or training staff and establishing a regular programme of implementation. The engagement of NSOs and resourcing the update of the revised classification towards a regular production process should be at the heart of implementation plan

In addition to the need for funding the strategy, consideration should also be given to the usually limited human resources available to support implementation in countries. A strategy to increase the number of experts in this field through train the trainer programmes and further develop south-south cooperation is urgent.

## **10 Communication and advocacy**

As an integral component of the implementation plan, advocacy aims to support an ongoing dialogue among statistical producers, the various levels of government, the business sector, the academic community, and the general public about user needs for official statistics and the progress in meeting those needs. This recurrent communication can be established through targeted workshops, conferences, press releases and promotional materials that highlight the benefits of high-quality official statistics in general, and revised ISIC in particular. These regular engagements between the classification custodian on one hand and the users of the ISIC on the other will reinforce a better funded and more effective ISIC programme for an evidence-based policy formulation. The focus of the advocacy should be on coordinated efforts to update classification to develop statistical data consistent with statistical standards and integrated within the national statistical system.