

# Friends of the Chair Group on Economic Statistics

## Background Note

### Present and future state of statistical groups

#### Background

The Friends of the Chair Group (FOCG) on Economic Statistics was created by the 50th Session of the United Nations Statistical Commission. The Commission:

- Requested the Friends of the Chair Group be established for a period of not more than two years to undertake an assessment on the efficiency, effectiveness and responsiveness of the governance of the current system of economic statistics, without creating more bureaucracy or adding undue burden on NSOs and international organizations;
- Requested the Friends of the Chair Group to take stock of existing initiatives and make a recommendation to take these forwards in an update of the system of economic statistics through a broad user consultation;
- Requested the Friends of Chair Group take forward issues of the statistical update that have already reached a high level of maturity;
- Requested the Friends of the Chair Group to report back to the Statistical Commission in its 51st Session (2020) with a clear plan how to move forward.

With respect to the mandate item on the efficiency, effectiveness and responsiveness of the governance mechanisms, the FOCG has reflected on this topic at both its meetings. At the 2<sup>nd</sup> meeting, the Committee discussed the current network of expert and governance committees noting that:

- Current arrangements were rigid, slow to respond, and that there was a need for more coordination and better communication;
- The principles of accountability, coordination, and transparency, cost efficiency and 'engagement by the best' were important considerations in any governance arrangements going forward;
- The work on governance arrangements and methods of work presented at the 2<sup>nd</sup> meeting was very useful and illustrated the complexity of current the current network of committees, task forces and working groups. Members suggested that it would be useful to have a better understanding of the purpose, mandates and composition of existing groups.

#### Present statistical groups

To address comments and questions raised by the members at the 2<sup>nd</sup> meeting, Statistics Canada has prepared a series of infographics that outline the mandate, area of focus, membership and current groups within each of the type of group in the current governance structure. Infographics were produced for the following: City Groups, Committees of Experts, Expert Groups, Inter-Secretariat Working Groups, Task Force Groups.

#### Options for future statistical groups and the way forward

In keeping with the mandate it received from the Statistical Commission to assess the efficiency, effectiveness and responsiveness of the governance of the current system of economic statistics,

without creating more bureaucracy or adding undue burden on NSOs and international organizations, options for rationalizing the current governance structure are also presented for discussion.

As discussed at the 2<sup>nd</sup> meeting, the proposed state considers the principles of accountability, coordination, and transparency, cost efficiency in its design. The proposed future state is comprised of 4 group-types with distinct but linked mandates focussing on the development of standards to coordination and planning around these standards. Each group-type is country-led but has representation from international organizations.

It should be noted the options of the future groups cannot be strictly defined by the traditional pillars of economic, environmental and social statistics. If the update of the system of economic statistics is to measure the interrelationships between the economy, society and environment in support of the monitoring of the 2030 Agenda for Sustainable Development, there is a need to establish coherence and consistency of economic statistics with social and environment statistics. In the latter case, this coherence and consistency is obtained for a certain scope of environment statistics used in the System of Environmental-Economic Accounting. Similar coherence and consistency are to be achieved between economic, socio-demographic, gender and social statistics for the development of a new accounting framework for population and wellbeing accounts that informs the measurement of human capital.

The proposed future state is represented by 4 infographics representing a simplified naming convention for the domain of economic statistics: City Groups, Committees of Experts, and a High-Level Group.

In the proposed future state, the Committee of Experts has an elevated management status in that it sets the strategy for an individual statistical domain and covers all functional areas for a statistical domain being coordination, methodology, data and capacity building. In contrast, the High-Level Group on Economic Statistics composed of Chief Statisticians of NSIs and international agencies determine the global priorities for cross-cutting topics of the program of economic statistics. The Committees of Experts are composed of senior statisticians (i.e. deputies and heads of economic statistics) responsible for the domain-specific programs for economic statistics.

If there is support for the proposal by the FOC Group duly endorsed by the Statistical Commission, each of the Chairs of the statistical groups will be requested by the FOC Group to revise/revisit their Terms of Reference (ToR) based on the simplified structure using a standard template for the ToR of the mandate and governance.

Along with the adoption of the simplified naming convention, it is proposed that the Chairs of the existing statistical groups are requested to open-up the membership to member countries, appoint a country Chair and create a Bureau consisting of countries and agencies with well-defined roles and responsibilities.

As reflected in the infographics the following new committees will be explored in 2020:

- Committee of Experts on National Accounts – by merging the ISWGNA and the Advisory Expert Group on National Accounts
- Committee of Experts on Price Statistics – by opening-up the membership of ISWGPS to countries represented by the Ottawa Group on price statistics
- Committee of Experts on Business and Trade Statistics – through broadening the membership with international trade statisticians from countries and agencies replacing the Interagency Taskforce on international trade statistics
- Committee of Experts on Agricultural and Rural Statistics – by renaming the IAEG on agricultural and rural statistics

- Committee of Experts on Environment Statistics – by merging the ISWG on environment statistics with the expert group on environment statistics
- Committee of Experts on Energy Statistics – by opening-up the membership of ISWG on energy statistics to countries represented in the Oslo Group
- Committee of Experts on International Classifications – renaming the expert group on international classifications
- Committee of Experts on the nexus- between economic and society – (see annex 1 for elaboration)

The proposed structure is consistent with the structure proposed of the *Report of the Bureau on working methods: towards more coordinated and coherent structure and functions of groups*, (E/CN.3/2020/27), Item 3 (w) on the Statistical Commission agenda.

## Considerations for the FOC Group

The FOC Group members are invited to comment on the infographics and proposed structure. In particular:

1. Support the simplified structure of statistical groups for economic statistics consisting of city groups, committees of experts and high-level groups;
2. Request existing statistical groups to amend their ToRs for the mandate and governance along the above described Committee structure covering national accounts, business and trade statistics, prices, energy statistics, environment statistics, agricultural and rural statistics, population and well-being accounts and international classifications.
3. Report back to the FOC Group by statistical groups at its fourth meeting in fall of 2020 on their simplified structure and agreed ToRs for the governance and mandate with networking arrangements well embedded between the city groups, committees of experts and high-level groups.

## **Proposed new Committee of Experts on Population and Wellbeing Accounts<sup>1</sup>**

### **Motivation**

The 2030 Agenda for Sustainable Development reflects a shared commitment to build a world of dignity for all. As we know, robust and stable economic growth is a necessary condition – though not a sufficient one – for making progress on the Sustainable Development Goals. We need to look beyond GDP growth and redefine economic performance in terms of how countries fare in meeting a broad sustainability agenda, including reducing poverty, inequality and accelerating climate change adaptation and mitigation. These new demands for statistical measures to monitor progress with the 2030 Agenda for Sustainable Development require a statistical response with the development of an internationally agreed statistical methodology for the monitoring of the well-being of people and the sustainability of societal developments under the auspices of the United Nations Statistical Commission.

The continuous debate to move the statistical measurement framework beyond GDP requires a reflection on the integration of the central framework of the System of National Accounts (SNA) and the accounting framework for the System of Environmental-Economic Accounting (SEEA) with the measures of the well-being of people and the sustainability of societal developments. Research is underway on the update of the 2008 SNA to better inform on who is benefiting from growth and employment and how the benefits of economic activity are distributed across enterprises, households, persons, and geography. For the SEEA, the ongoing research will extend the range of physical and monetary measures on the interrelationships between economic activity and natural capital, but also the distribution of the natural capital and their benefits in both flows and stocks of natural capital.

Developing a System of Population and Well-being Accounts as the statistical standard for measures of the well-being of people and the sustainability of societal developments will complement the SNA and the SEEA in facilitating the monitoring and analysis of the interrelationships between the measures of economic activity, sustainability, and wellbeing. It would also provide a better understanding of the trade-offs between the economic, social and environmental aspects of sustainable development. Moving away from the primary focus on GDP and environmentally adjusted aggregates would, in addition to produced capital and natural capital, also allow for better measures human capital and their associated capital services.

### **Building on existing initiatives**

The new accounting framework for measures of the well-being of people and the sustainability of societal developments will build on existing accounting initiatives for developing labour, education, and unpaid household work accounts and their related socio-economic classifications. Labour accounts have

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<sup>1</sup> Further discussion is needed on the naming of the accounts

a focus on understanding how changes in the economic production process interact with the labour market, and how they impact on citizens through their employment and jobs. Developing systematic and coherent labour market statistics with labour accounts will not only measure the dynamics of the labour market but also the distribution of the benefits of jobs and employment over the population.

The labour accounts can be complemented by household accounts for unpaid work for own use as well as volunteer work. These unpaid household activities and related services can be recorded in both physical and monetary terms. In physical terms, having a consistent set of data on time use, that monitors the trade-offs between paid work, unpaid work (e.g. child care, taking care of the elderly, various types of volunteer work) and the capacity for leisure activity, can provide significant insights in people's choices and quality of life.

Measuring human capital through education and human capital accounts is an essential element in understanding the long-term sustainability of a country's development path but also what drives economic growth, the functioning of labour markets, the output and productivity of the educational sector in market and non-market activities and the trade-offs in investing in productive, natural and human capital. Human capital along with produced and natural capital generate income streams over their lifetime and provide a buffer against sudden shocks. This individual perspective suggests that, beyond looking at the total stock of a country's human capital, measures of how this capital is distributed are also important.

The concept of people's well-being stretches beyond its material side, to encompass a variety of non-monetary dimensions which, together, define people's quality of life. This broader perspective has implications for the measurement of human capital as it highlights that, in addition to its economic returns, investment in human capital can generate other benefits that will improve individuals' well-being. These 'non-economic' benefits can include improved health conditions that are generally associated with higher education and which may enhance not just an individual's productivity and earnings but also his/her subjective well-being. Furthermore, these non-economic benefits are not restricted to individuals but can extend to society at large. For example, education may lead to better-informed citizens, more tolerant of social and cultural diversity and more willing to actively take part in a modern democratic society. While some of these non-economic benefits of education are captured through the monetary measures of human capital (e.g. the longer life expectancy of more educated individuals), this is not the case for most other benefits. Therefore, the human capital measurement should cover both consider the economic and non-economic benefits to better cover the people's quality of life perspective.