

Friends of the Chair Group on Economic Statistics

TERMS OF REFERENCE

Project team on household distributional measures

Background

The Friends of the Chair Group on Economic Statistics (FOC Group) has recognized the need for statistical groups to work more collaboratively by applying a network approach that brings together multidisciplinary project teams to address specific methodological and institutional challenges. These challenges should mobilize the power of networking among the statistical groups functioning under United Nations (UN) and non-UN organizations and across the economic, social and environmental spheres. It is expected that a network approach will lead to new working methods and innovative methodological and institutional solutions through shared communication, priorities, membership and user consultation. This approach should also lead to more effective coordination and alignment between statistical groups without adding any additional governance groups or hierarchies.

The FOC Group referred to challenges in the area of better use of technology for communicating; the need for more iterative approach to producing outputs; the importance of opening membership to a wider array of institutions; incorporating a capacity building perspective into the work of statistical groups; and finding new ways of balancing challenges of continuity with innovation. The network would also serve as a medium for sharing best practices and results from experimentation between groups.

Ultimately, the project teams should demonstrate new working methods that makes the system of economic statistics responsive to fast-changing user demand, enhance synergies between the groups, and avoid duplication of work.

Purpose

There is a clear need and expectation to go beyond measuring the size or growth of the economy and better inform on who is benefiting and how the benefits of economic activity are being distributed. Indeed, the Stiglitz, Sen, Fitoussi report of 2009 recommended the development of better metrics of the distribution of people's well-being and progress, including income, consumption and wealth.

The project team on household distributional measures will focus on advancing the development of a methodology to produce internationally comparable distributional measures for household income, consumption, saving and wealth consistent with national accounts concepts using micro data sources.

The work of the project team will leverage on the excellent work already done by multiple stakeholders involved in the various groups looking at the multi-dimensional aspects of well-

being and sustainability and continue to advance the development of common techniques and methods internationally.

Significant investments have been made in linking micro data on the distribution of household income, consumption, saving and wealth with the equivalent national accounts aggregates, leading to distributional measures within the framework of national accounts, e.g. the work done by the Organisation for Economic Co-operation and Development (OECD)/Eurostat Expert Group on Disparities in National Accounts (EG-DNA), by the European System of Central Banks (ESCB) Expert Group on Linking Macro and Micro data for the Household Sector (EG-LMM), and the World Income Database (DINA). Several countries have also put considerable efforts into this area, and some already compile and disseminate distributional results. Therefore, much experience has been gained in this area, and excellent guidance on sources and methodologies is available. However, their results differ from those obtained from micro statistics, but also differ across projects, due to different underlying concepts and methodology to derive the results.

For example, a OECD paper, “Unequal distributions: EG DNA versus DINA approach”, explains the differences between the work by the EG DNA and the work on DINA. These differences include the scope and level of detail of the study, concepts used (i.e., target population, unit of analysis and income measure), and methodology used.

Beyond resolving the above issues, the FOC Group expects to learn from these collaboration projects and from the outcomes of the new working methods to improve the responsiveness of the overall economic statistics systems to new emerging socio-economic issues and policy needs.

Approach

This work will be initiated through the creation of a network of Chairs on economic statistics from existing statistical groups covering macroeconomic accounts and household statistics. Membership in the network would be voluntary and broad-based (inclusive of groups from the socio-demographic domain and groups operating outside the UN system, including academia, research institutes and civil society). Activities of the network would focus around a selected measurement problem with designated outputs and outcomes, with specified time frames.

Deliverables / Time Schedule

The project team will be responsible for developing **formal guidance notes** on the following elements:

1. Identification of scope and level of detail
2. Identification of concepts used (i.e., target population, unit of analysis and income measure)
3. Identification of data sources
4. Identification of indicators to be derived

5. Development of methodology

The guidance notes would outline the issues being addressed, summarize existing research/country practices, consider various options and develop a consensus recommendation and a road map for addressing the research issues for distributional accounts and statistics for the update of the system of economic statistics

In addition, the team members will be asked to report on the successes and challenges of the network approach and on the innovative working methods and agile solutions used inside the network.

- A status update report will be submitted for the fourth meeting of the FOC group on economic statistics in the **October/November of 2020**.
- The final guidance notes should be ready for the final report of the FOC group on economic statistics to be submitted for the Fifty-Second Session of the Statistical Commission in **March 2021**.
- A report providing an assessment of the network approach and of the working arrangements used for the team project will be prepared for the final report of the FOC group on economic statistics to be submitted for the fifty-second session of the Statistical Commission in **March 2021**.

Communications and reporting

The project team on household distributional measures will report directly to the Chair of the FOC Group on Economic Statistics.

Membership

NSOs/CBs/International organizations

Name	Title	Organization

External (from academia, research institutes ad civil society)

Name	Title		Company	Location

Chair, secretariat and meetings

The Chair of the project team is **yet TBD**, while the United Nations Statistics Division is the secretariat. The project team is expected to meet weekly online, with other ad-hoc meetings to be arranged as required.