

Friends of the Chair Group on Economic Statistics

TERMS OF REFERENCE

Project Team on Classification Metadata-Driven Systems

Background

The Friends of the Chair (FOC) Group on Economic Statistics has recognized the need for statistical groups to work collaboratively on applying a network-based approach, bringing together multidisciplinary project teams to address specific methodological and institutional challenges. These challenges will mobilize the power of networking among the statistical groups functioning under UN and non-UN organizations and across the economic, social and environmental sphere. It is expected that a network-based approach will lead to new working methods and introduce innovative, methodological and institutional solutions through shared communication, priorities, and membership. The network will serve as a medium for sharing best practices and results from experimentation between groups. Ultimately, this approach will lead to effective coordination and alignment between statistical groups without adding any additional governance or hierarchies.

The FOC Group referred to challenges around the following: using various forms of communication platforms; the need for an iterative approach to producing outputs; the importance of opening membership to a wider-array of institutions; incorporating a capacity-building perspective into the work done by statistical groups; and balancing the challenges of continuity with innovation. Project teams will demonstrate new working methods that will make a system of economic statistics better-responsive to its user-demands while reducing the duplication of work.

Purpose

Statistical classifications provide the taxonomical basis for information management, data description and the production of official statistics; they are a fundamental component of key economic frameworks used for the *System of National Accounts (SNA)*, *the Balance of Payments manual (BPM)*, Government Finance Statistics, Monetary and Financial Statistics, and the *System of Environmental-Economic Accounting (SEEA)*. They help us understand and collate data on economic activities by using the *International Standard Industrial Classification (ISIC)*, and help us describe and collate data on products using the *Central Product Classification (CPC)*. However, they are difficult to use, maintain and update across statistical and information management systems due to their traditional, hardcopy nature; embodying knowledge into a hard-cover book does not translate into useful and usable form in today's environment.

In a world driven by instantaneous information availability, the use of social media tools such as Instagram™ or Twitter™ also reinforces the fact that human communication and interaction is changing; economic statistics need to take this into account and react accordingly. Current programs in place are not keeping pace with the changing economy and current methods for collection and dissemination is regarded as unsustainable. Staying with traditional approaches and frameworks will provide a consistent time-series but will not enable contemporary data to be created and used that will influence policy and decision-making. Without a marked change, we

will not be advancing as we should; this is contrary to philosophies already embodied within the *Sustainable Development Goals* (SDGs).

As national statistical offices grapple with ways to integrate and identify new data needs for the global indicator framework and 2030 Agenda for Sustainable Development, traditional approaches and methodologies for producing such official statistics and managing data are being heavily evaluated and scrutinized. The increased need for innovative solutions, real-time responses to information collection and interpretation, as well as evolving technologies highlights the notion that traditional approaches to developing and maintaining monolithic, statistical classifications for use in economic statistics is no longer appropriate or cost-effective.

The work done on the *Project Team on Classification Metadata-Driven Systems* represents an excellent opportunity to leverage the work already done by multiple stakeholders from various levels. Leading the effort has been from New Zealand, specifically Andrew Hancock, who has published a paper entitled ***The Use of Metadata Modelling for the Modernisation of Information Management of Statistical Classifications*** in the *Journal of the International Association of Official Statistics*.

Hancock states that there is a need to modernize classifications in the context of economic statistics, provided real-world changes that are rapidly occurring and that traditional classification models are not responsive as we want them to be: '*Classifications age because reality changes. Classifications need to be revised periodically, but that is a difficult exercise for statisticians*'. Whilst National Accountants may be happy to live with taxonomies, frameworks and classifications that enable a consistent analysis and interpretation of data, users continue to struggle with those same statistical classifications and understand what the data means. This is, in part, due to the complex nature of many economic frameworks and the extensive time it takes to make required changes and re-define classification content.

As statistical data is becoming increasingly accessible and available in bigger and more complex datasets, opportunities exist for modernizing developmental processes for statistical classifications. Metadata modelling, along with the use of engineered, neural-based models showcases significant advances that can be developed over traditional, text-based statistical classifications.

Beyond solving Classification metadata-driven issues, the FOC Group expects to learn from such collaboration projects and from various working methods to improve the responsiveness of the overall economic statistics systems and to shift to new, emerging socio-economic issues and policy needs.

(Entire section content and ideas are based upon the work of Andrew Hancock, ***The Use of Metadata Modelling for the Modernisation of Information Management of Statistical Classifications***).

Approach

Work will be initiated through the creation of a network of Chairs on economic statistics from existing statistical groups covering macroeconomic accounts, business and trade statistics, classifications and price statistics. Joining the network would be voluntary, and membership would be broad (environmental and socio-demographic domains and groups operating outside the UN system). Activities of the network would jointly-focus on a pre-selected measurement problem with designated outputs and outcomes, as well as specified time frames.

Deliverables / Time Schedule

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

1. Metadata modelling and conceptual classification management.

Notes will outline those issues being addressed, summarize existing research/country practices, consider various options and develop a consensus-based recommendation. It may be important to draw linkages to the work being done by the project team on digital platforms.

In addition, team members will report on the successes and challenges of a network-based 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 *Friends of the Chair* group on economic statistics in the **fall of 2020**.
- The final guidance notes will be ready for the Final Report of the *Friends of the Chair* group on economic statistics and will 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 *Friends of the Chair* group on economic statistics and will be submitted for the Fifty-Second Session of the Statistical Commission in **March 2021**.

Communications and reporting

The Project team on classification metadata-driven systems will report directly to the Chair of the FOC Group on Economic Statistics.

Membership

NSOs/CBs/International organization

Name	Title	Organization

External (from the private sector)

Name	Title		Company	Location

Chair, secretariat and meetings

The Chair of the project team is yet **TBD** and the secretariat will be provided by UNSD. The Group is expected to meet weekly online, with other ad-hoc meetings to be arranged, as required.