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## Statistical Commission

Fifty-first session

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Item 3 (c) of the provisional agenda\*

**Items for discussion and decision: future of economic statistics**

## Report of the Friends of the Chair group on economic statistics

### Note by the Secretary-General

In accordance with Economic and Social Council decision 2019/210 and past practices, the Secretary-General has the honour to transmit the report of the Friends of the Chair group on economic statistics to the Statistical Commission for discussion. The report contains a description of the outcomes of the first and second meetings of the group, along with the results of the global and regional user consultations on matters related to the update of the system of economic statistics and its governance arrangements. The report also provides information on the proposed activities and deliverables of the group in 2020. The Commission is invited to express its views on the progress made by the group in its work and on its proposed programme of work for 2020.

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\* E/CN.3/2020/1.



## **Report of the Friends of the Chair group on economic statistics**

### **I. Summary**

1. The Friends of the Chair group on economic statistics was created by the Statistical Commission during its fiftieth session to undertake an assessment of the efficiency, effectiveness and responsiveness of the current system of economic statistics. Consultation activities and discussions undertaken in the past year have led to an acknowledgement that the current system needs to be more responsive and agile to meet the collective needs of users and that the focus should be on improving the current system rather than recommending major changes to it. The proposed work of the group in its second and final year falls across four dimensions: documenting the operations of the current system; improving connections between working groups by establishing networks; challenging working groups to operate in new ways, with a focus on experimentation and capacity-building; and increasing engagement with a broad range of users and other potential partners.

### **II. Introduction**

2. The debate at the Friday seminar on the future of economic statistics prior to the opening of the fiftieth session of the Statistical Commission, and at the fiftieth session of the Commission itself, led to the creation of the Friends of the Chair group on economic statistics.

3. At its fiftieth session, the Statistical Commission:

- Requested that 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 national statistical offices and international organizations
- Requested the group to take stock of existing initiatives and make a recommendation to take these forward in an update of the system of economic statistics through a broad user consultation
- Also requested the group to take forward issues of the statistical update that had already reached a high level of maturity
- Further requested the group to report back to the Commission at its fifty-first session with a clear plan on how to move forward

4. The present report provides an overview of the activities of the group since its creation by the Statistical Commission. The content is arranged as follows: section III contains a summary of the outcomes of the group meetings and various consultation activities, while section IV covers the options discussed and activities planned for 2020.

### **III. Activities of the Friends of the Chair group on economic statistics**

#### **A. Summary of the first meeting**

5. The first meeting of the Friends of the Chair group was held at United Nations Headquarters from 28 to 30 May 2019. The meeting was divided into four sessions.

During the first session, members examined whether the current planned updates to the system of economic statistics addressed the current and future needs of users. During the second and third sessions, members addressed the question of whether the current infrastructure in place (such as statistical frameworks, methods, classification systems, source data, technology, policies and partnerships) was sufficient to address the needs of the future. At the final session, members explored whether the appropriate governance arrangements existed to ensure a responsive, efficient and effective system of economic statistics.

6. The group, which included key data users represented by the United Nations network of economists, concluded that most of the future information needs of key users from a macroeconomic perspective were reflected in the list of current initiatives. In particular, there were initiatives in place targeted at expanding measurement in the areas of economic well-being and sustainability through the development of datasets linking economic activity to environmental impacts and to issues of inequality. The one exception identified was that a more clearly defined programme of work related to measuring the informal economy and informality should be established.

7. The data users did, however, note that there was a sizeable gap between the collective work programme and the data available at the country level. That gap reflected the capacity limitations of many national statistical offices, as well as the often considerable delay between the commencement of work at the global level on new standards or statistical products and their implementation at the country level. Further consideration might be given to reducing that delay by opening avenues for early experimentation and the release of experimental estimates.

8. A number of members noted that the current infrastructure was not agile and that recommendations should be developed with the goal of improving the overall agility of the framework, not only in the development of concepts and methods, but also in its ability to deliver data products in a more responsive manner. Members also noted that the infrastructure needed to allow for greater experimentation.

9. Members agreed that there were significant opportunities for increased collaboration in the areas of data-sharing, methods and resources. In a world of big data, there were economies of scale in undertaking multi-country data collection. For example, in the case of prices scraped from the web, a common multi-country database could be developed for all countries to draw upon.

10. Members noted that, given the breadth of the current programme of work and the speed at which national statistical offices and international agencies were attempting to address user needs, there might be some duplication and inefficiency in the current governance structure. That caused significant strain on time and resource commitments, and it might be helpful for governance structures to operate by a common set of principles designed to promote efficiency and effectiveness.

11. While members engaged in a rich discussion, it was agreed that further, more globally inclusive consultation was required before a set of recommendations could be presented to the Statistical Commission. The group agreed that the consultation should take place through discussions within the existing network of working groups, task forces and high-level committees regularly attended by national and international statistical organizations. To help steer and crystalize those discussions, the group agreed to provide the conclusions of the first meeting as a background note. The group also agreed to formulate a specific set of questions that they would like the working groups to discuss and report on.

## B. Summary of the second meeting

12. The second meeting of the Friends of the Chair group was held at United Nations Headquarters from 2 to 4 December 2019. The meeting was used to evaluate the feedback received from various forums through the global user consultation of statistical groups and from regional consultations within the framework of high-level seminars on the future of economic statistics; to further define the system of economic statistics; to articulate any changes needed to the governance arrangements and statistical operations and infrastructure of the system; to agree upon tasks and responsibilities for 2020; and to agree upon the content of the report to the Statistical Commission at its fifty-first session.

13. The Assistant Secretary-General for Economic Development and Chief Economist introduced the newly created United Nations network of economists by describing its role and objectives. The network is intended to support economic policy within the context of the 2030 Agenda for Sustainable Development, taking a longer-term vision and focusing on the new economics of sustainable development. A key element of the programme is the consideration of the quality of growth, that is, looking not only at economic growth, but also at its environmental and social ramifications. The network is considering five major trends that relate to climate change and environmental sustainability, technology, sociodemographic shifts, urbanization and inequalities.

14. The group discussed the challenge of providing statistics that meet both short-term policy needs (revolving largely around financial and monetary stability) and the longer-term policy perspectives implicit in sustainability or well-being analysis. Both perspectives are essential, and members felt that they could not afford to meet one group of user or policy needs at the cost of the other.

15. The group discussed the results of both the regional consultation and the consultation of the network of statistical groups. Members agreed that there was a wealth of information to be mined in the results, but that the following broad conclusions could be drawn:

(a) There was general agreement that the most important priorities for the statistical update had been identified and that initiatives were in place to address them;

(b) Mixed views were expressed on the extent to which global initiatives supported institutional transformations at the country level;

(c) Most respondents felt that the governance system was not broken, but that there was a need for measured and thoughtful improvement in terms of coordination, communication and responsiveness;

(d) There was consensus on the need to produce more granular data, and for international initiatives to support that need across methods, tools and standards;

(e) There was a general sense that the system of economic statistics was accurately portrayed as reactive and slow in adjusting to user demand;

(f) There was real concern from developing countries that they did not have the resources or capacity to engage with the issues being discussed and that further support was vital;

(g) A practical and agile approach focused on a small number of themes was preferred.

16. Members agreed that all elements of the system of economic statistics faced changes in relation to the following factors: the transition of national statistical offices from the role of data producers to that of data stewards; the rise of competing

organizations; the information needs of users; the availability of data; and the emergence of new tools and techniques. In that environment, precisely defining the system of economic statistics was not as vital as ensuring that the system was receptive to change.

17. One theme that emerged in the discussion was that of taking a capacity-building approach to international activities. In such an approach, international initiatives would not solely prioritize the development of international standards. Rather, they would recognize the value of global initiatives covering elements such as data acquisition, statistical methods, information and communications technology tools, and others to fulfilling the mission of national statistical offices. Those initiatives would aim to increase collaboration, innovation and experimentation while delivering a return on investment for country involvement in global initiatives.

18. The consultation process showed that there was little appetite for major change to the current governance arrangements. At the same time, the view was also expressed that arrangements were rigid and slow to respond and that there was a need for more coordination, consolidation (where appropriate) and communication. The question was what changes could be made to improve current arrangements without imposing additional layers of bureaucracy.

19. Taking a principle-based approach was considered helpful. In addition to the proposed principles of accountability, coordination and transparency, members felt that considerations of costs/benefits and “engagement of the best” (i.e. the involvement of the right experts from across institutions) were particularly important.

20. Using those principles, and operating within the mandate given to the Friends of the Chair group, members supported exploring new arrangements aimed at improving coordination, communication and collaborative responsiveness across the system of economic statistics, reflecting that the most important consideration was having the right links in place between groups to achieve an identified purpose.

21. Members discussed potential improvements to the system of economic statistics across three elements: standard-setting, statistical infrastructure and statistical operations. The discussions focused on ways in which current structures and groups could be challenged to work differently with the aim of increasing the responsiveness and agility of the system.

22. The concept of “coalitions of the willing” was discussed as the mechanism by which progress could be achieved. Chief statisticians “vote with their feet” by sending staff to meetings and forums that they feel will deliver a return to their institutions. This could be seen in the city groups established and run by member countries. Members discussed how those existing mechanisms could be challenged to deliver additional value.

### **C. Summary of results of consultation activities**

23. Consultations have been undertaken using two different modes. The first was a written questionnaire sent to various working groups operating in the domain of economic statistics, including those operating under the Statistical Commission and those managed by the International Monetary Fund, the Organization for Security and Cooperation in Europe and Eurostat. The working groups consulted and the questions posed are shown in the annex to the present report.

24. The second mode was through regional consultation seminars conducted with senior staff from national statistical offices in the Asia-Pacific region, Europe and the Americas. Additional regional workshops are planned for Western Asia and Africa in 2020.

25. A full analysis of the responses to the questionnaire is provided in the background document for the fifty-first session of the Statistical Commission. The main conclusions drawn from the responses can be summarized as follows:

(a) General agreement with the priorities proposed by the Friends of the Chair group. For the most part, it was acknowledged that the priorities were being addressed in global initiatives. Several gaps and priorities were identified that could, for the most part, be considered subgroups of the main priority areas identified;

(b) Few agreed that the global initiatives currently in place were effective at supporting the current transformations. While they considered that there was no need for further initiatives, they nonetheless underlined the need for better coordination between the existing ones. Other respondents recognized the need for additional global initiatives. Most of the proposals centred around two main areas: the harmonization and multidimensional extension of standards and frameworks and the active role of international organizations in supporting national statistical offices in establishing a dialogue to access data from large digital firms and coordinate the international exchange of those data;

(c) Consensus that there could be better coordination and alignment of activities between international organizations. The proposed solutions indicated better communication, shared priorities and shared membership in research, priority-setting through a global forum and platforms for the Chairs of all groups to enhance synergies between the groups and avoid duplication of work;

(d) Consensus on the need to produce more granular data and add more granularity to the various international classifications. Providing the level of information required by the users of data through the traditional survey approach is not feasible and would be costly. In addition, granularity brings challenges in the increased risk of disclosing respondents' information. The solutions proposed can be grouped into four areas: methodological, information technology-related, enhancement of standardization and collaboration/partnerships;

(e) Consensus that the system of economic statistics is reactive and slow in adjusting to user demand. Several comments related to increasing collaboration and partnering between the compilers of statistics and fostering the sharing of lessons learned, methods and challenges with emerging trends and data needs as ways to avoid duplication of efforts and to be more responsive.

26. The key points from the regional seminars held so far can be summarized as follows:

(a) General agreement with the priorities proposed by the Friends of the Chair group, with some regional variation in the ordering of the priorities and a view that more needed to be done to ensure that both developed and developing countries participated in experimentation and testing in the update of standards;

(b) Acknowledgement that all countries were facing a similar pressure to transform their statistical operations in response to budget pressures, capacity constraints and the digital/data revolution in the use of administrative records and big data. International initiatives had been established to assist national statistical offices in those transformations, but those initiatives needed to be continued and supported by expanded global statistical infrastructure for data solutions and innovative capacity-building activities. The initiatives should use technology in providing access to new methods, new data, new technology and new ways of statistical production;

(c) A consistent view that there was a great deal of overlap with groups at the international level, and that there needed to be better mechanisms of coordination, including providing global leadership and guidance for the overall system;

(d) The growing demand for greater granularity in data provision (by region, demographic group or even at the unit level) is both a major challenge for national statistical offices and a major new opportunity to better meet the needs of policymakers. Greater emphasis needs to be placed on supporting this challenge at the international level;

(e) The need for appropriate risk management mechanisms to support more flexible and responsive ways of operating to help to restore balance between the often competing requirements to provide consistent, stable time series while also being responsive and innovative in the face of new needs or expectations.

#### IV. Options discussed and activities planned

27. The consultation activities and discussions conducted in the past year led to a decision to focus on improving the current system rather than recommending major changes to it. The proposed work of the Friends of the Chair group falls across four dimensions: documenting the operations of the current system; improving connections between working groups by establishing networks; challenging working groups to operate in new ways, with a focus on experimentation and capacity-building; and increasing engagement with a broad range of users and other potential partners using a small number of themes (two or three) to demonstrate progress with clear indicators.

##### *Documenting the system*

28. Some very useful material enabling considered discussions was developed during the year. This type of material is important for supporting informed decision-making, the prioritization of work programmes and improvements in governance arrangements. Thus, the group should continue to develop such material as a resource for the global community.

29. That material includes the “placemat” of statistical groups (included in the background documents), simple explanations of how the current system works, and a clarification of roles and expectations for participants in international activities.

30. It was also noted that, in the material that had been gathered, several statistical groups were identified that were no longer active (Delhi Group on Informal Sector Statistics,<sup>1</sup> Inter-Agency Task Force on Finance Statistics, Expert Group on International Trade and Economic Globalization Statistics, Inter-Secretariat Working Group on International Trade and Economic Globalization Statistics and Inter-Agency Working Group on Debt Statistics) and some groups that could consider changing their governance owing to overlapping mandates and functions or owing to limits on membership for country representatives. The group agreed that it would inform the Statistical Commission of the groups that were no longer active and consult specific statistical groups on their governance arrangements.

##### *Creating networks*

31. Increasing the linkages between working groups will be pursued as a way to improve coordination, communication and alignment without adding any additional governance groups or hierarchies.

32. This work will be initiated through the creation of a network of Chairs on economic statistics from existing and future statistical groups. Joining the network

<sup>1</sup> Regarding the Delhi Group on Informal Sector Statistics, please refer to [E/CN.3/2020/27](#), paras. 11, 49 and 79.

will be voluntary and membership will be broad, including groups from the environmental and sociodemographic domains and groups operating outside the United Nations system. The activities of the network will coalesce around a selected measurement problem with designated outputs, outcomes and time frames.

33. The potential measurement problems discussed include, but are not necessarily limited to, digital platforms, multinational enterprises and the informal economy.

#### *Challenging the system*

34. In addition to solving a real-world measurement problem, the Chairs would also be challenged to operate differently and to be more innovative and nimbler, while the exact ways of achieving that end would be left to the Chairs and their groups to determine. The Friends of the Chair group referred to challenges in the better use of technology for communication; a more iterative approach to producing outputs; opening membership to a wider array of institutions; taking a capacity-building perspective in their work; and finding new ways to balance the challenges of continuity and innovation.

35. The network would also support the sharing of best practices and results from experimentation between groups.

#### *Engaging broadly*

36. The engagement efforts of the Friends of the Chair group have been extremely valuable in enhancing communication within the system of economic statistics and in reaching out to partners such as the United Nations network of economists.

37. As the group heads into its second and final year of operation, it will increase its communication and engagement efforts within the statistical community to discuss the findings so far and propose avenues for future work. The group will also seek ways to engage with a broader set of stakeholders, including users, technology partners, data providers and academics, and to develop mechanisms to build that engagement into regular ongoing activities.

38. To facilitate those efforts, the group will be developing a communication and engagement strategy. A key element of the strategy will be the organization of a United Nations global forum on economic statistics in late 2020.

## **V. Action to be taken by the Statistical Commission**

39. **The Commission is invited:**

(a) **To take note of the activities undertaken by the Friends of the Chair group in 2019;**

(b) **To advise on the proposed focus and activities of the group in 2020;**

(c) **To dissolve the statistical groups that are no longer active in the domain of economic statistics, as listed in paragraph 30 above:<sup>2</sup> Inter-Agency Task Force on Finance Statistics, Expert Group on International Trade and Economic Globalization Statistics, Inter-Secretariat Working Group on International Trade and Economic Globalization Statistics and Inter-Agency Working Group on Debt Statistics.**

<sup>2</sup> Regarding the Delhi Group on Informal Sector Statistics, please refer [E/CN.3/2020/27](#), paras. 11, 49 and 79.



## Annex

### Consultation with working groups

1. The Friends of the Chair group on economic statistics wrote to the following working groups to request feedback:

(a) **Groups operating under the Statistical Commission.** Ottawa Group on Price Indices, Delhi Group on Informal Sector Statistics, Wiesbaden Group on Business Registers, Voorburg Group on Service Statistics, London Group on Environmental Accounting, Oslo Group on Energy Statistics, Committee of Experts on Business and Trade Statistics, Global Strategy Steering Committee, Committee of Experts on Environmental-Economic Accounting, Expert Group on International Statistical Classifications, Advisory Expert Group on National Accounts;

(b) **Other groups.** International Monetary Fund Committee on Balance of Payments Statistics, International Monetary Fund Government Finance Statistics Advisory Committee, Organization for Economic Cooperation and Development (OECD) Working Party on National Accounts, OECD Working Party on Financial Statistics, OECD Short-term Economic Statistics Working Party, OECD Working Party on International Trade in Goods and Services Statistics, Eurostat Director Group for Macroeconomic Statistics, International Labour Organization Meeting of Experts on Labour Statistics.

2. Additional organizations, including several national statistical offices, also chose to provide input in the consultation process. All responses received were considered by the Friends of the Chair group.

3. The working groups were requested to provide responses to following six questions:

- **Question 1.** The Friends of the Chair group identified several priority areas for the update of the system of economic statistics. These included digitalization, globalization, economic well-being, economic inequalities, sustainability, climate change, intangible assets, household production, human capital and the informal sector. It was acknowledged that most of these priority areas are currently being addressed through global initiatives. In addition to the above, are there gaps/issues that have a global reach that need to be addressed?
- **Question 2.** National statistical offices are also being required to undertake significant institutional transformation, including increasing the use of new data sources, improving timeliness, addressing accuracy issues, introducing new data linking methods and processes, undertaking more granular analysis on the social and environmental impact of economic activity and taking on new roles as data custodians for the use of administrative and big data. There are several global initiatives (such as the Economic Commission for Europe work on data-sharing, the Eurostat work on global registers and the High-level Group on the Modernization of Official Statistics) currently under way that support national statistical offices in their transformation. Is there a need for additional global initiatives that could support national statistical offices in their transformation?
- **Question 3.** Does the governance structure supporting the key macroeconomic accounting frameworks (System of National Accounts (SNA), balance of payments, government finance statistics, System of Environmental-Economic Accounting) need to be re-examined? If so, can you provide suggestions as to how the governance structure could be made more efficient and effective?
- **Question 4.** Most of the current settings are focused on supporting the production of macroeconomic data, whereas increasingly users are demanding

more granular insights. Given the increasing availability of disaggregated and microdata and notwithstanding challenges related to microdata access, how can the current mechanisms be reinforced or adapted to meet these needs, or are new mechanisms needed?

- **Question 5.** The system of economic statistics is often portrayed as reactive and slow in adjusting. Do you agree? If so, are new institutional arrangements needed to make it more responsive to changes in user and policy needs?
- **Question 6.** Finally, there is significant innovation and experimentation with new methods and processes that take place outside of the realms of official statistics agencies, for example in academia. Do national statistical offices and international organizations need to accelerate their pace of innovation and degree of experimentation?

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