Friends of the Chair on Economic Statistics

A Draft Framework of Better Outcomes and Recommendations for Action for the System of Economic Statistics

Chapeau (to be elaborated in the finalization of the document)

- Mandate of the UNSC
- Consultative and transparent process
- Draft for the fifth meeting incorporates inputs from:
    - global and regional consultations
    - four meetings of the FOC group
    - individual comments and suggestions of all members of the FOC Group
- Draft strikes a balance of opinions between IOs and NSOs
- Draft needs further detailing/elaboration based on inputs/references provided by the members
- Final set of FOC Group recommendations and actions still to be decided
- Final FOC consultations (in sixth meeting in 2 weeks, when necessary) to find consensus

I. Better outcomes for the system of economic statistics

The recommendations for actions support the following key outcomes:

1- Better cooperation and networking between NSOs in developed and developing countries strengthen analytical and data management capabilities enabled through the exchange and sharing of knowledge, governance, partnerships, and technology facilitated by international and regional organizations.

2- Better national data solutions provided by global statistical infrastructure and data solutions produce statistics, complete the picture of the interrelationships between national economies, and drive efficiencies and connectedness in the global data ecosystem through partnership with academia, private data holders and technology companies.

3-Better working methods and aligned governance arrangements help the economic statistics system to operate as a coherent, collaborative, accountable and integrated organization that is inclusive of the different actors in the system.

4- Better and responsive system of economic statistics measures our fast-evolving economies and enables us to experiment with the integration of the rapidly changing information demands of policy makers. The system of economics statistics strives for improved granularity and timeliness, as well as better integration of the measures of economy, society, and environment to inform the universal 2030 Agenda for sustainable development.

II. Recommendations of actions

1. Networking: Collaboration and user consultation

The FOC Group **recommends** that collaboration and user consultation should build on traditional mechanisms of global and regional forums on economic statistics. Such forums have proven to be effective in identifying regional interests and priorities that recognize the diversity between the national system of economic statistics in both statistical capability and institutional arrangements for the production of economic statistics, such as the role of the CBs next to NSOs. It is expected that these forums will not only foster better collaboration with the academic and policy making community, but also identify a forward-looking agenda on emerging topics to make the system of economic statistics more responsive to new user demands.

In operationalizing this recommendation, it should be considered how forums can adequately channel the statistical demands coming from different groups of users more regularly. In this respect, it is worth recalling, as an interesting example, that the European Statistics Code of Practice includes the following principle “Procedures are in place to consult users, to monitor the relevance and value of existing statistics in meeting their needs, and to consider and anticipate their emerging needs and priorities.”

It is also expected that better regional and global coordination between countries and agencies would further increase the effectiveness of regional consultations in reducing redundancies and overlaps. Moreover, the existing regional forums should also increasingly be organized jointly with global agencies to foster better coordination and ensure regional ownership by using existing regional platforms for dialogue. The outcomes of these regional forums will feed into the global forums, which are expected to be co-organized by international and regional agencies to set the priorities of the global program of work for the system of economic statistics. These global and regional consultations should benefit from good practices adopted by many NSOs to maintain regular consultations with the users in the public and private sector, academia, media and NGO communities.

In addition, the FOC Group **recommends** that direct communication channels and mechanisms are established between countries facilitated by international and regional organizations to jointly work on innovative global data solutions at scale. A network of data science centers in national statistical systems statistics could be established for this purpose, which builds on the increasing number of data centers established by NSOs in both developed and developing countries. This network of data science centers should be supported by shared strategies to increase the communication, collaboration and engagement efforts between the statistical community, academia, technology partners, and private sector data owners building on the emerging countries’ practices. It is expected that this network will support the alignment of priorities and the development of new methods and tools at the global, regional and national levels for the systems of economic statistics. This networks of data science centers at the country level could initially be formed by a limited set of countries or “coalition of the willing” that pilot this enabling and collaborative environment by setting practical and timebound challenges

for co-production and co-investment in global data solutions through partnership. These global data solutions should be tested for universal applicability.

This innovative network could be instrumental in implementing use cases of the **recommendation** of the Friends of the Chair Group to adopt a 'whole-of-systems approach' for the system of economic statistics. With a whole-of-system approach, IOs and NSOs may adopt a thematic approach as compared to a domain-specific approach to address a policy issue. By way of example, a country that explores a transition to a low-carbon economy may seek the support from NSOs to provide an integrated statistical view of the economic impact of the transition from the extraction and/or use of fossil fuels to renewable energy resource, the social and geographical impact on employment and household income, as well as the environmental impact of lower emissions and waste. This integrated view brings together a dashboard of a coherent set of statistics and indicators from the various domains of the system of economic statistics. This whole-of-systems approach also warrants the development and use of new tools and techniques of microdata linking using integrated statistical registers of businesses, persons, households and location and integrated data sets from surveys and administrative data and increasingly non-traditional data sources.

With the request from users to adopt a whole-of-systems approach, the NSOs are increasingly taking up the role of a data steward in addition to being data producers. Moreover, they actively establish partnerships with academia and data owners in the public and private sectors. Also the IOs are progressively networking global partnerships in exploring new data solutions originating in the use of alternative data sources held by global data owners, provisioning targeted statistical services to the providers of datasets, and co-administering global surveys to produce indicators for a rapid assessment of the impact of key and emerging socio-economic and environmental issues.

Building on these emerging but still fragmented practices, the whole-of-system approach warrants closer collaboration between national, regional and international statistical agencies whereby the regional and global agencies support collaboration of the national statistical partnerships to deliver globally and at scale. In building responsive and resilient national statistical systems, the collaboration should promote co-investments in statistical infrastructure through shared technology cloud-based platforms, trusted data sharing and exchange arrangements, shared central global repository of big data from global agreements with private sector owners, shared libraries of methods and algorithms, and a global register of MNEs.

In a whole-of-system approach, NSOs and IOs recognize the value of global initiatives covering elements such as data acquisition, access and sharing, statistical methods for data innovation, collaboration on common information and communications technology infrastructure, effective governance of statistical operations, and assistance in the sharing and cross-fertilization of best practices and strategies.

The success of the whole-of-system approach will rely on the establishment of efficient mechanisms to facilitate networking amongst the different actors inside the broad system of economic statistics. It is expected that a new collective global strategy and phased actions will

provide the global scale necessary to overcome the present legal and institutional impediments of national and regional approaches.

2. Transforming and challenging: Statistical infrastructure and operations, and data solutions

It is **recommended** to create mechanisms that transform collaboration among NSOs and International Organizations (IOs) beyond the sharing of experiences and practices, to co-investment and co-development of statistical infrastructure, operations and data solutions. This can be achieved through the sharing of, knowledge and expertise, technology and partnerships in addition to financial resources. Globally, this could lead to efficiencies by limiting duplication of effort.

Such mechanisms should be formalized, piloted and implemented over time. A key overarching principle around co-investment should be 'leave no one behind'. In the beginning, a few NSOs or IOs could co-invest in the development of a given tool or solution, which ultimately will result in benefits for all through testing the applicability of tools and data solutions in select developing countries.

The FOC Group **recommends** that co-investment is prioritized in the following areas:

a- Common data acquisition and access

Many NSOs are making individual requests to access and use data from multinational companies. The legal framework around statistical activities of individual countries generally prevents the sharing of information. One approach would be for a group of NSOs to collectively approach large multinational companies and agree on a joint approach to access and use of these privately held data. For example, we might collectively approach credit card companies or large telecommunication companies, which often operate globally. A collective of NSOs might be able to offer more in return to those companies than an individual one could. Apart from a collective action on the access to global private data owners, at the same time global initiatives should be pursued for the access to administrative data.

b- Data sharing

There is a good rationale for stronger data sharing among NSOs, particularly on company data. But there are considerable barriers and challenges facing us that may lead to unwarranted and unexpected consequences: national legislation can make this problematic; and, trust can be undermined between NSOs and domestic firms.

Making progress here is likely to be challenging, but worth trying. IOs could play a key role both as hosts of shared data and developing a data management and governance framework for sharing data, including the use of privacy preserving methods and techniques. These arrangements should also extend to the secure exchange of information on cross border transactions and company structures of MNEs for consistent recording of the information between countries on the role of the MNEs in national economies.

Developing new data sharing arrangements will be challenging but could build on existing practices in adopting legislative arrangements at national and regional level between national and regional government agencies. Similar legislative arrangements, including at the global level, could be explored for secure data sharing with the private sector for statistical purposes.

c- Common data infrastructure and common resources

IOs already perform a key role in supporting NSOs by hosting and analyzing comparable economic data, but there is scope for further development in terms of better underpinning the global infrastructure. The work of Eurostat on EuroGroups Register (EGR), the UNSD on Global Groups Register (GGR) and the OECD on the Analytical Database on Individual Multinationals and Affiliates (ADIMA) are good examples of how to maintain regional and global databases of the largest multinational enterprises (MNEs) and could serve as stepping stones for more ambitious projects, extending perhaps to a complete register of multinational enterprises. Such work could contribute to delineating the role of MNEs in global value chains and prove valuable in establishing MNE-related statistics and indicators, including trade-in value-added.

Again, in the development of this global data infrastructure, the needs and capabilities of the developed and developing countries should be recognized in the deployment of the information in their statistical production. Therefore, these developments should be accompanied by methodological manuals and capacity building initiatives.

d- Common technological solutions (for the integration of geospatial data, the use of data science, the use of nowcasting techniques, and the production of high frequency statistics)

The entirety of the international statistical ecosystem will benefit from co-investment in the development of global technological solutions aiming for the integration of geospatial data, the production of high-frequency data in statistical programs or the development of common repositories of web scraping scripts, AI tools or algorithms that query directly databases from data providers.

The production of data at a more disaggregated level is also a common and recurring demand across the complete spectrum of data users. Co-investment in the development of perturbation

methods, small-area estimation, and standardization of identifiers for data linkages could also efficiently address this requirement.

The Committee of Chief Economic Statisticians (see recommendation in section 3) will facilitate and provide recommendations on promising areas for co-investment, consistent with the priorities identified by the stakeholders of the system.

The FOC Group **recommends** the development of specific and targeted use cases to test further both the notion and the modus operandi of co-investment. As an initial use case, the FOC Group proposes the use of Big Data and data science and engineering techniques for 'nowcasting' to improve the timeliness of key economic indicators.

By way of example, the use cases for nowcasting could be based on the combination of specific dataset - with Big Data features - with treatment techniques able to extract the relevant signals from such datasets. Possible target variables of nowcasting experiments can be: quarterly GDP; household consumption; short term labour market indicators (employment/unemployment); consumer prices; tourism flow indicators, and international trade statistics.

The recent pandemic has created an immediate need for real-time information to quickly inform policy measures, tailoring them to fast changing economic and social needs.

All statistical institutions are working on this in some form. No one international organization is the "keeper" of this topic from a mandate perspective. This could bring about broad consensus on appropriate responses, including shareable and adaptable approaches and techniques among developed and developing economies.

Where possible the use cases will make use of existing data and technology platforms and working arrangements, such as the UN Global Platform for official statistics operated under the Statistical Commission. This Platform already brings together a sizable community of data scientists and data engineers for advancing innovative and cost efficient data solutions for statistical production with the objective of minimizing the use of traditional sources such as surveys and censuses (for instance for validation purposes only) and maximizing the use of non-traditional data sources such as Big data and administrative data. Already use cases are being explored in the area of statistics related to agricultural crop production, consumer price index, transport, international trade and tourism statistics, but the cases could be scaled to produce experimental estimates for a large number of developed and developing countries and new use cases could be added through co-investment and co-production.

Particular attention should be given to data solutions that are affordable and are offered as a methods services that require an acceptable threshold of expertise and operational expenses when used in statistical production. Moreover, new innovative financing arrangements should be explored, which should be building on a blended approach of financial and in-kind resources

provided from NSOs, IOs, and the private sector to progressively implement an agreed set of global data solutions.

Collaborative knowledge platforms for the system of economic statistics are another crucial mechanism to enable collaboration, sharing, access to the international macroeconomic accounting manuals, classifications, guidance notes, tools, and research initiatives. Common platforms will address the need to centralize and share knowledge and facilitate global collaboration between NSOs, IOS and the various Committees of experts as well as be a tool to engage users and academics.

The Committee of Experts on national accounts agreed to establish a Joint sub-Task Team with representatives national and international experts from other statistical Committees to facilitate the development of Collaborative Compilers Hubs for statistical standards and classifications. The Friends of the Chair on Economic Statistics supports the development of the Collaborative Compilers Hubs. This Hub is seen as being an enabling tool to support recommendations on co-development and co-investment, as well as support the principles of networking and the digitalization of the manuals of the system of economic statistics.

3. Enabling: Institutional arrangements and governance

In the evolving relationships between NSOs and IOs in the era of globalization of our societies, economies and natural environments, the IOs should facilitate the creation of an enabling environment for global partnerships in innovative data science in areas where an NSO centric approach would be sub-optimal such as in determining the role of MNEs and international digital platforms, maintaining global business registers of enterprise groups, ensuring data access, realizing acquisition and exchange from global private data owners, and mobilizing the international academic community. This is relevant in the context of internationalization, where it is increasingly difficult for any NSO to provide the full picture of the interactions between our societies, economies and natural environments.

The roles of international organizations (IOs) and even national statistical organizations (NSOs) are changing rapidly in the system of economic statistics. National statistical organizations have a responsibility to provide comprehensive, relevant and quality information to ever evolving user needs in support of evidence-based policy. International organizations have their mandates, objectives and rationales in the system with a focus on the harmonization of statistical standards, methods and tools and in sharing of global and national statistics and practices.

In the context of the exponential growth of globalization and the digital economy, it is increasingly difficult for any national statistical organization to obtain a complete and real-time picture of the interactions between the various economic agents within its borders and even more so with those at the international level.

In short, apart from the need to facilitate global partnerships in the co-production and co-investment of the development of cutting-edge techniques and methods for better national statistics, the need for better coordination of the system of economic statistics becomes

increasingly more demanding across a wide range of statistical domains considering user demands for a broader and multi-dimensional measurement framework. While the coordination of statistical groups and committees in the past was limited to the macroeconomic accounts, the present update of the manuals of the system of economic statistics requires coordination covering the domains of classifications, business, trade, environment, social, demographic, prices and other statistics. Therefore, the FOC Group **recommends** that existing working methods of statistical groups related to the system of economic statistics are amended to accommodate the evolving need for coordination of co-investment between IOs and NSOs and the recognition of shared responsibilities between IOs and NSOs from both developed and developing countries in setting the priorities for the updates of the international manuals and global initiatives on data solutions. To step-up their efforts for co-investment, NSOs from developing countries have indicated that they will pursue a better representation in global committees of experts.

The FOC Group **recommends** that the UNSC establishes a Committee of Chief Economic Statisticians (working title) that facilitates the networking, coordination and communication between the different actors in the system of economic statistics and promotes global partnerships with academia and the private sector for a responsive system of economic statistics that functions efficiently in response to changing use demands.

This Committee is not to be construed as an additional hierarchical layer between existing Committees and the Statistical Commission, but as a partnership or network of NSOs and IOs willing to take the recommendations for actions of the FOC Group forward. This Committee is to adopt an agile operational approach that accelerates innovation and change following agreed principles of networking, co-investment, governance, and experimentation for the system of economic statistics. Meanwhile, the Committee will focus on horizontal domain issues of the system of economic statistics, thereby complementing existing and new Committees of the system of economic statistics.

The initial Committee membership of countries and agencies may be limited to a coalition of willing that builds on the strength of diversity and seniority of representation and intends to demonstrate the operational power of a global response through co-investments of willing NSOs, and regional and global agencies.

This Committee is expected to establish a Bureau among its members with a broad global and regional representation of countries and agencies that lead projects/use cases. This Bureau will oversee the operations of the workstreams of the Committee (mainly around global and regional co-investments) and is co-chaired by a member of a developed and a developing country. It is of paramount importance, that the Committee will fully recognize and respect the responsibilities, mandates and initiatives of the IOs and leading developed and developing countries. It is expected that the building of trust through co-investment in joint use cases will prove the envisaged new working arrangements.

The proposed key activities and functions of the Committee are summarized along the following four main workstreams:

1- *Networking: Collaboration and user consultation*: the Committee will undertake global and regional user consultations on emerging issues and priorities for the research agenda; network NSOs and strengthen analytical and data management capabilities of the system of economic statistics; and promote a whole-of-system approach and strong partnerships with academia and private sector

2- *Transforming and challenging: Statistical infrastructure and operations, and data solutions*: the Committee will promote collaborative actions on global co-investment and co-production for global statistical infrastructure, operations, data solutions; and leverage efficiencies and limit duplication of effort through the prioritization of global use cases for co-investment and co-development

3- *Enabling:* Institutional *arrangements and governance:* the Committee will promote better working methods and aligned governance arrangements for the system of economic statistics that is inclusive of the different actors the system; and foster the effective functioning of the system

4- *Experimenting, integrating and documenting: Statistical framework and methods*: the Committee will promote working methods for the continuous and iterative update of global statistical standards through the experimentation and testing of methodological changes in countries; and pursue a broad integration framework with multi-dimensional and broader measures of progress for the system of economic statistics

As mandated by the Statistical Commission, the FOC Group also **recommends** that the working methods of the Committee of Experts within scope of the system of economic statistics are aligned in terms of mandate and governance and terminology used for the working methods. The general principles of this alignment will follow the mandate and governance arrangements of the UN Committee of Experts on Business and Trade Statistics (UN CEBTS) (with close collaboration with the Wiesbaden Group and Voorburg Group) and the UN Committee of Experts on Environmental-Economic Accounting (UN CEEA) (with close collaboration with the London Group). Work is already completed or underway on approving the new mandate and governance arrangements for the UN CENA (national accounts with the ISWGNA), UN CEAG (agricultural and rural statistics with FAO), the UN CEPS (price statistics with the ISWGPS in collaboration with the Ottawa Group on price statistics) UN CEEBS (energy balances and statistics with UN, OECD and Oslo Group), UN CEISC (international statistical classifications with chair NZ), and IATF on international statistics (to be integrated with UN CEBTS), and UN CEES (expert group on environment statistics). Also, the UN GWG on Big Data for Official Statistics has adopted the proposed mandate and governance structure and will consider changing its name to Committee of Experts.

The FOC Group consultation with users (for instance with the UN network of economists led by ASG Elliott Harris) expressed the need for a broader framework for measuring the relationship between the economy and society in addition to further advancing the implementation and update of the SNA and SEEA. The users did recognize that work has been undertaken on various accounts like labor, health and education accounts, now considered as part of the update of the SNA. However, they considered that the scope of the measurement framework is further examined. This broader framework would not only guide the measurement of the various

dimensions of wellbeing but also of human capital in addition to produced and natural capital in support of the asset approach to sustainability. The initiative should further strive for consistency of concepts and data sources between the economy, society, and environment, which is vital for their coherent and robust measurement. Therefore, the FOC Group also **recommends** the active exploration of the creation of an UN Committee of Experts on Population and Wellbeing Accounts (working title). The mandate for this new Committee is expected to include the responsibility for the improvement of the availability and quality of statistics related to the well-being of people and the sustainability of societal developments in a broader accounting framework. It is proposed that a preliminary meeting for this Committee is co-organized with agencies and countries that bring together a community of social, demographic and economic statisticians and economists from countries and IOs for the purpose of considering an integrated system of monetary and physical accounts. Again, this initiative will benefit from the statistical progress already gained in in the last decade across countries and IOs.

4. Experimenting, integrating and documenting: Statistical framework and methods

The FOC Group recognizes the expressed need by users to speed up the development and update of statistical standards and supports the publication of experimental guidance notes even if all the conceptual issues have not been addressed. Moreover, the FOC Group likes to stress that these guidance notes not only provide guidance on the conceptual aspects of the update of the statistical standard but also the practical guidance for the experimentation and testing of the proposed conceptual developments in both developed and developing countries. Pursuing experimentation and testing will contribute to inform standard setters and other countries in the practical applicability of the update of statistical standards.

There was a demand from the global consultation held by the FOC Group in the fall of 2019 for a more agile and faster process in the update and revision of global statistical standards to react to public policies and keep pace with the fast-changing environment. Not only does the development of these standards take a long time, but their adoption and implementation by statistics compilers is also slow and complex. The recent experience with the statistical response to the global COVID pandemic demonstrated the inflexion point towards rapid response mechanisms and related statistical methods to quickly and flexibly adapt to the measurement of new socio-economic and environmental realities. The FOC Group, therefore, **recommends** the adoption of strategies for the continuous and iterative update of global statistical standards and methods that will result in a more interactive and shorter revision cycle supported by a detailed capability program. A prominent role for the UN regional commissions and regional agencies in the experimentation and testing of methodological changes in countries is foreseen in both the assessment and implementation phase building on their regional series of COVID-related webinars on guidance for a wide range of official and experimental statistics.

At the 50th UN Statistical Commission in March 2020, various reports, including the FoC Group on Economic Statistics and the Intersecretariat Working Group on National Accounts

acknowledged this requirement and proposed to adopt a continuous research cycle. The first step involves an annual updating of the research agenda with emerging measurement and conceptual issues. Subsequently, Task Teams of experts from countries and international agencies develop guidance notes on the key issues. As part of the consultation on these guidance notes, countries will be encouraged to develop experimental estimates and test the operational viability of implementing the changes. This will result in the practical implementation of guidance on key emerging conceptual issues in a way that makes statistics available to users more rapidly.

Once a significant number of new guidance/recommendations have been developed a formal update of the manual is envisioned. This approach strikes a good balance between ensuring users are provided early on experimental statistics on new conceptual developments of the manuals of the system of economic statistics.

The FOC Group also **recommends** that a broader integration framework for the system of economic statistics is actively pursue for the update process of the system of economic statistics with the objective to arrive at an overarching accounting framework or “system of systems” in which statistics and classifications on economic, societal and environmental issues in terms of monetary and physical measures are integrated and micro-macro linkages enabled in order to give policy makers a comprehensive, coherent and consistent view of inter-related economic, societal and environmental phenomena. It is reiterated that the proposed new Committee of Experts on population and wellbeing accounts should play a coordinating role as regards the articulation of the interrelationships between society and the economy by bringing together the various stakeholders in socio-demographic and economic statistics and academia.