

Review of the Global Governance Arrangements for the System of Economic Statistics

Introduction

This document was prepared for the 2nd meeting of the Friends of the Chair (FOC) Group on the Economic Statistics and articulates a range of potential options for restructuring the current governance arrangements for the System of Economic Statistics. This document is not intended to be prescriptive. Rather, the ideas presented in the document are intended to stimulate the discussion at the FOC meeting.

The governance arrangements of the System of Economic Statistics under the Statistical Commission, in short, the global governance arrangements, like the system itself have evolved organically over time meeting demands for internationally agreed methodology and comparable economy-wide, sectoral and macroeconomic statistics in support of a broad range of economic policies.

The present state of the global governance reflects a range of historical factors including a history of statistics that were and are much less integrated and coherent with each other than is required to meet today's statistical needs ; institutional custodianship of manuals/standards that reflect the history for those statistics (for example ILO and the Prices manuals, IMF and Balance Payments manual); and national statistical systems with a different mix of institutional responsibilities and mandates for official statistics. These factors have resulted in tradeoffs across quality dimensions like timeliness, accessibility, frequency, etc. Against this backdrop, the international statistical system has changed dramatically, and a review of the System of Economic Statistics and the current governance structure is warranted.

The 50th Session of the Statistical Commission recognized the need for a broad review of the System of Economic Statistics driven by the urgency of addressing policy needs that are at the nexus of economic, social and environmental issues if we are to truly depict and attain the 2030 Agenda of leaving no one behind, and having meaningful SDGs; an urgent need for an institutional update whereby statistical agencies are transforming from principal producers of statistics to stewards of an evolving and complex data landscape; and the urgent need to revisit and transform some of our long-held statistical practices and frameworks to meet the needs of policymakers and citizens.

For this broad review, the Statistical Commission established the FOC Group on Economic Statistics intending to ensure a relevant, responsive and robust system of economic measurement. Specifically, it tasked the FOC Group to prepare a list of recommendations aimed to improve the overall effectiveness and efficiency of governance of the system of economic statistics.

The FOC Group, at its first meeting in May 2019, concluded that there is duplication and inefficiency in the current governance structure that significantly strains time and resource commitments, in particular those of National Statistics Offices (NSOs). To guide the review of the governance structure, focusing on its efficiency and effectiveness, the FOC suggested the formulation of a set of principles for the assessment of the current working groups, task forces, and committees functioning in the area of economic statistics. As part of the principles, the Group stressed that the deliverables by the statistical groups are an important measure of their effectiveness and accountability. Moreover, the identification of priority areas for statistical development should be based on regular and continuous engagement with users. The FOC Group also highlighted the importance of the reporting arrangements and links between the statistical groups. The new policy requirements for integrated multidimensional accounts, statistics and indicators require increased integration and collaboration within and between the

domains of economic statistics, in both methods and practices. To facilitate the coordination between the statistical groups, it was proposed to consolidate the priority areas into a global work plan on economic statistics and to consult a wide range of users through periodic UN high-level global forums on those priority areas.

Guiding principles for the review of the governance arrangements of statistical groups

Any review of governance arrangements should be conducted using a set of guiding principles and objectives. Stemming from the initial discussions of the FOC group at its first meeting, the guiding principles for a review of the governance arrangements of statistical groups can be distilled as follows.

Coordination

One of the guiding principles should emphasize coordination to improve the speed and responsiveness of service delivery and establish greater coherence between the deliverables. This *coordination principle* should facilitate the desired outcomes of making the system of economic statistics relevant and more responsive in meeting the challenges and opportunities faced by countries in monitoring the 2030 Agenda for Sustainable Development. With a decentralized and stove-piped approach still present in the existing governance structure, the *coordination principle* should facilitate a collective response to address the increased complexity of the system of economic statistics and the need for global statistical operations and infrastructure to facilitate collaboration between statistical agencies. The *coordination principle* should also allow for an assessment of the effectiveness of the collaborative relationships of statistical groups operating between and within the domains of macroeconomic statistics, business and trade statistics, price statistics, and household economic statistics.

An important element of coordination is consultation on priorities. Discussions on priorities and the need to continue this dialogue was noted at the first meeting of the FOC. Looking forward, a consultation mechanism could include a periodic cycle of UN global forums on economic statistics where open and transparent user consultations would foster a collective buy-in from countries and agencies on a global program on economic statistics with agreed global priorities. A global program would also allow for better and shared communication on the update of the system of economic statistics and the early participation of countries in the experimentation and testing of the update of the system.

A global multi-year program on economic statistics based on global priorities would also facilitate the necessary coherence between programs of work of the statistical groups, strengthen the performance management and enhance accountability, and the effective management of resources. The vertical bottom-up mechanism should ensure appropriate consultation with member states on their needs and ownership of the work program. The overall outcome would be a work program that is global but led by countries.

Accountability

Concerning the emphasis of FOC Group on the effectiveness and efficiency of the governance structure in producing the deliverables, an *accountability principle* could be adopted. In this context, accountability refers to specific commitments by each group regarding its outputs and timetable for the deliverables. As well, this principle effectively means assigning specific accountabilities and decision-making authority to various groups. Obviously, consultation and coordination would be required so as not to make unilateral decisions that would have unintended

impacts on the overall system. This principle should strengthen the performance management culture and ensure the effective management of resources of the implementation of mandates.

Transparency

Decisions regarding the direction of the system of economic statistics should be achieved through consultation with stakeholders and be transparent for users and members of the statistical community. The *transparency principle* could address the emphasis of the FOC Group on setting global priorities for the update of the system of economic statistics through agreed mechanisms of user consultation and dialogue.

This section highlighted three guiding principles for the review of the governance arrangements of the system of economic statistics. In the remainder of the note, a first attempt is made to apply the three guiding principles for the review of the present state of the governance arrangement and the description of options for the proposed future state of the governance arrangements.

Governance arrangements: a range of options

The options presented here distinguish between managerial and technical committees which have very different roles in the ecosystem of international committees related to economic statistics. In this context, managerial committees are focused on global statistical priorities determined through consultation and achieving a more coordinated and coherent global work program on the update of the System of Economic Statistics. Technical committees, on the other hand, are more focused on the developing technical methods and standards for measuring the evolving program of economic statistics and addressing implementation issues.

Senior management level

Various options for governance arrangement at the senior management level can be considered to achieve a more coordinated and coherent global work program on the update of the System of Economic Statistics. The options presented here can be viewed as a continuum of options, ranging from the status quo to more transformational options. Other options or combinations may also be considered.

Option 1: Maintaining status quo

One option would be to maintain the status quo. Obviously, this option would be the least disruptive however the issues that led to the creation of the FOC on Economic Statistics would remain. This option would require the Bureau of the Statistical Commission supported by the Secretariat to produce this global work program working closely with the existing statistical groups.

Option 2: Introducing a facilitation/coordination group

A second option is to create of new coordination/facilitation group for economic statistics by transitioning the present Friends of the Chair Group on Economic Statistics with a restricted coordination mandate from the Statistical Commission. A restricted mandate would limit the new group to facilitating the coordination and communication between the statistical groups and consulting on their global priorities. Such a restricted mandate would provide the new group a facilitating role with no authority over the other statistical groups and their work programs. It would merely provide an inventory of the programs of work of the statistical groups to allow the Statistical Commission to have a more collective view.

Option 3: Option 2 with added responsibilities for a review of committee mandates

A third option is to provide the new coordination group outlined in Option 2 with a broader mandate for providing a strategic vision of the update of the System of Economic Statistics and its sub-domains and seek agreements with the statistical groups in their deliverables in accordance with the global priorities. This option would not create an additional hierarchical layer between the existing statistical groups and the Statistical Commission. Rather, the new group would provide advice to the Statistical Commission and existing reporting lines will be respected.

One of the tasks of the new group would be to assess the mandate and Terms of Reference of existing groups with an eye to rationalize and harmonize mandates to avoid duplication. This assessment could again focus on relevance and responsiveness of committees and working groups in addressing demands for integrated and broader measures to inform the universal policy agenda on sustainable development.

Option 4: Option 3 with modified reporting relationships

In this option, existing statistical groups would report to the new Coordination/Facilitation group. The mandate of the new group, the desired degree of coordination, coherence, accountability and transparency would need to be considered.

The economic statistics domains to be covered by this new coordination group would include macroeconomic statistics and its satellite accounts like environmental economic accounts, business and trade statistics, price statistics, and household economic statistics. It would also include statistical groups working in cross functional areas such as the use of Big Data (under the GWG on Big Data) and economic statistics related classifications such as ISIC, CPC (under the Expert Group on International Statistical Classifications).

There are tangible examples of this type of structure within the system already. Horizontal coordination arrangements for economic statistics have been put in place by the UN regional commissions through the Technical Advisory Group on Economic Statistics (TAGES) in the ESCWA Region and the Steering Group for the Regional Programme on Economic Statistics (SGRPES) in ESCAP Region.

Domain-specific expert group level (technical groups)

The current suite of statistical expert groups is presently organized as follows:

- by the various domains of the System of Economic Statistics (national accounts statistics, balance of payments, government finance statistics, environmental-economic accounts statistics), price statistics, business and trade statistics, and household economic statistics (including labour and household income, expenditure, finance and time use statistics)
- by cross-cutting topics mainly related to the statistical operations and infrastructure components of the system of economic statistics – modernization, data access and exchange, organization and management, use of Big Data, etc.

It is reasonable to imagine that any new governance framework would include a network of expert groups that would continue to pursue the program at the working level.

Various options for governance arrangements at the domain-specific expert group level can be considered to achieve a more coordinated and coherent global work program on the update of the system of economic. Applying the *accountability principle*, the global work program should also identify the outputs for each of the statistical groups and the timetable for the deliverables. The options for the domain specific expert group level should be considered separately as each has its own transformational objectives in the strengthening the governance arrangements.

Apart from the various options presented below there is a zero option. This option would simply terminate groups that have concluded their work or have had their functions subsumed by other groups. Such groups are the Delhi Group on Informal Sector Statistics, the Inter-agency Taskforce on Financial Statistics, the Expert Group on Globalization and International Trade Statistics, the Inter-secretariat Working Group on International Trade and Economic Globalization Statistics and the Interagency Working Group on Debt Statistics. In these cases the Bureau of the Commission have to be informed that these groups have concluded their work.

Option 1: Introducing cross cutting themes

A first option to reach a more coherent, accountable and transparent working relationship between these groups could be the explicit adoption of global priorities based cross-cutting themes (like globalization and digitalization, well-being and sustainability) to address important emerging relationships between the economy, society and environment. These global priorities should be determined through consultation of the statistical groups as well as other outreach mechanisms and consistent with the priorities as determined by the managerial-level groups.

Option 2: Seeking strategic alliances

A second option would be to explore a strategic alliance in the domain of macroeconomic statistics to explore an often-mentioned strategic direction to further integrate the macroeconomic frameworks of the SNA, BPS, GFS, MFS and SEEA. A new coordination mechanism could be established consisting of international agencies presently responsible for the manuals and country representatives from the ministries of finance and central banks, in addition to national statistical offices. Such a committee would build on the good practices in the European Statistical System with the Directors of Macroeconomic Statistics (DMES) Group.

This strategic alliance is not only applicable in the domain of macroeconomic statistics but also in other domains like for business and trade statistics.

Under this option, closer and strategic alliances of statistical groups could be explored in the domain of business and trade statistics. The country-led Committee of Experts on Business and Trade Statistics was recently established by the Statistical Commission in recognition of the need for integrated business and trade statistics supported by the alignment of statistical infrastructure and operations. This new committee has now assumed its strategic coordination role for business and trade statistics reflected in its membership consisting of technical representatives from national statistical and international agencies, including ILO (on labor statistics), UNCTAD and ITU (on trade, ICT, innovation and research and development statistics). Progressively, the Committee is reaching out to existing city groups (Wiesbaden Group on statistical business registers, Voorburg Group on services industries, Ottawa Group on price statistics, the Inter-agency Taskforce on International Trade Statistics, and related regional expert groups (UNECE expert group on statistical business register, etc.) in seeking collaboration in areas of common interest.

Option 3: Broadening of mandate of existing statistical groups

The third option could be to broaden the mandate of existing statistical groups. A good example is in the domain of environmental-economic accounting. The country-led Committee of Experts on Environmental-Economic Accounting has executed its mandate to provide strategic coordination for the measurement of the relationship between the economy and the environment. This committee consists of both representatives from national statistical and international statistical offices. It has successfully extended its outreach and consultation with natural capital accounting community with the development of the accounting framework for the measurement of ecosystems. The Committee has established working relationships with the working groups in national accounts and the London Group

on Environmental Accounting. Moreover, it organizes annual Forums on policy and statistical topics in partnership with the World Bank to be responsive to the emerging statistical and policy issues and to consult the user community.

Option 4: Establishing new committees of experts to fill a strategic gap

The fourth option would be to establish a new committee of experts when a strategic gap is identified in the scope and coverage of the system of economic statistics. An example could be a country-led committee that provides strategic direction for the broader measures for the relationship between the economy and society. This committee could build on conceptual work and country practices in the domain of social and demographic statistics on the compilation of satellite accounts for unpaid household work, health and education. Moreover, it could provide the strategic direction and oversight on the measurement of human capital.

Membership, Terms of Reference and Reporting Relationships

Clearly describing the responsibilities and mandates of the various groups will help ensure effective governance and avoid overly bureaucratic arrangements.

Currently there are five main governance arrangements in place that should be clarified in a future system and possibly could be rationalized by adopting the three guiding principles of reform, which could include adopting inter-governmental governance arrangements as a default with country-led chairs. Moreover, a common naming convention could be adopted to clarify the different roles and government arrangements of the statistical groups and the composition of the members. The variety of names used for the statistical groups is at present not intuitive or well understood. The statistical groups are typically grouped as follows:

- Country led UN City Groups such as the Wiesbaden Group, Ottawa Group, London Group, Voorburg Group, Delhi Group, etc.)
- Inter-agency groups such as the Inter-secretariat Working Group on National Accounts (ISWGNA), Inter-secretariat Working Group on Price Statistics (ISWGPS), Inter-agency Task Force (IATF) on International Trade Statistics
- Advisory expert groups such as the Advisory Expert Group (AEG) on national accounts
- Inter-governmental groups such as the Committee of experts on the various subject matters such as the UN Committee of Experts on Environmental-Economic Accounting (UNCEEA) and the UN Committee of Experts on Business and Trade Statistics (UNCEBTS)
- Friends of the Chair Groups

Again, various options could be considered under this section. These options are related to the harmonization of the governance arrangements across the expert groups and strengthening the relationship between the groups.

Option 1: All expert groups become inter-governmental in nature

In this option, all inter-agency groups would become intergovernmental groups and thus similar in structure and governance to the UNCEEA and UNCEBTS. The implementation of this option would require that inter-agency groups broaden their membership with country representatives, include country representatives in their Bureaus, and appoint a country representative as a Chair of the statistical group.

Option 1.1: Intergovernmental governance by default. In the area of national accounts, a country-led Committee of Experts on National Accounts could be established that would merge the ISWGNA and the AEG on national accounts. Similarly, a country-led committee of experts on price statistics could be

established by transforming the ISWGPS. Likewise, the IATF on International Trade Statistics could merge with the UNCEBTS.

Option 1.2: Inter-agency groups gradually adopt intergovernmental governance: In contrast with option 1.1, this option would limit the country-led governance. This could be achieved by establishing country-led task teams/subgroups to undertake specific research or other tasks similarly to the working arrangements in the UNCEEA and UNCEBTS. An additional element could be inviting the chairs of the task teams/subgroups to become members of the Bureau.

Option 2: City groups establishing working relations with existing expert groups

The usefulness of City Groups has been debated for some time. Some have suggested that these groups have little value whereas others have been strong supporters of City Groups. What is clear is that better links between existing groups is required. Under this option, the mandate and terms of reference of existing City Groups could be reviewed and the groups could be functionally re-arranged by sub domain to form more direct working relationships and strategic alliances with a particular expert Committee.

Option 2.1. Informal relationship with expert groups: The working relationship between the London Group and the UNCEEA and the Wiesbaden Group and the UNCEBTS are good examples of productive relationships between Expert Groups and City Groups. This type of relationship could be limited to sharing work programs and possibly review of deliverables. This option may also include that the City Group Chairs become member of the Bureaus/Steering groups of the Expert Committees. Other informal relationships could further explored between the Ottawa Group on Prices with Inter-secretariat Working Group on Prices Statistics.

Option 2.2. Formal relationship with expert groups: Compared to option 2.1, the relationship would include a formal agreement on the deliverables between the expert group and the City Group according to agreed timelines.

Next Steps

Following the discussion at the 2nd meeting of the FOC Group, members will hopefully arrive to a consensus on a proposal for governance arrangements for managerial and technical groups. Decisions regarding the way forward will establish a clear path for the FOC's 2nd year work plan and inform on potential pathfinder projects to improve governance processes.

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