Summary report
First Meeting of the Friends of the Chair Group on the Future of Economic Statistics
28-30 May, United Nations Headquarters, New York

1. The March 2019 UN Statistical Commission meeting recognized a need for broad review of economic statistics driven by:
   a. an urgent update to address the economic, social and environmental nexus if we are to truly depict and attain the 2030 Agenda of leaving no one behind, and having meaningful Sustainable Development Goals
   b. an urgent need for an institutional update whereby statistical agencies are transforming from principal producers of statistics to data stewards of an evolving and complex data landscape
   c. the urgent need to revisit and transform some of our long-held practices to meet the needs of policy makers and citizens

2. To achieve this the UN Statistical Commission has asked the Friends of the Chair (FOC) on the Future of Economic Statistics to convene meetings over the next year to discuss whether the current planned updates to the system of economic statistics considers user-identified priority areas of development or whether gaps exist. The Commission also asked the FOC to examine whether the current governance and infrastructure supporting the system of economic statistics is sufficient to meet the need for an increasingly responsive and comprehensive system of economic statistics. The FOC has been asked to report back at the 51st session of the United Nations Statistical Commission with a list of recommendations aimed to improve the overall effectiveness and efficiency of the system of economic statistics.

3. The first meeting of the FOC was held at the United Nations Headquarters on May 28-30, 2019 in New York, USA. The agenda was divided into four sessions. During the first session members examined whether the current planned updates to the system of economic statistics address the current and future needs of users. The second and third session addressed the question of whether the current infrastructure that is in place (such as statistical frameworks, methods, classification systems, source data, technology, policies, and partnerships) are sufficient to address the needs of the future. The final session explored whether the appropriate governance exists to ensure a responsive, efficient and effective system of economic statistics. The following is a summary of the points raised and conclusions that were drawn from each session. A summary of each of the sessions is presented in turn.

Summary report and key observations

Session 1 Future system of economic statistics

4. The session was introduced by defining what is meant by "A system of economic statistics". It was noted that the system of economic statistics includes:

   • An overarching framework presently being the System of National Accounts along with the related macroeconomic standards such as Balance of Payments, Government Finance Statistics, System of Economic-Environment Accounts

- Concepts and statistical methods pertaining to statistical (multi) domains such as statistics on businesses, trade, labour, prices, globalisation, entrepreneurship, technology, living conditions
- Methodology for the statistical production process related to data collection, processing, dissemination and analysis including supporting classification systems and statistical registers and frames
- Institutional infrastructure related to policies, principles, organisation and management, quality frameworks

5. Members asked that this definition be elaborated in more detail and documented so that both FOC members and the groups with which it will consult have a common understanding moving forward.

6. Members agreed that the system does what it was intended to do – provide a broad set of current economic indicators and structural statistics for users. It was noted that the main challenge facing international agencies (IA) and national statistics offices (NSOs) is that users are asking the system to go beyond its current design and address questions it was not designed to address such as broader measures related to well-being, the environment, intangible assets and globalization. Further the availability of new data and new technologies has increased expectations for the provision of dis-aggregated and micro/unit level data to better inform specific sector and location issues.

7. It was noted that the information needs of economists and policy makers are evolving rapidly. The members discussed the current collective work program being undertaken by NSOs and IAs and whether its scope addresses the needs of the user community. It was noted that there is a significant amount of conceptual and statistical work being undertaken in the areas of:
- Sustainable Development Indicators
- Well-being/Beyond GDP
- Digitalization / digital Economy
- Globalization and Global Value Chains
- Household distribution of consumption, income and wealth
- Measurement of intangible assets
- Environment and the interplay with the economy and society
- Household Production / unpaid work
- Human capital and training

8. The Group, including key data users represented by the UN's Chief Economist Network, concluded that most of the future key user information needs are reflected in the above list from a macroeconomic perspective. It was noted that, in addition to the above, a more defined program of work related to measuring the informal economy and informality should be established. Other than the informal economy the Group did not identify a gap in the current program of work on macroeconomic statistics.

9. The data users did however note that there was a sizeable gap between this collective work program and data available at country level. This gap reflects the capacity limitations of many national statistical offices, as well as the often-considerable delay between commencing work at the global level on new standards or statistical products and their implementation at the country

level. Further consideration may be given to reduce this delay by opening up avenues for early experimentation and the release of experimental estimates.

10. The FOC then examined the characteristics of the future system of economic statistics. Members noted that the issue with the current system is not so much that we are observing a deterioration in information as it is that the statistical information and services produced by International Agencies (IAs) and National Statistical Organizations (NSOs) no longer meet the increased expectations of a world of information consumers.

11. Members noted that key characteristics of the future system of economic statistics include a) increased geographical detail on the outcome of economic activity (from a national perspective to a neighbourhood/local perspective, as well as a cross border regional perspective), b) improved responsiveness where within year estimates are the norm, c) broad based access to coherent micro data (respecting national laws) and d) tools that better allow users to integrate both macro and micro data sets.

12. The members concluded the infrastructure that supports the current system of economic statistics needs to be adapted to meet the changing needs and expectations of users. The discussion regarding possible changes to the supporting infrastructure was discussed in the second and third sessions.

Action: FOC to develop, for discussion, a detailed description of the system of economic statistics that covers the umbrella framework as well as the statistical and institutional infrastructure

Action: FOC to maintain an inventory of current conceptual/statistical developments and identified gaps (such as informal economy) as well as their relation to the system of economic statistics for reporting back to UNSC

Session 2 and 3 - Institutional transformation of the system of economic statistics and new role as data steward

13. Several members provided updates on statistical infrastructure developments in their jurisdictions and program of work. Members noted that over the last number of years the type of source data NSOs and IAs are using in their economic statistics program is dramatically changing. Members also highlighted the fact that more and more of the data sources required to compile official statistics are held by private firms.

14. The Group then turned to the question of whether the current infrastructure underlying the system of economic statistics adequately considers the change in source data, methods, partners and technology. It was noted, for example, that the current generalized statistical business process model (GSBPM) describing the statistical production process is very survey centric. In a world where a large share of the source data used to compile economic accounts is administrative data or data obtained from private entities, the design function changes. We are entering a phase in our statistical development where instead of designing a collection instrument and then collecting data, we collect and then design the statistical product.

15. The Group also discussed whether the current frameworks that underlie much of the system of economic statistics need to be further integrated into a formal single core framework for all macroeconomic standards building on the already existing harmonization and reconciliation; and whether a re-branding and a more intuitive and user-friendly integrated presentation is required.

16. Members noted that the key frameworks that support the broader system of economic statistics are fully aligned and a single core framework was already achieved. There was broad consensus on the desirability of greater coordination between the national operations for key macroeconomic frameworks and the use of supporting statistical infrastructure such as the adoption of common of classification systems and wide-scale adoption of common business registers and frames.

17. A number of members noted that the current infrastructure is not agile, and recommendations should be developed with the goal of improving the overall agility of the framework – not just from the development of concepts and methods, but also in its ability to deliver data products in a more responsive manner. Members noted that the infrastructure needs to allow for greater experimentation. It was noted that private sector firms are starting to fill the timeliness void often associated with official statistics. The FOC agreed that there needs to be a greater willingness to experiment. The group also agreed that an improved infrastructure that does not trade off timeliness for accuracy is required.

18. Members also noted that there are significant opportunities for increased collaboration in the areas of sharing data, methods and resources. In a world of big data, there are economies of scale in undertaking multi-country collection. For example, when web-scraping prices, a common multi-country database could be developed that all countries can draw upon.

19. There was a good discussion regarding the UN Global Platform and the potential that it provides to improve the overall agility of the system of economic statistics. The UN Global Platform provides the access to data and technology to improve the breadth and depth of data collaboration for the system of economic statistics across a greater set of countries using global data sets and agreed algorithms

20. It was noted that there are several issues that NSOs face in the use of big data. Examples include: ownership of data, storage of data, and sustainability of cooperation with big data providers. NSOs must explore new ways to cooperate with big data providers and make use of big data. The traditional modus operandi of the NSOs of obtaining the data from secondary sources and then compiling the statistics may need to be rethought. It was suggested that in the future NSOs may provide algorithms to big data "holders" who generate results without having the NSO directly access the data. Alternatively, and possibly allowing for integration with other data, big data providers could put the data on a secure cloud and could grant NSOs the ability to use the data without acquiring the data.

21. It was recognized that new forms of partnership with big data providers have to be developed. Members highlighted that an important strategy moving forward is to ensure NSOs and IAs give something back to data providers. The FOC noted that one approach that could be explored is convincing the large data companies that it is in their social responsibility to provide the data they collected from citizens to better inform citizens about their economy and society.

22. Several members indicated that new skills are required in order to operate in this changing infrastructure. Some important skills include the ability to link data sets and the development of complex algorithms. Members also highlighted that we need to improve our communication skills.

23. A number of NSOs and IAs noted that some policies and procedures related to data access and data sharing are still based on a world where the majority of data held by NSOs is survey information. The Group noted that certain data policies and procedures need to be updated to reflect a world where the majority of data used by NSOs are from non-survey sources.

Action: FOC to develop recommendations for improving the agility of the framework, to improve coordination, increase responsiveness, consider scaling multi-country collaboration in data, formulate new data policies and procedures, and allow for additional concerted experimentation. These will be developed through consultation process and discussion at the next FOC meeting.

Governance

24. The final session addressed the question of whether the current governance of the system of economic statistics is effective and efficient to meet the needs of users moving forward.

25. Several members described their interactions with the current system of governance. Members identified the different types of groups and their level of engagement with these groups. While there is no single criteria that can determine if the level of engagement is too high or insufficient – the general sense was there is an over-engagement.

26. The themes of the groups were also examined in order to understand whether the current groups were addressing the priorities identified by users. The FOC concluded that some of the key priority areas such as the environment, globalization and digitalization are well covered. It was also noted that the priorities may vary from region to region. For example, while digitalization may be important for developed economies, better measurement of the informal sector is a priority for developing economies. While a common list of priorities can be developed each country might have its own unique subset.

27. Members noted that given the breadth of the current program of work and the speed with which NSOs and IAs are attempting to address user needs there may be some duplication and inefficiency in the current governance structure. Members also noted that this caused significant strain on their time and resource commitments, and that it might be helpful for governance structures to operate by a common set of principles designed to promote efficiency and effectiveness.

28. Members indicated that it would be useful to develop and manage an inventory of current working groups, task forces, committees etc. in the area of economic statistics. This inventory could be used to ensure that the current governance is efficient and avoids duplication. Members also suggested that the outcomes of the groups could be recorded so that their effectiveness could be measured.

29. Members discussed whether there was a need to develop a forum to engage statisticians with users in order to identify priority areas for developments. Several NSOs indicated that within their

country context they have well established stakeholder and user forums. Additional user consultation is probably not necessary at national level. The FOC indicated that it might be useful to periodically hold a UN high-level global forum where countries and IAs can share national level user needs and these needs consolidated into a global workplan on economic statistics.

30. **Action:** The members recommended that one of the activities of the FOC over the next year should be to develop an inventory of working groups (and the like) operating in the economic statistics domain as well as identify the reporting lines and links between these groups. This activity was tasked to Statistics Canada.

Way forward

31. While members engaged in a rich discussion it was agreed that further, more globally inclusive, discussion is required before a set of recommendations can be presented to the United Nations Statistical Commission. The FOC agreed that these discussions should take place 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 these discussions the group agreed to provide the conclusions of the first meeting as a background note to help guide the discussions. The FOC also agreed to develop a specific set of questions they would like the groups to discuss.

32. The network of existing groups, task forces and committees would be expected to provide feedback on their discussion to the Friends of the Chair Group by mid-November. The next meeting of the FOC would be held in mid-November 2019 in order to develop a series of recommendations that would form the basis of the FOC report back to the UN Statistical Commission in 2019.

33. It is proposed the background note and questions be sent to the chairperson of the following groups:

- OECD Working Party on National Accounts and Working Party on Financial Statistics
- Eurostat Directors of Macroeconomic Statistics (DMES)
- Advisory Expert Group on National Accounts
- IMF Balance of Payments Committee
- UN Committee of Experts on Environment-Economic Accounting
- UN Committee of Experts on Business and Trade Statistics
- IMF Government Finance Statistics Advisory Committee
- UN City Groups related to economic statistics like Wiesbaden Group (business registers), London Group (environmental economic accounting), Voorburg Group (prices and classifications of services sector), Ottawa Group (prices)