

STATISTICAL COMMISSION

ECONOMIC COMMISSION FOR EUROPE

**Report
of the fifty-fifth plenary session
of the Conference of European Statisticians**

(Geneva, 11-13 June 2007)



UNITED NATIONS

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New York and Geneva 2007**

NOTE

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ECE/CES/72*

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I. INTRODUCTION

A. Attendance

1. The Conference of European Statisticians held its fifty-fifth plenary session in Geneva at the Palais des Nations. It was attended by representatives from Albania, Australia, Austria, Azerbaijan, Belarus, Bosnia and Herzegovina, Brazil, Bulgaria, Canada, Chile, Croatia, Czech Republic, Denmark, Estonia, Finland, France, Germany, Hungary, Iceland, Ireland, Israel, Italy, Japan, Kazakhstan, Kyrgyzstan, Latvia, Lithuania, Mexico, Moldova, Montenegro, Netherlands, New Zealand, Norway, Poland, Portugal, Republic of Korea, Romania, Russian Federation, San Marino, Slovakia, Slovenia, Spain, Sweden, Switzerland, Tajikistan, The former Yugoslav Republic of Macedonia, Turkmenistan, Ukraine, United Kingdom, United States, and Uzbekistan.

2. The Conference was attended by representatives of the European Commission (Eurostat), United Nations Children's Fund (UNICEF), United Nations Conference on Trade and Development (UNCTAD), United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP), United Nations Economic and Social Commission for Western Asia (UNESCAWA), United Nations Food and Agriculture Organization (FAO), United Nations Mission in Kosovo (UNMIK), United Nations Statistical Institute for Asia and the Pacific (UNSIAP), United Nations Statistics Division (UNSD), and the following specialised agencies and intergovernmental organizations: the European Free Trade Association (EFTA); Interstate Statistical Committee of the Commonwealth of the Independent States (CIS-STAT); the Organisation for Economic Cooperation and Development (OECD); World Trade Organisation (WTO); Bank for International Settlements (BIS); European Central Bank (ECB); International Labour Office (ILO); International Monetary Fund (IMF); and the World Bank (WB). Ms. Carol Carson, Project Manager, SNA Update and Ms. Anne Harrison, Editor, SNA Update participated at the invitation of the Secretariat.

3. Ms. Katherine Wallman (United States) chaired the Conference.

4. Mr. Eduardo Periera Nunes (Brazil), Ms. Heli Jeskanen-Sundström (Finland), Mr. Luigi Biggeri (Italy), Ms. Aija Zigure (Latvia), Mr. Vladimir Sokolin (Russian Federation), and Ms. Irena Krizman (Slovenia) served as Vice-Chairpersons.

B. Agenda and procedure

5. The provisional agenda (ECE/CES/71 and Add.1) was adopted.

C. Opening statements and addresses

6. Ms. Wallman, Chairman of the Conference, opened the meeting and welcomed the participants to the 55th plenary session of the Conference. Mr. Robert Hensler addressed the Conference on behalf of the government of the Canton of Geneva at the evening reception on 11 June 2007. Mr. Paolo Garonna, Deputy Executive Secretary of the United Nations Economic Commission for Europe (UNECE), addressed the meeting on 13 June 2007. The Deputy Executive

Secretary highlighted the good reputation of the strong international cooperation in statistics in the UNECE region and the unique role of the CES in this respect. He also emphasised the need to give greater visibility to the work of UNECE and CES, and the importance of improving intersectoral work and technical cooperation activities.

II. MEETINGS OF THE CONFERENCE'S PARENT BODIES

A. *April 2007 Session of the United Nations Economic Commission for Europe*

Documentation: ECE/CES/2007/1

7. This year the Commission celebrated the sixtieth anniversary of the United Nations Economic Commission for Europe. The Conference considered the matters arising from the April 2007 Session of the UNECE and of the required follow-up. The Conference:

- (a) took note of the Declaration adopted by the sixty-second session of the Economic Commission for Europe;
- (b) supported the continuation of the good cooperation between the UNECE, Eurostat, OECD, and other international organizations active in statistics in the UNECE region;
- (c) encouraged the intersectoral activities with other UNECE sectoral committees;
- (d) highlighted the importance of establishing a review process of technical cooperation activities in statistics on a regular basis, including assessment of funding gaps resulting from a mismatch between demands from countries and available resources;
- (e) stressed the need to continue the work on statistics for sustainable development and gender statistics.

8. Follow-up to matters arising from the April 2007 session of the Economic Commission for Europe will be reflected in operational terms in the UNECE Statistical Programmes for the rest of 2007 and 2008.

9. Ms. Heli Jeskanen-Sundström, Vice Chair of the CES Bureau, provided a short report about the meeting she had together with Katherine Wallman (via a videoconference) with the UNECE Executive Committee (EXCOM) on 8 November 2006. The EXCOM endorsed the work programme of the UNECE Statistical Division for 2007.

B. *March 2007 Session of the United Nations Statistical Commission*

10. Mr. Paul Cheung, Director, UN Statistics Division, informed the Conference about the main outcomes of the 38th session of the United Nations Statistical Commission, which took place on 27 February – 2 March 2007. The session celebrated the 60th anniversary of the Commission. The Director of the UN Statistics Division emphasised the global reach of the Commission and the high level participation by the heads of national statistical offices. He also highlighted the important role of the CES in setting standards and guidelines in the UNECE region that have provided a foundation for global statistical standards and norms, such as the recommendations for population and housing

censuses and the guidelines on confidentiality and access to microdata. The Director of the UN Statistics Division drew attention to the following key developments:

- (a) work on education statistics: the terms of reference for the Working Group on Education Statistics were submitted to the Bureau of the Commission for approval. The Group is chaired by UNESCO Institute of Statistics and Canada and will review countries' experiences, conceptual frameworks of education statistics, and coordination of work among international organizations in this area;
- (b) evaluation of the International Comparison Programme (ICP): a Friends of the Chair group was formed to evaluate the scope and activities of the 2005 round of International Comparison Programme and to recommend on the desirability of the 2010 round. The work plan includes assessment of ICP work and its governance structure and studying the perception of users;
- (c) carrying out a programme review of employment statistics in 2008: the Office for National Statistics of the United Kingdom has initiated the work, an outline of the review document has been prepared, and a questionnaire will be sent to countries in summer 2007.

III. COORDINATION OF INTERNATIONAL STATISTICAL WORK IN THE UNECE REGION

A. Review of population statistics

Documentation: ECE/CES/2007/3, ECE/CES/2007/3/Add.1 and ECE/CES/2007/3/Add.2.

11. The Conference reviewed the issues in population statistics based on the papers submitted by UNECE, UNSD, and Eurostat.
12. The Conference took note of the strategic issues in population statistics reviewed by the CES Bureau in February 2007, including the following:
 - (a) although standards have been developed for population censuses, vital statistics, and statistics on international migration, there is not enough guidance to countries for the regular production of annual population estimates;
 - (b) it is important to develop and document best practices in the production of annual population estimates, demographic projections, and post-census revision of population estimates.

Action taken by the Conference

13. The Conference endorsed the conclusions agreed by the CES Bureau at its February 2007 meeting under the corresponding agenda item (para 16, document ECE/CES/BUR/2007/FEB/26).

B. *Coordination of health statistics*

Documentation: ECE/CES/2007/6 and ECE/CES/2007/7

14. The Conference was informed about the issues related to the coordination of health statistics, including the work of the UNECE Task Force on Health Status Measurement (the so-called Budapest initiative), the Washington Group on Disability Statistics, and the Intersecretariat Working Group on Health Statistics (ISWGHS). There are ongoing concerns about the work of the ISWGHS. The Conference emphasised the need to build more effective working arrangements for the ISWGHS.

Action taken by the Conference

15. The Conference endorsed the survey module prepared by the UNECE-WHO-Eurostat Task Force to measure health status to be used in the CES region (the so-called Budapest Initiative-Mark 1, presented in ECE/CES/2007/6 Annex). The Conference also noted the support of Eurostat to the initiative and its encouragement to include the module in national health interview surveys in the EU countries.

C. *Developing an implementation strategy for the System of National Accounts (SNA 93) Rev.1*

Documentation: ECE/CES/2007/9

16. The Conference was informed about the work in progress toward a strategy for the implementation of the updated SNA. The first volume of SNA 93, Rev.1 will be presented to the United Nations Statistical Commission in 2008. The second volume comprising interpretations of the accounts and extensions will be finalised by 2009. The United Nations Statistical Commission has requested the Intersecretariat Working Group on National Accounts (ISWGNA) to prepare a strategy for implementing the SNA 93 Rev.1 to be presented to the Statistical Commission in 2008. Carol Carson, the SNA Update Project Manager, presented to the Conference a proposal for the planned implementation strategy.

17. In the discussion, the following points were made:

- (a) statistical capacity building is a serious issue for the countries from the Asia-Pacific region. Unless these problems are resolved, countries are not likely to move forward in the implementation of the SNA;
- (b) countries are facing problems also in other statistical areas, such as introducing MDG indicators and preparing for the forthcoming population censuses. Therefore, establishing clear priorities would help to focus better the limited resources in statistical offices;
- (c) the involvement of users is crucial. The problems in statistical work are more difficult to solve when the main users are not informed of the ongoing implementation processes of the SNA update. Regional training and meetings should involve also the government and other main users;

- (d) guidelines on how to collect basic economic data in difficult environments are needed. A series of regional brainstorming workshops will be organised by UNSD;
- (e) the lack of coordination and cooperation between the government institutions is a serious impediment in the less developed countries. In that context, advocacy is needed both towards the statistical authorities and the government institutions;
- (f) coordination of donor activities and setting up clear priorities relevant for the countries are needed;
- (g) the revised European System of Accounts will be adopted in the first quarter of 2011 and will be implemented by the EU member states in 2014;
- (h) implementation of the 1993 SNA, Rev. 1 will be a much more difficult exercise than the revision process. It has to be considered in the broader context of economic statistics, especially for developing countries;
- (i) the implementation programmes have to be adjusted to the needs of countries.

IV. PROGRESS REPORTS FOR INFORMATION

A. Measuring sustainable development

Documentation: ECE/CES/2007/10

18. The Conference was informed about the progress of work of the Joint UNECE/OECD/Eurostat Working Group on Statistics for Sustainable Development. The Working Group was set up in October 2005 to develop a broad conceptual framework for measuring sustainable development. Two sub-groups have been formed, one focussed on issues related to the capital approach and the other focussed on identifying commonalities in existing national indicator sets. During its latest meeting in Geneva (18-20 April 2007), the Working Group approved the outline for the final report that is planned to be submitted to the Conference in 2008.

19. The Conference acknowledged the good progress of work of the Working Group on Statistics for Sustainable Development.

B. Globalisation

Documentation: ECE/CES/2007/11

20. As a follow-up to the 2006 CES seminar, a Joint UNECE/OECD/Eurostat Working Group on the Impact of Globalisation on National Accounts has been created to study how national statistical offices can cope more effectively with the distortions to the traditional statistical measures that are occurring as a result of globalisation. The Conference took note of the terms of reference and the planned work of the group.

21. The Conference was informed about the seminar on "Economic Globalisation: A Challenge of Official Statistics" organized jointly by UNECE/ EFTA and the State Statistics Committee of Ukraine in Kiev on 3-6 July 2007. Suggestion was made to include organization of possible

seminars in the work plan of the joint ECE/OECD/Eurostat Working Group on Impact of Globalisation on National Accounts.

Actions to be taken:

22. A detailed work plan of the Working Group will be presented to the CES Bureau in February 2008.

C. Follow-up to the CES Seminar on human resources and Training in 2006

Documentation: ECE/CES/2007/12

23. As a follow-up to the Seminar on Human Resources and Training in June 2006, the CES Bureau has set up an Organising Committee (co-chaired by the Czech Republic and Canada). The main purpose of the Organising Committee is to prepare a forum for human resources directors in national statistical offices to exchange views and know-how on human resources management to take place in 2008. The terms of reference of the Organising Committee were presented for information. The former Yugoslav Republic of Macedonia expressed willingness to participate in the work of the Organising Committee.

24. The proceedings of the 2006 seminar, produced jointly by the Czech Statistical Office and the UNECE secretariat, were distributed at the CES 2007 plenary session in the form of a CD.

D. Confidentiality and privacy aspects of statistical data integration

Documentation: ECE/CES/2007/13

25. A task force has been set up by the CES Bureau to examine the confidentiality and privacy concerns related to integrated data sets and to consider the development of common principles. The terms of reference of the task force were presented for information.

26. Australia (Chair), Canada, Finland, the Netherlands, and the United States have expressed interest in being involved in the task force. Eurostat and the World Bank also volunteered to join the task force. The Conference was informed that further nominations are welcome.

E. Report on donor activities in technical cooperation in Central Asia

Documentation: ECE/CES/2007/5

27. The results of the survey of donor activities in statistics in Central Asia were presented to the Conference for information.

28. In the discussion, the following points were made:

- (a) the analysis of the type of technical assistance being provided should be extended beyond the current definition of “training,” to include other forms of assistance such as workshops, study tours, research seminars, and consultancies.
- (b) there needs to be a mechanism to recognise in-kind contributions from donors in addition to the provision of funding;
- (c) there was support for the continuation and further improvement of training activities conducted by UNSIAP.

Action to be taken:

29. The reference to UNSIAP in paragraph 19 of the document ECE/CES/2007/5 will be removed and a solution will be sought for how to identify the share of specific recipient countries within the donor activities by institutions that have a high proportion of fixed costs.

F. Progress reports on other Teams of Specialists working under the CES

Documentation: ECE/CES/2007/4

30. The Conference was informed about the work of the Teams of Specialists (steering groups, task forces) working under the auspices of the Conference. Information on their terms of reference, reports from experts’ meetings held since June 2006, and a list of the experts’ meetings planned for the period June 2007-June 2008 is available at <http://www.unece.org/stats/ToS.html>.

31. Eurostat welcomed the type of information on the various Teams of Specialists that was presented. Eurostat is making a review of the international Teams of Specialists working in statistics, particularly those where the European Union member countries participate. Therefore, Eurostat asked other international organizations to provide similar information on Teams of Specialists (steering committees, working groups, task forces, etc.) as in document ECE/CES/2007/4.

G. UNECE Statistical Programme: report on 2006 and plans for 2007

Documentation: ECE/CES/2007/14

32. A short report on the work undertaken by the UNECE Statistical Division in 2006, and plans and challenges for 2007 were presented for information.

H. 2007 issue of the Database of International Statistical Activities (formerly called Integrated Presentation)

Documentation: ECE/CES/2007/15

33. The UNECE secretariat provided a brief report on the 2007 version of the Database of International Statistical Activities (DISA). The Database includes information on current statistical

activities of all major international organizations active in the UNECE region and is available on the Internet at the UNECE web site (<http://unece.unog.ch/disa/>).

I. Follow-up to decisions taken by the CES and its Bureau

Documentation: ECE/CES/2007/16

34. The attention of the Conference was drawn to the document following up on the implementation of the main decisions taken by the Bureau and the Conference.

V. SEMINAR ON INCREASING THE EFFICIENCY AND PRODUCTIVITY OF STATISTICAL OFFICES

35. This seminar was organised by Latvia. Ms. Aija Zigure (Latvia) chaired the seminar.

A. Session 1: Effectiveness of statistical programmes

Documentation: ECE/CES/2007/18; ECE/CES/2007/32, ECE/CES/2007/33

36. The session was organised by Mr. Walter Radermacher (Germany). Mr. Jan Plovsing (Denmark) served as the discussant. The session was based on invited papers by Canada, Germany, and Eurostat.

37. The session considered the effectiveness of statistical programmes, focusing on three main topics: how to identify user needs; how to match increasing needs with limited resources; and how to measure the outcome and whether the user needs are met. Countries provided examples of measurements to assess the effectiveness of statistical programmes, such as user satisfaction surveys, coverage in the media, website hits, use of statistics by governments and researchers, etc. Internal measures include production time of statistics, number of delayed or erroneous releases, etc. These indicators are useful, but they alone do not show the impact of statistics. Direct interaction with stakeholders and users helps to obtain information on their needs and expectations. The importance of strategic planning to ensure the effectiveness of statistical programmes was emphasised.

38. In the discussion, the following points were made:

- (a) the strategic planning should also consider the role of respondents; maintaining high response rates and reducing response burden is a high priority to statistical offices;
- (b) internal planning of statistical offices is complicated, statisticians are often skilled in specific areas but do not possess an overall view, especially when the statistical system includes different agencies;
- (c) the long-term perspective has to be taken into account while policy users are often driven by current issues;
- (d) interacting with user communities with different time horizons (e.g., policy makers,

researchers) can help the statistical offices balance better between the long-term and current needs;

- (e) it is difficult to forecast the user needs for years to come, therefore some flexibility should be built into the system allowing to accommodate new needs as they arise;
- (f) statistical offices have to be proactive in reaching out to new types of user communities;
- (g) too much emphasis on indicators of use may not be good, the indicators have to be complemented by some qualitative assessment to understand users' concerns;
- (h) benchmarking and comparing the indicators of effectiveness between countries would be useful;
- (i) both absolute and relative indicators of effectiveness can be used; it may be helpful for statistical offices of developing countries to compare their effectiveness with the more developed ones, or with other government agencies.

39. In conclusion to the session, the session organiser highlighted the following points:

- (a) a welcome side effect of the statistical programme planning is the outreach and consulting with users, stakeholders, and with the statistical office's own staff;
- (b) international quality frameworks and effectiveness benchmarks are helpful in analysing the effectiveness of statistical programmes, as well as in communicating with users and stakeholders;
- (c) regular and interactive communication with users allows statistical offices to obtain information on their needs and expectations and how best these needs can be met;
- (d) conceptual frameworks help to integrate user needs into a meaningful response to their requirements;
- (e) the long-term strategic thinking is important, however, there should also be some flexibility allowing for change when necessary.

B. Session 2: Efficiency of statistical offices

Documentation: ECE/CES/2007/20; ECE/CES/2007/22; ECE/CES/2007/24; ECE/CES/2007/30; supporting papers: ECE/CES/2007/31, ECE/CES/2007/35

40. The session was organised by Mr. Yoel Finkel (Israel). Mr. Donal Garvey (Ireland) served as the discussant. The session was based on invited papers by Finland, Iceland, Israel, the Netherlands, and supporting papers by Hungary and Israel.

41. The Conference discussed efficiency in terms of trade-off between outputs and resources used. The session dealt with some organizational and methodological approaches to generating efficiency, such as centralisation versus decentralisation, and active management of non-response. The use of administrative data was considered as a way to reduce costs. However, the related problems need to be carefully managed and the quality has to be continuously monitored. The session also considered the use of new, more efficient methods to increase the cost-efficiency of statistical production such as record linkage, standardisation of corporate methods, reorganization of information technology, and redesigning of business processes.

42. Furthermore, the following points were made:

- (a) data collection is the most expensive stage of the statistical production, so its optimization is vital;
- (b) analysis of the costs of all phases of statistical production is an important tool for decision-making;
- (c) not only costs of the statistical office but also those of the respondents should be taken into account;
- (d) in countries where high quality administrative registers exist and there is a positive public perception of their use in statistics, they are an efficient method of data collection;
- (e) for some countries, the use of administrative data can be challenging. It may be difficult to ensure public compliance or overcome negative perceptions about the protection of confidentiality of administrative data;
- (f) it must also be borne in mind that processing data from administrative registers and quality control and assurance require specific efforts and constant development of personnel competence. An important factor for success is to maintain a continuous dialogue with agencies responsible for administrative data;
- (g) linking or matching different administrative data sources can provide efficiency gains, but poses a high level of risk because of the related privacy and confidentiality concerns; one solution can be to mine statistical aggregates directly from registers instead of importing data;
- (h) it was suggested to create a CES task force to focus on issues surrounding the use of administrative data;
- (i) reengineering and standardising business processes is a valuable opportunity to achieve productivity gains and make the work processes more transparent;
- (j) the right skills and competencies of staff are a key to increasing efficiency and productivity.

43. In conclusion to the session, the session organiser emphasised that mechanisms for increasing efficiency and productivity are an important topic for managers of national statistical offices and that decisions are made at each stage of the statistical production cycle that have impact on outputs.

Conclusion of the seminar

44. The Chairperson concluded the seminar with the following key points:

- (a) in order to determine effectiveness and efficiency, statisticians need to measure the results (benefits) and costs. It would be desirable to standardise the methods to measure efficiency and effectiveness across the region, and to exchange experience among members of the CES;
- (b) the improvement of productivity is closely connected with strategic objectives of the statistical programme. An understanding of user needs is vital. The optimization of data collection, through extensive use of administrative sources, harmonizing processes, unifying information technology tools, promoting a quality culture in the organization, developing staff,

and improving cost monitoring and analysis can all contribute to increasing efficiency and productivity;

(c) the discussion on this topic should continue in the future with the aim of collecting and sharing best practices in the field of measuring effectiveness, efficiency and productivity.

VI. SEMINAR ON MEASURING CAPITAL - BEYOND THE TRADITIONAL MEASURES

45. The seminar was organised by the Netherlands. Mr. Geert Bruinooge (the Netherlands) chaired the seminar.

Documentation: ECE/CES/2007/39

46. The seminar focused on challenges for official statistics in measuring capital. The conventional notions of capital are not sufficient to understand the driving forces of the economy. Intangible forms of capital, such as innovation, scientific research, information technology, and human and social capital, are increasingly looked at as sources for economic growth. The CES explored how these supplementary forms of capital can be captured by official statistics in a meaningful way.

47. Prof. Bart van Ark from the University of Groningen delivered a keynote speech on “Innovation, intangibles and economic growth: towards a comprehensive accounting of the knowledge economy.” He noted that developing an overall measure of the macroeconomic impact of innovation has proven to be difficult. The need for better metrics of the knowledge economy and its contribution to economic growth presents both a challenge and an opportunity for official statistics. A systematic and comprehensive accounting framework for the knowledge economy is needed. Prof. Bart van Ark called for improvements in national and international statistical systems to better capture the impact of knowledge creation on the economy.

A. *Session 1: Policy drivers*

Documentation: ECE/CES/2007/38

48. The session was organised by Mr. Steve Landefeld (U.S. Bureau of Economic Analysis, United States). The session was based on a presentation by Professor William Nordhaus from Yale University on issues in non-market accounting: pollution accounting in theory and practice.

49. Prof. Nordhaus’ presentation addressed the question of how the environmental effects of economic production can be quantified in terms of statistics. He demonstrated how externalities could be incorporated in the national income and product accounts, and provided concrete examples of possible treatments of pollution effects, global warming, and future externalities.

50. The following points were made in the discussion:

- (a) the United Nations Statistical Commission decided to elevate the System of Environmental and Economic Accounting to the level of a standard that hopefully all United Nations countries will apply in the future;
- (b) although improvements have been made in environmental accounting over the last decades, there are still some methodological and practical problems linked with the development of environmental accounts;
- (c) the experiences of some countries show that there are major problems with the valuation of externalities to arrive at “true” or green Gross Domestic Products. However, the production of physical stocks and flows consistent with national accounts concepts could provide useful information to the policy makers and society;
- (d) some externalities, e.g., emissions, will become tradable and should be taken into account in compiling the national accounts; concern was expressed about the increasing use of assumptions and imputations in the accounts.

B. Session 2: Capital boundaries in the revision of the System of National Accounts 1993

Documentation: ECE/CES/2007/21, ECE/CES/2007/26, ECE/CES/2007/27, ECE/CES/2007/28; supporting paper: ECE/CES/2007/29

51. The session was organised by Mr. Rob Edwards (IMF). Mr. Walter Radermacher (Germany) served as the discussant. The session was based on invited papers by Australia, the Netherlands, Switzerland, and Eurostat, and a supporting paper by Korea.

52. The session focused on the challenges in measuring different forms of intangible capital, such as computer software and research and development (R&D). The Conference considered how to deal in practice with the difficult measurement issues; making rough estimates may mislead the users, but, on the other hand, making no estimates may damage the macroeconomic quality of the accounts. Questions were raised as to whether national accounts data should be based on statistically measurable variables rather than imputations, and whether the capital boundary would need to be extended.

53. Furthermore, the following points were made in the discussion:

- (a) if R&D is not measured, a big share of economic growth will remain unexplained;
- (b) R&D should be considered in the broader context of intellectual capital and its globalisation;
- (c) efforts should be made to advance the implementation of the R&D satellite accounts; surveys and sufficient information are already available in several countries;
- (d) the development of R&D satellite accounts is especially important in the EU countries in relation to the Lisbon agenda (e.g., estimation of the R&D intensity);
- (e) at the European level, the national accounts are legally binding, therefore a more pragmatic and realistic approach has to be developed. A Eurostat task force will be established to set up clear priorities;

- (f) user needs for data on R&D have to be taken into account. In the absence of precise data, it is better to make rough estimates and explain their limitations to users;
- (g) the theory around intangibles is still developing; however, the users cannot wait years until the theoretical basis is fully developed;
- (h) the robustness of the measurement methods is important, as the values of some intangible assets may be very volatile;
- (i) the question is not whether to measure R&D but how to do it in practice; e.g., what surveys are needed to improve the source data for the national accounts estimates, what questions should be included in surveys, etc.

54. The session organiser concluded the session with the following key points:

- (a) further practical work needs to be done on measurement of R&D to help national statistical offices to develop the estimates;
- (b) Canberra II Group could be an appropriate forum for such work to take place;
- (c) future work should focus not only on the national accounts perspective, but also on business surveys that will provide the input data for R&D estimates.

C. Session 3: Measurement of human capital

Documentation: ECE/CES/2007/17, ECE/CES/2007/23, ECE/CES/2007/36.

55. The session was organised by Mr. Brian Pink (Australia). Mr. Oystein Olsen (Norway) served as the discussant. The session was based on invited papers by Australia, Italy, and the United States.

56. The session dealt with the measurement of human capital and the role of national statistical offices in this process. Different measurement approaches were presented and their strengths and weaknesses analysed. In principle, three different strategies in measuring human capital can be considered: to develop databases on human capital for research and analysis, to develop methods for output measures in the government sector within the framework of national accounts, or to integrate fully human capital measures in national accounts. The latter is, however, not feasible at the current stage.

57. In the discussion, the following points were made:

- (a) there are many difficulties related to the measurement of human capital. An appropriate strategy might be to undertake experimental calculations of human capital to gain further experience;
- (b) releasing experimental estimates that are of a low quality can undermine the users' trust in official statistics. An alternative solution could be to create micro-simulation databases or models that enable users to make their own estimates and to analyse the impact of possible policy interventions on human capital;

- (c) measuring the output of education from the output side, rather than the input side, would be a natural step forward; it is linked to the work that statistical offices are already undertaking to improve measurement of the output of government sector;
- (d) human capital can be considered a multi-dimensional concept and different indicators can be used to show the different dimensions of the concept; these can go further than educational attainment, including assessment of learning outcomes, cognitive skills, etc.;
- (e) the use of human capital should also be taken into account, e.g., the human capital of unemployed persons is not utilised within the SNA production boundary;
- (f) it is questionable whether future earnings can be equated with formal education and whether it is a reasonable proxy for the output of the education sector;
- (g) particular care should be taken when implementing the approaches that assume a strong relation between education and wages; the wage differentials do not reflect only educational differences;
- (h) clarifying the policy issues to be addressed by the concept of human capital will help to improve its measurement.

58. In conclusion to the session on human capital, the session organiser highlighted the following points:

- (a) statisticians are in the early stages of work in this area and are trying to reach a commonality of views on why and how to measure the human capital; it is a difficult area from both conceptual and practical measurement perspectives and a considerable amount of experimental work needs to be undertaken to make substantive progress;
- (b) however, human capital is an increasingly important area for policymakers that deserves ongoing attention by statisticians as an emerging priority..

D. Session 4: Measurement of social capital

Documentation: ECE/CES/2007/19, ECE/CES/2007/25, ECE/CES/2007/34

59. The session was organised by Mr. Joe Grice (ONS, United Kingdom). Mr. Michel Glaude (Eurostat) served as the discussant. The session was based on invited papers by Finland, the United Kingdom, and the OECD.

60. The Conference looked at different definitions of social capital and identified future challenges for official statistics in its measurement. Social capital is a new concept and is used in different contexts in statistical offices, such as social cohesion, neighbourhood statistics, housing and community policies, societal well being, etc. It is also considered to be one of the pillars of sustainable development. Some of the future challenges include how to develop data collections in a cost-effective manner and how to analyse the data, for example, in relation to the productivity gains of social capital.

61. In the discussion, the following points were made:

- (a) while social capital is a difficult concept, it has a great potential for policy makers and society as a whole. The key challenge for national statistical offices is still to determine the purpose and implications of the social capital within the context of official statistics;
- (b) there are several definitions of the concept of social capital; they usually include dimensions such as networks, shared norms and values, cohesion, and trust among groups;
- (c) the questions of governance and institutional effectiveness could be considered as part of social capital;
- (d) social capital constitutes a kind of asset that provides value-added to individuals and societies, although it may not form part of what is usually considered "capital" in the economic sense;
- (e) the role and functioning of the governmental sector and the importance of informal networks differ widely between countries due to the cultural context. Such issues would have to be taken into account in the development of statistical measures;
- (f) indicators of social capital might be included in the framework of societal well-being. However, the objective measurement of social capital should be distinguished from the measurement of subjective well-being;
- (g) it was suggested to explore the possibilities for indirect measures of social capital; one example mentioned was transaction costs. High transaction costs may occur in low trust societies because of the high cost of ensuring the rule of law;
- (h) the nature of the concept of social capital and related aggregation and weighting problems may support a multi-dimensional approach rather than a single indicator approach.

62. In conclusion to the session on social capital, the session organiser highlighted the following points:

- (a) the difficulty in defining social capital from a statistical viewpoint is recognized. Clarification is needed as to what statistical value can be derived from the concept of social capital and for which purposes it can be applied. The concept has a much wider application than simply as a factor of production;
- (b) the goal at this stage is not to harmonise the concept but to have a common understanding of its possible definitions and uses;
- (c) countries are encouraged to share experiences in the different uses of the concept and cost-effective data collection methods. Continuation of work in this area is very important.

Concluding remarks

63. In conclusion, the Chairman summarised the seminar with the following key points:

- (a) national statistical offices have an important role in developing measures of intangibles and improving national and international statistical systems to better capture the impact of innovation and knowledge creation on the economy;
- (b) national statistical offices should play an active role in the development of environmental accounts; otherwise these statistics are likely to be compiled by others;

- (c) capitalization of R&D is not a question of *if*, but of *how*. Therefore, exchange of experience and international cooperation is much needed;
- (d) measuring human capital in official statistics is still in its early stages and much caution should be taken, even with experimental calculations and estimations. Developing satellite accounts on human capital is not yet feasible but it is important to continue work in this area;
- (e) the development of the concept of social capital is still in its initial phase and countries are encouraged to exchange experiences to come to a common understanding of its possible definitions and uses.

Actions to be taken by the Conference

64. UNECE and Statistics Netherlands will publish the proceedings of the seminar.

VII. INFORMATION ON TOPICS FOR IN-DEPTH REVIEW BY THE CES BUREAU

Documentation: ECE/CES/2007/40

65. The Bureau has regularly reviewed selected statistical areas in depth at its February meetings. Recently, the Bureau has decided to focus the in-depth review on strategic issues in the next 5 years rather than on the current issues and problems, and changed the procedure of selecting the topics for in-depth review.

66. The CES Bureau decided to review the following topics in-depth at its October 2007 and February 2008 meetings:

Income (1.5) + living conditions and poverty (3.3.1)

Discussion paper to be prepared by (country to be determined) in cooperation with OECD; World Bank will contribute a paper on poverty statistics.

Coordination within statistical systems (5.2), including discussion on coordination arrangements between the National Statistical Offices, central banks and ministries of finance

Discussion paper to be prepared by (country to be determined) in cooperation with IMF.

Gender and special population groups (3.3.2)

Discussion paper to be prepared by Italy.

Environment statistics (3.1)

Discussion paper to be prepared by Switzerland in cooperation with Eurostat.

Culture statistics (1.9)

Discussion paper to be prepared by (country to be determined)

VIII. SELECTION OF TOPICS FOR SEMINARS TO TAKE PLACE DURING THE NEXT PLENARY SESSION

Documentation: ECE/CES/2007/37

67. The UNECE carried out a survey in May 2007 among the members of the Conference to identify the topics for seminars to take place during the 2008 plenary session. Taking into account the survey results, the Bureau selected the following topics for the seminars in 2008:

- **For the seminar on foundational issues of statistical systems:**

Measuring population movement and integration in a globalised world

Seminar organizer: (*country to be decided*) in cooperation with Eurostat

Session organisers: Netherlands, New Zealand

Papers: Netherlands, Spain, Switzerland, Ukraine, and New Zealand.

68. The UNECE region experiences large flows of population between the different sub-regions, and from other regions resulting in substantial changes in the composition of the population and the effects related to these more heterogeneous societies. The seminar could focus on the description of the measurement of these flows and stocks, and the effects of the population changes on labour market, income situation, pension schemes, sub-regional wealth, etc. The seminar could include sessions on the demographic characteristics of these flows as well as the measurement and monitoring of the effects of this diversity of population in other fields.

- **For the seminar on emerging issues:**

Strategic issues linked to the measurement of international transactions

Seminar organizer: IMF

Session organisers: Netherlands

Papers: Netherlands

Discussant: Switzerland

69. The increasingly globalised world economy, coupled with the increasingly sophisticated international financial markets, pose significant challenges for statisticians. The aim of the seminar is to draw attention to these issues and to share views and experiences on how to address them.

70. Three sessions are envisaged:

Session I: The policy context – two keynote speakers: from IMF and European Central Bank or U.S. Federal Reserve Board.

Session II: The Current Account of Balance of Payments – to cover the revision of the Balance of Payment Manual and measuring remittances; possible papers from Hong Kong, World Bank, United States and Brazil.

Session III: The Financial Account of the Balance of Payments – to cover international reserves, direct portfolio investment, foreign debt/multilateral debt relief and international investment positions; possible papers from Netherlands, New Zealand.

71. Countries were encouraged to contribute to the seminars and to inform the UNECE secretariat about their possible contributions.

IX. ELECTION OF THE BUREAU

Documentation: ECE/CES/2007/2 and ECE/CES/2007/8

72. For the 2007/08 and 2008/09 term of the office, based on the proposal put forward by Mr. Fellegi, the Conference elected:

Ms. Heli Jeskanen-Sundström* (Finland) as a Chairperson,
and the following Vice-Chairpersons of the Bureau:

Mr. Peter Hackl (Austria)

Mr. Brian Pink (Australia)

Mr. Mr. Eduardo Pereira Nunes* (Brazil)

Mr. Walter Radermacher (Germany)

Ms. Aija Zigure* (Latvia)

Mr. Vladimir Sokolin* (Russian Federation)

Ms. Katherine Wallman* (United States)

73. The Conference thanked Ms. Katherine Wallman for her excellent Chairmanship of the Conference and its Bureau. Ms. Krizman and Mr. Biggeri thanked the Conference for the opportunity to serve on the Bureau.

X. OTHER BUSINESS

74. The 2008 Plenary session of the Conference will take place during the week of 9-13 June 2008 in Paris, back-to-back with the meeting of the OECD Statistics Committee.

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* *These persons were also members of the previous 2006/2007 CES Bureau.*