UNITED NATIONS
DEPARTMENT OF ECONOMIC AND SOCIAL AFFAIRS
STATISTICS DIVISION

Meeting of the Expert Group on
International Economic and
Social Classifications
New York, 1-4 September 2009

Final report

I.   Introduction

1.   The meeting of the Expert Group on International Economic and Social Classifications was convened at United Nations Headquarters, New York, on 1-4 September 2009 at the request of the United Nations Statistical Commission. The meeting was conducted by the Economic Statistics and Classifications Section of the Economics Statistics Branch of the United Nations Statistics Division. Participants at the meeting included experts from seventeen countries and ten international and regional organizations, representing both users and custodians of classifications. A list of participants is available as document ESA/STAT/AC.190/3.

2.   The meeting was chaired by Ms. Alice Born (Statistics Canada). The discussions at the meeting followed the Provisional Agenda set out in ESA/STAT/AC.190/1. The documents available at the meeting are listed in ESA/STAT/AC.190/2.

3.   The objectives of the meeting included the review of, and provision of guidance for, a number of classifications from different statistical domains, at various stages of development. As such, the Expert Group discussed: (a) classifications still under development (such as classifications of energy products, waste or environmental activities); (b) classifications that have been established and do now undergo a review or revision process (such as the International Standard Classification of Education (ISCED) or the International Classification of Activities for Time-Use Statistics (ICATUS)); as well as (c) classifications that have been recently revised, with the focus shifting to implementation (such as the International Standard Industrial Classification of All Economic Activities (ISIC) and the Central Product Classification (CPC) or the International Standard Classification of Occupations (ISCO)).

4.   The review of classifications within the International Family of Economic an Social Classifications at previous meetings of the Expert Group had also pointed to a need for review of the mandate and work arrangements of the Expert Group itself. This issue has also been considered at this meeting, with a view to make the Expert Group more functional on an ongoing basis and to establish clearer criteria for its responsibilities and working mechanisms.

5.   A number of discussion documents for these topics had been prepared and disseminated in advance of the meeting. Also presented to the Expert Group were draft documents related to the ISIC and CPC implementation to seek the Expert Group's guidance on their further development.

II.   Main Conclusions and recommendations

6.   The following summarizes the conclusions reached during the deliberations of the Expert Group and individual recommendations made for each of the topics discussed.

7.   A list of action items for immediate follow-up to the meeting is shown in chapter III of this report.

Tuesday 1 Sept.

Review of actions taken since the last Expert Group meeting

8. The Expert Group supported the restart of a review process for the BEC, in light of the many applications and data needs that it supports, even beyond its original narrow purpose. The review involves considerations on whether to expand the BEC to include services. The first step in this review process should be an assessment of the applications of the BEC in national statistical offices and international organizations to determine what approaches to take, i.e. whether a review/revision should be undertaken.

9. The Expert Group agreed that a group consisting of Australia, OECD, Oman and the Philippines will provide a first draft of such an assessment.

10. The Expert Group reaffirmed that the creation of an open discussion forum with regional moderators would be a useful tool for users. However, the relationship to existing mechanisms, such as the Classifications hotline, and decision-making processes based on the forum need to be formalized. Experience from Eurostat in using a similar forum should be reviewed.

Review of the Implementation Guide for ISIC Rev.4

11. The Expert Group welcomed the draft of the Implementation Guide in general and made suggestions for further additions to the content, to address issues such as:
    -   Promotion of impact of classifications change to users
    -   Promote analytical relevance through user consultations including international comparability, application to national accounts, regional statistics, household and industrial statistics, etc.
    -   Judgment of cost and benefit of revision
    -   Explanation of major changes in ISIC Rev.4
    -   Address issues of countries that move from national classifications to an ISIC4-compatible one (not only from ISIC3)
    -   List users of the classification
    -   Applicability / confidentiality issues (only for released data, not collected data)
    -   Include viewpoint of household surveys and population censuses, not only industrial surveys
    -   How to address recoding and backcasting of household enterprises not included in business/statistical register if nothing is known about the units (e.g. small units)
    -   Expand on the development of detailed tables from national versions to ISIC Rev.4 and the need to add national explanatory notes
    -   Address outsourcing issues in the chapter on business registers
    -   Guidelines for producing aggregated information for structural and high frequency statistics including national accounts
    -   Preparation of simplified concordances
    -   Expansion on the need to collaborate among national institutions (NSOs, CBs, Ministries of Finance, regulatory authorities and trade and industry business

groups to advance a unified national coding system for enterprises for survey and administrative purposes

12. Expert Group members agreed to provide text as suggestions for the issues they had raised within the next 4 weeks (by 15 October). UNSD will provide Word files for this purpose.

13. The Expert Group members from the developing and transition countries would pursue the assessment of the practical applicability of the present draft implementation guide in the national adaptation of the ISIC revision and report the outcome to the Expert Group by the end of November.

Review of the Companion Guide to ISIC and CPC

14. The Expert Group in general agreed with the outline of the Companion guide and the format of its core chapters.

15. Regarding the text in chapters 3 and 4, the following observations were made:
   - Chapter 3.1 is written from the point of view of data collection from companies, but not from households – this needs to be incorporated (see above)
   - Consistency of terminology with other standards (e.g. for "employees") needs to be ensured.

16. Regarding the content of chapters 5 and 6, the following observations were made:
   - Chapter 5.2 should also reference the definitions of ICT products and industries
   - A chapter on the link between CPC and HS should be added.
   - Issues of emerging industries (such as biotechnology) and research should be discussed
   - Issues of ICT industries to be developed based on the work of OECD.
   - The application of ISIC and household surveys is not a special application, but a fundamental one and should be referenced in chapter 3.1, rather than in a separate chapter 6.4.

17. The Expert Group noted that the Companion Guide comes late in the process and not everyone will be able to follow detailed guidance if other decisions have been taken in the meantime. Examples were given for rules for treatment of vertical integration and some outsourcing scenarios.

18. The Expert Group noted that even the exposition of differences in treatment, based on the Guide, would be a useful type of information for future developments.

19. While a review process should ideally be organized after the completion of the whole Guide, there may not be enough time for this.
   - It was therefore suggested to start the review in parallel with the work on the completion of the Guide and that the review was not limited to TSG members, but involves the Expert Group at large.
   - TSG should complete the outstanding texts as a priority
   - Target date for finishing the review should be end of December 2009.

- Volunteers for the drafting and review process during September, October and November include:
  - Members of the TSG to complete the outstanding text
  - ILO – Section T and section 6.5
  - Eurostat and France – will assist UNSD in mobilizing volunteers among EU countries / offices to check for differences in treatment between ISIC and NACE and to undertake a general review because the overall usefulness of the document for EU countries was acknowledged
  - FAO – agricultural products and activities
  - OECD – text on ICT sector
  - Australia – expansion of emerging industries
  - New Zealand – tba (any open assignment including biotechnology and research)

International Classification of Activities for Time-Use Statistics (ICATUS)

20. The Expert Group in general agreed to the proposed process for finalizing the classification for presentation and adoption at the 2012 Statistical Commission.

21. Some questions were raised regarding individual details of the classification and questions/suggestions will be compiled and reviewed by UNSD. UNSD will seek to compile methodological differences on outcomes and national experiences and consult also with other entities, such as the International Association of Time-Use Researchers (IATUR) to move ICATUS to a full international standard.

22. The discussion on whether to recommend that ICATUS become a member of the Family of International Economic and Social Classifications led to a recognition that the criteria for such recommendation have to be clearer formulated and a corresponding document should be developed, which would include a description of these criteria such as the theoretical foundation, conceptual principles (internal coherence and external coherence with other classifications), relevance, accuracy, consultation process, custodians, general applicability by countries at different levels of development, etc.

Quality Assessment for validating classifications

23. A quality assessment framework for validating classifications will be set up, taking into account the existing documentation on best practices in classifications (considered and approved by the Expert Group in 1999).

24. Volunteers for this working group are: Ghana, ILO, Australia, Canada, New Zealand (Lead), Eurostat, Sweden

Wednesday, 2 Sept. 2009

Revision of the International Classification of Diseases (ICD)

25. The Expert Group was informed on the background and conduct of the revision of ICD and took in particular note of the tools used in the revision process.

26. The Expert Group stressed that input from the statistical community, in addition to input from academia and others, is important in this process (e.g. balancing ontological purpose versus statistical requirements) and should actively be pursued.

27. The alpha draft of the ICD-11 will be released on 10 May 2010 and will be made available to the Expert Group for comment.

Classifications in the System of Health Accounts

28. The Expert Group was informed on work carried out in the System of Health Accounts, including the classifications being developed in this context. Although references were made to problems with linking such classifications up with ISIC or CPC, the Expert Group could not comment on these yet, since draft structures are not yet available. The intent is to finish the work by end of 2010, at which point the Expert Group will be asked to review them.

Implementation of the International Standard Classification of Occupations (ISCO-08)

29. The Expert Group reviewed and discussed proposals for the implementation of ISCO-08 and discussed in particular the question of whether workshops or the development of a manual should be given priority in this process.

30. The discussion highlighted that most Expert Group members considered both elements important. Arguments for workshops cited their faster execution and flexibility, while arguments for the manual cited the need for an agreed approach and the need for a larger audience to be able to access the material. The Expert Group recommended focusing on workshops while the training material developed for this purpose should become the basis for the manual to be written.

31. The Expert Group also discussed the possible revision of ICSE and highlighted implications for other classifications and asked that the Expert Group be consulted in this process and the results be brought before the Expert Group. ILO indicated that due to resource constraints this work will not continue soon.

Implementation tools for ISIC and CPC

32. The Expert Group agreed that a stand-alone coding tool for ISIC and CPC should be developed in addition to a web-based version. Versions developed in Canada and New Zealand should be considered for this option, provided that licensing issues can be

resolved and the tool be provided for free. In response, New Zealand indicated that there were no licensing issues or cost elements to the use of their coding tool.

33. UNSD will follow-up with New Zealand and Canada on preparing such an international tool.

34. The Expert Group discussed priorities for the development of correspondence tables. No complete recommendation was given at this point, as Expert Group members requested more time for review. However, correspondences for CPC2-COICOP, CPC2-COFOG, CPC2-EBOPS and CPC-BEC should be in the priority list.
- UNSD suggested using the CPA-COICOP that has been developed by Eurostat.
- India will make its national correspondence tables available to ECA, who in turn will develop the ISIC4-ISIC2 correspondence needed especially by many African countries.

35. There was also a general agreement that the development of simplified correspondence tables should be left to individual countries as criteria for simplification (cutoff points, data to be used for determination etc.) will vary by country.

Updating mechanisms

36. The Expert Group discussed updating mechanisms for ISIC and CPC to ensure that proper records of errors, corrections and interpretations of the classifications are being maintained and made available to users. Aligning the current terminology with the one used for SNA and BOP could be considered. Different ways for presenting changes should be explored, such as summaries by industry. In case of corrections, regular (e.g. annual) issues of correction notes should be explored that show how the current text needs to be corrected.

37. The decision making process for such changes needs to be formalized. During the follow-up discussion at the end of the meeting, it was agreed that the group working on formalizing terminology for classifications revisions include also the proposals on an updating mechanism (see next section).

Future revisions of ISIC and CPC

38. The Expert Group discussed at great length the timing and severity of classifications revision that should take place. The outcome of the discussion, essentially confirmed the guidance given by earlier Expert Group meetings. Predictability of changes to classifications was considered an important factor, which necessitates setting a revision schedule, which was agreed to cover 5-year intervals. This schedule should be understood as "windows" in which revisions can take place. However, change would only take place if strong reasons for it exist. Major changes (i.e. "revisions") for activity classifications should be at least 10 years apart, with some Expert Group members even favoring a 15-year gap.

39. It was agreed that assessing the quality of a classification need input from users outside of the "classifications community", therefore needing more time for feedback from applications.

40. The Expert Group agreed to write a document on update schedules and definitions, starting with a review of existing documents. Australia, France, New Zealand, United States and Eurostat volunteered to undertake this task and will report back to the Expert Group.
- During the follow-up discussion at the end of the meeting, it was agreed that this group include also the proposals on an updating mechanism (see previous section).

Thursday, 3 Sept. 2009

Upcoming updates of Agricultural and Fishery Commodities in the HS

41. The Expert Group was informed on some upcoming updates to the agricultural and fishery parts of the HS 2012. These changes are based on a proposal provided by FAO. Since many of the proposed changes are based on details introduced in the CPC Ver.2, one benefit of the expected modifications will be an improved alignment between CPC and HS categories for agricultural and food products.

42. FAO asked the Expert Group on advice on the implementation of international classifications in agriculture, and requested comments on the preparation of the Handbook on Classifications on Agriculture.

43. The Expert Group welcomed the idea of preparing such a handbook, and suggested that in addition to conceptual issues, advice on data collection would be useful.

Classification of Waste

44. The Expert Group reviewed and discussed the ongoing discussion by the London Group on Environmental Accounting concerning the use of classifications for tracking physical flows and in particular the classification of waste. The paper suggested using the CPC to classify some of these flows, and the European Waste Classification for solid waste flows.

45. Many members of the Expert Group were of the opinion that a *single* classification of physical flows would be needed, but that this could not be the CPC as it does not contain the criteria of *purpose*, on which the proposed waste definition is based. It was suggested that treatment of waste in the CPC should be on the long-term research agenda of the Expert Group.

46. Some Expert Group members also questioned the ability of many countries to provide data according to the most detailed level of EWC-STAT.

47. Due to time constraints, the Expert Group was open to the use of the EWC-STAT as an interim solution, and asked for a 6 month period to review it. UNSD will provide all available documentation for review.

48. In particular, a validation of the classification by developing countries, including some form of data mapping and testing should be sought. It should also be clarified why Eurostat did not use CPA or HS in the work on this classification.

Standard International Energy Classification

49. The Expert Group was presented with an outline for the development of a standard international classification of energy products prepared by the Oslo Group on Energy Statistics, and was invited to provide comments.

50. While noting that the proposed classification is still very early in its development, the Expert Group had a number of suggestions.

51. The Expert Group requested a more in-depth explanation on purpose, scope and boundary of the classification.

52. The Expert Group also requested a developed explanation of the classification structure and the reasoning behind. As an example, the Expert Group suggested descriptions on the scope of aggregate levels and detailed descriptions of inclusions and exclusions.

53. The Expert Group stressed that a clearer explanation on the units to be classified was needed, since it was currently not clear whether it was classifying inputs to energy production, energy outputs or the production process itself. As a result, the categories shown in the draft appeared to be not mutually exclusive.

54. The Expert Group stressed the need to develop a multi-purpose classification to reflect various user needs, including those of national accounts and environmental accounting. It also expressed the need for best practice principles to be applied to ensure that the classification was not over-elaborate and reflected a statistical need rather than a theoretical coverage.

55. It requested that experts beyond the Oslo Group on Energy Statistics, InterEnerStat and the London Group on Environmental Accounting be involved from the early stages of development of such classification. The Expert Group requested UNSD to ask the members of the Oslo Group to work closely with the classification experts in their agencies.

56. The Expert Group supported the development of such a classification. Members of the Expert Group urged the Oslo Group to prepare and provide available documentation and provide it to the Expert Group members well before its next meeting in November. The Expert Group will then review the material and provide comments.

Classification on Environmental Activities and Expenditures

57. The Expert Group was presented with a draft Classification on Resource Use Management Activities (CRUMA) developed by the London Group on Environmental Accounting. The classification complements the earlier Classification of Environmental Protection Activities and Expenditure (CEPA) which was approved by the Expert Group in 2001.

58. The Expert Group:
- Agreed in principle to a proposal by the London Group to combine CRUMA and CEPA into a single classification of environmental activities and expenditures (CEA);
- Generally agreed that the document was very good, and that the conceptual basis of the classification was well thought out;
- Strongly suggested that the classification should be tested with data from several countries, as it currently had been applied to data from Italy only;
- Suggested to review the name of some categories for clarity;
- Noted that links were currently established with COFOG and suggested that links also be established with ISIC Rev.4 once the link between COFOG and ISIC has been developed;
- Questioned the principle of always classifying energy saving and production of renewable energy as CRUMA 13 – "Use and Management of fossil energy". It noted as an issue that energy saving and production of renewable energy are mostly undertaken to reduce emissions, and suggested that this should be classified, in line with the old convention, according to the main purpose, which lead to classify energy saving in CEPA 1 ("Protection of ambient air and climate") or in CRUMA 13 ("Use and Management of fossil energy"), depending on the primary purpose.
- While agreeing in principle that the classification might merit inclusion into the Family, requested more time to review the classification in detail. This additional review would include the examination of all the points raised above. The result of this review will be made available to the London Group in time for its December meeting.
- Requested that a custodian of the classification be clearly identified.
    - o Eurostat was noted as the most likely candidate, but the commitment still needs to be confirmed.

Definition of an environment industry

59. The Expert Group reviewed a proposal on the definition of an environment sector, as presented in a Handbook on Environmental Goods and Services developed by Eurostat, based on CRUMA and CEPA.

60. The Expert Group noted that the proposal was promising, but had the following concerns:
- A question was raised in the Expert Group as to how data would be collected, especially in establishing the intention of a producer;

- There was also a concern that the focus was on *final demand* products, and that the production of *environmental parts* would be excluded. The speaker reassured the Expert Group that the classification was intended to consider all products, regardless of use, including components that are exclusively used in environmental technologies and products; the handbook provides guidelines on how to avoid double counting in statistical figures for such components.
- Canada recommended that adaptation to natural hazards (and to climate change) be included in the scope of the EGSS and recommended that the definition be reviewed.

61. The resolution of conceptual issues and the final definition of the sector for the application in SEEA would depend on what will happen with CRUMA.

62. It was noted that the London group was not yet ready to recommend the Handbook and that more information was needed in relation to the classification(s) found in the Handbook. Also, the Expert Group was concerned that the definition of "environment industry" was possibly inconsistent with other definitions in use such as for "green jobs".

Friday, 4 Sept. 2009

Review of ISCED

63. The Expert Group was informed on the strategy for the upcoming ISCED review by the UNESCO Institute for Statistics (UIS), and also presented with the draft recommendations on the measurement of educational attainment.

64. In the following discussion, Expert Group members inquired on a number of technical issues, including data sources, time continuity, classification of people without primary education and the definition of glossary terms. The Expert Group also provided some advice on existing frameworks for metadata standard exchange mechanisms, especially the use of SDMX.

65. The Expert Group noted the predominance of experts representing ministries on the technical advisory panel, and strongly urged UIS to ensure that statistical offices were more adequately represented.
- In response, UIS explained that there would be ISCED technical meetings in the fall of 2009 and early 2010 where a group of education experts would meet in each region to discuss the proposals that will lead to the recommendations to be presented in 2011 to the UNESCO General Conference for formal approval. UIS welcomes the participation of experts on education issues from the members of the Expert Group

66. The Expert Group encouraged UIS to have the upcoming ISCED revision endorsed by the Statistical Commission, and informed that the proper way to achieve this would be to have the Expert Group involved, while recognizing that the UNESCO General Conference is the mechanism for approval of the new ISCED. With this, the Expert

Group agreed to endorse the current ISCED review progress and expects to be informed on further progress.

67. As a first step in this regard, the UIS will share its upcoming interim report on the revision process with the Expert Group members. This report is expected to be ready in October, after being presented to the UNESCO General Conference.

68. The Expert Group urged UIS to include the update of the 3-digit fields of education and training classification and its adoption in the current ISCED review work plan and requested a confirmation of the review timeframe (2011 or 2013).

Discussion on mandate and work programme of the Expert Group

69. As UNSD presented the Expert Group with a summary of activities that had been agreed to so far during the meetings of the week.
    - The Expert Group agreed to the summary list.

70. The Expert Group held long discussions on the topic of its governing structure, update of its mandate and frequency of meetings. Given the complexity of these questions and the limited time available for deliberation, it was agreed to establish a technical subgroup of volunteers to develop a proposal on governance.

71. Such a proposal would also re-examine the mandate in light of the changing requirements of the work to be carried out by the Expert Group. In particular, the Expert group requested that:
    - The proposal will clarify the role/purpose of the Expert Group and clarify to what degree the Expert Group should be involved in technical details or just be advocates of best practice.
    - It is expected that the proposal will examine the possibility of establishing a *bureau* with a limited number of members. Such a bureau would distribute tasks, carry out day-to-day management and act as a bridge in-between Expert Group meetings, but would not be expected to have any decision-making authority.

72. The Expert Group was of the general opinion that membership should be country-based, and that in general, members ought to be classifications experts rather than subject-matter experts, while allowing to invite subject matter experts as required.

73. The subgroup for reviewing these issues and drafting new proposals includes: Australia, ILO, Philippines and the United States.

74. The revised mandate should be presented to the Statistical Commission in 2010 for approval.

Other

75. It was suggested that before Expert Group meetings, participants should prepare short briefing papers addressing each of the points on the agenda.

76. UNSD will write up a work programme for the Expert Group for 2009/2010 based on the activities agreed to during this Expert Group meeting.

III.   Action items

77. The following action items have been agreed upon by the Expert Group:

	Action item	Responsibility	Completion date
1	Restart the BEC review process with a review of existing applications of the classification	Australia, **OECD**, Oman, Philippines	October 2009
2	Review Eurostat experiences in using a discussion forum and its use in decision-making processes	UNSD, Eurostat	March 2010 *
3	Provide feedback and new text for ISIC Implementation Guide (based on comments made during EG meeting and after additional review)	All	15 October 2009
4	Complete current assignments and provide additional text for Companion Guide (see conclusions for detailed assignments)	TSG members (already assigned portions) plus ILO, Eurostat, France, FAO, OECD, Australia, New Zealand	November 2009
5	Review of Companion Guide (based on assignments to be distributed by UNSD in Nov. 2009)	All	December 2009
6	Assessment of practical applicability of the draft implementation guide in the national adaptation of the ISIC revision	Developing and transition countries	June 2010 *
7	Develop correspondence tables (priorities for CPC2-COFOG/EBOPS/BEC)	UNSD	Starting December 2009
8	Review current ICATUS basis including compilation of methodological differences, consultation with other entities (e.g. IATUR)	UNSD/DSSB	2011
9	Development of ISIC2-ISIC4 correspondence by ECA based on correspondence files developed by India	ECA	October 2009
10	Develop stand-alone coding tool for ISIC, CPC and ISCO (and possibly other classifications)	**UNSD**, Canada, New Zealand	Pending availability of classifications indexes

	Action item	Responsibility	Completion date
11	Development of a quality assessment framework for validating classifications (to determine eligibility for inclusion in the Family)	Ghana, ILO, Australia, Canada, **New Zealand**, Eurostat, Sweden	December 2009*
12	Provide alpha-draft of ICD-11 to EG	WHO	May 2010
13	Develop proposal for mandate and future work organization of the EG, including governing structure, meeting frequency, scope of work etc. (see conclusions for details)	**Australia**, ILO, Philippines, United States	30 October 2009
14	Produce document to outline scope, timeframes and terminology for classifications revisions, as well as updating mechanisms for classifications (e.g. communication of corrections)	Australia, France, New Zealand, **United States**, Eurostat	November 2009
15	Review European Waste Classification (EWC) according to newly established criteria	All	March 2010
16	Request Oslo Group to provide materials on proposed Energy Classification for review	UNSD/ITSB	October 2009
17	Review proposed energy classification, its criteria and structure	All	30 October 2009
18	Comment on proposed CRUMA classification (see points in conclusion) for next London Group meeting	All	15 November 2009
19	Provide interim report of the ISCED revision process to EG	UIS	October 2009
20	Provide clarification of review timeframe for the work on fields of education.	UIS	October 2009

Countries/agencies shown in bold indicate the leader for this project.