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**Activities not classified by field: international economic
and social classifications**

International economic and social classifications

Report of the Secretary-General

Summary

The present report was prepared at the request of the Statistical Commission at its thirty-second session.^a It provides an overview of how the recommendations of the Commission concerning international statistical classifications have been addressed since that session.

Points for discussion by the Commission are contained in paragraph 38.

^a See *Official Records of the Economic and Social Council, 2001, Supplement No. 4* (E/2001/24), chap. I, sect. A.

* E/CN.3/2002/1.



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I. Status of recommendations

A. Recommendations on international classifications made by the Statistical Commission at its thirty-second session

1. At its thirty-second session, the Statistical Commission:

(a) Agreed with the proposed work programme and time frame for updating the International Standard Industrial Classification of All Economic Activities (ISIC) and the Central Product Classification (CPC) by 2002 and for planning their revision by 2007, and stressed the importance of reaching convergence of major activity classifications by 2007 (see paras. 5-17 below);

(b) Agreed with the suggestions of the Technical Subgroup to the Expert Group on International Economic and Social Classifications in respect of the scope of the changes to ISIC and CPC (see para. 5 below);

(c) Suggested that the Expert Group consider the possibility of further synchronizing and coordinating the revision of classifications supporting production and trade statistics (e.g., the Central Product Classification, the Harmonized Commodity Description and Codes System (HS) and the Balance of Payments Classification) so that resulting data becomes more comparable (see paras. 13 and 22 below);

(d) Emphasized the need for alternate industry aggregations for analytical purposes (see paras. 5 and 20 below);

(e) Recommended that the Expert Group further consider the identification of a useful level of detail for an international classification, possibly expanding in the area of services;

(f) Noted the need to keep developing countries involved in the work process;

(g) Recommended that the high costs of implementing a revised classification be considered in the revision process;

(h) Noted the need for increased activities relating to implementation assistance (see para. 14 below);

(i) Noted the need for monitoring country implementation of ISIC and CPC (see para. 21 below);

(j) Requested a more detailed work plan for the 2007 revision of ISIC and CPC (see paras. 6-12 below).

B. Activities carried out in response to the requests of the Commission

2. The activities carried out in the area of statistical classifications since the thirty-second session of the Statistical Commission are described below.

1. Meetings of the Expert Group on International Economic and Social Classifications and its Technical Subgroup

3. The Expert Group on International Economic and Social Classifications met from 18 to 20 June 2001 in New York. The objectives of the meeting were threefold: to discuss the work in the Expert Group with a view to fostering collaboration and coordination within the family of international economic and social classifications, to discuss and review the upcoming updates and revisions of ISIC and CPC, and to address the implementation of international economic and social classifications. Major input was provided through the documents prepared by the Technical Subgroup of the Expert Group, based on previous requests by the Expert Group, including the drafts for the updated ISIC, Revision 3.1, and CPC, Version 1.1, as well as the report of the Technical Subgroup containing a proposal for the work programme for the 2007 revisions. The conclusions and recommendations of the Expert Group are contained in the annex to the present report.

4. The Technical Subgroup met twice in the past year, from 26-30 March 2001 and, in conjunction with the meeting of the Expert Group, on 21 and 22 June 2001. A third meeting, planned for October 2001, was postponed to early 2002. At its meetings, the Technical Subgroup considered further proposals received by the United Nations Statistics Division on the 2002 updates of ISIC and CPC, resulting in a draft classification that was presented to the Expert Group in June 2001. Further discussions in the Technical Subgroup focused on possible structures, scope and linkages of future classifications.

2. International Standard Industrial Classification of All Economic Activities and Central Product Classification

5. The International Standard Industrial Classification of All Economic Activities and the Central Product Classification have been updated based on previous recommendations by the Statistical Commission and the Expert Group on International Economic and Social Classifications. The final drafts of ISIC, Revision 3.1 and CPC, Version 1.1 will be made available to the Commission as background documents.

6. The first steps in the revision process for ISIC and CPC for 2007 have been undertaken. The Expert Group has discussed proposals by its Technical Subgroup for the work process for the revisions. The Expert Group has agreed to the proposal and has begun work for the initial step of the process.

7. The proposal covers an initial period of input collection from interested parties, specifically on conceptual issues for the revision. The Technical Subgroup will review the responses, and based on those previous discussions and recommendations by the Expert Group, will prepare a conceptual paper in 2002, that outlines the scope of the changes intended. That paper will form the basis for future work in the revision process.

8. The convergence process between the North American Industry Classification Process (NAICS) and the General Industrial Classification of Economic Activities within the European Communities (NACE) (see below) needs to be considered as a major input even at this early stage. Since the convergence process has so far taken the form of a study without binding agreements, the Commission may wish to discuss how that process should be linked to the ISIC revision process.

9. A questionnaire on conceptual and structural issues for the ISIC revision has been prepared and disseminated to 243 countries and organizations. The questionnaire is the first step in the revision process and allows all countries to participate in the revision process and address their specific concerns. A summary of the questionnaire responses will be made available to the Commission.

10. After reconciliation of the input received through the original questionnaire and responses to the

conceptual paper, a preliminary draft of the revised classification will be prepared for early 2003. The Expert Group suggests that regional meetings be organized in 2003 to discuss region-specific needs and their possible reflection in the classification, based on that early draft. The Expert Group agreed that regional meetings are better suited to discuss the classification than one large international meeting. Regional meetings are better suited to address specific needs and may allow more countries to participate. The organization of those meetings should be the responsibility of the regional commissions.

11. After reviewing the outcome of those meetings and additional input received, a pre-final draft of the classification is scheduled for the end of 2004. Evaluation of reactions to the draft should lead to a final draft by mid-2005, which could be presented to the Commission at its thirty-seventh session, in 2006.

12. Following that schedule will allow enough lead time for preparation of the printed publication in 2007 and give countries the opportunity to evaluate their national classifications, data collection and coding schemes, conversion tables etc. before the new international classification goes into effect.

13. There is general agreement that further work on product classifications should lead to a convergence of existing classifications, such as CPC, the Balance of Payments Classification and the Extended Balance of Payments Services Classification. The World Trade Organization should become part of that process to provide better links of those classifications to future versions of the General Agreement on Trade in Services (GATS) Services Sectoral Classification List (GNS/W/120), enabling better measurement of the impact of trade negotiations.

14. Throughout this period, the United Nations Statistics Division will organize workshops in all regions to promote the new classifications, gather additional input from countries and further actual implementation of the classifications.

3. Convergence of activity classifications

15. On 14 June 2000, a project to study the potential for greater convergence between NACE and NAICS was initiated under an agreement signed by the heads of the statistical agencies of Canada, the European Union and the United States. The agreement outlines a multi-phase approach, beginning with a study of

concepts and existing differences in the respective classifications, the generation of possible scenarios for convergence, consultation with user communities and finally recommendation of a template that could be used for convergence. A modular approach is being used during the life of the project. After the completion of each step, a review will be undertaken to decide whether to proceed with the next step. The United Nations Statistics Division is an observer to the process.

16. Since convergence of activity classifications has been identified as a major goal of the ISIC revision process in 2007, the findings of the above-mentioned project will serve as an important input. The project is currently a process involving the statistical agencies of Europe and North America only. To reach the goal of convergence by 2007, both the relationship of the revision of ISIC and the work on convergence need to be clarified and coordination carried out. There is currently no commitment by either NACE or NAICS to actually implement the changes that would result from the current findings of the convergence study.

17. A report on the progress of the above-mentioned project is also before the Commission (E/CN.3/2002/21). The Commission may wish to provide advice on how the ISIC revision and the work of the convergence group should correlate. Should the ISIC revision:

(a) Proceed on the basis of the structure outlined in document E/CN.3/2002/21?

(b) Be postponed until formal commitment to convergence by NACE and NAICS has been reached?

(c) Proceed mostly independently of the convergence study, with an attempt to merge the outcome of both processes at a later stage?

4. Supporting mechanisms and tools

18. The classifications web site (www.un.org/depts/unsd/class) has proved to be an important tool in disseminating information up-to-date information on classifications and supporting documents. Further restructuring has further facilitated user access to information and online products. Site statistics show that it has become one of the most visited sites within the United Nations Statistics Division.

19. The *Classifications Newsletter* announces new developments, publications and technical materials

related to United Nations statistical classifications. It is available in print and in an electronic version, which is published on the classifications web site. The web site also features an automatic subscription to the *Newsletter*, which now disseminates the *Newsletter* to an additional group of about 500 users beyond the standard distribution list.

20. The Classifications Registry, as part of the classifications web site, continues to maintain a current database, with updated versions of the classifications in the custody of the United Nations Statistics Division and recorded problems relating to the implementation of ISIC and CPC drawn from the classifications hotline and other sources. The United Nations Statistics Division issues ad hoc reports to the Technical Subgroup on problems of interpretation and use of classifications recorded in the Registry for discussion at various meetings. Complete information about classifications maintained by the United Nations Statistics Division and relevant rulings, interpretations and proposals are posted on the United Nations web site, and can be searched according to user needs. The web site has been updated to reflect issues related to revision processes in a more direct way. Apart from the regular classification structure, agreed and proposed alternate aggregations will be shown in the Registry.

21. The web site has been extended to show national implementation and national practices for activity and product classifications. Information has been gathered from ad hoc questionnaires and workshops, and will be updated with current information from countries. The extension was made in response to a frequent user request.

22. Through work on the *Manual on Statistics of International Trade in Services*, the correspondence table between the Extended Balance of Payments Services Classification, the Central Product Classification and the General Agreement on Trade in Services Services Sectoral Classification List (GNS/W/120) has been further elaborated. The correspondence is intended to facilitate future statistical comparisons of services domestically produced with those that are internationally negotiated and traded.

23. Following the revision of the Harmonized Commodity Description and Coding System, ISIC and CPC for 2002, a correspondence table has been revised to reflect the links between HS 2002, the Standard

International Trade Classification (SITC, Revision 3), the Central Product Classification, Version 1.1, and the International Standard Industrial Classification of All Economic Activities, Revision 3.1.

5. International Standard Classification of Occupations and International Classification of Status in Employment

24. A study of whether and in which direction the International Standard Classification of Occupations (ISCO-88) needs to be revised will be prepared for discussion at the Seventeenth International Conference of Labour Statisticians, which is expected to take place in October 2003. If the conclusion of the Conference is that a revision is needed and not merely a programme of updating, then a proposal for a revised ISCO may be presented for adoption at the Eighteenth Conference, possibly in 2008.

25. Based on the 1997 review of national practices and experience with status in employment classifications following the adoption of the revised International Classification of Status in Employment (ICSE-93) by the Fifteenth International Conference of Labour Statisticians in 1993, national statistical offices will be invited to carry out small-scale in-depth studies of the classification of contractual situations on the borderline between paid employment and self-employment and of different forms of those two employment situations. It is becoming increasingly clear that the increasing emphasis on "flexible" working arrangements in advanced industrial economies is making it important to be able to produce statistics on the prevalence of a larger number of different contractual situations in such economies as well as in the developing and transition ones.

26. The International Labour Organization has continued to present national statistics according to either the previous or the current versions of the relevant major international classifications — ISIC, ISCO and the International Standard Classification of Education (ISCED) — as a function of the statistics provided by the national statistical offices.

6. International Standard Classification of Education

27. As part of its general work, the United Nations Educational, Scientific and Cultural Organization (UNESCO) Institute for Statistics will continue, in

cooperation with member States, to improve the overall understanding and application of the ISCED classification system. In particular, as part of its continuing series of education programme workshops, the Institute will continue to work to improve the application of the ISCED system through the improved mapping of national systems with member States.

28. As stated in the medium-term strategy for 2002 to 2007 of the Institute, it plans to continue to develop international statistical standards with regard to priority new data areas and to upgrade and revise the existing international standard definitions and classifications, in partnership with the competent institutions. The ISCED operational manual and the manual on fields of education and training will be finalized and disseminated widely, together with relevant training material, to assist member States in implementing the revised ISCED with a view to improving the international comparability of educational data.

29. Existing international statistical standards in the areas of science and technology, culture and communication will be revised, as required, as a result of the consultations on policy information needs, and new quality standards will be developed.

30. As to the country operational manual for ISCED-97, a draft version has been initially completed. During 2002, it is anticipated that the draft will be revised to take into consideration the feedback received from member States during the upcoming workshops. In addition, a strategy for consultation with member States and other stakeholders will be developed. It is anticipated that the operational manual will be finalized by and approved at the General Assembly of UNESCO in 2003, and thereafter disseminated accordingly.

31. In January 2000, the Statistical Office of the European Communities (Eurostat) published a fields of education and training manual. The manual is the outcome of a Eurostat project that was carried out in close cooperation with UNESCO and the Organisation for Economic Cooperation and Development but has not yet been adopted by the UNESCO General Conference and thus does not form an integral part of ISCED-97 although it is based on it.

32. The Institute has started a review and consultation process in order to determine the feasibility of formally adopting this classification system as part of the ISCED system. As a first stage of

the consultation strategy, the manual was sent to the Expert Group of International Economic and Social Classifications for its review and comments in 2000. Comments were received from several members and have been summarized. The Institute is in the process of reviewing the results of the first consultation stage, and will begin to develop a strategy in early 2002.

7. International Classification of Activities for Time-Use Statistics

33. The International Classification of Activities for Time-Use Statistics (ICATUS) is intended to serve as a standard for activity classifications for time-use statistics that is applicable to both developed and developing countries. It builds on the existing national and regional classifications and experience of countries. The main consideration taken into account in the development of ICATUS is to enable national statisticians and researchers to delineate more precisely the boundaries of economic and non-economic activities and productive and non-productive activities. It will also facilitate the measurement of all forms of work, including unremunerated work.

34. At the initial stage, the United Nations Statistics Division convened an expert group meeting on time-use classifications from 13 to 16 October 1997; the meeting recommended a two-digit classification. During the second phase, the classification was revised at the 2-digit level and developed into a 3-digit classification. The revisions were based on country experiences in such countries as Nigeria, South Africa and Mongolia. As reported at the thirty-second session of the Statistical Commission, an expert group meeting on methods for conducting time-use surveys, which was convened from 23 to 27 October 2000, reviewed the second version of ICATUS and recommended further revisions. In addition, countries were encouraged to test the draft classification. A third version of ICATUS has since been developed, based on the expert group meeting recommendations and the results of the country tests. That version is presented and discussed in a draft methodological publication prepared by the Division, entitled "Guide to producing statistics on time-use for measuring paid and unpaid work", which will be published in 2002. An update on that work will be submitted to the Commission in 2003, under the agenda item on social statistics.

8. International Classification of Functioning, Disability and Health

35. The International Classification of Functioning, Disability and Health (ICF), previously known as the International Classification of Impairments, Disabilities and Handicaps (ICIDH), provides a unified and standard language and framework for the description of health and health-related states. It contributes to greater comparability of data at the national and international levels by providing standardized concepts and terminology. ICF was developed to address the shortcomings of ICIDH, which is based on a linear model of the consequences of disease. Unlike ICIDH, ICF makes no assumptions about the causal relationships of its components; it moves away from the concept of "consequences of disease" to a "components" approach to human functioning. ICF also incorporates in its model the role of the environment in the disablement process, which is lacking in the original classification. The ICF model is thus conceptually different from the ICIDH model — it is a multidimensional and interactive process in which disablement is seen as a dynamic interaction between on the one hand health conditions and other personal factors (such as age, sex, personality or level of education), and on the other hand social and physical environmental factors.

36. ICF was endorsed by the fifty-fourth World Health Assembly for international use on 22 May 2001.

37. ICF was released in October 2001 at the meeting of heads of World Health Organization (WHO) collaborating centres for the family of international classifications, held in Bethesda, Maryland, from 21 to 27 October 2001. The meeting also identified what future actions need to be taken, who the responsible party is for each action, and the time frame within which the activities are to be carried out. Eight areas were addressed:

(a) Coding guidelines: the discussion raised issues of further refinement of existing coding guidelines to meet the needs of different users;

(b) Implementation: there is a need to monitor experience in the use of ICF, particularly with reference to the different options offered for distinguishing between activity and participation. It was recognized that coding and user guidelines are an integral part of the implementation process;

(c) Training, outreach and dissemination: issues raised during the discussion included the need for appropriate training of various categories of users of ICF to ensure effective implementation of the classification and the need for considerable resources to carry out the training. The need for basic as well as user-specific training was raised;

(d) ICF adaptation for specific purposes: adaptations of ICF should be done only when there is a necessity for it. For example, an adaptation of ICF is being prepared for children and youth. The development of adaptations should be coordinated and approved by WHO;

(e) Measurement: topics raised during the discussion included the development and use of measurement instruments, the need for mapping existing instruments to ICF and the need for information exchange;

(f) The joint use of the International Classification of Diseases and Related Health Problems (ICD) and ICF: it was recognized that the use of both classifications together is important since that would enable the linking of diseases to functioning. However, that is more appropriate in clinical settings than in survey situations;

(g) Maintenance and update process: there is a need to establish a systematic updating mechanism for ICF, keeping in mind, however, the importance of maintaining the stability of the classification;

(h) Organizational issues (coordination of meetings, resources and activities in relation to ICF): it was agreed that future annual meetings should be held jointly for ICF and ICD, and that there is a need to generate resources for ICF dissemination activities.

(c) How should the ISIC revision process and the NAICS-NACE convergence process relate to each other? Should the convergence process become a major input into the ISIC revision process even without specific commitment to change by the involved parties?

(d) Does the Commission agree with the strategy to involve countries in the revision process through questionnaires and regional meetings?

II. Points for discussion

38. The Commission may wish to respond to the following questions:

(a) When does the Commission wish countries to start using ISIC, Revision 3.1 and CPC, Version 1.1, for international data comparison?

(b) Does the Commission agree with the proposed work plan for the 2007 revisions of ISIC and CPC?

Annex

Conclusions and recommendations of the Expert Group on International Economic and Social Classifications at its meeting held in New York from 18 to 20 June 2001

Family of international economic and social classifications

1. The Expert Group noted the work done on the United Nations Statistics Division classifications web site as an important tool for distributing information on classifications.
2. The Expert Group recommended that the family of classifications be enlarged to include classifications for gender, age and marital status, as well as other classifications of the SNA. Some of those classifications may not have an identified custodian but they are widely used and the relevant statistics would benefit from having an international body monitoring the standardization process for them.
3. The Expert Group noted the extreme importance of ensuring the timely availability of classification documents in all official United Nations languages for the implementation process.
4. The Expert Group noted that despite the mechanisms in place, information on international classifications does not always reach all interested national parties. The cooperation of the regional commissions may be necessary to improve the situation.
5. The Expert Group recognized the resource-intensive nature of the work as custodian for international standard classifications, and suggested a review of the resource allocation to the United Nations Statistics Division Classifications Section. The Section is carrying out the different tasks as a coordinating body for the family of classifications, as well as being the custodian for two of its major members, ISIC and CPC, in addition to developing and maintaining other classifications.
6. The Expert Group recognized that cooperation in the field of classifications requires the willingness of custodians to actively participate. The topics of the Expert Group meetings should reflect the interests of the custodians of a larger group of classifications, such as methodological and conceptual classification issues related to their development, revision and

implementation. The United Nations Statistics Division has been asked to engage other custodians by actively promoting the discussion topics of the Expert Group meetings.

7. The Expert Group strongly emphasized that custodians of international classifications should contact it when making preparations for revisions of their classifications in order to improve the coordination of such work and broaden the range of expertise that may be consulted. The Expert Group requested the Statistical Commission to bring this to the attention of other custodians as a high priority.
 8. The Expert Group recognized that previous work on economic classifications was driven by the country interest and demand of many countries, as well as international and regional bodies. At the same time, the Expert Group has been much less aware of the demands and processes that have generated the international standard social classifications. The Expert Group therefore requested presentations by custodians of social classifications on those issues, including the investigation of national issues for such classifications and their use that have been carried out.
 9. The Expert Group reviewed the proposed Classification of Environmental Protection Activities (CEPA) and accepted it as a member of the family of international economic and social classifications. The Expert Group recommended that the Statistical Commission approve CEPA as an international standard.
- Update of ISIC and CPC for 2002**
10. The Expert Group reviewed the drafts of the updated ISIC, Revision 3.1, and CPC, Version 1.1, and recommended that they be approved by the Statistical Commission as international standards.
 11. The Expert Group decided that the following alternate aggregations and special groupings should be included in the ISIC, Revision 3 manual: (a) "Information sector", (b) "Information and communication technology", and (c) "Informal sector"

(high-level aggregation). Alternate aggregations defined in other frameworks, such as the *Tourism Satellite Account*, should be noted and properly referenced in the ISIC manual. The Commission should be asked for an explicit mandate to consider future work on other aggregations, such as “Agri-food sector” or “Energy-related activities”, which could be developed into an international standard.

Revision of ISIC and CPC for 2007

12. The Expert Group reviewed and approved the time frames proposed by its Technical Subgroup for the revision of ISIC and CPC for 2007, and asked that the work programme be further elaborated, taking into account the need for the active participation of the Expert Group and all other concerned parties.

13. The Expert Group recognized the importance of an agreed conceptual basis for the revision of ISIC and CPC, and requested that it be given the highest priority for the short-term work programme.

Implementation of classifications

14. The Expert Group agreed that the monitoring and evaluation of the status of implementation of international classifications requires, for each branch in the family of international classifications, information on the relationship between the national classification and the international standard. That information could be used to construct a typology of usages of the international standard classifications. Since tools and measures to support the implementation of the classifications vary according to the type of usage, they should be tailored and targeted accordingly. It also recommended that a set of indicators that summarize the status of worldwide implementation be developed, and that consideration be given to the development of a handbook on the purpose, nature and application of the classifications in the family of international classifications.

15. The Expert Group agreed that bilateral cooperation is an important tool for the implementation of classifications, with the international agencies functioning as moderators and coordinators. It is also necessary that countries specify contact persons/custodians for their respective classification, who should serve as informants for national users of the classifications and as contacts to the international custodians.

Organization of work

16. The Expert Group requested that all materials related to the work of its Technical Subgroup be distributed to the Expert Group for comment.

17. The Expert Group was of the view that it must be closely involved in the process of the ISIC and CPC revision for 2007, and that the discussion of conceptual issues for the revisions must be extended beyond the Technical Subgroup.

18. The Expert Group decided that its Technical Subgroup should establish a list of conceptual issues for the ISIC and CPC revisions at its next meeting; the list should be distributed to the Expert Group for comments and then to a worldwide audience to form a basis for the revision process.
