

26 April 2021

## **CMFB OPERATIONAL WORK PROGRAMME FOR CROSS-CUTTING AND TRANSVERSAL ISSUES BETWEEN THE ESS AND THE ESCB**

### **TO BE IMPLEMENTED BY THE CMFB IN 2021-2022**

#### **Introduction**

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The CMFB is the operational platform for cross-cutting and transversal issues between the European Statistical System (ESS) and the European System of Central Banks (ESCB). Within its role as an advisory body, it facilitates operational cooperation between the two systems, reflecting the changing European political and statistical agenda. The European statistical community stands ready to tackle the new important issues affecting statistical needs and quality.

The operational work programme for 2021-2022 is a natural development of the work programme 2019-2020, which was endorsed by the European Statistical Forum (ESF) on 11 December 2018. As such, its priorities comprise following-through on-going items from the previous work programme as well as pursuing work on potential new cross-cutting issues pertaining in particular to balance of payments and international investment position statistics, globalisation and statistical classification matters.

The work programme for 2021-2022 is structured along four main themes:

1. Fostering and enhancing the quality of statistics for European policies
2. Exploring new statistical developments and new user needs
3. Statistical policies, methodology and (new) international standards
4. Other developments of interest to the CMFB

## **1. Fostering and enhancing the quality of statistics for European policies**

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Comparable high quality macro-economic statistics are important and data driven policy making has gained even more momentum over the past few years. The (post) Covid 19 period will in addition most likely further increase the need for reliable and comparable statistics in the EU. Statistics which fall under the umbrella of the CMFB fulfil a large part of this growing need. The CMFB has in this respect an important and continued role to play in cross-cutting and transversal issues between the ESS and the ESCB with respect to further reducing asymmetries and ensuring the quality and international comparability of macro-economic statistics in the EU. In the area of asymmetries and consistency a growing need can be detected to look more actively at asymmetries with non-EU countries. Consistency between the accounts (statistical discrepancies) will also need to get more focus. Finally, inconsistencies can sometimes be a result of (de)globalisation and the way MNEs affect the measurement of the economy, which require additional cooperation, extensive data and knowledge sharing and more joint work.

In the 2021-2022 work programme, the CMFB will include the following work packages

### **A. Ensuring the quality of statistics underlying the MIP**

The macroeconomic statistics underlying the MIP indicators are compiled by both the ESS and the ESCB within their respective spheres of competence and for some indicators the production is shared. The ESS and the ESCB continuously apply statistical quality assurance mechanisms to ensure reliability and comparability across Member States. In November 2016, ECB DG-S and Eurostat signed a Memorandum of Understanding on the quality assurance of statistics underlying the MIP. The ECOFIN Council recalled, in its November 2016 conclusions on EU statistics, that the MIP must rely upon sound and harmonised official statistics and has emphasised since 2011 the importance of close cooperation between the ESS and the European System of Central Banks (ESCB) in assessing the reliability of the statistics underlying the MIP and improving their quality. The Council acknowledged that these requirements are covered by the specific Quality Assurance Framework for MIP elaborated jointly by the ESS and the ESCB and welcomed the Memorandum of Understanding (MoU) between Eurostat and the ECB/Directorate General Statistics.

The joint quality monitoring framework for the compilation of statistics for MIP consists of three levels of quality reports, distinguished by increasing level of detail: (1) an overall report for policy makers and the general public prepared under the responsibility of ECB DG-S and Eurostat; (2) domain specific reports; (3) national reports per Member State and per domain. Furthermore ECB DG-S and Eurostat conduct MIP visits to member states of which the overall results and lessons learned on the process are shared with the CMFB.

*The CMFB will continue its role in the whole process of quality assessment of the statistics underlying the MIP indicators at all its levels, including the implementation of the 2016 Memorandum of Understanding.*

### **B. Follow up on the Globalisation Vision and the Exchange of Confidential Statistical Information**

At the 6th meeting of the European Statistical Forum, the CMFB was invited to examine two important aspects of the interaction between the European Statistical System (ESS) and the European System of Central Banks (ESCB): (1) the cooperation efforts to analyse and improve the statistical recording of globalisation and (2) the exchange of confidential statistical information for statistical purposes. As a result, these two aspects featured prominently in the CMFB Work Programme for 2019-2020 and led the CMFB to produce two intertwined reports, complementing each other in perspective, coverage and structure. The reports were sent to the ESF chairs end 2020.

The CMFB Vision Paper on Globalisation and Statistics aims to provide helpful input and insights for further decisions at the level of the ESS and ESCB on the cooperation efforts to

analyse and improve the statistical recording of globalisation. The Final report of the Task Force on the Exchange of Confidential Information (TF ECI) offers a feasibility study on the exchange of confidential statistical information (CSI) between the ESS and the ESCB for statistical purposes and puts forward five concrete recommendations. The TF ECI report is also highly relevant for the statistical work on globalisation, providing an important link between the two documents.

The CMFB acknowledges that progress in measuring financial and non-financial effects of globalisation will highly benefit from (further) enhanced cooperation of both statistical systems and from widespread data and knowledge sharing across countries. The CMFB serves as platform to achieve these joint aims by identifying (new) synergies, building on existing initiatives and avoiding duplication of work. Continuous exchange on measurement challenges is in this respect key for developing practical solutions for harmonised and coherent official statistics. Better measurement of globalised economies can only be achieved through continued and enhanced statistical collaboration.

Many of the elements of the Vision, but also (parts of the) work on the Recommendations are currently already carried out under the umbrella of the ESS and/or the ESCB as well as other (international) initiatives. There is for example a clear link with the ESS 'Follow-up of the Bratislava Conclusions 2019 on Statistical Implications of Economic Globalisation'. And on the ESCB side, the Statistics Committee has already addressed the statistical needs related to globalisation in its medium-term strategies for financial accounts and balance of payments and related work streams. Besides, there are many more other initiatives in the ESCB and ESS, which are also incorporated in the Vision. Beyond the EU important related work is for example the ADIMA project of the OECD and the second phase of the G20 Data Gaps Initiative which in its recommendation on sector accounts promotes the compilation of data on MNEs and contains a general recommendation to promote data sharing. A G20 workshop in March 2021 was devoted to data sharing. Finally, a growing willingness to launch own (bilateral) pilot projects on the exchange of data between countries, e.g. foreign direct investment (FDI) data or trade data can be noted.

The role and value added of the CMFB in the way forward should thus be limited to where the CMFB can be of value added and where overlap with existing initiatives and actions in the ESS and ESCB is avoided as much as possible.

*The CMFB work programme for 2021-2022, in line with the above and the CMFB advisory mandate, will therefore include:*

- *A (critical) review of the existing (legal) concepts and interpretation of confidential statistical information (taking up recommendation 1 of the TF ECI).*
- *A practical Collaboration Project on the exchange of business register data for statistical purposes between NSIs and NCBs.*
- *Identification of possible opportunities offered by the EU digital/data strategy for the CMFB work in the field of globalisation and exchange of confidential statistical information.*
- *To closely follow the issues and progress of the guidance notes with respect to globalisation in the current process of the update of the SNA and BPM.*
- *A further discussion on possible future contributions of the CMFB to improve the statistical recording of globalisation.*
- *An update of the strategic model (OGSM) under the CMFB vision on Globalisation early 2022 and define, also taking into account the outcome of the above mentioned workstreams, the CMFB work programme in this field for 2022 and subsequent years.*

*Furthermore, the CMFB stand ready to respond to possible additional ESF requests on these matters and to assist the ESF in achieving its ambitions with respect to Globalisation and statistics and the exchange of confidential statistical information.*

### **C. Further reducing asymmetries in and inconsistencies between European macro-economic statistics.**

The reduction of asymmetries in and inconsistencies between European macro-economic statistics remains an important focus in the CMFB work programme for 2021-2022. Both in terms of country specific issues as well as asymmetries and inconsistencies between member states and/or with non-EU countries. More specifically, the work programme under this heading will consist of:

Comparisons concerning BOP/IIP and the rest of the world accounts of the National Accounts. These analyses are regularly carried out by Eurostat as well as ECB DG-S and continue to indicate discrepancies to be addressed. In 2016 the CMFB established the Task Force on Consistency between National Accounts and BOP/IIP Statistics, whose final report was endorsed at the plenary in January 2018. The report recommended: i) pursuing coordination efforts of compilers, including data sharing in accordance with confidentiality rules; ii) long-term full convergence of the manuals; iii) short-term clearer guidance on the interpretation of manuals.

*The CMFB will continue to monitor country progress in the implementation of the CMFB recommendation and may decide to prepare a follow-up questionnaire. Based on the results further actions and/or opinions may be initiated by the CMFB.*

*Annual reports on consistency of NFA and BOP, prepared by Eurostat, and on consistency of FA and BOP, prepared by ECB DG-S, are to be presented and discussed at the plenary meetings in July and January, respectively.*

Asymmetries in FDI – Follow up on the commitment by the CMFB members in May 2016. The CMFB monitors the actions that were recommended by the CMFB Task Force on this matter and follows up the regular reporting on the use of the FDI Network. This practical action directly contributes to the improvement of the quality of BOP/IIP statistics as recommended by the G20 DGI and in line with the 6 recommendations of the ESF Globalisation Group.

*The CMFB will continue to monitor the use of the FDI Network and will regularly review the effectiveness of the network in contributing to reduce asymmetries in FDI.*

*The CMFB will continue promoting the use of the Network and encourage the CMFB members to use it to its full extent and take the necessary steps to enhance reconciliation efforts.*

#### Bilateral asymmetries in large cross border transactions

*The CMFB will continue to be informed on the monitoring of large asymmetries, their impact in major macroeconomic variables and the procedures to reconcile them. If and where possible the work will be extended to asymmetries and inconsistencies with non-EU countries. This work stream includes regular (short) updates on the Early Warning System (EWS), European profiling of MNEs, the EGR, the GNI MNE reservation work, the Asymmetry Resolution Meetings (ARM) and the Financial Accounts and External Statistics medium-term strategies. If deemed necessary, sub-workstreams may be initiated by the CMFB.*

### **D. Legal Entity Identifier (LEI) and business registers**

The LEI aims to provide a single and universal code to any organisation or firm involved in financial transactions. The use of the LEI is currently being expanded to cover the non-financial sector. The CMFB contributes to investigating the possibilities on how to expand the LEI use in practice to compile statistics. The LEI will gradually become compulsory (as reflected e.g.

in EBA regulations) and hence there is an urgent need to get further acquainted with its properties and investigate its potential use for statistics. The CMFB established a statistical stakeholder group with the Global LEI Foundation to address these issues, including questionnaires of changes of the business model of GLEIF. Based on the reports from two high-level groups approved in July 2016, in December 2016 the CMFB published an opinion on business identifiers and business registers containing recommendations for statistical production. In June 2017, the CMFB adopted an action plan for the implementation of these recommendations. In January 2018, the CMFB participated in the Pre-consultation survey of the CES Study Group on the feasibility of incorporating sector information in the LEI reference data. In July 2018, the CMFB launched a survey on the implementation of the CMFB recommendations on the mutual use of the Statistical Business Registers by NSIs and NCBs for statistical and non-statistical purposes. Based on the results, the CMFB continued to promote the LEI and the work on joint business registers. Recently the ESRB issued a recommendation on identifying legal entities (24 September 2020 (ESRB 2020/12))

*Fostering the LEI as a public good for non-financial companies stays among the objectives of the CMFB, given the strategic importance for our statistics. At the same time, the CMFB will examine and promote best practices to ensure the consistency of (joint) business registers used by NSIs and NCBs. The CMFB will incorporate the recent ESRB recommendation in an update of the strategic analysis, describing possible scenarios to reach full LEI coverage and the role that the CMFB can play in this respect. Besides an update of the 2018 survey on the implementation of the CMFB recommendations on the mutual use of the Statistical Business Registers by NSIs and NCBs for statistical and non-statistical purposes will be organised. Based on the updated strategic analysis and the results of the survey, the CMFB will discuss and initiate further actions.*

#### **E. EDP/Government Finance Statistics**

*The CMFB will continue to act as a consultative committee in all relevant matters concerning statistics underlying the Excessive Deficit Procedure, as provided for in Regulation 479/2009.*

*The CMFB will continue to be periodically updated on regular activities in the field of EDP/Government finance statistics.*

## **2. Exploring new statistical developments and new user needs**

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Numerous demands and opportunities for new and/or enhanced macro-economic statistics cross our path regularly. As well as new developments in our economies, which may require an (additional) statistical response. Examples are the EU Green Deal and the continuing rise of the digital economy. These developments may request a CMFB response. For 2021-2022 the CMFB will, in this respect, at least include the following work streams:

#### **A. Sustainable Finance**

At its plenary meeting in January 2020, the CMFB identified sustainable finance and climate-related financial risks as a field of common interests of the ESCB and the ESS. It is clearly an area where the combined knowledge and data of the ESS and the ESCB can benefit the European Union and its members. In the ESS, a lot of work has already been done in the area of sustainability, e.g. in the context of the work of the System of Environmental and Economic Accounting (SEEA), which might help to address the upcoming questions in the area of sustainable finance. The CMFB therefore decided to create a Task Force on the statistics on sustainable finance and climate related risks (TF SuFiR), which was fully operational in September 2020.

*The taskforce will present its final report in 2021 and based on the TF's recommendations the CMFB will subsequently decide on the way forward.*

## **B. Lessons Learned from Covid-19**

*The CMFB will (end 2021/early 2022) organise a stock taking exercise, building on other already existing initiatives in the ESS and ESCB, with specific focus on the CMFB areas of interest. The results may initiate further actions by the CMFB in 2022 and/or the CMFB work programme 2023-2024.*

## **C. Promotion of International Initiatives (G20 DGI-2)**

*The CMFB will continue to monitor the relevant G20 Datagaps Initiatives. Under a new G20 statistical initiative (proposal by the Italian presidency, early 2021) four possible issues have been identified that could be usefully pursued in statistical work at international level, if a new initiative is set in place: (1) Climate change and sustainable finance statistics, (2) Access to private source of data and administrative data, (3) Distributional accounts and (4) Fintech data. As both statistical systems are involved in these possible issues and part of the proposals already relate to the current CMFB work programme, the CMFB may offer a forum for exchanging and discussing the initiative and follow up. This will be done in a light manner, carefully avoiding duplications with respect to initiatives already in place, e.g. by organising dedicated sessions in plenary meetings or, if deemed appropriate, a short workshop, preferably back-to-back with the plenary meeting, similar to the one held in Vienna on globalisation.*

## **D. Identification of Possible New Topics**

*The CMFB Executive Body will regularly explore and discuss new developments and upcoming user needs, to determine possible responses by the CMFB where appropriate. This could include e.g. items like HICP/CPI, the ECB monetary review, Fintech, the digital economy, Commercial real estate (CREEI), etc.*

# **3. Statistical Policy, Methodology and (new) International Standards**

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Under this part of the 2021-2022 work programme all CMFB activities that deal with (changes in) methodology, international guidelines and (agreed) procedures such as joint revision policies, dissemination timetables and where applicable new or changed legal requirements are clustered.

## **A. Review and implementation of international standards (planned update of the international manuals like BPM, the GFS manual and SNA)**

*The CMFB will be regularly updated in its plenary meetings on the progress of the current update process of the international standards (planned to be adopted in 2025). Specific focus will be given to guidance notes and possible upcoming issues that affect both the ESS and the ESCB and/or issues which may hamper continued alignment of the manuals. The CMFB will in due time discuss (and decide) its possible role in the testing phase of specific guidance notes.*

## **B. Harmonised European Revision Policies and Transmission Programs**

Based on the work of the CMFB task force on a European Harmonised Revision Policy and of the ESS task force on benchmark revisions, in 2017 the CMFB issued a communication on common revision policies, which should allow a larger number of countries to adhere. The ECOFIN Council, in its conclusions on EU statistics of November 2017, welcomed the completion of work within the ESS and the CMFB on harmonised revision policies for benchmark and routine revisions in national accounts and balance of payments statistics. In order to ensure comparability among the aggregates and consistency in the compilation of European aggregates, the Council encouraged all Member States to follow the recommendations made, for instance that Member States undertake a harmonised benchmark revision of national accounts in 2024. The CMFB also initiated and supported efforts to

minimise the reporting burden for member states with respect to the various international reporting obligations. A coordinated implementation of SDMX was supported.

*Two follow-ups will be planned in 2021/2022: (1) in 2022 a stock tacking of progress in the implementation of the new policy will be conducted; (2) the CMFB will provide continued support to a coordinated implementation of SDMX for data sharing and dissemination of macroeconomic statistics in conjunction with other relevant international institutions.*

### **C. EDP/GFS methodological issues**

*Besides the periodic update on regular activities in the field of EDP/Government finance statistics, the CMFB includes two specific methodological items in its work programme for 2021-2022.*

- *The current taskforce on development banks, which will conclude its work end 2021/early 2022.*
- *CMFB involvement and a consultation in the process of the planned update of the Manual of Government Debt and Deficit (planned in 2022, see minutes plenary meeting 30/31 January 2020 where it was confirmed that the new MGDD would be available in 2022, as requested by DMES, in order to have time for harmonised benchmark revision in 2024)*

*Furthermore, it may be expected that the number of CMFB consultations for EDP/GFS will rise in the years to come, e.g. in relation to (new) government aid programs to support the economy under Covid-19. This will require extra CMFB work, e.g. specific taskforces and/or the preparation of CMFB consultations and CMFB opinions.*

## **4. Other Developments of Interest to the CMFB**

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Under this part of the work programme, items which are of general interest to the CMFB and/or items the CMFB contributed to in the past, but for which an active role for the CMFB is not foreseen in the 2021-2022 work programme, are grouped. The CMFB is regularly updated on the progress of the items (frequency depends on possible developments to be reported or on request of CMFB members). Depending on the progress/issues identified, the CMFB may decide an item needs to get more focus in the CMFB work programme.

*Items which are currently foreseen under this work stream:*

- *The implementation of FRIBS*
- *The upcoming NACE revision*
- *Current part B of the CMFB plenary agenda (items for information)*

## **5. Other items**

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Finally, the CMFB will also respond to requests by its members and EU institutions and bodies, in line with relevant EU legislation and the CMFB mandate.