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Item 4 (e) of the provisional agenda*

Items for decision: international statistical classifications

Committee of Experts on International Statistical Classifications

Note by the Secretary-General

In accordance with Economic and Social Council decision 2023/325 and past practices, the Secretary-General has the honour to transmit the report of the Committee of Experts on International Statistical Classifications, which is submitted to the Commission for decision.

* [E/CN.3/2024/1](#).



Report of the Committee of Experts on International Statistical Classifications

I. Introduction

1. The Committee of Experts on International Statistical Classifications, formerly known as the Expert Group on International Statistical Classifications, was first mandated by the Statistical Commission at its thirtieth session, held from 1 to 5 March 1999, to improve cooperation on international classifications and ensure harmonization and convergence among classifications in the international family of statistical classifications (E/1999/24-E/CN.3/1999/29, chap. VII). This mandate was reviewed and reconfirmed by the Commission at its fifty-second session, in 2021 (see E/2021/24-E/CN.3/2021/30). The present report provides a summary of the work of the Committee pursuant to the requests of the Statistical Commission contained in its decision 54/112 (E/2023/24-E/CN.3/2023/37, chap. I, sect. B), in particular, the finalization of the explanatory notes and the development of relevant correspondences to the International Standard Industrial Classification of All Economic Activities (ISIC), the finalization of the revision of the Central Product Classification (CPC) and the development of a proposal for more frequent and regular revision cycles for international statistical classifications and central product classification.

2. The report describes the main activities of the Committee carried out in 2023 on the development and implementation of international statistical classifications in various fields and its work on the coordination of classifications and the review of the international family of classifications. It provides an update on the work of the Committee's task teams on the revision of ISIC, CPC and the Standard International Energy Product Classification (SIEC). The report also discusses the future work of the Committee on the establishment of a regular revision cycle for ISIC and CPC and the modernization of classifications. The Commission is invited to express its views on the progress of work and to provide guidance on the elements of the work programme, in particular: to endorse the explanatory notes, the introductory text and the implementation plan of the International Standard Industrial Classification of All Economic Activities, Revision 5; to adopt the structure of the Central Product Classification, version 3; to adopt the Classification of Environmental Purposes (CEP) and the International Union for Conservation of Nature (IUCN) Global Ecosystem Typology as international classifications; and to endorse a five-year revision cycle for ISIC and CPC. Points for decision by the Commission are contained in paragraph 36.

II. Activities of the Committee of Experts

3. The Committee of Experts serves as the central coordination body for the work on international statistical classifications that are the responsibility of the Statistics Division of the Department of Economic and Social Affairs of the Secretariat and for the coordination and review of other international statistical classifications that are the responsibility of other international organizations and that have been proposed for adoption by the Statistical Commission. The Committee works to ensure harmonization and convergence in the development of the classifications within the international family of statistical classifications.

4. The Committee held an in-person meeting in New York from 24 to 27 October 2023 to review the progress of the work of its task teams on the revision of ISIC, CPC and SIEC and discussed the progress on the development or revision of several classifications. The Committee endorsed two classifications that had been submitted

for adoption as international standards, namely the Classification of Environmental Purposes and the IUCN Global Ecosystem Typology.

5. The Committee also endorsed the amendment of its mandate to reflect the role of the Committee in overseeing the implementation of statistical classifications and in liaising with relevant expert committees from other intergovernmental organizations. The Commission is invited to endorse the amended mandate.

III. Work of the task teams

A. International Standard Industrial Classification of All Economic Activities

6. Further to decision [54/112](#) of the Statistical Commission ([E/2023/24-E/CN.3/2023/37](#)), the task team on the revision of ISIC continued its work, through several virtual meetings held during 2023 and online discussion, to finalize the explanatory notes and introductory text of the revised ISIC. The work has been closely coordinated with the update of the explanatory notes of the Statistical Classification of Economic Activities in the European Community (NACE), to maintain coherence and consistency between the two classifications. The Committee reviewed and endorsed the explanatory notes and introductory text at its meeting in October 2023. The Commission is invited to endorse the explanatory notes and introductory text to the Standard Industrial Classification of All Economic Activities, revision 5. The Committee will also finalize supporting tools such as the correspondence tables related to ISIC revision 5.

7. Following the adoption of ISIC revision 5, work will now move to the implementation phase. With the finalization of ISIC revision 5 and the shift in focus to implementation, the current task team on ISIC will be retired and future work will be undertaken by a new standing task team on ISIC and CPC.

8. The Committee developed an implementation plan for ISIC revision 5, submitted to the Commission as a background document. The plan contains targets for implementation to support wider high-level engagement and identify actions at the global level to support implementation in countries. It provides a general direction for the steps to be taken in setting up an implementation programme at the national and regional level. It also identifies existing global initiatives and possible entry points to advance and promote the implementation of ISIC revision 5. The components of the work for the implementation plan include the development of national industry classifications adapted from ISIC revision 5 and the application of those national adapted classifications in statistical programmes. The Statistical Commission is invited to endorse the implementation plan and express its views on the way forward in advancing the implementation of ISIC revision 5.

9. The efforts to be undertaken to assist countries in the implementation of the revised classifications should be seen in the context of the overall strengthening of statistical capacity and the development of coherent and integrated economic statistics programmes. This overall process is recommended to be coordinated at a high level, engaging not only the national statistical offices but also other statistical data providers and users in the countries and international organizations.

B. Central Product Classification

10. The task team on the revision of CPC held several virtual meetings during 2023 to advance the discussion and resolution of the revision issues for CPC. The structure

of CPC was finalized at the five-digit (subclass) level. It represents the outcome of extensive discussions within the task team and takes into account the feedback received in the global consultation in 2021 to collect issues for the revision of CPC. Once the structure is approved, the task team will continue its work to finalize the explanatory note, correspondence tables and expansions for CPC version 3.0, by late 2024.

11. The Committee reviewed the revised CPC structure and its preparation process during its meeting in October 2023 and subsequently endorsed it. The Statistical Commission is invited to adopt the structure of CPC and to endorse the timeline for finalizing the explanatory notes and correspondence to version 2.1 of CPC. The structure of CPC version 3.0 will be provided to the Commission as a background document.

12. The Statistical Commission may wish to recommend that countries be encouraged to adopt national versions of the structure of CPC version 3, or to adjust their national classifications in such a way that data can be presented according to the structure of CPC version 3. With regard to the previous version of CPC, countries should be able to report data at the two-digit (division) level of CPC without a loss of information; that is, national classifications should be fully compatible with this level of CPC.

13. There were many issues and proposals for the revision of CPC. Although not all proposals for change in the revised CPC are reflected in the final structure of the classification, they have been carefully discussed by the task team. Often, more work was needed to fully assess the feasibility and conceptual consistency of certain structural changes. The task team recognized that these issues would have to be revisited in future revisions of the classification, and they will thus be included in the research agenda for CPC.

C. Standing task teams on ISIC and CPC

14. To facilitate the ongoing maintenance, updating and implementation of ISIC and CPC, the Commission, at its fifty-fourth meeting, in 2023, endorsed the establishment of standing task teams for ISIC and CPC. At its meeting in October 2023, the Committee agreed to set up one consolidated standing task team on ISIC and CPC, which will be a permanent task team reporting to the Committee for the ongoing maintenance and revision of both ISIC and CPC.

15. The establishment of a standing task team for the maintenance, update and implementation of ISIC and CPC is necessary to support the regular revision of these classifications, including the monitoring of classification issues that emerge between revisions and pursuing the resolution of issues placed on a research agenda, leading to the next revision. The standing task team on ISIC and CPC will be tasked with developing an implementation and maintenance strategy and research agenda for ISIC and CPC.

D. Standard International Energy Product Classification

16. The task team on the revision of SIEC has finalized the list of issues for the revision of SIEC following a broad consultation that was carried out in May 2023. Several virtual meetings were held during 2023 to advance the discussion and resolution of the issues for the revision of SIEC. It is proposed that the revised SIEC be submitted to the Statistical Commission at its fifty-sixth session, in 2025.

IV. Other work on international classifications

17. In addition to the work of its task teams, the Committee discussed the progress on the development or revision of several classifications. These are described below.

A. Classification of the Functions of Government

18. Following the request of the Statistical Commission to revise the Classification of the Functions of Government (COFOG) and the initial discussion on the issues for the revision during the Committee meeting in October 2022, an inception meeting on the revision of COFOG for stakeholder consultation was held in April 2023. This was followed by subsequent discussion at the Committee meeting in October 2023 to discuss the main elements of the terms of reference for the task team on the COFOG revision and the timeline for the revision process. There was general agreement that the task team will gather together experts from relevant areas such as classifications, Government Finance Statistics (GFS), environmental accounts, national accounts and other users or producers of COFOG data. The Committee stressed the importance of coordinating with the update process of other macroeconomic standards, including the update of GFS and the System of Environmental-Economic Accounting (SEEA) Central Framework, and recommended that the revision timeline take into consideration the update processes of other international standard processes. The Committee will finalize the terms of reference by the first quarter of 2024 and proceed to establish the task team to advance the revision.

B. Classification of Environmental Purposes

19. The Classification of Environmental Purposes (CEP) was developed by Eurostat to bring together the Classification of Environmental Protection Activities and the Classification of Resource Management Activities. It is a generic, functional classification of economic activities, products, expenditures and other transactions related to environmental protection and the management of natural resources. Eurostat and a dedicated European task force have been working on its development since 2017. A working group consisting of experts on international statistical classifications and environmental-economic accounting from both countries and international organizations was set up in 2023 following the global consultation launched in November 2022. The working group analysed the results of the global consultation and identified and addressed changes to the classification to enable its finalization. The working group finalized CEP in September 2023, recommending that CEP be submitted to both the Committee of Experts on International Statistical Classifications and the Committee of Experts on Environmental-Economic Accounting for endorsement.

20. The Committee reviewed the classification and its development process and evaluated it against the approval process. The Committee considered it to be an advancement in the environmental domain as it replaces two outdated classifications and includes new categories that align with the SEEA Central Framework. The Committee noted the importance of a more frequent update of the classification to reflect emerging issues resulting from the revision process of COFOG and the update process of other macroeconomic standards such as the SEEA Central Framework. In the light of this review, the Committee endorsed CEP and recommended it for approval by the Commission as an international standard. CEP is provided to the Commission as a background document.

C. International Union for Conservation of Nature Global Ecosystem Typology

21. The International Union for Conservation of Nature (IUCN) Global Ecosystem Typology is the reference classification for ecosystem types in SEEA Ecosystem Accounting, and as such underpins the full suite of ecosystem accounts. To support the implementation of SEEA Ecosystem Accounting, the Statistics Division has been working with IUCN and the Committee to include the IUCN Global Ecosystem Typology in the international family of classifications.

22. The Committee reviewed the classification and its development process and evaluated it against the approval process. In the light of this review, the Committee endorsed the IUCN Global Ecosystem Typology and recommended it for approval by the Commission as an international standard, noting that the classification is primarily for analytical purposes rather than purely statistical. The IUCN Global Ecosystem Typology is provided to the Commission as a background document.

D. International Classification of Violence Against Children

23. The Committee took note of the proposal by the United Nations Children's Fund (UNICEF) to develop an implementation strategy for the International Classification of Violence Against Children (ICVAC) following its adoption by the Statistical Commission at its fifty-fourth session, in 2023. It is envisaged that the ICVAC implementation strategy be composed of four main pillars, including (a) the outreach, information and advocacy campaign to prepare the ground for ICVAC implementation; (b) the development of methodological tools; (c) the development of knowledge products at the national and international levels; and (d) an implementation framework.

E. International classification of alternative care for children

24. The Committee supported the proposal by UNICEF to develop a new classification on alternative care for children. There are currently no internationally accepted standard definitions or classifications for statistics on children in alternative care. An international classification of alternative care for children would address the differences in the way that the two main types of alternative care for children, namely, residential and family-based care, are defined. This would allow for the introduction of standard elements of residential care and family-based care, including an illustrative list of the types of facilities providing residential care for children and the various types of arrangements constituting family-based and family-type care. It is envisaged that the draft classification will be submitted to the Committee for review in 2024.

F. International Standard Classification of Occupations

25. The Committee was informed about the revision of the International Standard Classification of Occupations (ISCO) by the International Labour Organization with the aim of finalizing and submitting the revised ISCO to the twenty-second International Conference of Labour Statisticians in 2028. A technical working group was established in June 2021, and three subworking groups were created: for the revision and improvement of the ISCO structure; for the revision and improvement of group descriptions; and for the modernization of ISCO. The revision addresses many of the changes that are taking place in the job market, for example,

technological transformation and changes affecting the world of work, such as the emergence of new jobs and changes owing to automation and other factors. The Committee continues to advocate modernized approaches to the revision of ISCO and continues its support of ILO in this important work.

G. International classifications sprint

26. The Committee organized a sprint on International Statistical Classifications jointly with the United Nations Network of Economic Statisticians to provide a venue to raise awareness of the importance of international classifications with both internal and external users; to advance outreach by the Committee to engage the national statistical offices; to provide an additional forum for discussing and sharing modern ways of updating and implementing classifications; and to highlight the importance of investing in classification work as a foundation for data integration.

27. The international classifications sprint consists of three webinars. The first webinar, held in October 2023, explored the role of statistical classifications for data integration, raised awareness of the importance of international statistical classifications with both internal and external users and highlighted the importance of investing in classification work as a foundation for data integration by showcasing real-life applications inside and outside national statistical offices. The second webinar, held in November 2023, provided an outreach opportunity for the Committee on the evergreening and a more efficient revision process for agile and responsive international classifications for sound and informed decisions.

28. The outcome of the first two webinars highlighted the importance of having agile and responsive statistical classification systems for a better and more responsive statistical system to respond to the fast-evolving and emerging socioeconomic and environmental circumstances, which requires investment in permanent resources in classification development and maintenance. It also indicated the need for better cooperation and networking among partners of the statistical system and users of classifications of official statistics and a better working method and better-aligned governance arrangements for a more efficient revision process.

29. The third webinar, which will be held in January 2024, will explore the role of technology in making the process of classification more efficient. The webinar will close with a panel of senior executives from organizations around the world who will address some of the biggest challenges faced by organizations when implementing international classifications, such as the frequency of revisions, building and maintaining capacity and modernizing the classification process, inter alia.

V. Future work

A. Revision cycle for the International Standard Industrial Classification of All Economic Activities and the Central Product Classification

30. The inconsistency in revision cycles for all major international classifications on activities and products has given rise to a need to explore optimal timing for revision cycles for ISIC and CPC and their alignment. At its fifty-fourth session, in 2023, the Commission requested the Committee to formulate a proposal for a regular revision cycle for ISIC and CPC. In response to this request, the Statistics Division conducted a survey on revision cycles for the classification of economic activities and products under the auspices of the Committee, from September to October 2023, to

collect information on the revision cycles used by countries and international regional organizations for their classifications of economic activities and products. The results of the survey indicated that the main factor driving the national revision process at the national level is the revision of international standards. Respondents with a regular revision cycle noted a one-to-five-year cycle for industrial activity classifications, and one to three years for product classifications. Once the revision process has started, most respondents noted one to three years for completion for industrial activity classification and one to two years for completion of product classifications. Respondents also noted that the revision cycle of their national classification is aligned with an international standard classification.

31. At its meeting in October 2023, the Committee discussed the need for a regular revision cycle for ISIC and CPC. In an increasingly interconnected and fast-evolving world, classifications play an important role also for the integration of statistics across domains. Driven by the need to make the revision process more transparent and predictable and to ensure that the classifications reflect current conditions and support sound and informed decisions, the Committee recommended a five-year revision cycle for ISIC and CPC to expedite the formulation of statistical responses to fast-evolving and emerging socioeconomic and environmental circumstances in a short time frame. The Bureau and the standing task team on ISIC and CPC will be tasked with developing the proposed stages and milestones for implementing a regular revision cycle for ISIC and CPC. The Statistical Commission is invited to express its views on this recommendation.

B. Task team on best practice

32. At its meeting in October 2022, the Committee recommended the establishment of a task team on best practice to review and update the three documents that form the basis for the development of classifications and the approval process of international classifications. These documents include the best practice guidelines for developing international statistical classifications, criteria to become a member of the international family of classifications and grading criteria.

33. Following the decision by the Committee to use the Classification of Statistical Activities, version 2.0 (ECE/CES/2022/8), to organize the classifications of the international family of classification, the Committee, at its meeting in October 2023, proposed to revise the terms of reference of the task team to cover issues with the international family of classifications and the implementation of the Classification of Statistical Activities (CSA), version 2.0. The Committee will finalize the terms of reference and proceed to establish the task team on best practice to review the organization and content of the international family of classifications and to identify any gaps and identifying classifications which may need to be retired or replaced in the family.

C. Modernization of classifications

34. Modernization of classifications is high on the agenda of the Committee and in future meetings, the Committee will continue to explore and provide advice on new and innovative approaches for the development and maintenance of international statistical classifications in an effort to meet data demand and to rationalize and reduce the time and cost associated with the cyclical review process.

35. The Statistics Division of the Department of Economic and Social Affairs, in collaboration with the relevant offices of other international organizations and with national statistical offices, is promoting the increased availability of international

statistical classifications in linked open data format, with a view to enabling the automation of cross-referencing between different classifications and datasets and the reusability and integration of statistical data across domains. The Division is promoting the publication of statistical data in linked open data format, to enable users to begin leveraging artificial intelligence and data science methods to obtain novel insights about the deep temporal, geospatial and logical interlinkages between statistical datasets, concepts and classifications.

VI. Points for discussion

36. **The Statistical Commission is invited:**

- (a) **To endorse the amended mandate of the Committee;**
- (b) **To endorse the explanatory notes and introductory text to the Standard Industrial Classification of All Economic Activities, Revision 5;**
- (c) **To endorse the implementation plan for the standard Industrial Classification of All Economic Activities, Revision 5, and express its view on the way forward in advancing the implementation of Revision 5;**
- (d) **To adopt the Central Product Classification, version 3, and approve the timeline for the finalization of the explanatory note and the development of the correspondence;**
- (e) **To endorse the Classification of Environmental Purposes as an international statistical classification;**
- (f) **To endorse the International Union for Conservation of Nature Global Ecosystem Typology as an international statistical classification;**
- (g) **To endorse the recommendation by the Committee on a five-year revision cycle for the International Standard Industrial Classification of All Economic Activities and the Central Product Classification;**
- (h) **To express its view on the progress of the international statistical classifications sprint;**
- (i) **To comment on the work programme of the Committee.**