A new Data Gaps Initiative on Household Distributional Accounts

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Future work

Workshop on
Household distributional accounts
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Introduction: DGI-1

- The 2007/08 global financial crisis stressed the need for timely and accurate information for policy makers

- This led to **first phase of the Data Gaps Initiative** in 2009 to explore data gaps and strengthen data collection in specific areas

- This included a recommendation on distributional results:

  Recommendation 16: Statistical experts to **seek to compile distributional information** *alongside aggregate figures, wherever this is relevant. The IAG is encouraged to* **promote production and dissemination** *of these data in a frequent and timely manner. The OECD is encouraged to continue in its efforts to link national accounts data with distributional information.*

- DGI-1 concluded in 2015 with most recommendations completed, but also clear view that more work was needed on specific topics

Introduction: DGI-2

- **Second phase of the DGI** (DGI-2) launched in 2015 to consolidate progress and promote regular data collection in specific areas

- Included a recommendation on distributional results (following up on DGI-1):

  Recommendation 9: The IAG, in close collaboration with the G-20 economies, to **encourage the production and dissemination of distributional information on income, consumption, saving, and wealth**, *for the household sector. The OECD to coordinate the work in close cooperation with Eurostat and ECB*

- DGI-2 will conclude at end of 2021

Proposal for a new DGI

- In April 2021, the G20 underlined **critical importance** of improving data availability to better inform policy decisions

- A new initiative would build upon **existing collaboration** among participating economies and international organisations, and benefit from **explicit support** from the G20

- A new initiative would assist in closing **new data gaps**

- Statistical areas to be addressed:
  - Climate change
  - **Household distributional information**
  - Fintech and financial inclusion
  - Access to private and administrative data, and data sharing

Draft proposal on
Household Distributional Information

(still to be discussed and reviewed by G20)

Current state of play

Joint distribution of income, consumption and wealth at **micro level**:

- **Methodological guidance** has been developed
- Experimental **results available** for EU and several non-EU countries

Distribution of **income, consumption and saving** in line with **NA**:

- **Collection templates** and **guidelines** have been developed
- Countries engaged in **three collection rounds**
- **Several countries** started to publish results
- Experimental **estimates published** for a range of countries (including Eurostat's centralised exercise for EU countries not providing own results)

Distribution of **wealth** in line with **NA**:

- ECB developed **methodology** to compile results for euro area and EU countries, currently being implemented
- Releases also by some **non-EU countries**

More work is needed

- **Country coverage** is still rather limited
- **Frequency** and **timeliness** may not meet user demands
- Still large gaps between the **micro and macro** data:
    - This hampers the **quality** of the results
    - This also limits possibility to increase **granularity** of results (e.g., deciles/percentiles; age groups; other sociodemographic groups)
- The step from **experimental compilation** to **regular statistical production and publication** is still to be taken

For that reason, more work is needed …

Developing user demands

- The information that "*household income/wealth grew by X%*" does not suffice anymore: **distributional analyses** becoming regular complements to **analysis of economic trends ...**

- ... and is **increasingly demanded** in domains such as **monetary policy, financial stability** and, of course, **social policy**

- Economic theory and models emphasising **the role of heterogeneities**

- Users have an increasing choices of alternative, often granular data sources and expect **"drill-down" possibilities for key macroeconomic aggregates**

- Users want to **combine "the best of two worlds"**

Specific challenges

- How to better **align concepts** Of micro and macro statistics ?

- How to assist countries in developing and improving relevant **micro data sets** (including access to administrative data) ?

- How to develop and improve **joint distributions** of income, consumption and wealth at the micro level, combining results across multiple micro data sets ?

- How to further improve methods to **bridge gaps** between micro and macro results ("missing rich", etc.) ?

- How to **assist countries** in compilation of distributional results in line with national accounts totals ?

Progress on these issues will help to increase **quality and country coverage** of the distributional results

Draft proposal

Joint proposal by the ECB, Eurostat, the OECD and the World Bank

Recommendation 1: Compile distributional results on **income, consumption and saving** in line with national accounts (NA) totals, according to agreed template and methods

Recommendation 2: Compile distributional results on **wealth** in line with NA totals, according to agreed template and methods

Timeline for recommendations: 3-5 years

Discussion on **target requirements** and **more advanced ambitions**, in terms of:

- **Frequency**: Multi-annual/Annual/Quarterly/… ?

- **Timeliness**: 2.5 years/1 year/5 months/… after reference period ?

- **Granularity** : Income and wealth/ quintiles /deciles /percentiles /additional socio-demographic breakdowns/…?

Next steps

Next steps for DGI

- The IMF, in close cooperation with the IAG and the FSB, will undertake **consultations** with users and compilers (DGI Contacts), regarding the launch of a third DGI, the main topics covered and the specific recommendations

- This will feed into a **work plan** with accompanying timelines

- The work plan will be discussed at the Global G20 DGI Conference in December

- G20 economies and international organisations will then be expected to start working towards compliance with the **target requirements** and where possible make efforts to advance on the **more advanced ambitions**

- In addition, other jurisdictions may make **self-commitments** to also progress in this area

Next steps at international level on Household Distribution Information

- Continue and extend **publication of experimental statistics:**
  1. Continue collecting **national estimates** on income, consumption and savings, based on agreed methodology and template
  2. Extend published experimental statistics to cover wealth accounts
  3. Refining the methodology and extending the country coverage and time scope of the **centralised exercise**
  4. Gradually developing **time**-**series** where not yet available

- Enlarge the number of countries producing distributional results (including **by offering grants** to EU countries by Eurostat also aiming at testing the feasibility of distributional results)

- Improve the quality of distributional results by **pursuing a better alignment of concepts of the SNA and social surveys**, both as regards variables and the population covered

Discussion

Discussion

Participants of the G20 workshop are invited to comment on the:

- **Two proposed recommendations**
- **Target requirements** and **more advanced ambitions** achievable in 3-5 years
- **Implementation challenges** foreseen

Thank you for your attention!

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