

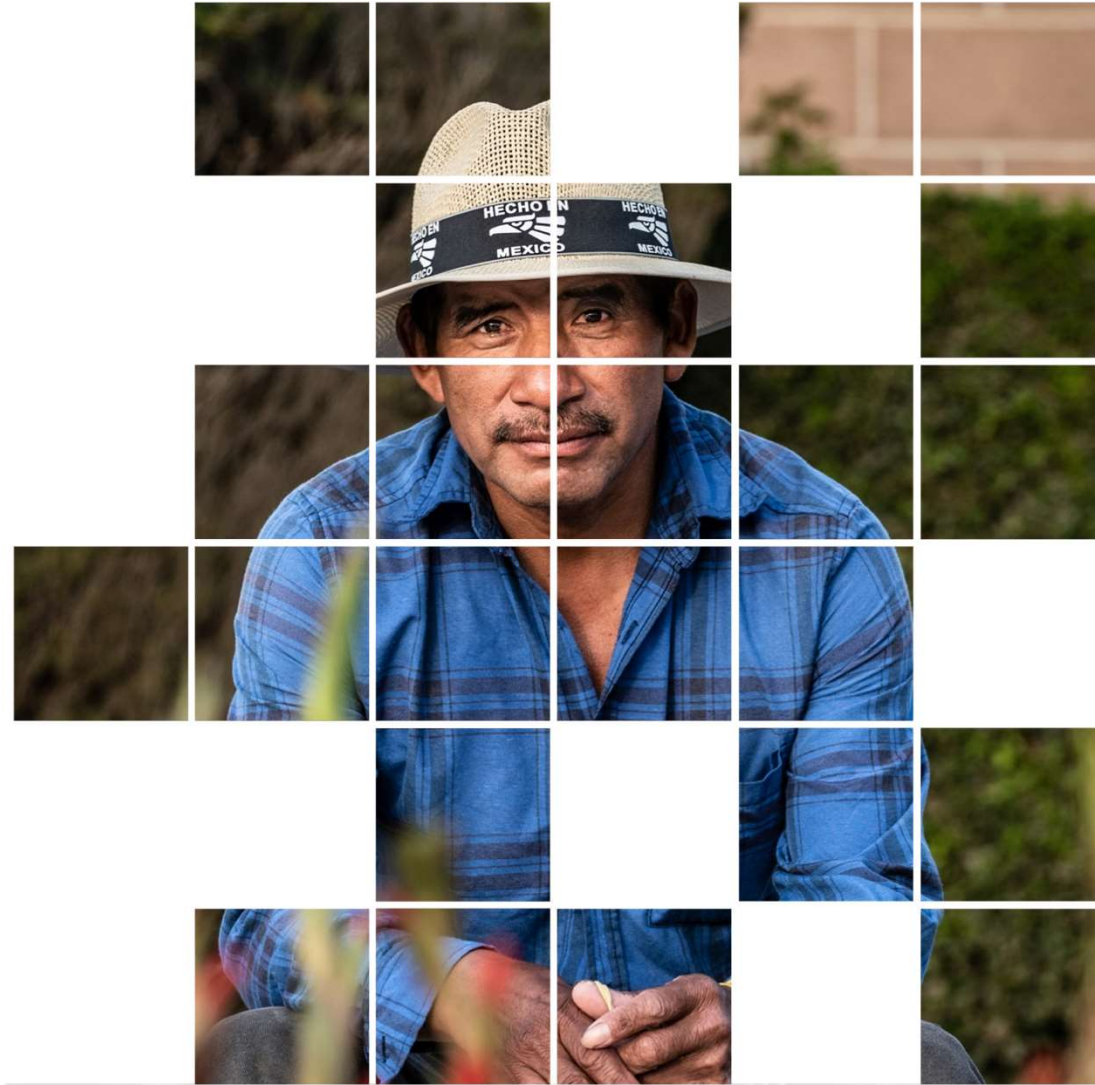
G20

DATA GAPS INITIATIVE 3

Recommendations 8 and 9: Household Distributional Indicators—State of Play

G20 DGI-3 GLOBAL CONFERENCE: JUNE 14, 2023 – SESSION IV

Jorrit Zwijnenburg (Task Team Chair 8&9)
OECD, Statistics and Data Directorate



PEOPLE, PLANET, ECONOMY

DGI-3

DELIVERING INSIGHTS FOR ACTION

Contents



- Introduction
- Recommendations 8 and 9
- State of play
- Next steps



Introduction

Introduction

- Clear need for **systematic**, **robust** and **comprehensive** data on economic inequality
 - 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**
 - The COVID-crisis and the inflationary pressures experienced in various countries further stress the importance of distributional information
- A lot of information is already available from micro statistics, but increasing emphasis on importance of **alignment to macroeconomic aggregates**
 - In 2009, the Stiglitz-Sen-Fitoussi report stresses the importance to extend macroeconomic statistics with distributional information
 - **Various initiatives** by international statistical community (e.g., OECD Expert Group on Distributional National Accounts); Expert Group on Distributional Financial Accounts) and academia (e.g., World Inequality Lab)

Main Benefits of Distributional National Accounts

Distributional results aligned to national accounts **complement** micro results, by providing:

- **More comprehensive** picture of economic inequality, including elements not covered in micro statistics (e.g., social transfers in kind, pension entitlements)
- Consistent information on **three dimensions** of economic well-being, i.e., income, consumption and wealth
- In line with important **macroeconomic aggregates** such as GDP, household disposable income, consumption and wealth, broadening scope for analyses
- Providing users with “**drill-down**” possibilities for key macroeconomic aggregates
- Capturing households and transactions that are typically **underrepresented** in micro data
- A high degree of **international comparability**



Overview of Recommendations

Recommendation 8

Distributional results on [income](#), [consumption](#) and [saving](#) in line with national accounts totals
(Joint work by the OECD, Eurostat, IMF, UN and World Bank)

- Target:
 - By end-2024: Results for either 2021, 2022 and/or 2023 at [income quintile](#) level
 - By end-2026: [Annual results](#) within 1.5 year after the reference period for income distribution (and for consumption and saving if possible) at [income decile](#) level and, if possible, according to main source of income and by household type
- Second best:
 - By end-2026: Results, if possible, every 3 years, but [at least every 5 years](#), published within 4 years after the reference period for income, consumption and saving, at [income quintile](#) level

Recommendation 9

Distributional results on [wealth](#) in line with national accounts totals
(Joint work by the OECD, ECB, Eurostat and UN)

- Target:
 - By end-2024: Results for either 2021, 2022 and/or 2023 at [wealth quintile](#) level
 - By end-2026: [Annual results](#) within 1.5 year after the reference period at [wealth decile](#) level and, if possible, according to income decile and by household type
- Second best:
 - By end-2026: Results, if possible, every 3 years, but [at least every 5 years](#), published within 4 years after the reference period, at [wealth quintile](#) level



State of Play

Recommendation 8: Income, Consumption and Saving

- The work will build upon the work of the [Expert Group on Disparities in a National Accounts framework](#) (EG DNA)
 - Launched in 2011 by Eurostat and the OECD
 - Developed a collection [template](#) and [guidelines](#)
 - Engaged in three collection rounds, with several countries publishing results
 - [Experimental estimates](#) included in the databases of Eurostat and the OECD
 - Generic [R code](#) has been developed to assist countries in compiling results
- More work is needed:
 - [Broaden](#) the range of countries
 - Further improve the [quality](#) of the results
 - Increase the [granularity](#)
 - Improve the [timeliness](#)
- The EG DNA will continue its work focusing on these goals

State of Play: Recommendation 8: Income, Consumption and Saving

- An [invitation](#) was sent to G20 economies and other OECD countries to join the group
- The following countries are now participating in the group: ARG, AUS, AUT, BEL, BRA, CAN, CHE, CHL, CHN, CZE, DEU, DNK, ESP, FIN, FRA, GBR, IDN, IND, IRL, ISR, ITA, JPN, KOR, LUX, MEX, NLD, NZL, PRT, SAU, SVK, SVN, SWE, TUR, USA, ZAF
- A virtual [workshop](#) was organized on 4 April to [welcome new members](#) and to inform them on the work done so far
- An in-person meeting will take place on [29-30 June](#), focusing on:
 - Exchange [country practices](#) in compiling the results
 - Discuss updates to the [collection template](#) to reflect the DGI recommendations
 - Discuss specific [compilation issues](#) (e.g., interhousehold transfers, micro-macro gaps)
 - Explore possible [nowcasting](#) techniques and [sensitivity analyses](#)
 - Discuss the organization of a [new data collection round](#)

State of Play: Recommendation 9: Wealth

- The work will build upon the work of the [ECB Expert Group on Distributional Financial Accounts](#) (EG DFA) and of various countries already compiling distributional wealth results
 - ECB EG DFA already developed [methodology](#) to compile distributional wealth estimates for the euro area and EU countries, with the aim to publish [first results](#) by end of 2023
 - Several countries (including Australia, Canada, France, Netherlands, United Kingdom and United States) are already publishing [national estimates](#)
- More work is needed:
 - Develop internationally [harmonized templates](#) and [guidelines](#)
 - Explore specific [conceptual](#) and [methodological issues](#)
 - [Broaden](#) the range of countries
 - Improve the [granularity](#) and [timeliness](#) of the results
- A new Expert Group has been established to focus on these targets, i.e., the [Expert Group on the Distribution of Household Wealth](#) (EG DHW)

State of Play: Recommendation 9: Wealth

- An [invitation](#) was sent to G20 economies and other OECD countries to join the group
- The following countries signed up for the group: ARG, AUS, AUT, BEL, CAN, CHE, CHL, CRI, CZE, DEU, DNK, ESP, EST, FIN, FRA, GBR, GRC, HRV, IRL, ITA, JPN, KOR, LTU, LVA, MEX, NLD, NOR, NZL, PRT, ROU, SVK, USA, ZAF
- A virtual [kick-off meeting](#) was organized on 23 May, discussing the [mandate](#) of the group, exploring the concepts to use in the work and presenting a [data sources questionnaire](#)
- An in-person meeting will take place on [21-22 September](#), focusing on:
 - Exchange [country practices](#) in compiling distributional wealth results
 - Determine the [scope](#) of the work
 - Discuss [data availability](#) on basis of questionnaire results
 - Establish a [draft template](#)
 - Discuss specific [compilation issues](#) (e.g., pension wealth, capturing the top-tail)
 - Explore the organization of a possible [data collection round](#)



Next Steps

EG DNA: Tentative Work Plan

- 2023:
 - Q2: In-person meeting of EG DNA; finetuning of collection template
- 2024:
 - Q1 and Q2: Regional workshops (together with recommendation 9)
 - Q1+Q3: EG DNA meetings to further discuss methodological issues
 - Q4: [Intermediate target](#): Estimates at income quintile level for 2021, 2022 and/or 2023
- 2025:
 - Q1+Q3: EG DNA meetings to finetune guidance and assist countries in compiling results
 - Q4: Finalize updated methodological guidance
- 2026:
 - Q1+Q3: EG DNA meetings to assist countries in compiling results
 - Q4: [Final target](#): Annual estimates published within 1.5 years after reference period

EG DHW: Tentative Work Plan

- 2023:
 - Q3: In-person meeting of EG DHW + introduction of draft template
 - Q4: Draft guidelines and note on conceptual challenges
- 2024:
 - Q1 and Q2: Regional workshops (together with recommendation 8)
 - Q1: Finalise draft guidelines
 - Q2+Q4: EG DHW meetings to further discuss methodological issues
 - Q4: **Intermediate target**: Estimates at wealth quintile level for 2021, 2022 and/or 2023
- 2025:
 - Q2+Q4: EG DHW meetings to finetune guidance and assist countries in compiling results
 - Q4: Finalize updated methodological guidance
- 2026:
 - Q1+Q3: EG DHW meetings to assist countries in compiling results
 - Q4: **Final target**: Annual estimates published within 1.5 years after reference period



**Thank you very much
for your attention!**