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*report*  
PROGRESS ON THE REVISION OF THE SNA

Report prepared by the United Nations Statistical Office

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## INTRODUCTION

1. At the twenty-third session of the Sub-Committee on Statistical Activities the revision of the SNA was discussed on the basis of document SA/1989/10. The Sub-Committee noted that the Inter-Secretariat Working Group on National Accounts (IWGNA) continued to perform a vital and essential co-ordinating role in the SNA review. It expressed satisfaction with the convening of regional and global expert group meetings and noted that the Statistical Commission had again assigned highest priority to the SNA review.
2. The Sub-Committee considered several factors that were contributing to uncertainty about when the review process would be completed. Among them were still a number of outstanding methodological issues to be resolved and the importance of ensuring adequate time and resources for world-wide consultations through regional meetings and other forums. The Sub-Committee noted that several important steps had already been taken to ensure that regional and developing country views were incorporated into the review process, i.e., several regions had already held meetings on the SNA, the "core" group of SNA experts had been expanded to provide increased representation from developing countries, and the IWGNA had been expanded to include representatives from the regional commissions.
3. The Sub-Committee also stressed the important role that the Handbooks would have in the practical implementation of the revised SNA after its formal adoption, and recommended that the revised list and schedule for the Handbooks, along with the resource requirements, be examined at one of the forthcoming meetings of the IWGNA.

## II. PROGRESS MADE SINCE JUNE 1989

### A. Regional and global expert group meetings

4. Four regional and global expert group meetings have taken place on the review of the SNA since the last session of the Sub-Committee:
  - (i) The OECD organized a meeting of national accounts experts in Paris in June 1989 to review the progress of the SNA review and to prepare for the 1989 July and September Expert Group Meetings on SNA Co-ordination.
  - (ii) The July 1989 Expert Group Meeting on SNA Co-ordination, sponsored by the United Nations Statistical Office was held in New York, from 12 to 21 July 1989, to review preliminary drafts of chapters of the revised SNA and provide guidelines for the preparation of the first SNA draft that will be discussed by the Statistical Commission in February 1991.

- (iii) The September 1989 Expert Group Meeting on SNA Co-ordination, sponsored by the United Nations Statistical Office was held in New York, from 13 to 22 September 1989, to continue the review of the preliminary draft chapters.
- (iv) Expert Group Meeting on the Reconciliation of SNA and MPS Standards on National Accounting, sponsored by the United Nations Statistical Office in co-operation with the USSR State Committee on Statistics, the Statistical Division of the Council of Mutual Economic Assistance, the USSR Ministry for External Economic Relations and the United Nations Commission for Europe, in Moscow, from 4 to 9 December 1989.

B. Participation and summary issues discussed in the global expert group meetings

5. July 1989 Expert Group Meeting on SNA Co-ordination: twelve national accounts experts from the enlarged core group of experts from developing and developed countries participated in the meeting. In addition, an expert from Canada was invited to participate at a half-day session devoted to the relation between SNA and ISIC statistical Units. Representatives from the Statistical Office of the UN, OECD, EUROSTAT, IMF, World Bank, ECLAC, ESCAP and ECA were also present. This meeting reviewed the outline of the revised SNA and details of five of the preliminary draft chapters as follows: Chapter II "An Overview of the System", Chapter III "Institutional Units and Residence", Chapter IV "Sectors and Sub-sectors", Chapter V "The Production Accounts" and Chapter VI "Final Expenditures". During this review, different views on certain issues expressed by different expert group meetings were reconciled. In reviewing Chapter II "An Overview of the System" the group felt there was a need to link the accounts and tables with the overall system, and develop a matrix presentation in addition to T-accounts. There was general agreement that the draft chapters so far available substantially fulfill the goal of clarification, but that in addition to normal editing, the text should be augmented by concise definitions. It was agreed that the consultants responsible for the draft chapters of the SNA, would revise and reformulate those paragraphs where clear recommendations were made by the participants in the meeting.

6. September 1989 Expert Group Meeting on SNA Co-ordination: the same twelve national accounts experts from the enlarged core group of experts that participated in the July meeting also participated in this meeting. Representatives from the Statistical Office of the UN, OECD, EUROSTAT, IMF, World Bank, ESCAP, ECA and ESCWA were also present. This meeting continued the review of the preliminary draft chapters, this time focussing on issues reflected in eight of the remaining chapters as follows: Chapter VII "Production Accounts for Industries and the Input-Output Tables", Chapter VIII "Taxes and Other Transfers", Chapter IX "Factor Incomes and Property Incomes", Chapter X "The Capital Accounts and Financial Accounts", Chapter XI "Balance Sheets and Net Worth", Chapter XII "Price and Volume Measures", Chapter XIII "Application of the Integrated Framework to Various Circumstances and Needs" and Chapter XIV "Satellite Accounts". The September meeting provided instructions regarding the revisions of the SNA chapters that it discussed, similar to those that were made during the July meeting.

7. Expert Group Meeting on the Reconciliation of SNA/MPS Standards on National Accounting: 17 national accounts experts participated in this meeting. In addition to five core experts, experts from the following countries participated: Bulgaria, People's Rep. of China, Cuba, Czechoslovakia, Ecuador, Finland, Hungary, India, USSR and Zimbabwe. Representatives from the Statistical Office of the UN, OECD, EUROSTAT, IMF, World Bank, ESCAP, ECA, ECE and CMEA were present. The objective of the meeting was to examine the possibilities for improving harmonization between the national accounting systems of the SNA and MPS and how SNA and MPS could be further integrated, i.e. brought closer together theoretically as well as practically. The Group discussed the removal of all "incidental" differences (due to the fact that the systems were designed independently) and other harmonization issues.

C. Discussion document on SNA Review Issues and preliminary working draft chapters of the revised SNA

8. For a more focussed regional and national discussion of the revised SNA, the IWGNA has prepared a discussion paper entitled "SNA Review Issues". This document is intended as a guide for discussing the preliminary working draft chapters of the revised SNA. It summarizes the organization of the work until now and highlights the main features of the revised SNA including the changes in the SNA as compared with the 1968 version and identified the issues for discussion including outstanding issues.

9. The discussion document, which contains the most updated information on the SNA review so far, has already been distributed world-wide for comments together with fourteen preliminary working draft chapters and three annexes of the revised SNA. Several of the draft chapters have been prepared by Peter Hill as a consultant to the United Nations Statistical Office. In addition, André Vanoli in close co-operation with the United Nations Statistical Office has developed the accounting framework and prepared draft chapters on "An Overview of the System", "Satellite Accounts" and "Application of the Integrated Framework to Various Circumstances and Needs" as recommended by the twenty-fifth session of the Statistical Commission.

10. It should be pointed out that the preliminary draft chapters and annexes currently available are to be considered as a work-in-progress since some of the chapters have been reviewed by the Expert Group on SNA Co-ordination and consequently revised by the author, some have been reviewed by the Expert Group but not yet revised, and a third group are new chapters or annexes that have not yet been revised by the Expert Group.

D. Handbooks on National Accounting

11. As recommended by the twenty-third session of the ACC Sub-Committee on Statistical Activities, the Inter-Secretariat Working Group on National Accounts at its meetings in September and December 1989 discussed and reviewed a note prepared by the Statistical Office of United Nations giving the status, time schedule and resources required for the completion of a list of Handbooks.

12. With respect to the Handbook on Environmental Accounting, the Statistical Office of United Nations with the help of extrabudgetary funds has engaged a consultant to prepare the first draft of the Handbook. He has formally began to work in the consultancy in October 1989 and he has now completed the first draft of the first part of the Handbook in close co-operation and consultation with the Statistical Office of United Nations. As soon as he completes the draft it will be circulated for comments and reviewed at a meeting organized by the World Bank. Two country case studies are being organized in co-operation with the World Bank and the approaches outlined in the draft Handbook will be tested in the course of these case studies. It is expected that this Handbook will ready in the second half of 1991.

#### E. Implementation of the revised SNA

13. The Statistical Commission in February 1989 agreed that training of national accounts experts would be an essential element in the implementation of the revised SNA. In order to facilitate the implementation of the revised SNA in developing countries the United Nations Statistical Office has developed in parallel with the SNA Review, a national accounts compilation methodology. With the financial support of United Nations Department for Technical Co-operation and Development (DTCO) the United Nations Statistical Office implemented during the second half of 1989 the first phase of an interregional project on National Accounts Development and Training INT/89/R96, which consisted in conducting a workshop on national accounts compilation in New York, from 13 to 17 November 1989. In the workshop participants from 12 developing countries were trained on the newly developed national accounts compilation methodology and exchanged views on how to adapt the methodology to individual countries. The workshop was a success and participants requested the United Nations Statistical Office to continue holding this kind of training workshops on national accounts development.

### III. FUTURE PROGRAMME

14. Regional meetings organized by each of the Regional Commissions of United Nations and a meeting of the Expert Group on SNA Co-ordination have been proposed for 1990 as follows:

- (a) 1990 Regional Meetings on the SNA: As already mentioned in point II.C. above, the Regional Commissions of United Nations are organizing meetings in 1990 to discuss the revised SNA. The meetings are scheduled as follows:
  - (i) Economic Commission for Africa: Addis Abeba, 16 to 25 July 1990.
  - (ii) Economic Commission for Europe: Geneva, 10 to 13 September 1990.

- (iii) Economic and Social Commission for Asia and the Pacific: for member countries of Asia Continent the meeting will be held in Bangkok, 15 to 24 August 1990, and for member countries of the Pacific the meeting will be held in Suva, 29 August to 7 September 1990. These meetings will be sponsored by ESCAP in co-operation with the Bank of Korea and the Government of the Republic of Korea.
  - (iv) Economic Commission for Latin America and the Caribbean: second half September 1990.
  - (v) Economic and Social Commission for Western Asia: a preparatory meeting will be held in Tunis, 11 to 16 June 1990 and a second meeting will be held in Kuwait, 9 to 16 October 1990. These meetings will be sponsored by ESCWA in co-operation with the Arab Fund for Economic and Social Development, Arab League, Arab Monetary Fund and Arab Institute for Training and Statistical Research.
- (b) 1990 Expert Group Meeting on SNA Co-ordination: New Delhi, second half October 1990. This meeting will be sponsored by the United Nations Statistical Office in co-operation with ESCAP and the Statistical Office of India. The main objective of this meeting will be to discuss and arrive at final conclusions regarding a number of SNA outstanding issues.

15. In order to familiarize the participants of the 1990 Regional Meetings on the SNA in the developing regions with the most recent developments in the revision of the SNA, the UN Statistical Office with the financial support of DTCD will hold three-day preparatory training sessions prior to each regional meeting in the developing regions. These sessions will not only ensure adequate incorporation of developing countries' statistical needs in the over-all SNA review process, but will also contribute to the future implementation of the revised SNA in developing countries in line with the objectives of the interregional project on national accounts development and training mentioned in point II.E. above.

16. The discussion document "SNA Review Issues" is presently being translated into French, Spanish and Arabic, and informal translations should be available soon. The translation of the draft chapters of the revised SNA will only be done for the July 1990 version that will be presented to the Statistical Commission in 1991.

17. While the present preliminary draft of the revised SNA is being considered in the regions, further work will be carried out on the chapters. This work aims at two main products in 1990. The first one is a revised draft of the SNA towards the end of July 1990 that will be presented at the 26th session of the Statistical Commission in February 1991 for its consideration. This draft will include revisions of several chapters that have not yet been revised and will also incorporate data in the accounts and tables that would facilitate their understanding. The second product would be conclusions reached on outstanding issues by the meeting of the Expert Group on SNA Co-ordination mentioned above.

18. The IWGNA agreed at its meeting in New York, 20 September 1989, that the July 1990 draft of the revised SNA will be presented to the Statistical Commission in 1991 for its consideration and not for adoption. It is planned that this draft together with the report of the December 1989 Expert Group Meeting on the Reconciliation of SNA/MPS Standards on National Accounting, the reports of the five 1990 Regional Commissions on SNA, the report of the October 1990 Expert Group Meeting on SNA Co-ordination, and a progress report on the revision of the SNA prepared by the Statistical Office of United Nations which will also include any comments received directly, will be presented to the Commission in 1991 for its consideration and comments.

19. The IWGNA has noted that work on the SNA Review programme, especially during the last phase until its completion in 1993, will be increasing and require more extensive substantive, co-ordination and management support. In this context, the IWGNA will hold a meeting in Vienna on 17 June 1990, to discuss the need to mobilize all resources from the five international organizations and UN Regional Commissions participating in the programme, and from other experts as well, in order to bring the SNA Review programme to an orderly completion. At this meeting, the IWGNA will discuss, among other things, the possibility of involving Ms. Carol Carson of the US Bureau of Economic Analysis to participate more actively in the SNA Review process and, particularly in the first instance, to co-ordinate the remaining work on the outstanding issues.

20. Within the time schedule of the remaining programme of the SNA Review, provisions has been made for a second round of regional discussions towards the end of 1991. At that time a second draft of the SNA chapters will be available and will incorporate all the recommendations made by the Statistical Commission in February 1991 including the comments made by the first round of regional meetings and the October 1990 Expert Group Meeting on SNA Co-ordination. Finally, a third draft of the revised SNA that will incorporate the comments of the second round of regional meetings and the 1991 Expert Group Meeting on SNA Co-ordination will be prepared and presented to the Statistical Commission in 1991 for the Commission's consideration with a view to its adoption.