

# **Advisory Expert Group on National Accounts**

## **Annotated agenda**

### **10<sup>th</sup> Meeting of the Advisory Expert Group on National Accounts 13-15 April 2016, Paris, France**

#### **I. Introduction**

In accordance with its mandate from the United Nations Statistical Commission (UNSC), the Advisory Expert Group (AEG) is assisting the Intersecretariat Working Group on National Accounts (ISWGNA) in resolving issues on the SNA research agenda, the implementation of the SNA and emerging research issues. The main purpose of the tenth meeting of the AEG is to consider guidance on issues, such as: accounting for pensions; financial services; globalization; treatment of statistical units; satellite accounts; the use of big data in national accounts and the concept of internet economy. The annotated list of topics to be considered at the meeting is presented below.

#### **II. Issues for discussion**

##### **1. The 2008 SNA research agenda**

The work on the SNA research agenda remains focused on issues related to practical implementation, clarification and interpretation of the 2008 SNA. However, during the past year several discussion forums explored aspects to consider for the future updating of the 2008 SNA. As developing guidance to address issues that go beyond the 2008 SNA may take a long time to resolve, the AEG will discuss the new emerging issues and identify ways to address them. It is expected that the prioritization exercise of research agenda items, the above-mentioned discussions, and the enquiry on the needs of users of national accounts by the Eurostat Task Force will facilitate the discussion on including those issues in the future research agenda of the SNA, as reflected in annex IV of the 2008 SNA.

##### **1.1 SNA update procedures**

The ISWGNA website, hosted by the UNSD, contains a webpage dedicated to the SNA research agenda. This page lists the research issues and will be updated with new items that emerge and recommendations on existing items as agreed. An overview the SNA update procedure and the SNA research agenda webpage will be presented.

*Lead ISWGNA organisation: UNSD*

##### **1.2 Outcome of the IARIW-OECD Conference on the future of National Accounts: “W(h)ither the SNA?”**

The work on the SNA research agenda remains focused on issues related to practical implementation, clarifications and interpretation of the 2008 SNA. However, during the past year three discussion forums explored aspects to consider for the future updating of the 2008 SNA,

among which the IARIW-OECD Conference on the future of National Accounts: “W(h)ither the SNA?” (Paris, 16 – 17 April 2015). The main outcomes of this conference will be presented.

### 1.3 European needs for a future SNA/ESA

Whilst recognizing the current main focus on implementation of the 2008 SNA, a Task Force on European needs for a future SNA/ESA developed views on European priorities for the SNA Research Agenda and for a future SNA. This included a questionnaire to users. The main results will be presented, as part of the background to a broader discussion of the SNA Research Agenda.

*Lead ISWGNA organisation: Eurostat*

## 2. Globalization

Economic globalization has created new opportunities for businesses to organize their production chains more efficiently. This has increased the complexity of compiling economic statistics as it is more difficult to break down production activities on country-by-country basis. As a result the measurement of key economic indicators, including gross domestic product has been affected. This session will focus on emerging global production arrangements and the challenges they pose to business and macro-economic statistics, business registers and economic classifications.

### 2.1 Guidance on measuring global production

The recently published guide on measuring global production provides guidance on dealing with some of the measurement challenges of global production arrangements. The guide however, also highlights the need for further research and exchanging experience on data collection and compilation methods in respect to global production arrangements, particularly the measurement of factoryless goods producers, exchange of economic data and data sharing.

*Lead ISWGNA organisation: Eurostat, OECD and UNECE*

### 2.2 Measurement framework for international trade and economic globalization

Policymakers and trade negotiators need to understand the cross-country benefits and risks by being able to “look through” the global value chains and see the specific contributions other countries are making to production networks involving their domestic firms. To address this need a handbook on a system of extended international and global accounts will be prepared, which will serve as the measurement framework for international trade and economic globalization. This handbook will build on existing work in this area, in particular by the UNECE, the OECD and Eurostat, and address issues of micro-data linking of business and trade statistics, as well as address the integration of economic, environmental and social dimensions of trade and globalization.

*Lead ISWGNA organisation: UNSD*

### **3. Statistical units**

One of the challenges brought about by the rapidly changing nature of production and particular the ways in which producers produce goods and services has cast a spotlight on the SNA's preference for the use of the establishment as the preferred unit to compile industrial statistics, and in particular, supply and use tables. To investigate this issue an ISWGNA Task Force on Statistical Units has been established. This session will discuss the main issues related to the choice and definition of statistical units, for inclusion in a future update of the 2008 SNA. For this purpose a list of main issues and criteria that can be considered as being relevant for assessing the pros and cons of different choices will be presented. The discussion is also intended to get some idea of the opinion of the AEG on this topic and the issues that most certainly need to be addressed by the Task Force.

*Lead ISWGNA organisation: OECD*

### **4. The Internet Economy**

The spread of the Internet has created new activities, business models and ways of interaction between economic actors. For example there are many "free" services available and households have more opportunities than ever to share goods and services. This session will review what questions the Internet poses for the SNA conceptual framework and what opportunities it offers for better measurement.

*Lead ISWGNA organisation: Eurostat*

### **5. Accounting for pensions**

Further clarification is needed in the delineation and measurement of pension entitlements and the articulation of when to record the transactions, other flows and positions of defined benefit pension schemes in the core accounts in line with the 2008 SNA recommendations. Furthermore, as part of explaining the explicit recording of imputed property income on the liabilities between a pension manager and a defined benefit pension fund, the AEG will deliberate on the classification of the accrued recording of the property income.

#### **5.1 Recording of pension entitlements**

Despite improved guidance in the 2008 SNA, some ambiguity still exists in relation to the recording of pension entitlements and related transactions. The discussion paper points out these ambiguities and proposes solutions on how the SNA may be interpreted with regard to the recording of pensions, focusing on the distinction between social security schemes and employment-related schemes, and on the interpretation of the asset boundary of the SNA, especially with regard to so-called 'constructive liabilities'. The AEG is asked to discuss these issues and to express their views on the proposals put forward.

*Lead ISWGNA organisation: OECD*

## 5.2 The accrual recording of property income in the case of liabilities between a pension manager and a defined benefit pension fund

The 2008 SNA states that when a pension manager is responsible for meeting the liabilities of the fund in case of any shortfall, the shortfall should be recorded as a claim of the fund on the pension manager. As a consequence, the net worth of the pension fund should remain exactly zero at all times. Under the 2008 SNA, the unwinding of the discount factor on the pension entitlement is shown as property income flowing from the pension fund to households. If the pension fund is persistently underfunded the unwinding of the discount factor also applies to the claim of the fund on the pension manager, suggesting that a property income flow should be recorded from the pension manager to the pension fund reflecting the unwinding of the discount factor on any underfunding of the pension scheme. Whilst there is agreement on the recording of the accrued property income arising from the underfunding/overfunding between a pension manager and a defined benefit pension fund, there are two divergent views on the classification of the property income. These views will be presented under this agenda item.

*Lead ISWGNA organisation: UNSD*

## 5.3 Outcome of the Eurostat/ILO/IMF/OECD Workshop on Pensions

On 9-11 March 2016, the OECD Statistics Directorate, in collaboration with Eurostat, the International Labour Organization (ILO) and the International Monetary Fund (IMF), co-sponsored a workshop on pensions. The workshop gathered representatives of statistical offices and central banks from 30 countries as well as various international organisations including the International Public Sector Accounting Standards Board and the International Social Security Association. Presentations and discussions focused on the recording of pensions according to statistical standards and on exchanging national experiences and best practices in the measurement of pension liabilities. The aim was to clarify whether additional standards or guidance are required for the estimation and recording of defined benefit pension schemes for government employees and of social security schemes.

*Lead ISWGNA organisation: OECD*

## 6. Financial Services

Research continues to further develop the guidance for the calculation of Financial Intermediation Services Indirectly Measure (FISIM). The need for more guidance on the treatment of Islamic Banking was also identified.

### 6.1 Treatment of credit default risk

To develop the conceptual arguments to either include or exclude credit default risk in the calculation of FISIM. In the case of excluding credit default risk, this includes the development of methods and data that could support its possible exclusion in the future.

*Lead organisation: BEA*

## 6.2 Islamic banking.

### 6.2.1 Islamic banking financial instruments.

This paper explains the features of different types of instruments and applies the standard SNA financial instrument classification to them. It appears as an appendix in the Monetary and Financial Statistics Manual and Compilation Guide, so the focus is on balance sheet issues.

*Lead ISWGNA organisation: IMF*

### 6.2.2 Islamic Banks in the System of National Accounts.

This paper reflects the discussions during several meetings in the ESCWA region which revealed that there are two viewpoints by the national accountants on how to deal with the Islamic Banks. The two approaches will be presented to seek views from the AEG.

*Lead organisation: ESCWA*

## 7. **Satellite accounting**

There is an ever increasing interest in the measurement of the contribution of specific fields of interest to economic activity and wellbeing and consequently the development of guidance for compiling satellite accounts on these topics. User demands for more granular data, and satellite accounts, may need further consideration and reflection. There is general agreement on the importance of satellite accounts, whose status may need to be elevated as compared to the central framework, to elaborate the central framework of the SNA on issues related to well-being and sustainability. This agenda item will also provide information on the Guide on Measuring Human Capital and the proposed satellite accounts on education, culture and aviation.

*Lead ISWGNA organisation: UNSD, OECD and ECE*

## 8. **Classification and valuation of natural resources**

The inclusion of mineral and energy resources in the national accounts' balance sheets is currently limited to "mineral and energy reserves located on or below the earth's surface that are economically exploitable, given current technology and relative prices" (2008 SNA, §10.179). This definition could be made more precise with reference to an internationally agreed classifications such as the United Nations Framework Classification 2009 (UNFC-2009), applying to both mineral and energy resources and already used in the SEEA-Central Framework (SEEA-CF 2012). Giving additional guidance for the valuation of these assets is also key in order to ensure international comparability of the value of these assets. Classification and valuation issues will be addressed in a forthcoming working paper summarising the work done under the auspices of the OECD Task Force on the implementation of the SEEA-CF. The AEG is asked to discuss this work on mineral and energy resources and to consider clarifications that could be added to the 2008 SNA.

*Lead ISWGNA organisation: OECD*

## **9. Implementation of 2008 SNA**

UNSD regularly evaluates the availability and scope of official national accounts data reported by Member States and their conceptual compliance with the recommendations of the SNA. Although the need for quarterly national accounts to facilitate appropriate policy responses is recognized, only about 75 countries are compiling national accounts data on a quarterly basis. Therefore, only the availability and scope of official annual national accounts data are evaluated. This agenda item aims to seek views from the AEG on improving the implementation of the SNA.

*Lead ISWGNA organisation: UNSD*

## **III. Issues for information**

### **10. Measuring resource extraction industries,**

The International Monetary Fund is producing a guide for compiling data on resource extraction industries, designed particularly for those economies where these industries are “macro-critical” i.e., major economic drivers of the economy. The guide will provide standard tables showing indicators such as value added, exports, and capital formation. It will also include definitions and compilation guidance. A draft version will be published for public comment later in 2016. The project is funded by the Managing Natural Resource Wealth – Topical Trust Fund.

*Lead ISWGNA organisation: IMF*

### **11. Manuals, handbooks and other guidance**

The ISWGNA continues its efforts to develop compilation guidance on national accounts and supporting statistics in order to strengthen the statistical capacity for compiling national accounts. This agenda item will provide an overview of the progress on the manuals, handbooks and other guidance prepared by international/regional organizations. In particular, it provides an overview of completed, in progress and planned publications.

*Lead ISWGNA organisation: UNSD*

### **12. National accounts and big data**

The Third IMF Statistical Forum was held in Frankfurt, Germany during November 19-20, 2015 and attracted participation by data providers and users, academics, and policymakers. The use of micro-data in policy formulation and analysis was a focal point of discussions during the one and a half day Forum. Participants appreciated the high-level discussion of issues confronting statisticians, including the challenges of “big data” and user demands for “micro data.” They agreed that both “big data” and “micro data” can complement official statistics by supplying more granular and timely views of fast-changing economic circumstances. However, official statistics will remain the gold standard in a growing cascade of Internet-driven economic information. Participants also noted that the statistical community is witnessing a new era of “big

data” with the availability of statistics that can be used to provide a more granular view of the macro-economic framework and to address the evolving policy needs.

*Lead ISWGNA organisation: IMF and BEA*

### **13. National accounts and SDGs**

The importance of high-quality, readily available national accounts data will continue to grow as the global statistical community moves towards monitoring the implementation of the newly agreed 2030 Agenda for Sustainable Development. The current set of proposed Sustainable Development Goal Indicators includes a number of indicators for which national accounts statistics will be critical. In order to respond to the increased demand for detailed and timely data to monitor progress towards the goals and targets of the 2030 Agenda for Sustainable Development, work continues on the Transformative Agenda for Official Statistics and the modernization of statistical systems. This agenda requires a considerable, concerted and sustained investment in national statistical capacity-building based on the technical and institutional aspects of the integrated statistics approach.

*Lead ISWGNA organisation: UNSD*

### **14. Distributional information on households.**

Last year the members of the Expert Group on Disparities in National Accounts (EG DNA) engaged in a second exercise to compile distributional results on the basis of an improved methodology and for a more recent year. Furthermore, the Expert Group started exploring nowcasting techniques to compile more timely estimates. Results of both exercises have been discussed at an Expert Group meeting last year and will be published in working papers in 2016. On the basis of the results, a work plan has been drafted for the coming period, focusing on further improving the methodology, starting drafting a handbook and exploring nowcasting techniques. The AEG is asked to take note of the progress of the Expert Group and to reflect on the work plan for the coming period. (OECD)

*Lead ISWGNA organisation: OECD*

### **15. Informal Sector.**

The informal sector plays an important role in developing economies, especially in Africa, where a large proportion of people work in the informal sector. However, an exhaustive measurement of the size of the informal sector and the contribution of informal sector activities and informal employment to GDP is particularly challenging. In an effort to adopt common best practice for measuring the informal sector, international and regional organizations along with African countries are sharing country experience and practices with the aim to build capacities and harmonize methodologies for a better international comparison.

*Lead organisation: ECA*

## **16. SDMX data sharing exercise**

Under this agenda item, a short presentation will be given on the progress made in respect of the implementation of SDMX in the area of macro-economic statistics. Presently, the Ownership Group SDMX for Macro-Economic Statistics (MES) governs the compilation, implementation and maintenance of Data Structure Definitions (DSDs) in the areas of balance of payments, foreign direct investment, government finance statistics and national accounts. Recently, a project has been started to also develop data flows and DSDs for price statistics.

*Lead ISWGNA organisation: OECD*

## **17. e-GDDS**

As part of its Data Standards Initiatives aimed at promoting data transparency globally, the IMF introduced in May 2015 the enhanced General Data Dissemination System (e-GDDS). Under the e-GDDS Fund staff will work with 112 member countries towards the disciplined publication of the data used to inform the policy dialogue with the authorities. Data is to be published through a National Summary Data Page (NSDP) within a clear schedule specified in an advance release calendar, with performance monitored by Fund staff. The data categories—covering the real, fiscal, monetary and financial, and external sectors—are those required by the IMF to exercise surveillance over the country's economic conditions. The authorities also would be able to publish data relevant for other public policy purposes, including demographic and socio-economic indicators such as those required to monitor progress under the Sustainable Development Goals. The e-GDDS provides important benefits to data users, including increasing the availability and profile of statistics essential for policy formation, providing international investors and markets with critical information in a reliable manner, and facilitating assessments of capacity development in statistics.

*Lead ISWGNA organisation: IMF*

## **18. COICOP revision**

The review group for the COICOP classification has just started its work. A presentation will be made on the main issues at stake, followed by an opportunity for raising national accounting interests in the review.

*Lead ISWGNA organisation: Eurostat*