

ANNEX 4

Joint sub-Task Team on Development of a Taxonomy for Macroeconomic Accounting Frameworks

Terms of Reference

Background

4.1. Most statistical agencies develop and follow a publication calendar, revisions policy, and disseminate metadata that describe the macroeconomic accounting compilation process. However, a comparison of the press releases, revision policies, and series published across countries shows that a wide range of language and methods are used to communicate the process to users. This issue becomes even more relevant when significant revisions to macroeconomic statistics take place. This impacts their ability to compare, contrast and understand the quality of data from one time period to another and from one country to another.

4.2. For example, while the publication of a revisions policy is considered a best practice, the language used and level of detailed information each country uses to describe their revision process is quite different. While this may not be a problem when looking at data for one country, it becomes an issue when attempting to make cross-country comparisons. For users to make cross-country comparisons it would be useful, that countries use a common language and set of definitions when communicating their revision policy and the impact of the revisions on their figures.

4.3. At its 13th Meeting, Committee of Experts on national accounts, represented by the ISWGNA and AEG stressed the need for a better communication on revisions, including the development of strategies for different groups of users, and recognized the importance of terminology in framing revisions (e.g., replacing the term revisions with the term updates). It was also noted that this work and guidance should not be restricted to the SNA but should extend to other macroeconomic accounting frameworks.

4.4. This terms of reference describes the background, objective, , main activities, governance, reporting, expected deliverables and timeline of the Joint sub-Task Team working on the development of a taxonomy for the macroeconomic accounting compilation processes.

Objective

4.5. The development of a taxonomy of the compilation process of macroeconomic accounting frameworks will seek to provide guidance to improve the consistency and

transparency when communicating issues such as major revisions in macroeconomic statistics. The aim of the Joint sub-Task Team is to identify terms and definitions used in the data production processes and suggest a harmonized terminology to be used by statistical agencies and international organizations and foster cross-country comparability. Some examples of areas to explore include types of revisions, different data vintages, and backcasted series.

Main activities of the Joint sub-Task Team

- 4.6. The Joint sub-Task Team is expected to develop the following activities:
- i. Propose a taxonomy for the different phases of the national accounts compilation process.
 - ii. Propose a framework for presenting revisions and updates.

Possible Developments

4.7. The Joint sub-Task Team may start by defining what are the phases of the *Generic Statistical Business Process Model*, as described by UNECE, to be addressed in this work (i) Specify needs; (ii) Design; (iii) Build; (iv) Collect; (v) Process; (vi) Analyse; (vii) Disseminate; and (viii) Evaluate. Several other available documents that describe an implementation strategy for the national accounts might be useful for the Joint sub-Task Team to define the phases of the national accounts compilation process to be addressed. Among others, the ISWGNA *Implementation Strategy for the SNA 2008*, or the *Guidelines for monitoring the 2008 SNA implementation*, or the Eurostat's publication *Essential SNA: Building the basics*, present useful summaries of the SNA implementation strategies.

4.8. The IMF Data quality Assessment Framework (DQAF) for macroeconomic statistics, presents a list of dimensions, elements, and indicators, that can be used as a starting point for the assessment. Among others, the Joint sub-Task Team might consider the need to establish a better communication regarding:

- i. Transparency, including the availability to the public of the terms and conditions under which statistics are collected, processed, and disseminated; and of an advance notice of major changes in methodology, source data, and statistical techniques.
- ii. Methodological soundness: concepts and definitions; scope; classification/sectorization; and basis for recording.
- iii. Accuracy and reliability, including source data; assessment of source data; statistical techniques; assessment and validation of intermediate data and statistical outputs; and revision studies.

- iv. Serviceability, including periodicity and timeliness; consistency; and revision policy and practice.
- v. Accessibility, including to data and metadata; and assistance to users.

Example – communication of revisions and their impact

4.9. Concerning the communication of revisions, the Joint sub-Task Team might consider the need for a more effective and clear communication of the types and impact of revisions.

- a. Different terms are used to describe the several types of revisions and data vintages. For example:
 - Routine revision / annual revision / benchmark revision / comprehensive revision;
 - Conceptual revision/ accounting revision/ methodological revision/ presentational revision/ statistical revision/ compilation revision;
 - Flash estimate/ early estimate/ provisional estimate/ definitive estimate/ benchmark estimate;
 - Benchmarking/ rebasing/ re-referencing;
 - Revised series/ backcasted series/ spliced series.

A taxonomy should be considered to harmonize the terms used, taking into consideration the proposals already available in the literature (e.g., in the 2017 IMF Quarterly National Accounts Manual).

- b. The impact of the revisions on GDP is communicated differently. For example:
 - Total revision / contribution to GDP / contribution to growth;
 - Contribution by GDP component;
 - Contribution by source of revision.

A taxonomy and framework to better communicate the impact of revisions to users may be considered by the Joint sub-Task Team.

- c. The compiling agencies have different ways to communicate the frequency, timeliness, and revision policy of national accounts. The Joint sub-Task Team should consider the need to disseminate a clear advance release calendar consistent with the revision policy adopted in the country.

Governance and participation

4.10. The Joint sub-Task Team is co-chaired by Sanjiv Mahajan (Office for National Statistics, United Kingdom) and (tbd). Secretariat is composed of Jim Tebrake and Margarida Martins (International Monetary Fund), and Eric Metreau and Bala Bhaskar Kalimili (World Bank). Herman Smith and Jonathan Gessendorfer (both United Nations Statistics Division) assure coordination with other TTs.

4.11. The co-chairs, with the support of the secretariat will recruit other members of the TTs, normally including other Committees of Experts like ISWGNA/AEG, BOPCOM, and GFSAC members, experts from international organizations as well as other experts (e.g., from national statistical agencies, central banks, national or local governments, the research community, the media), according to the necessary expertise (e.g., Balance of Payments, Government Finance Statistics, Monetary and Financial Statistics, Environmental Economic Accounting, and Communication), representativeness (range of regions, country sizes, and stage of statistical development) and the need to coordinate with other domains.

4.12. The co-chairs and the members of the TTs will work on a voluntary basis.

4.13. The working arrangements are expected to consist mainly of electronic communication through the circulation of documentation, web-based data and code hosting services like GitHub, and the collection of comments on specific topics. Face-to-face meetings of the Joint sub-Task Team could be organized if necessary.

Reporting

4.14. The Joint sub-Task Team reports to the Joint Task Team on Communications.

Expected deliverables

4.15. As requested by the Committee of Experts on national accounts, represented by the ISWGNA and AEG, and the IMF's Balance of Payments committee the proposals should take the form of a guidance note which will follow a common structure where the issue and objective are described, the background research is summarized, and a recommended option is presented (the recommended structure is included as an Annex).

4.16. Progress on the proposed changes and channels (including completed guidance notes, when available) will be reported in ISWGNA reports to the UN Statistical Commission (UNSC) and in the BP Task Team report to BOPCOM.

Timeline

August 2020: Draft guidance note, for discussion within Committee of Experts on national accounts, represented by the ISWGNA and AEG.

October 2020: Discussion of the guidance note by the Committee of Experts on national accounts, represented by the ISWGNA and AEG.

In the course of **2021:** Finalization of the guidance note.

Documentation

A framework for recording and communicating revisions, IMF presentation at the 13th AEG Meeting,

https://unstats.un.org/unsd/nationalaccount/aeg/2019/M13_4_2_Framework_for_recording_and_communicating_revisions.pdf.

Data Quality Assessment Framework (DQAF) for National Accounts Statistics:
https://dsbb.imf.org/content/pdfs/dqrs_nag.pdf which is part of the IMF Data Quality Reference Site:

<https://dsbb.imf.org/dqrs/DQAF>

Developing a global programme for the implementation of the 2008 SNA and supporting statistics, UNSD,

<https://unstats.un.org/unsd/nationalaccount/docs/impPaper.pdf>

ESS guidelines on revision policy for PEEIs - 2013 edition, Eurostat,

<https://ec.europa.eu/eurostat/web/products-manuals-and-guidelines/-/KS-RA-13-016>

Essential SNA Building the basics, Eurostat,

<https://ec.europa.eu/eurostat/en/web/products-manuals-and-guidelines/-/KS-GQ-14-008>

Generic Statistical Business Model, Description of phases and sub-processes, UNECE website

<https://statswiki.unece.org/display/GSBPM/V.+Descriptions+of+Phases+and+Sub-processes>

Guidelines for monitoring the 2008 SNA implementation - Extract of the report of the Intersecretariat Working Group on National Accounts to the forty second session (2011) of the United Nations Statistical Commission:

<https://unstats.un.org/unsd/nationalaccount/docs/guidelines.pdf>

Implementation Strategy for the System of National Accounts 2008, ISWGNA,

<https://unstats.un.org/unsd/statcom/doc09/BG-SNA2008.pdf>