

Testing - CM.1 An Assessment Framework to Measure Alignment with the International Economic Accounting and Statistics Standards

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A set of internationally consistent alignment frameworks have been established to provide users of System of National Accounts (SNA), Balance of Payments and International Investment Position (BPM) and Government Finance Statistics (GFS) with a better understanding of the methodological composition, comparability and quality of the estimates.

The frameworks provide information regarding a country's alignment to the concepts, methods, classifications and tables / accounts recommended by the macroeconomic accounting frameworks. The goal of the alignment framework is to communicate important metadata-type information to users, which will assist them in their use and interpretation of these statistics such as: (i) information about the quality of cross-country comparisons and assist in making appropriate adjustments to achieve comparability in their analyses; and (ii) the extent to which major revisions should be expected in the future, such as in cases where an economy statistical compilation is not fully aligned with the international standards.

The frameworks detail the key concepts: accounting rules; methods; classification systems; and tables/accounts pertaining to the respective macroeconomic framework — SNA, BPM, GFSM. A brief definition of each component of the framework is provided below:

- Concepts reflect the articulation of a macroeconomic idea, activity, interaction, state, or notion of a macroeconomic accounting standard, and determine what gets measured. For example, the concept of production in the 2008 SNA ultimately determines the size of a given economy. Other key concepts include income, assets, capital formation, expenditure and consumption among others.
- Accounting rules reflect the guidelines that macroeconomic compilers should follow when recording transactions and other economic flows. In the context of the macroeconomic statistics, accounting rules determine how activities get recorded. For example, a key accounting rule in the 2008 SNA that transactions are recorded "on an accrual basis throughout" (2008 SNA § 3.163).
- Methods are closely associated with accounting rules. One way to interpret a method is to view it as the way a macroeconomic accountant implements an accounting rule or measures a concept. For example, one compiler may decide to use a series of price

indices to derive an estimate of the market value for a stock of assets while another compiler may decide to obtain observed values recorded on the balance sheets of enterprises. Both are following the same valuation rule but are using different methods to apply the rule.

Classifications, tables and accounts are used to determine what and the level of detail to be presented to users. They specify the structure and terminology that should be adopted when communicating macroeconomic statistics to users. They also outline what information is provided to users. Most macroeconomic standards have already identified a set of accounts or tables that are considered the minimum requirements to declare alignment to a set of standards. Since this is both well-defined and widely used, it is proposed that this is incorporated into the alignment framework.

Instructions

To respond to the questionnaire as a user of National Accounts information, please select the SNA version below.

To respond to the questions as a user of Balance of Payments information, please select the BPM version below.

For each question, please provide the answer by clicking the relevant check box or by typing in the framed textboxes, which will automatically expand to fit the text.

Please note that the survey may reach one or more contacts in your agency; however, only one response is expected. A printable version of the questionnaire and the guidance note are available at the SNA Consultations webpage of the United Nations Statistics Division. If you have any questions, please contact: **fberry@imf.org** and **sna@un.org**. We look forward to and highly appreciate your collaboration.

Sincerely,
Communication Task Team

Name and Affiliation

0. Please provide your information below:

Country _____

Institution/Organization _____

Name _____

Position/Title _____

Email _____

1. Click below for the respective versions of the Questionnaire.

- SNA version
- BPM version

Destination: **SNA Version - Introduction** (Set in 1 (SNA version))

Destination: **BPM Version - Introduction** (Set in 1 (BPM version))

(End of Page 1)

This Page is Conditionally Hidden if: (1 = BPM version)

SNA Version - Introduction

Below are the completed alignment frameworks have been prepared by Mexico and Costa Rica. We are asking you, as a user of National Accounts information to review the information and respond to the questions below.

National Accounts Alignment Framework for Costa Rica and Mexico	Costa Rica	Mexico
Concepts and Definitions		
i) Units of the economy include		
Domestic territory		
Territorial enclaves in the rest of the world		
Free zones/bonded warehouses / factories operated by offshore enterprises under customs control		
Workers who work part of the year in another country		
Goods that do not change economic ownership are part of the economy (not recorded in exports and imports)		
ii) Production boundary covers		
Market output		
Non-market output		
Output for own final use		
- In particular, the following items are included		
Informal economy		
Underground economy		
Illegal activities		
Other non-observed activities		
Imputed services (of owner-occupied dwellings)		
Own-account production of all goods for own final consumption		
Research and development for market and own account		
Output of goods for own-account fixed capital formation;		
Costs of mineral exploration		
Production of entertainment, literary, or artistic originals		
Production of computer software for own account		
iii) Asset boundary		
Dwellings		
Other buildings and structures		
Machinery and equipment		
Weapons systems		
Cultivated biological resources		
Intellectual property products		
Valuables		
- In particular, the following items are included		
Defence related assets that could be used for civilian purposes		
Weapons systems such as warships, submarines, tanks, missile carriers and launchers, etc.		
Valuables and historical monuments		
Agricultural work-in-progress		
Mineral exploration and evaluation (whether successful or not)		
Systems and standard applications computer software and databases (purchased or built in-house)		
Entertainment, literary or artistic originals		
Research and development products		
Leases and other transferable contracts (such as purchased goodwill)		

National Accounts Alignment Framework for Costa Rica and Mexico		Costa Rica	Mexico
Element II. Accounting Rules			
Valuation			
Output is valued at basic prices			
Output for own use is valued at equivalent market prices			
If levied, sales and excise taxes are included in the valuation of intermediate consumption			
If value added taxes are in place, they are included in the valuation of intermediate consumption, excluding the deductible part of the value added taxes			
If applicable, the deductible part of the value added taxes is excluded from the valuation of final uses			
Corrections are made when transfer prices are detected			
Information on the cost of insurance and freight for merchandise imports is available			
Total imports and exports are valued on an f.o.b. basis			
Transactions in foreign currency are converted using the mid-point exchange rate prevailing in the market when they take place			
Proper adjustments are made if a system of multiple official exchange rates exists			
Consumption of fixed capital is valued at current replacement cost.			
Stock of non-financial assets are valued at market prices.			
Time of Recording			
Transactions and flows are recorded on an accrual basis			
Work-in-progress is recorded in the period it is produced			
Government-related transactions are recorded on an accrual basis, in particular taxes and subsidies on products; expenditures; revenues.			
Grossing / Netting, Consolidation			
Transactions between establishments within the same enterprise are recorded on a gross basis			
Methods			
Sub-annual series are seasonally adjusted			
Output and intermediate consumption are deflated by appropriate price indexes at basic prices or at producer prices consistently			
Volume indexes are chained-weighted			
ANA and QNA volume are chain-linked			
<p>Notes: (i) Fully align – between 95-100 per cent of the recommendations are implemented; (ii) Highly align – between 75-95 per cent of the recommendations are implemented; (iii) Broadly align – between 50-75 per cent of the recommendations are implemented; (iv) Partially align – between 25-50 per cent of the recommendations are implemented; (v) Do Not align – 0-25 per cent of the recommendations are implemented; and (vi) Not Applicable – for reasons of materiality or relevance, the recommendation is not implemented.</p>			

1A. Do the completed frameworks (as shown above) help you to better understand the level of alignment of Mexico and Costa Rica's National Accounts to the System of National Accounts ?

- Strongly Agree
- Agree
- Neutral
- Disagree
- Strongly Disagree

1B. Please elaborate:

2A. Does this effectively communicate the comparability of Mexico's National Accounts with Costa Rica's National Accounts?

- Strongly Agree
- Agree
- Neutral
- Disagree
- Strongly Disagree

2B. Please elaborate:

3A. From your perspective, are there any elements missing from the framework?

- Yes
- No

3B. Please elaborate:

4A. Is the language used to identify each of the categories (*fully aligned, highly aligned, broadly aligned, partially aligned, not aligned, not applicable*) clearly understood?

- Yes
- No

4B. Please elaborate:

5A. Do you agree that the results of the self-assessment should be summarized and presented in this format?

- Yes
- No

5B. Please elaborate:

6. In order to maximize transparency, we would like to publish the responses.

Do you give consent that your response to this questionnaire can be published?

- Yes
- No

(End of Page 2)

This Page is Conditionally Hidden if: (1 = SNA version)

BPM version - Introduction

Below are the completed alignment frameworks have been prepared by three economies. We are asking you, as a user of Balance of Payments information to review the information and respond to the questions below.

Balance of Payments Framework for Three Economies

Dimension	Economy 1	Economy 2	Economy 3
Elements I. Concepts and definitions			
i) Units of the economy include			
Domestic territory			
Incorporated or unincorporated affiliates of non-resident companies			
Territorial enclaves in the rest of the world			
Free zones / bonded warehouses / factories operated by offshore enterprises under customs control			
Workers who work part of the year in another country			
- In particular			
Residence of Special Purpose Entities (SPEs) is attributed to the economy in which they are located			
International organizations and supranational authorities are not considered residents of any national economy			
All units of general government (e.g. embassies, military bases) are considered to be resident in their own economy			
Subject to specific circumstances, an individual may cease being a resident of his country when he or she works continuously for one year or more in a foreign country			
ii) Balance of payments accounts cover			
Both foreign currency and domestic currency transactions with non-residents			
Both exchanges and unrequited transfers (transactions without a quid pro quo)			
Goods for processing			
Repairs on goods			
Non-monetary gold			
Shuttle trade			
Smuggling			
Purchase of computer software			
Mineral exploration			
E-commerce transactions			
Leases and other transferable contracts			
Reinvested earnings			
Inter-company lending			
Portfolio investment of private sector			
Trade credit			
Short-term debt transactions			
Debt arrears			
Non-cash transactions			
iii) International investment position accounts cover			
All financial claims between resident institutional units and non-residents			

Balance of Payments Framework for Three Economies

Dimension	Economy 1	Economy 2	Economy 3
iv) Structure, in terms of concepts and definitions			
Current, capital, and financial accounts of the BOP statement are defined according to <i>BPM6</i>			
Net lending / net borrowing recorded as the current and capital account balance is in principle equal to net lending / net borrowing recorded as the financial account balance			
Double-entry system is applied in constructing the BOP statement, and the net residual is embedded in the errors and omissions item; net errors and omissions are derived as net lending / net borrowing from the financial account minus the same item derived from the current and capital account			
A clear distinction is made between the income component and the goods and services components.			
The BOP financial account provides for a separate recording of transactions in assets and transactions in liabilities.			
Foreign direct investment is presented on a gross assets and liabilities basis.			
Data on foreign direct investment on the directional basis (i.e. inward and outward direct investment) are also available			
Transactions in goods and services by government entities abroad are classified under the government services not-included-elsewhere component			
Manufacturing on physical inputs owned by nonresidents is recorded as a service			
Merchandising of goods is classified under goods trade, with both gross and net values shown; the net amounts are included in the goods exports aggregates			
Outright purchases and sales of the results of R&D (including patents and copyrights) are recorded under R&D services			
Charges for the use of the outcomes of R&D are classified as a service under charges for the use of intellectual property n.i.e.			
Financial intermediation services indirectly measured (FISIM) are distinguished from investment income and classified under financial services			
All changes related to migrants' transfers are excluded from the BOP; corrections in the form of other changes are made in the IIP for the relevant positions in assets and liabilities.			
Long-term construction projects are classified under foreign direct investment			
License fees for fishing and hunting are included in the capital account			
Borrowing and lending - including debt securities and supplier's credits - between direct investors and direct investment enterprises are classified under foreign direct investment, except where transactions / positions are between a selected category of affiliated financial intermediaries			
Loan transactions and positions of the banking sector are classified separately from currency and deposits transactions / positions of this sector; however, interbank loan positions are classified under deposits.			
The short-term and long-term attribution of transactions and positions in the other investment component is made according to the original maturity of the financial instrument			
v) Functional categories			
Foreign direct investment transactions are defined as equity ownership representing 10 per cent or more of the voting power			
Reserve assets are defined considering the concept of monetary authorities' effective control and availability for use			

Balance of Payments Framework for Three Economies

Dimension	Economy 1	Economy 2	Economy 3
vi) Sectorization			
Government guaranteed external debt transactions are attributed to the institutional sector of the borrower	Green	Green	Black
Government-controlled enterprises that are public corporations are excluded from general government and are included as public enterprises in the appropriate nonfinancial or financial corporations sector	White	Green	Light Green
Element II. Accounting Rules			
Valuation			
Market prices are used to value transactions and positions; for some positions, proxies are used	Green	Green	Green
Monetary gold is valued at market prices	Green	Green	Green
Financial instruments traded on a regular basis are valued by directly using the price quotations from markets	White	Green	Green
Total imports and exports are valued on an f.o.b. basis	Green	Green	Green
Appropriate substitute measures are developed when no actual market prices are available, for example for:			
Barter trade, transactions between affiliated enterprises, gifts or grants	White	Green	Black
For financial instruments that are not or infrequently trade in financial markets a fair value is estimated that approximates market value	White	Green	Light Green
Loans, deposits, and other accounts receivable/payable are recorded at nominal value	White	Green	Light Green
When transactions estimates are derived from stock data, the value of the transaction excludes valuation and other changes	Red	Green	Black
Transactions in foreign currency are converted using the mid-point exchange rate prevailing in the market when they take place	White	Green	Green
When transactions estimates are derived from stock data, an attempt is made to value the stock data in their original currencies, and then convert the change in original currency to domestic currency/unit of account at the average exchange rate for the applicable period	Red	Green	Green
Proper adjustments are made if a system of multiple official exchange rates exists	White	Green	Green
Time of Recording			
Transactions are recorded on an accrual basis	White	Green	Green
Transactions are recorded according to the change in ownership principle	White	Green	Green
Grossing / Netting, Consolidation			
Current and capital account transactions are recorded on a gross basis while financial account transactions are recorded on a net basis, separately for the individual asset and liability components	Green	Green	Green
Element III. Methods			
Investment income is obtained directly (e.g. reported on a survey) or is estimated by multiplying outstanding stock of financial assets by a corresponding representative yield	Green	Green	Light Green
Direct investment relationships identified by applying the Foreign Direct Investment Relationship (FDIR) or similar methods	Green	Green	Green
Notes:			
(i) Fully align – between 95-100 per cent of the recommendations are implemented;			
(ii) Highly align – between 75-95 per cent of the recommendations are implemented;			
(iii) Broadly align – between 50-75 per cent of the recommendations are implemented;			
(iv) Partially align – between 25-50 per cent of the recommendations are implemented;			
(v) Do Not align – 0-25 per cent of the recommendations are implemented; and			
(vi) Not Applicable – for reasons of materiality or relevance, the recommendation is not implemented.			

1A. Do the completed frameworks (as shown above) help you to better understand the level of alignment of these three economies to the Balance of Payments ?

- Strongly Agree
- Agree
- Neutral
- Disagree
- Strongly Disagree

1B. Please elaborate:

2A. Does this effectively communicate the comparability of the three economies?

- Strongly Agree
- Agree
- Neutral
- Disagree
- Strongly Disagree

2B. Please elaborate:

3A. From your perspective, are there any elements missing from the framework?

- Yes
- No

3B. Please elaborate:

4A. Is the language used to identify each of the categories (*fully aligned, highly aligned, broadly aligned, partially aligned, not aligned, not applicable*) clearly understood?

- Yes
- No

4B. Please elaborate:

5A. Do you agree that the results of the self-assessment should be summarized and presented in this format?

- Yes
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- Yes
- No

(End of Page 3)
