

ISWGNA note in response to the comments made by the "Friends of the Chair" to the new proposals for assessing the implementation of the 1993 SNA included in document E/CN.3/2001/7

Recommendation that the milestones be retained and the new ISWGNA proposal be adopted as a supplement rather than as a replacement of the existing milestones.

The ISWGNA considers it would be preferable to reverse this proposal. In other words, adopt the new methods but, at least in the short term, retain the old milestones as a supplementary indicator. The main problem with the old milestones is that they are too broad to be useful as a reliable summary measure of the coverage of national accounts within a country. In particular, with only six categories it is impossible to discriminate sufficiently between countries which have produced data for a relatively small part of (for example) the first milestone from those those which have comprehensively covered it. The alternative suggested by the ISWGNA attempts to overcome this shortcoming by maintaining the basic simplicity of this aspect of the milestones while providing a means of differentiating between those countries which have relatively comprehensive accounts and those which have only basic accounts.

The proposed conceptual questionnaire effectively assumes that the 1968 SNA concepts are already incorporated in a country's accounts.

The ISWGNA considers that this is not the case. When identifying the items to include in the questionnaire, the ISWGNA was aware that a number of countries in eastern Europe as well as the CIS countries moved directly from the MPS to SNA93 and that, in addition, some other countries (particularly in Africa) were intending to go from the 1954 SNA to the 1993 SNA without ever implementing SNA68. The aim of this part of the ISWGNA proposals was to identify a handful of concepts which are unique to the SNA93 and then use the extent to which they are being followed as an indication of overall compliance with SNA93. The underlying assumption is that countries which have implemented aspects of SNA93 that involve these new treatments will have probably implemented the 1993 SNA reasonably comprehensively. The ISWGNA deliberately identified a list containing only a small number of items so that it would be relatively simple to check. The ISWGNA agrees that the items in the questionnaire are not of equal importance. However, incorporating the suggestion to weight the components would be impracticable, particularly given that components would have to be assigned different weights in different countries. The ISWGNA would welcome suggestions on alternative indicators of 1993 SNA compliance.

Recommendation that satellite accounts should be dropped from the list of tables included in the new scope of the accounts

The ISWGNA included satellite accounts in the list because it was felt that their availability provides an excellent indication that a country has implemented SNA93 comprehensively.

Several quality issues are not adequately addressed

The ISWGNA did not discuss quality in any detail because the IMF had announced that it would be undertaking a major exercise into assessing the quality of national accounts and balance of payments data during 2000. Therefore the ISWGNA decided to review quality issues in more detail during

its meetings in 2001 after the results of the IMF investigations have become available. The points on timeliness of quarterly estimates in addition to timeliness of annual accounts, accuracy of source data, quality adjustment of deflators, integrity of the estimates and absence of political interference, release dates pre-announced, etc. were taken into account during the IMF deliberations.

Proportion of GDP accounted for by subsistence agriculture and by other small-scale/informal activities should be dropped as direct indicators of quality.

ISWGNA does not agree with this comment. Subsistence agriculture and the informal economy can be very important indicators of quality in developing countries.

Allocation to users of financial intermediation services indirectly measured (FISIM) and the explicit identification of financial leases should be included in the conceptual compliance questionnaire.

The ISWGNA considered including FISIM in the checklist but deliberately excluded it because of the option provided in the 1993 SNA for countries to not allocate FISIM. It would be possible to include the new treatment of financial leases as one of the items in the checklist. However, as is indicated above, the list is not designed to be comprehensive.

Balance sheets should be rated as "desirable" in the new scope of the accounts.

The ISWGNA considers that one of the main aims of the exercise is to assess areas in the world where assistance is required. Under the old milestones, balance sheets were at milestone 6 and only a handful of countries had reached that milestone. As a result, the ISWGNA did not consider it useful to include the balance sheets.

Caution against adding up "points" to get an overall score

The ISWGNA disagrees with the comment about not adding up points to get an overall score. While it acknowledges there is a problem with the implication that each of the components has equal weight, the ISWGNA feels that some sort of overall indicator is important particularly in terms of identifying those regions where assistance may be required. It is fairly clear that, under the proposed scoring system, any region which is made up of countries which have very low scores under this system is likely to be in need of assistance in setting up national accounts.

For countries that have never implemented the 1968 SNA or only partially implemented it, the introduction of the 1993 SNA has probably meant a far bigger change than the change-over from the 1968 SNA and this should be taken into account in the assessment.

The ISWGNA considers that the aim of the exercise is not to determine the amount of work that has gone into SNA93 implementation; rather it is to check whether or not a country appears to have implemented the 1993 SNA, no matter what the starting point was.

The statistical agencies in many countries do not have the statistical capacity to meet the new assessment.

The ISWGNA agrees that the availability of resources for national accounts is a critical problem, particularly in developing countries. It suggests that

this issue be discussed during the Statistical Commission meeting in March 2001.

Calculation of actual final consumption of households and government should be added to the conceptual compliance questionnaire

Originally, the ISWGNA did not include these new 1993 SNA concepts of actual final consumption since the aim was to list only those new concepts affecting the level of GDP and GNI. However, after further consideration, the ISWGNA, as shown in table 2 of the ISWGNA report (document E/CN.3/2001/7) did add to the conceptual questionnaire a new sub-division entitled "elements not affecting the level of GDP and GNI" wherein the following question was added: Is government final consumption expenditure broken down into individual and collective consumption ? (this allows the calculation of actual final consumption of households and government).

Several other suggestions made to the scope of the accounts and conceptual compliance questionnaires.

The ISWGNA would like to thank the "friends of the chair" for other very useful comments and suggestions made. These will all be taken into account during the ISWGNA discussions of these issues during 2001.