SNA News and Notes

Number 39/40
April 2018

An information service of the Intersecretariat Working Group on National Accounts (ISWGNA) published by UNSD
For ISWGNA documents and reports of meetings visit: http://unstats.un.org/unsd/nationalaccount/iswgna.asp

Conclusions of the 11th Meeting of the Advisory Expert Group on National Accounts

The 11th Meeting of the Advisory Expert Group of National Accounts (AEG) was held at United Nations Headquarters in New York from 5-7 December 2017. The event was organized by the Intersecretariat Working Group on National Accounts (ISWGNA) and hosted by UNSD. The meeting was attended by members of the AEG, ISWGNA organizations and United Nations Regional Commissions.

The meeting discussed how to further advance the SNA research agenda and how to resolve specific issues in the implementation of the SNA such as accounting for pensions, globalization, digital economy, statistical units, financial services including Islamic finance, economic well-being and sustainability, and the harmonization of Balance of Payments and National Accounts data.

A lot of progress was made on various issues and proposals for new Task Forces were put forward to advance research on a number of fronts. The highlights of the meeting are presented below for each agenda item in the order they were discussed at the meeting. For more information on the papers presented at the meeting as well as the conclusions of the meeting, please visit the AEG website at: https://unstats.un.org/unsd/nationalaccount/aeg/2017/M11.asp

Research agenda

The AEG recognized that the current governance structure still provides a relevant framework to advance the research agenda and SNA implementation, and to accommodate the views of all stakeholders. While there is no desire for an update of the SNA, the AEG recognized that further research into some issues that may go beyond the scope of the 2008 SNA is needed.

The AEG recommended establishment of an ISWGNA Task Force to advance the research agenda in the three priority areas namely (i) globalization, (ii) digitalization, and (iii) wellbeing and sustainability, through discussion notes to help clarify and interpret relevant issues within and beyond the 2008 SNA.

The AEG also recommended the establishment of an ISWGNA Task Force on the SNA implementation, to be chaired by UNSD, to provide guidance to the countries that are lagging in SNA implementation.

Accounting for pensions

The AEG concluded the issue on the recording of flows between a defined benefit pension fund and its sponsor in order to clarify the guidance provided in the 2008 SNA. This issue was discussed in the past few meetings of the AEG and through an AEG consultation in 2017.

The clarification on this issue is published in this issue of the SNA News and Notes.

The AEG also reviewed the progress of the work on the supplementary table on pension liabilities and the table on household retirement resources, and agreed that the annual compilation of these tables would better reflect the changes in pension entitlements and retirement resources.

Globalization

In light of the ongoing a debate on the adequacy of GDP as an indicator for measuring production activities, more specifically on how to define "economic ownership" in a globalized world, the AEG reviewed the various initiatives that are being carried out to better understand globalization within the present international standards, such as definition of alternative indicators, additional breakdowns of multinational activities, additional tools for analyzing international trade and capital flows, etc.

In particular, the AEG reviewed: progress on the drafting of the *Handbook on Accounting for Global Value Chains: Extended System of National Accounts and Integrated Business Statistics* by the United Nations Expert Group on International Trade and Economic Globalization; the work on Fintechs and the Financial Side of Global Value Chains (GVC) for a better understanding of the financing of GVC activities; the work of the United Nations Economic Commission for Europe Task Force on data exchange and sharing; and the Classification of Factoryless Goods Producers.

The AEG encouraged advancement on the various streams of work and recommended further research on changes in the economic ownership of intellectual property products.

Digital economy

Recent years have seen an explosion in new technologies to facilitate the exchange of goods and services, mainly among households. These include activities often characterized as "the sharing economy", "the gig economy" and "fintech." These new activities, along with the growing roles of e-commerce and Internet platforms, have raised questions about whether current macroeconomic frameworks and compilation methods are adequate. It has also raised some fundamental questions around the adequacy of the price/volume measures.

The AEG welcomed the initiative of the OECD Advisory Group to develop a satellite framework to measure the digital economy and expressed its support for work by ISWGNA members on digitalization, which is considered one of the three priority areas of the SNA research agenda.

It also recommended that the OECD Advisory Group and Eurostat provide specific examples of how digital production activities fit into the conceptual framework of the SNA alongside the broader analytical satellite account framework. The group noted the importance of considering digitalization's impact on employment and wages, and further work on improving price and volume measures of the digital economy by the OECD and the Eurostat Task Force on Price and Volume Measures for Service Activities.

Financial services

The AEG discussed two specific issues on Financial Services: Islamic finance and the treatment of negative interest rates.

Regrading Islamic finance, the AEG reviewed the progress of work of the ISWGNA Task Force on Islamic Finance and supported its plan of work.

After extensive consultation, with the AEG, it has been decided that the negative interest arising from the negative interest rates on deposits should be treated as negative receipts of investment income as an interim solution. The AEG considered the outcome as a clarification which is published in this issue of the SNA News and Notes

Statistical units

The AEG reviewed the progress of the ISWGNA Task Force on Statistical Units in National Accounts. In particular, it reviewed the outcome of the survey on the statistical units used by countries, which was carried out by the Task Force in 2017.

The AEG noted that the choice of statistical unit differs across countries and data sources. This choice depends on various factors such as: user needs; the purpose of the accounts; the phenomena being measured (including globalization and the digital economy); and data availability.

The AEG recommended the Task Force on Statistical Units to provide guidance in describing the transformation of data from source information to target units relevant to specific accounts.

Economic well-being and sustainability

The AEG discussed the work that is being carried out on distributional measures of household income, consumption, saving and wealth that are being developed to assess well-being, vulnerability and inter-connectedness.

This distributional information will provide more data to inform policies on economic growth, productivity and employment for different income segments of the population.

The AEG commended the work of the OECD on the distribution of household income, consumption and saving in an integrated national accounts framework and welcomed that the OECD and Eurostat will combine efforts to progress on this work.

The AEG also discussed improvements in the measurement of informal activities It acknowledged the need for guidance on using new data sources such as big data in estimating the non-observed/informal economy, and encouraged coordination with the United Nations Global Working Group on Big Data for Official Statistics. Participants also noted the importance of metadata in providing users with a better understanding of the data.

Manuals, handbooks and satellite accounts

The AEG reviewed the handbooks and manuals that were completed in 2017 in support of the SNA implementation.

Given growing demand for compiling satellite accounts, the AEG discussed possible strategies. In general, the AEG agreed that: a) the satellite accounts framework provides a flexible environment to experiment with measuring certain economic aspects within the SNA framework, before being considered part of the central framework; and b) development of satellite accounts under the SNA research agenda should focus on the priority areas of globalization, digitalization, and wellbeing and sustainability.

The AEG also recognized that satellite accounts are being developed by various interest groups and there is a need for the national accounts community to review them. In this regard, the AEG requested the ISWGNA to provide guidance on a satellite account strategy to consider various resource requirements and a minimum set of standards for the sake of comparability.

SNA and BOP

Work to improve the harmonization of Balance of Payments and National Accounts data is being done by countries across various regions. There are a number of initiatives at the regional level to improve the reconciliation of data, most notably the work in the United Nations Economic Commission for Latin America and the Caribbean region on the preparation of a practical guidance document on the harmonization of BoP and SNA data, and the work in the United Nations Economic Commission for Europe region on training workshops.

The AEG supported the development of practical guidance for the harmonization of the BoP and SNA data, and noted that attention should also be given to the terminology used in the 2008 SNA and the BPM6 (and their translations in United Nations languages), to ensure a correct interpretation of the recommendations.

The AEG also discussed the issue of CIF/FOB recording of imports and exports in the National Accounts and the Balance of Payments.

It took note of the proposal to record actual transaction values for imports/exports to decrease bilateral trade asymmetries and recognized that the use of transaction prices for import/export of goods is not consistent with the current SNA guidelines. The AEG recommended that the ISWGNA assess country experiences in recording CIF/FOB to develop a guidance note as part of the research agenda on globalization.

Measuring direct economic loss from disasters

The AEG reviewed the work of the United Nations Economic and Social Commission for Asia and the Pacific Statistics Division to align the measurement of direct economic loss with the 2008 SNA. It welcomed this initiative and provided advice for further work in this area.

COICOP

The AEG was informed of the changes that were introduced in the Classification of Individual Consumption According to Purpose (COICOP) and discussed the need for revising related classifications, namely the Classification of the Outlays of Producers According to Purpose (COPP), the Classification of the Purposes of Non-Profit Institutions Serving Households (COPNI) and the Classification of the Functions of Government (COFOG).

The AEG agreed that there is no need to revise the COPP, COPNI and COFOG classification.

Recording of flows between a defined benefit pension fund and its sponsor

Clarification by the ISWGNA

Background

The 2008 SNA states that when a pension sponsor (for example, an employer) is responsible for meeting the liabilities of a defined benefit pension fund in case of any shortfall, this shortfall should be recorded as a claim of the fund on the sponsor (and vice versa in case of a surplus) (2008 SNA §17.165). In this way, the net worth of the pension fund remains equal to zero at all times. As the pension entitlements and the assets of the pension fund are subject to many changes, the resulting claim between the sponsor and the pension fund can also be affected by a variety of events. To obtain more clarity on how to account for the various changes, the AEG discussed this topic at their meetings in 2014, 2016 and 2017. The main focus was on how to deal with any shortfall (or excess) in property income in relation to the unwinding of the discount factor, but the AEG also addressed other events that may affect the claim.

First of all, the claim between the pension fund and the sponsor will be affected when the property income receivable by a defined benefit pension fund does not equal the change in pension entitlements as a result of the unwinding of the discount factor. The latter refers to the increase in the defined benefit pension entitlements due to the impact of discounting the existing pension entitlements for one period less and is known as the past service increase (2008 SNA, §17.145). Under the 2008 SNA, this increase in the entitlements is accounted for via an imputed property income flowing from the pension fund to households (i.e. item D442, Investment income payable on pension entitlements). However, the actual property income receivable by the pension fund may not be equal to this amount, thus leaving the pension fund with a surplus or shortfall. This gap is noted in the 2008 SNA, but it does not provide any guidance on how to record it (2008 SNA, §17.169). Especially in case of persistent over- or underfunding, the property income receivable by the pension fund will usually differ from the increase in the entitlement as a result of the unwinding of the discount factor. In relation to the latter, the Advisory Expert Group (AEG) agreed in 2014 to explicitly accrue investment income related to the claims between a defined benefit pension fund and its sponsor, reflecting any over- or underfunding of the pension fund.

In general, there are two possibilities to calculate the investment income between a defined benefit pension fund and its sponsor. The first solution is to equate it with the shortfall of the property income of the pension fund in relation to the unwinding of the discount factor, meaning that any shortfall is to be compensated by the sponsor (and vice versa in case of a surplus). As a consequence, the pension fund will always end up with zero savings. The second option is to only focus on the shortfall in property income due to the existing claim at the start of the recording period, i.e. focusing on foregone property income due to the initial claim (and vice versa in case of a surplus). In this case, the property income would equal the discount factor times the amount of the claim of the pension fund towards its sponsor.

The two options differ in that the first option focuses on the actual gap between property income and the unwinding of the discount factor, whereas the second option only focuses on the shortfall (or excess) in property income due to any under- (or overfunding) at the start of the recording period. In the latter case, this means that any remaining gap between the property income, including the imputed property income from the claim between the pension fund and sponsor, and the unwinding of the discount factor would have to be reflected in the 'other change in the volume of assets account' for the claim between the pension fund and the sponsor.

AEG consultation

After extensive consultation, the AEG believed that the first option is to be preferred, i.e. to calculate the investment income flow between a defined benefit pension fund and its sponsor as being equal to the shortfall (or excess) in property income receivable by the pension fund. This comes down to the imputed investment income flow related to the claim in period t (III_t) being equal to the investment income payable on pension entitlements (i.e. $D442P_t$, which is equal to the pension entitlements at the end of the previous recording period ($AF63L_{t-1}$) times the discount factor (d_t) minus the property income receivable on the assets accumulated by the pension fund in period t ($D4R_t$):

$$III_t = D442P_t - D4R_t = AF63L_{t-1} \times d_t - D4R_t$$

The main reason for selecting this option is that it will increase comparability between countries, as on the one hand it makes sure that the income flows for the pension fund are balanced via an imputed investment income flow, leaving pension funds with sponsors with no net property income and savings, and also making sure that the sponsors end up with similar results as when they had run the scheme themselves. Furthermore, it is in line with the nature of the relationship between the sponsor and the pension fund in that the sponsor is responsible for any shortfalls or enjoys benefits from the surpluses of the fund. An illustrative numerical example of the appropriate recording of the relevant flows can be found in the below section.

The AEG also looked into the classification of this imputed income flow and decided that the appropriate term should be "imputed investment income attributable to the surplus/shortfall in defined benefit pension funds". This item is to be recorded under a new 2008 SNA code D444. This is in line with the recording of the imputed flow as equal to the surplus (or shortfall) in property income and correctly indicates that the flow depends on the actual return on investment by the pension fund. Recording the flow as interest would be less appropriate, as this is reserved for income from commonly known interest-bearing instruments.

In addition to the above, it should be noted that the claim between the sponsor and the defined benefit pension fund can also be affected by holding gains or losses on the investments by the pension fund. There is general consensus that the impact of these holding gains and losses have to be reflected in the revaluation of the claim between the pension fund and the sponsor. As any gap between the unwinding of the discount factor and the actual property income receivable by the pension fund will already have been balanced by the imputed investment income flow between the sponsor and the pension fund as explained above, any holding gains or losses by the pension fund will directly feed into a revaluation of the claim. Holding gains of the pension fund on its accumulated assets will lower the claim of the fund on the sponsor (or further increase any claim of the sponsor on the fund in case of a surplus), whereas holding losses would have the opposite effect. This means that the revaluation of the claim of the pension fund on the sponsor is thus equal to the holding gains and losses of the pension fund on its accumulated assets with an opposite sign, so mathematically we can write:

$$REV(AF64A)_{pf,t} = -REV\left(I^*_{pf}\right)_t \text{, where}$$

$REV(AF64A)_{pf,t}$ is the claim of the pension fund on the sponsor

$REV\left(I^*_{pf}\right)_t$ is the holding gains and losses of the pension fund on its accumulated assets and

I^*_{pf} is the asset portfolio of the pension fund excluding any claim between the fund and the sponsor.

Finally, the claim between the pension fund and the sponsor can also be affected by various other events, such as changes in life expectancy, differences between assumed and actual retirement dates, changes in the discount factor, or changes in the indexation of pension entitlements. The impact of all these other changes on the claim between the pension fund and the sponsor should be recorded as 'other changes in the volume of assets'. This is consistent with the recording of these underlying changes in the pension entitlements and in that regard provides similar results as when the sponsor would have run the scheme itself.

Conclusion

The AEG considers the outcome of the above discussions as a clarification of the SNA. For more information on the AEG decision on this topic, please refer to the conclusions of the 11th AEG meeting at: https://unstats.un.org/unsd/nationalaccount/aeg/2017/M11_Conclusions.pdf.

Numerical example

This section presents a numerical example of the transactions associated with the unwinding of the discount factor for defined benefit pension funds. For simplicity only amounts related to the past service increase will be shown.

The example has the following assumptions:

- At the start of the period the defined benefit pension fund has a pension liability of 80.0 units towards households.
- The assets of the pension fund at the beginning of the period consist of deposits (5.0 units) and equity (67.0 units). As the assets fall short of the pension entitlements, the pension fund has a claim on the sponsor (employer) at the start of the period of 8.0 units.
- During the period the unwinding of the discount factor (5%) leads to an increase of the entitlements of 4.0 units.
- The investment return of the pension fund consists of actual property income receivable only from the distributed income of corporations (D42) (2.2 units) and holding gains (1.6) units. For simplicity, it is assumed that the distributed income of corporations is payable by other resident sectors.

There is a shortfall of property income (i.e. 4.0 – 2.2 = 1.8 units) which is recorded as imputed investment income attributable to the surplus/shortfall in defined benefit pension funds (D444). This will lead to the following recordings:

Uses															Resources
Employers	**Defined benefit pension funds**	**Households**	**Other sectors**	**Total economy**	**Goods and services**	**Total**	**2008 SNA code**	**Transactions and balancing items**	**Employers**	**Defined benefit pension funds**	**Households**	**Other sectors**	**Total economy**	**Goods and services**	**Total**
Allocation of primary income account															
			2.2	2.2		2.2	D42	Distributed income of corporations		2.2			2.2		2.2
	4.0			4.0		4.0	D442	Investment income payable on pension entitlements			4.0		4.0		4.0
1.8							D444	Imputed investment income attributable to the surplus/shortfall in defined benefit pension funds		1.8					
-1.8	0.0	4.0	-2.2	0.0		0.0	B5g	Balance of primary income, gross/National income, gross							
Secondary distribution of income account															
		4.0		4.0		4.0	D61	Net social contributions		4.0			4.0		4.0
		4.0		*4.0*		*4.0*	*D6141*	*Household pension contribution supplements*		*4.0*			*4.0*		*4.0*
-1.8	4.0	0.0	-2.2	0.0		0.0	B6g	Disposable income, gross							
Use of disposable income account															
	4.0			4.0		4.0	D8	Adjustment for change in pension entitlements			4.0		4.0		4.0
-1.8	0.0	4.0	-2.2	0.0		0.0	B8g	Saving							
Opening balance sheet: assets															**Opening balance sheet: liabilities**
	5.0		5.0	10.0		10.0	F2	Currency and deposits				10.0	10.0		10.0
	67.0			67.0		67.0	F5	Equity and investment fund shares				67.0	67.0		67.0
		80.0		80.0		80.0	F63	Pension entitlements		80.0			80.0		80.0
	8.0			8.0		8.0	F64	Claim of the pension fund on sponsor	8.0				8.0		8.0
							B90	Net worth	-8.0	0.0	80.0	-72.0	0.0		0.0

Employers	Defined benefit pension funds	Households	Other sectors	Total economy	Goods and services	Total	2008 SNA code	Transactions and balancing items	Employers	Defined benefit pension funds	Households	Other sectors	Total economy	Goods and services	Total
Financial account															
							B9	Net lending (+)/net borrowing (-)	-1.8	0.0	4.0	-2.2	0.0		0.0
	2.2		-2.2	0.0		0.0	F2	Currency and deposits							
		4.0		4.0		4.0	F63	Pension entitlements		4.0			4.0		4.0
	1.8			1.8		1.8	F64	Claim of the pension fund on sponsor	1.8				1.8		1.8
	1.8			*1.8*		*1.8*		*From past service increase*	*1.8*				*1.8*		*1.8*
Revaluation account															
	1.6			1.6		1.6	F5	Equity and investment fund shares				1.6	1.6		1.6
	-1.6			-1.6		-1.6	F64	Claim of the pension fund on sponsor	-1.6				-1.6		-1.6
Closing balance sheet: assets												**Closing balance sheet: liabilities**			
	7.2		2.8	10.0		10.0	F2	Currency and deposits				10.0	10.0		10.0
	68.6			68.6		68.6	F5	Equity and investment fund shares				68.6	68.6		68.6
		84.0		84.0		84.0	F63	Pension entitlements		84.0			84.0		84.0
	8.2			8.2		8.2	F64	Claim of the pension fund on sponsor	8.2				8.2		8.2
							B90	Net worth	-8.2	0.0	84.0	-75.8	0.0		0.0

THE STATISTICAL TREATMENT OF NEGATIVE INTEREST CLARIFICATION BY THE ISWGNA

Background

To boost private expenditure and support price stability, a number of central banks have introduced negative interest rates on deposits in recent years as part of their toolkit of unconventional monetary policy measures. The sixth edition of the Balance of Payments and International Investment Position Manual (BPM6) and the System of National Accounts, 2008 (2008 SNA) do not provide explicit guidance on the treatment of negative interest rates as they do not make a distinction between positive and negative interest rates. These manuals were published or updated when the phenomenon of negative interest rates on deposits was not an issue. Therefore, the concepts and definitions associated with interest implicitly assumed that interest rates are positive. Given the increasing size of deposits earning negative interest, compilers have raised questions about the statistical treatment of negative interest arising from negative interest rates in macroeconomic statistics. In addition, the Intersecretariat Working Group on National Accounts (ISWGNA) recognized that the recording of negative interest may also have an impact on the measurement of financial intermediation services indirectly measured (FISIM).

The issue of negative interest rates and implications for presentation in the statement of comprehensive income has been under consideration of the International Financial Reporting Standards (IFRS) Interpretations Committee since September 2012. The Interpretations Committee discussed this issue in January 2015 and issued the following agenda decision (the agenda decision and related discussion papers are available at: http://archive.ifrs.org/Current-Projects/IASB-Projects/IAS-39-negative-yield/Pages/IAS-39-negative-yield.aspx):

"The Interpretations Committee noted that interest resulting from a negative effective interest rate on a financial asset does not meet the definition of interest revenue in IAS 18 Revenue, because it reflects a gross outflow, instead of a gross inflow, of economic benefits. Consequently, the expense arising on a financial asset because of a negative effective interest rate should not be presented as interest revenue, but in an appropriate expense classification."

The Interpretations Committee noted that in accordance with paragraphs 85 and 112(c) of IAS 1 Presentation of Financial Statements, the entity is required to present additional information about such an amount if that is relevant to an understanding of the entity's financial performance or to an understanding of this item.

The issue of the treatment of negative interest rates was also discussed at the 29th Meeting of the IMF Committee on Balance of Payments Statistics (BOPCOM) in October 2016. Although a general agreement emerged on the treatment of negative interest rates, some BOPCOM members suggested that more clarification be provided on why preference is given to the classification of negative interest as negative receipts of investment income, and not as positive payments of investment income or a payment for services (fees). In a subsequent BOPCOM clarification note (available at: https://www.imf.org/external/pubs/ft/bop/2007/pdf/Clarification0717.pdf), it was explained that an alternative treatment considering negative interest earnings as financial service charges would imply that households could become producers of financial services in the scenario of e.g., negative mortgage rates on home loans. Such a treatment would be inconsistent with the national accounts' production boundary, and would appear as counterintuitive.

AEG consultation

After extensive consultation, the AEG believed that the negative interest arising from the negative interest rates on deposits should be treated as negative receipts of investment income as an interim solution. The AEG noted that this treatment is seen to:

- be in line with the principles set out in existing manuals, for example, following the parallel treatment of reinvested earnings on direct investment in BPM6;
- be logical in that negative interest rates give rise to negative income flows and negative income flows are recorded with a negative sign in the appropriate side of the accounts;
- maintain the association between investment income and the related instrument
- allow for more accurate rate of return analysis; and
- better serve data needs for policy and analytical purposes.

The departure from the IFRS decision on this issue was considered acceptable, as the treatment proposed here is more appropriate for macroeconomic statistics. The AEG felt that a similar treatment could be extended to financial instruments that may have negative interest.

However, the AEG noted that the decision should be seen as a practical short-term solution to what may be a temporary phenomenon caused by extraordinary monetary policy, and that further research is needed to improve accounting guidance on this issue. Regarding implications of the decision on the calculation of FISIM, the AEG noted the need to review the appropriate methodology and/or reference rate to use.

The AEG was hesitant to recommend the publication of separate information on negative interest in national publications by all economies as this could create additional reporting obligations. Nevertheless, it encouraged economies with important negative interest flows to publish separate information on these flows.

Conclusion

The AEG considers the outcome of the above discussions as a clarification of the SNA. More information on the AEG decision on this topic is available from the conclusions of the 11th AEG meeting on: https://unstats.un.org/unsd/nationalaccount/aeg/2017/M11_Conclusions.pdf.

NATIONAL ACCOUNTS AT THE 49TH SESSION OF THE UNITED NATIONS STATISTICAL COMMISSION (UNSC)

BY UNSD

The 49th Session of the Commission took place in New York from 6-9 March 2018. Among the various topics under discussion, the UNSC considered the report on national accounts by the ISWGNA. The ISWGNA report contains a reflection, on the occasion of the 10-year anniversary of the 2008 SNA, on the progress in the implementation of the 2008 SNA, as well its relevance in measuring new developments in the economy and new socioeconomic phenomena relevant for the policy framework of the 2030 Agenda for Sustainable Development.

Looking back, countries have made considerable progress on implementing the SNA through concerted efforts from the ISWGNA, in partnership with regional agencies and donor countries. These efforts include in-country technical assistance, regional training courses and workshops, and the release of 35 handbooks covering basic compilation techniques and guidance on conceptual issues.

Looking forward, the ISWGNA proposed creation of a task force on capacity building with its regional and national partners to initiate a targeted programme of work to implement the SNA with the objective of "leaving no country behind." In addition, the ISWGNA proposed a task force to streamline, structure and advance the SNA research agenda.

The Statistical Commission welcomed the report of the ISWGNA and expressed its appreciation for the work done by the ISWGNA, regional commissions and other regional organizations and countries to facilitate implementation of the SNA and supporting statistics.

The Commission also welcomed the initiative by the ISWGNA to address important conceptual issues and requested the ISWGNA to report to the Commission at its fiftieth session on progress in addressing issues related to globalization, digitalization and well-being and sustainability, which are central to the global economy and the 2030 Agenda for Sustainable Development; and issues related to Islamic finance and informal sector.

Concerns were expressed at the number of Member States still unable to comply with the minimum required scope and detail of national accounts data. The UNSC welcomed the ISWGNA initiative to step up support to lagging Members States, and urged those countries with a low compliance to develop basic source data that are policy-relevant and fit for purpose.

The Commission requested the ISWGNA to continue issuing practical guidance on issues that would facilitate the implementation of the SNA through manuals, handbooks and guidelines; the application of modern tools, approaches and technology for capacity building; and communication tools to advance the understanding of national accounts by the general public.

Progress of the Statistical Data and Metadata eXchange (SDMX) data transmission mechanism for national accounts continues to be made. The UNSC recognized that the implementation of SDMX protocols by the countries will facilitate data transmission and significantly reduce response burden.

Documents from the Statistical Commission are available online at: https://unstats.un.org/unsd/statcom/49th-session/documents/

In addition to the discussion during the main session of the Statistical Commission, national accounts featured in three side events:

10 Years of the 2008 SNA: Looking Forwards Looking Back

Organized by the ISWGNA on Tuesday, 6 March 2018

This side event celebrated 10 years of the 2008 SNA by taking a critical look at the progress made with its implementation at the country level; highlighting the major achievements in clarifying implementation issues and preparing guidance documents; and reflecting on future challenges, in particular, whether the 2008 SNA remains relevant for measuring new developments in the economy (e.g. globalization, digitalization, economic well-being and sustainability) as well as the new socio-economic phenomena relevant for the policy framework of the 2030 Agenda for Sustainable Development.

The side event featured Mr. Brent Moulton, former AEG member, who presented an overview of the key developments since 2008, and Mr. Roberto Olinto Ramos of Brazil and Mr. Ben Mungyereza of Uganda, who presented on their respective experiences in implementing the 2008 SNA.

A brochure on the *System of National Accounts: Developments since 2008* was prepared by the World Bank and is available at:

https://unstats.un.org/unsd/statcom/49th-session/side-events/documents/20180306-1M-SNA-developments-since-2008.pdf

Challenges with the compilation and dissemination of national accounts data

Organized by UNSD on Thursday, 8 March 2018

This side event discussed the challenges in the compilation and dissemination of national accounts data by Member States with particular focus on the dissemination and reporting of national data to UNSD. The aim is to identify ways in which UNSD can more effectively provide assistance to Member States.

Member States' national accounts data are the basis for the monitoring of global targets such as those of the 2030 Agenda for Sustainable Development. They are also used for the identification of most vulnerable Member States such as the Least Developed Countries (LDC) and the calculation of the contributions to the United Nations by Member States. Their availability is important for the monitoring and assessment of global targets.

UNSD staff provided an introduction on the importance of compiling, disseminating and reporting national accounts data. Ms. Carol Coy of Jamaica and Mr. Camilo S. F. de Ceita of Angola presented their countries' success stories in the area and the challenges that they still face in the compilation, dissemination and reporting of national accounts data.

IT tools for national accounts compilation

Organized by Eurostat, INSEE and Afristat on Tuesday, 6 March 2018

The side event provided an overview of Equilibre Ressources Emplois – Tableau Entrées Sorties (ERETES) and the latest developments in its use in countries. ERETES is a software application used for the compilation of National Accounts according to the SNA. Eurostat and INSEE are original co-owners of the tool. The monitoring is ensured by a Steering Committee which include Eurostat, INSEE, African Union Commission, Afristat, and two countries representatives. More than 25 countries in various regions of the world (e.g. Africa, South America, Mediterranean, Caribbean, Pacific countries) are currently using ERETES.

During the side event, Mr. Mamadou Ngalgou Kane from Senegal and Ms. Consuelo Landa Chaparro from Peru shared their experience in the use of ERETES for the compilation of national accounts. Representative from AFRISTAT and INSEE provided an overview of the functionalities of the software and presented how ERETES has been used in a number of countries for the changeover to the 2008 SNA.

More information on these side events and others taking place during the UNSC is available online at: https://unstats.un.org/unsd/statcom/49th-session/side-events/

MEETINGS AND SEMINARS

7-11 May 2018 - Asia–Pacific Economic Statistics Week 2018: Closing the gaps in economic statistics for sustainable development, Bangkok, Thailand, organized by ESCAP.

9-11 May 2018 - National Accounts Seminar for Latin America and the Caribbean: Regional Implementation of the National Accounts System and its Relation to Other Systems, Panama City, Panama, organized by ECLAC.

22 May 2018 - Special Session for Eastern Europe, Caucasus and Central Asia (EECCA) and South East Europe (SEE) countries, Geneva, Switzerland, organized by ECE jointly with the European Free Trade Association (EFTA), Eurostat and United Nations Statistics Division (UNSD).

23-25 May 2018 - Meeting of the Group of Experts on National Accounts, Geneva, Switzerland, organized by ECE jointly with Eurostat and OECD.

August 2018 – Basic-level e-learning Course on System of National Accounts (SNA), organized by the Statistical Institute for Asia and the Pacific (SIAP).

19-21 September 2018 - IAOS-OECD Conference "Better Statistics for Better Lives", Paris, France.

October 2018 - 10th Intermediate-level e-learning Course on System of National Accounts (SNA): Integrated Transaction Account, organized by the Statistical Institute for Asia and the Pacific (SIAP).

5-9 November 2018 - OECD Working Parties on Financial Statistics and National Accounts, Paris, France.

19-20 November 2018 - 6th Statistical Forum of the International Monetary Fund: Measuring Economic Welfare in the Digital Age: What and How? Washington, D.C. http://www.imf.org/en/News/Seminars/Conferences/2018/04/06/6th-statistics-forum.

27-29 November 2018 – 12th meeting of the Advisory Expert Group (AEG) on National Accounts, Luxembourg.

Editorial Note

SNA News and Notes is a bi-annual information service of the ISWGNA prepared by the United Nations Statistics Division (UNSD). It does not necessarily express the official position of any of the members of the ISWGNA (European Union, IMF, OECD, United Nations and World Bank).

SNA News and Notes is published in four languages (English, French, Russian and Spanish) and can be accessed on the internet: http://unstats.un.org/unsd/nationalaccount/snanews.asp

The website of the ISWGNA includes, in addition to information about the ISWGNA activities, a platform for monitoring the implementation of the SNA with links to the work programmes of the ISWGNA members and regional commissions; information about the research agenda of the SNA; and the activities of the AEG. The website is available at:

http://unstats.un.org/unsd/nationalaccount/iswgna.asp. Searchable PDF copies of the 2008 SNA and earlier versions of the SNA are available at http://unstats.un.org/unsd/nationalaccount/sna.asp.

Correspondence about the SNA News and Notes should be addressed to: UNSD, Room DC2-1516, New York, NY 10017; tel.: +**1-212-963-4679**, fax**: +1-917-367-0135**, e-mail: **sna@un.org**