

**Agenda item : VI**  
**: The implementation of the SNA**

Introduction

The *Implementation Programme for the System of National Accounts 2008 and Supporting Economic Statistics*, adopted by the United Nations Statistical Commission at its fortieth session, represents a global statistical initiative with the dual objectives of assisting countries in developing the statistical and institutional capacity to (a) make the conceptual change over from the 1968 or 1993 SNA to the 2008 SNA and (b) improve the scope, detail and quality of the national accounts and supporting economic statistics. The forty-first session of the Statistical Commission also established a Friends of the Chair Group (FOC) on the barriers to the implementation of the 1993 SNA to assist the Commission with identifying the causes of the low and slow adoption of 1993 SNA and to make suggestions for the way forward, given that 1993 SNA has been updated to 2008 SNA.

Guidance on documentation provided

The following documents are available for this agenda item

- Global implementation programme for the 2008 SNA and supporting statistics
- Friends of the Chair on the barriers to the implementation of the 1993 SNA
- Guidelines for monitoring the implementation of the 2008 SNA
- Implementations plans of OECD countries
- SDMX roadmap to develop DSDs for national accounts
- Implementation of the 2008 SNA-Activities of the regional commissions

Main issues to be discussed

The AEG is requested to:

- Express views on the initiatives undertaken by the ISWGNA members regarding the implementation of the 2008 SNA and supporting economic statistics;
- Provide guidance on the required actions to implement the recommendations of the Friends of the Chair on the barriers to the implementation of the 1993 SNA; and
- Express views on the articulation of a separate multi-year project management framework for the implementation of the 2008 SNA and supporting economic statistics to scale up capacity building.



**7<sup>th</sup> Meeting of the Advisory Expert Group on National Accounts, 23-25 April 2012, New York**

**The implementation of the SNA**

**I. Introduction**

1. The Implementation Programme for the System of National Accounts 2008 and supporting economic statistics represents a global statistical initiative, which was mandated by the United Nations Statistical Commission (UNSC) at its fortieth session following the adoption of the System of National Accounts 2008 (2008 SNA) as the international standard for the compilation and dissemination of national accounts data. It has the dual objectives of assisting countries in developing the statistical and institutional capacity to (a) make the conceptual change over from the 1968 or 1993 SNA to the 2008 SNA and (b) improve the scope, detail and quality of the national accounts and supporting economic statistics.
2. With the 2008 SNA being flexible to accommodate all countries and economies, regardless of their level of statistical development, each country has to review with its users the relevant changes from the earlier SNA versions to the 2008 SNA that are applicable to the country and consider their implementation. At the same time, user consultation should revisit the scope, detail and quality of the accounts and supporting economic statistics by taking a view on which socio-economic and financial policies have to be informed by the structural and short-term economic statistics, including annual and quarterly national accounts.
3. This issues paper comprises four sections. Following the introduction in the first section the 2008 SNA implementation programme as adopted by the UNSC is described in section II. The implementation initiatives by the Intersecretariat Working Group on National Accounts (ISWGNA) members are described in section III. Section IV presents the recommendations of Friends of the Chair on the barriers to the implementation of the 1993 SNA. Issues for discussion are provided in the last section

**II. The 2008 SNA implementation programme**

4. The efficiency and sustainability of the implementation of the 2008 SNA rest on the agreed principles of the implementation strategy, namely: (a) strategic planning, (b) coordination, monitoring and reporting; and (c) improving statistical systems. The strategy takes as a starting point the different levels of implementation of the SNA in various countries. It acknowledges the need for coordinated action, not only at the international level but also at regional and sub-regional levels and emphasizes the need for close cooperation with regional commissions and sub-regional organisations.
5. The principles of the implementation strategy are operationalized in the implementation programme for the 2008 SNA, which comprises four elements, namely: (a) use of National Strategies for the Development of Statistics (NSDS) as the strategic planning framework, (b) the programme information structure built around the statistical production process, scope and compliance for the national accounts and supporting economic statistics, (c) the modalities of statistical capacity building through training and technical cooperation,

publication of manuals and handbooks, research and advocacy, and (d) the stages of implementation leading to the change over to the 2008 SNA.

6. The NSDS is the most widely used tool for statistical planning in developing countries. Countries are encouraged to use the NSDS for the implementation of the 2008 SNA and many already have or are updating their NSDS for this purpose. This paper elaborates on how a statement of strategy can be used as a strategic planning framework for the development of an implementation programme for the 2008 SNA and supporting economic statistics.

7. A programme information structure aims to facilitate the coordination, monitoring and reporting on the SNA implementation in this multi-stakeholder environment. The ISWGNA already reports to the UNSC about the scope of national accounts compilation and the conceptual compliance with the 1993 SNA in terms of milestones and a Minimum Required Data Set (MRDS) based on the United Nations National Accounts Questionnaire (UN-NAQ). At its forty-second session in 2011 the UNSC adopted an update of the milestone and data set measures to assess the scope and compliance with the 2008 SNA<sup>1</sup> and initiated a review to accommodate a broader scope of economic statistics and short term economic statistics, including quarterly national accounts, for early warning of exposures and risks<sup>2</sup>. The ISWGNA organizations also apply other generally accepted frameworks in performing or facilitating data quality assessments for national accounts and supporting data sets. The sources of methodological and institutional descriptions used to perform these assessments include the International Monetary Fund's (IMF) General Data Dissemination System (GDSS) and Special Data Dissemination Standard (SDDS) metadata, information gleaned in the discovery process during quality assessment reviews, including self assessments, peer reviews, IMF data modules of the Reports on Observance of Standards and Codes (ROSC) and periodic international surveys.

8. The recent analytical study on the barriers to the implementation of the System of National Accounts included in the report of the Friends of the Chair on the barriers to the implementation of the System of National Accounts 1993<sup>3</sup> reveals the lack of availability of basic data sources as one of the two major obstacles hindering SNA implementation. To make the necessary improvements in data sources, an integrated economic statistics approach can be followed. This approach supports the statistical reconciliation of the various basic data sets with the macroeconomic accounts such as the national accounts. Integrated economic statistics rely on the application of statistical integration frameworks and techniques for the compilation of consistent and coherent macroeconomic and supporting basic statistics. It comprises the SNA as conceptual organizing framework; adequate institutional arrangements; and an integrated statistical production process.

9. In order to meet the challenges of national accounts development along with the supporting economic statistics, the UNSD and other members of the ISWGNA initiated dialogue with the United Nations regional commissions and other development partners to consider programmes for four modalities: (a) training and technical cooperation, (b) manuals

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<sup>1</sup> ISWGNA report to the 2011 UNSC available at <http://unstats.un.org/unsd/statcom/doc11/2011-6-NationalAccounts-E.pdf>.

<sup>2</sup> Report on Short term Economic Indicators to the 2011 UNSC available at <http://unstats.un.org/unsd/statcom/doc11/2011-11-Short-termEcoIndicators-E.pdf>.

<sup>3</sup> Report of the Friends of the Chair on the barriers to the implementation of the System of National Accounts 1993 to the 2011 UNSC available at <http://unstats.un.org/unsd/statcom/doc12/2012-5-FOC-SNA-E.pdf>.

and handbooks, (c) applied research and (d) advocacy. The initial focus on these four modalities will be applied flexibly.

10. Three distinct stages are identified for the changeover to the 2008 SNA through a multi-year programme, irrespective of the level of statistical development namely:

- (a) Stage I. Review of a strategic framework and detailing of national and regional implementation programmes;
- (b) Stage II. Adaptation of classification frameworks, business registers and frames, surveys, administrative data sources and information technology infrastructure; and
- (c) Stage III. Application of adapted frameworks and source data, backcasting and changeover to 2008 SNA.

### **III. Implementation initiatives by the ISWGNA members**

11. This section describes the initiatives undertaken by the ISWGNA members to help countries not only to move over to the concepts of the 2008 SNA, but also to develop the capacity to improve the scope, detail and quality of their national accounts.

#### **a. Eurostat**

12. The 2008 SNA will be implemented in the European Union in the form of the revision of the European System of Accounts (ESA), which is the European version of the SNA. In Europe, discussions on the draft new ESA are well advanced. An implementation plan with milestones has been set up for the period 2009 to 2014. This implementation plan has been approved by the European Statistical System Committee (ESSC), which brings together Eurostat and the national statistical institutes of EU member states. Furthermore, a comprehensive training programme on the new ESA has been developed for Eurostat and the EU member states' civil servants working on national accounts and will be conducted during 2012-2014. The implementation of the new ESA methodology and transmission programme by EU member states will commence in September 2014. This implementation will also be largely supported by preparatory work including discussions on specific topics and the development of guidelines in the context of working parties and expert groups of the European Union.

#### **b. OECD**

13. The OECD facilitates the implementation of the 2008 SNA by its member countries by providing a discussion forum on resolving conceptual and compilation issues. The OECD is also involved in a two-year project, as part of its on-going cooperation with the Chinese National Bureau of Statistics, to develop Supply-Use tables for China. As part of its Enhanced Engagement Programme, the OECD is incorporating national accounts data for these countries in its core database, providing assistance where data and metadata issues arise. The OECD is also actively involved in the International Comparison Programme (ICP).

#### **c. IMF**

14. The IMF Statistics Department provides technical assistance in national accounts to member countries aimed at developing capacity to compile and disseminate these statistics.

To complement technical assistance, it conducts training on national accounts methodologies and compilation practices to officials from statistical offices and other statistics producing agencies. The IMF technical assistance projects in national accounts are undertaken mostly through short-term missions conducted by IMF staff and externally recruited experts. These missions are part of comprehensive medium term technical assistance projects that are designed as project frameworks with overall objectives, specific outcomes, outputs and implementation dates.

**d. World Bank**

15. The World Bank supports the implementation of the 2008 SNA through activities related to its regular programme of work for improving statistical capacity, particularly in developing countries, and work related to the ICP.

16. The ICP Global Office provides support to the regional coordinating agencies and provides technical assistance on national accounts activities. Although the 2011 round of ICP (ICP 2011) will be based on the 1993 SNA, technical assistance helping countries improve their national accounts so as to enable them to conform to international standards and/or improve estimates of household consumption (with breakdown) will contribute towards implementing the 2008 SNA down the line. In addition, work will also include guidance on price issues in areas such as owner-occupied housing; the measurement of government outputs, education and health; the measurement of financial services; construction and civil engineering; and machinery and equipment.

17. The World Bank is continuing to work — along with other key donors — on scaling up its support to developing countries. Financing mechanisms available through the World Bank include the Trust Fund for Statistical Capacity Building, the Statistics for Results Catalytic Fund and the STATCAP lending programme. Although the World Bank support mechanisms available to countries for improving their statistical systems are broad-based, these facilities could also be used to address country-specific needs aimed at the implementation of the 2008 SNA.

**e. UNSD and regional commissions**

18. The UNSD is working closely with the United Nations regional commissions and other regional partners to pursue the implementation of the 2008 SNA. For this purpose the UNSD and the regional commissions (RC) organized a series of seminars. The purpose of these seminars was to facilitate the development of an implementation programme for the 2008 SNA and supporting economic statistics with the objective of developing comparable economic statistics in those regions that have not done so yet and to support those regions that have already started with their own regional programmes, ensuring that these programmes are aligned with the global implementation programme as adopted by the UNSC.

19. With a view to helping countries establish and develop Stages I and II of the implementation process described above, UNSD has also developed a number of tools. The first of these is a Statistical System Information fact sheet that brings together a variety of source information, held at the national and international level, on the national statistics system.

20. To help countries to carry out a self assessment of their national statistical system to evaluate the adequacy of the national statistical production process to support national accounts compilation the UNSD developed a Diagnostic Framework for National Accounts and Supporting Economic Statistics (DF-NA&ES) and an outline for recording the Status of National Accounts and Supporting Economic Statistics. The Diagnostic Framework uses taxonomies based on the CES Classification of International Statistical Activities. The outline for recording the Status of National Accounts and Supporting Economic Statistics maps international standards and good practices for each of the components of the DF-NA&ES.

21. UNSD in collaboration with the regional commissions has identified countries that could serve as pilot studies for developing implementation programmes for the 2008 SNA and supporting economic statistics within the framework of national strategies for the development of statistics. The aim is to develop a statement of strategy for implementation of the 2008 SNA, taking into account national and regional policy needs to determine the scope and detail of the national accounts required to inform policy makers. The chosen scope and detail of the national accounts also determine the data sources needed for timely and accurate estimates of the national accounts aggregates. By mapping the statistical requirements – where you want to go, and the outcome of an assessment of the statistical system – where you are, it is possible to determine the required actions – how to get there. These required actions then need to be translated into an implementation programme for the 2008 SNA and supporting statistics, providing key features and deliverables that are specific, measurable, attainable, relevant and timely.

22. Considerable progress, under the auspices of the relevant regional advisory groups on national accounts and economic statistics, has been made in developing programmes for the implementation of the 2008 SNA and supporting economic statistics in the respective regions of the United Nations regional commissions. These regional programmes are well aligned with the global programme aiming at developing the capacity of countries to produce economic statistics of appropriate quality and coverage required for national accounts compilation and for economic analyses and decision making.

23. The regional commissions, in collaboration with the UNSD, will monitor the progress on the implementation of the 2008 SNA and supporting economic statistics according to the agreed timelines and set of actions to accomplish statistical and institutional goals for the sustainable improvement of the economic statistics programmes, while ensuring adherence to best practices in official statistics.

**f. SDMX: roadmap to develop Data Structure Definitions for national accounts**

24. It has been agreed by the SDMX sponsors that a steering group, consisting of the European Central Bank (ECB), Eurostat and the OECD, will develop the necessary Data Structure Definitions (DSDs) in coordination with the ISWGNA. The purpose of the development of the DSDs is to implement the SDMX in National Accounts according to the 2008 SNA. This comprises in particular the definition of SDMX Data Structures for exchanging data from reporting countries to international organisations and between the organisations, and possibly beyond, as well as to maintain the DSDs over time, in accordance with the procedures agreed upon by the SDMX Working Groups. It is expected to finalise the DSDs by the end of 2012, so that they can be implemented in the course of 2014. The steering

group will report progress on their work to the ISWGNA and the AEG to ensure a global input in the development of the DSDs for the national accounts.

#### **IV. The recommendations of Friends of the Chair on the barriers to the implementation of the 1993 SNA**

25. At its forty-first session, the UNSC accepted the suggestion of the Australian delegation to set up a Friends of the Chair Group (FOCG) to assist the Commission in identifying the causes of the slow and limited adoption of the 1993 SNA, as well as make suggestions on the way forward, given that the 1993 SNA had been updated to the 2008 SNA.

26. Following the adoption of the 2008 SNA as the international standard for compilation and dissemination of national accounts, the implementation programme proposed by the ISWGNA gained support from the UNSC at its fortieth session in February 2009. However, with many countries having yet to implement a full set of national accounts and/or upgrade their accounts to the 1993 SNA, the changeover to the 2008 SNA is regarded as premature and problematic. For such countries the primary challenge is to develop and strengthen their national accounts; the specific move to the 2008 standard needs to be undertaken within that context.

27. In the light of these concerns, the FOCG was formed to identify and suggest solutions to the barriers to implementation of national accounts and reflect on the 2008 SNA implementation programme.

28. The FOCG analysed the barriers to the implementation of the SNA, identified areas for improvement in the implementation process and afforded a reflection on the current implementation programme for the 2008 SNA. A set of recommendations has been proposed as a result of the analysis. Those recommendations seek to promote progress in the implementation of the SNA and to shed light on some of the underlying reasons for the frequently articulated concern: “not enough resources and capability”.

29. The two most prominent barriers impeding the implementation of the System of National Accounts, as indicated by the FOCG, are: (a) Lack of political support; and (b) Availability of basic data sources.

30. The FOCG questionnaire sought reflection from the group members on these principles of the global implementation programme and activities. The members agreed with the overall strategic framework but believed that the ISWGNA is not giving sufficient attention to their implementation. The respondents to the questionnaire highlighted the value of specific aspects of the strategies and activities of international organizations and suggested improvements for others. Countries generally believed that the strategies should put the implementation of the 2008 SNA within the broader context of the development of economic statistics.

31. The FOCG has identified the lack of effective political support and data resource limitations as the main impediments to the implementation process. This finding has been reflected in the suggestions made by the FOCG for improving and modifying the ISWGNA strategies to better enable countries, especially developing countries, to enhance the ability of the national accounts to meet national information priorities in line with the latest SNA

standards. The FOCG has reflected on and has provided suggestions to improve the implementation process for the SNA. The annex lists the recommendation of the FOCG under each of the principles of the global implementation programme.

#### **IV. Issues for discussion**

32. The AEG is requested to:
  - a. Express views on the initiatives undertaken by the ISWGNA members regarding the implementation of the 2008 SNA and supporting economic statistics;
  - b. Provide guidance on the required actions to implement the recommendations of the Friends of the Chair on the barriers to the implementation of the 1993 SNA; and
  - c. Express views on the articulation of a separate multi-year project management framework for the implementation of the 2008 SNA and supporting economic statistics to scale up capacity building.

## **Annex: The recommendations of Friends of the Chair on the barriers to the implementation of the 1993 SNA**

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### **Adoption of a strategic national planning framework**

- (a) Key stakeholders, including users, data suppliers and funding agencies, need to agree to and/or be involved in the strategic national planning framework;
  
  - (b) The strategic national planning framework needs to incorporate national priorities for the development of national accounts, such as:
    - (i) Requirements of regional economic groups;
    - (ii) Internal coherence;
    - (iii) Satellite accounts for industries or sectors of national importance;
  
  - (c) For the strategic national planning framework there needs to be recognition of the importance of improving national institutional arrangements for compiling national accounts, strategies for recruiting and retaining skilled people, including raising the institutional status of national statistical offices, and priorities for improving source data, including overcoming legal or other obstacles to the statistical use of administrative data;
  
  - (d) The strategic national planning framework needs to incorporate the above features and fit with government budget-setting processes in order to enhance the capacity to secure funding;
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### **Coordination, monitoring and reporting**

- (a) It needs to be ensured that international assistance does not impede existing national statistical strategies;
  
  - (b) Where appropriate, international organizations need to support countries in joining, forming or strengthening regional economic groupings, as that would provide an incentive for countries to improve their SNA statistics. Cooperation among countries within the same region also needs to be supported;
  
  - (c) In applying its guidelines on the minimum required data set for national accounts, the Working Group should give added weight to those components that are most widely relevant to national policy requirements, in particular the production, income and use of income accounts;
  
  - (d) International organizations need to take account of national priorities, as outlined in the national planning frameworks, and seek to assist in leveraging local opportunities;
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### **Improving statistical systems**

- (a) Training and technical cooperation:
  - (i) This strategy needs to include helping countries overcome the difficulties they face in accessing administrative data and problems in maintaining business registers;
  
  - (ii) This strategy needs to focus on longer-term and sustainable approaches to the training,

retraining and retention of staff with relevant qualifications and experience;

(iii) Technical assistance needs to be provided over longer periods;

(b) Manuals and handbooks:

(i) Major revisions to national accounts data can undermine the confidence of Governments in their national statistical offices. Manuals should provide guidance on techniques for improving reliability and coherence, and on making improvements in timeliness and frequency without material erosion of reliability;

(ii) Guidance should be provided on the identification and classification of transactions relating to non-profit institutions serving households, the non-observed economy and other components of national accounts that are not adequately addressed;

(iii) Guidance should also be furnished on strategies for improving source data for informal sector activities and methods for integrating formal and informal sector data;

(iv) Manuals and handbooks need to put more emphasis on practical work in the process of compilation than on theoretical or conceptual explanations;

(v) Support should be provided for translating manuals and handbooks into the local language;

(c) Applied research:

Research should focus on the broader context of the development of national accounts and not just on matters relating to the implementation of concepts from the 2008 SNA. Areas such as improving data sources, practical guidance in the utilization of administrative records, construction and maintenance of business registers and methodologies for measuring the contribution of the informal sector/underground economy have been identified as significant obstacles to SNA development;

(d) Advocacy:

(i) This strategy needs to ensure that statistical offices and Governments are aware of the interdependence of SNA components and are appropriately focused on implementing “core” SNA elements. Governments need to appreciate that their demands for quarterly GDP measures or for certain satellite accounts can be built only on a sound foundation of data sources, methods and strong institutional capability;

(ii) This strategy needs to help remove any legal impediments faced by statistical agencies gaining access to relevant administrative record data;

(iii) This strategy needs to be aimed at clarifying the responsibilities of different agencies of Government when responsibility for compiling SNA components are fragmented between different government agencies;

(iv) Influential people need to be enlisted to develop persuasive case studies.