

**11th Meeting of the Advisory Expert Group on National Accounts,
5-7 December 2017, New York, USA**

Agenda item: 9.1.2

**Update from the workshop in countries of Eastern Europe, Caucasus and Central Asia
(EECCA) and South East Europe (SEE)**

Introduction

Following the request of the UN Statistical Commission UNECE, supported by the Steering Group on National Accounts developed regional recommendations for the implementation of the 2008 System of National Accounts (2008 SNA) in the countries of Eastern Europe, Caucasus and Central Asia (EECCA) and South East Europe (SEE) and asked countries to develop national implementation plans in line with the global template. The UNECE recommendations and the national plans identified the need to enhance the inter-institutional cooperation between the compilers of macroeconomic statistics as one of the priority areas, where international support should focus.

This paper presents the outcomes of the joint UNECE/EFTA/Eurostat workshop Implementation and Consistency between the System of National Accounts 2008 (2008 SNA) and the Balance of Payments Manual, 6th Edition (BPM6), which was held in Minsk on 3-5 October 2017. It also provides information on the main challenges identified by the participants in the workshop and the requested support from international organizations.

Documentation

A paper on: Draft Report from the Workshop on the implementation 2008 SNA: Consistency between national accounts and balance of payments statistics

Main issues to be discussed:

- Does the AEG consider that a more coordinated approach in implementation of BPM6 and 2008 SNA should be encouraged in countries? If yes, what could be the role of the international statistical community e.g. provide regional forums engaging national accounts and balance of payments compilers?
- How the differences in interpretations of the producers of national accounts and balance of payments statistics could be eliminated? The AEG is invited to discuss the need of further harmonization of the terminology and practical guidance of the two standards.

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**Draft Report of the Workshop on the implementation 2008 SNA: Consistency between
national accounts and balance of payments statistics**

3 – 5 October 2017, Minsk, Belarus

I. Introduction

1. The workshop on Implementation and Consistency between the System of National Accounts 2008 (2008 SNA) and the Balance of Payments Manual, 6th Edition (BPM6) was held in Minsk on 3-5 October 2017. It was jointly organized by the European Free Trade Association (EFTA), Eurostat and UNECE, in cooperation with the European Central Bank (ECB) and the National Statistical Committee of the Republic of Belarus (Belstat).

2. The Workshop was attended by participants from the National Statistical Offices (NSOs) and Central Banks from the following countries: Albania, Armenia, Azerbaijan, Belarus, Bosnia and Herzegovina, Georgia, Kazakhstan, Kyrgyzstan, Mongolia, Montenegro, Netherlands, Norway, Republic of Korea, Republic of Moldova, Russian Federation, Serbia, Tajikistan, The former Yugoslav Republic of Macedonia, Turkey, Ukraine and Uzbekistan, and representatives from the Interstate Statistical Committee of the Commonwealth of Independent States (CIS-STAT).

II. Organization of the workshop

3. The workshop was prepared following the recommendations of the Group of Experts on National Accounts (May 2016, Geneva) and the Workshop on the implementation the System of National Accounts 2008 and linkages with Balance of Payments Manual and the Government Finance Statistics Manual (Istanbul 2015).

4. Following the priorities expressed by countries in their national implementation plans for the 2008 SNA, UNECE and partner organizations have already organized two workshops aiming to strengthen the institutional cooperation between national statistical offices, central banks and ministries of finance. The objective of this Workshop was to go a step further and discuss the main challenges and good practices in ensuring consistency between national accounts and balance of payments (BoP) statistics as well as review in more detail specific methodological and practical issues that are of interest to national accounts and BoP compilers.

5. The workshop was part of the regional initiatives to support the implementation of the System of National Accounts 2008 (2008 SNA) in the countries of Eastern Europe, Caucasus and Central Asia (EECCA) and South East Europe (SEE).

6. Materials of the workshop are available at: www.unece.org/index.php?id=43930

III. Summary of the main conclusions reached at the workshop

A. Importance of the consistency between national accounts and balance of payments statistics

7. After the latest revisions, BPM6 and SNA are fully harmonized. While BoP and national accounts statistics serve different purposes and therefore provide different presentations of the external sector, it is important that the main aggregates measuring the development of the economy are consistent and telling the same story. However, differences persist in many countries due to different data sources, timeliness, different compilation techniques or interpretation of the standards and lack of inter-institutional coordination. This may confuse users and question the relevance of external statistics. Thus, there is a need to enhancing the coordination among the statistical community.

8. The participants agreed that full consistency is difficult to achieve, and that revision and vintage bias could partially overstate the problem. Furthermore, consistency is only one of the aspects of quality. Nevertheless, analyzing the reasons for discrepancies, and ensuring close cooperation and coordination of the production of BoP and national accounts statistics are a prerequisite for providing users with relevant, consistent and high quality data.

9. Users do not necessarily understand well the content of the indicators and all the changes introduced with the new standards. Educating users, explaining the rationale behind the revision and the issues around data quality should also be part of the work of statistical offices and central banks.

B. Implementation of the 2008 SNA and BPM6: national practices in ensuring coordination, data quality and consistency

10. The EECCA and SEE countries follow a decentralized model for producing BoP and (non-financial) sector accounts. The BoP is produced by central banks, while non-financial accounts are responsibility of the statistical offices. Financial accounts are still in experimental phase in most countries of the region and they appreciate the possibility to learn more from the experience of the more advanced offices. It should also be noted that full set of sector accounts are produced only on an annual basis in many countries. Further, in some countries balance of payments switched to BPM6, while national accounts continue to be published according to 1993 SNA.

11. UNECE conducted a survey among the participating countries. The survey revealed that based on discussions in the previous workshops and the regional recommendations for the implementation of the 2008 SNA, countries had developed different inter-institutional agreements or set up working groups involving national statistical institutes and other national institutions collecting and compiling macroeconomic statistics (mainly central banks and ministries of finance). Nevertheless, the agreements and working groups mainly cover data exchange and less frequently deal with methodological issues and compilation methods.

12. The experience of those countries having working groups dealing also with methodological and consistency issues proved them very useful for identifying concrete steps for further strengthening the cooperation and improving data quality. Another aspect of consistency that was addressed in the session was the bilateral reconciliation with partner countries. Such exercises also play an important role for increasing the quality of the data.

C. Main points raised by the participants

13. The following points and recommendations were made during the discussions at the workshop:

- Consistency, as a dimension of quality, should be addressed in a more holistic way. Coordination of the compilation process plays a major role there. The analysis of the differences and plan for improvements should be a joint effort of both central banks and statistical offices.
- The new international standards, BPM6 and 2008 SNA, are consistent, but the terminology and the language they use are not completely harmonized. Furthermore, they often leave room for some flexibility and, therefore, allow different interpretation by compilers. The work on reaching common understanding is currently done at the national level. It could be considered if a review and harmonisation of terminology could be done at international level.
- At the national level, compilers need to have a common understanding of the goals to be achieved, agree on terminology, and discuss and decide on data sources and methods (preferably as part of inter-institutional agreements or working groups). They also need to speak common language and know each other's processes and specific requirements e.g. sector accounts are less frequent than BoP, but require more resources to produce, reconcile and publish. Building this understanding is part of the harmonization process as well.
- Consistency cannot be achieved by looking only on aggregated levels. In addition, while many central banks have moved quickly and introduced BPM6, a lot of methodological work and improvements are still going on at the national accounts side e.g. illegal activities. There is a need to look into each individual item, review the estimates and synchronize them.
- The countries from the region are at different stages of implementation of the standards and have quite limited resources devoted to methodological work. This is why a good way forward would be to focus first on one vintage of estimates that include the most detailed and reliable data sets e.g. annual data and try to analyse and eliminate (reduce) discrepancies for these series.
- Historical inconsistencies are difficult to resolve. Countries should take a pragmatic view and start with the more recent and reliable data sets.
- During the transitional period of implementing the BPM6 and 2008 SNA, some countries have taken the decision to publish estimates in both old and new versions. Even when the new versions of both standards are in place it will take time to resolve all differences. User's perspective should be taken into account and appropriate documentation should be published. Agencies should work together on common releases explaining the reasons for inconsistencies. Differences in the direction of growth are most difficult for users to understand.
- In many countries, coordination is based on legal documents and regulations, so in order to enable consistency work they need to go back to official agreements.

D. Conclusions and way forward

14. The EECCA and SEE countries have already progressed well with the first phase of implementation of the 2008 SNA – the issues that affect the measurement of GDP and related aggregates. Now many of them are focusing on sector accounts, including financial accounts. In this respect, the participants welcomed the efforts of the workshop organizers to bring together the institutions responsible for BoP and national accounts. It was highlighted that such forums are very beneficial for strengthening the institutional cooperation in countries. They also increase the understanding of the requirements for production of the different statistical series.

15. The implementation of the new standards, BPM6 and 2008 SNA, is very challenging for all countries. This is why experience and good practice on institutional arrangements, data collection and exchange, dealing with concrete methodological issues and practical solutions to overcome obstacles should be shared. Open communication and discussion between these two areas of statistics could help learning and enriching our understanding of the issues. International organizations could also help by developing or strengthening the practical guidance.

16. Countries are encouraged to develop further this cooperation at the national level, enforcing the role of inter-institutional working groups and reviewing agreements. In view of the resource constraints, they should adopt a step-by-step approach, focusing first on the main data sets and on the areas where they have largest problems.

17. The participants noted that while such permanent forums exist for the EU and OECD regions, the EECCA and SEE countries have no suitable platform where the producers of BoP and national accounts could meet on a regular basis. They asked UNECE and the partner organizations to consider organizing similar workshops in the future. Possibility to attend the meetings of the Group of Experts of National Accounts should be provided to central banks, when the topics on the agenda are of their interest.

18. Similar workshops dealing with institutional cooperation and other challenges related to sector accounts, including financial accounts, should be considered in the future. Such workshops should bring together other relevant institutions or departments e.g. those responsible for government finance statistics or monetary and financial statistics, etc.

19. The participants also requested support in addressing the links between business statistics and national accounts, including on redesigning questionnaires and data collection to measure properly transactions related to multinationals and global production.