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Items for discussion and decision: national accounts

Report of the Intersecretariat Working Group on National Accounts

Note by the Secretary-General

In accordance with Economic and Social Council decision 2016/220 and past practice, the Secretary-General has the honour to transmit the report of the Intersecretariat Working Group on National Accounts. The Statistical Commission is requested to express its views on the points for discussion set out in section VI of the report.

* E/CN.3/2017/1.



Report of the Intersecretariat Working Group on National Accounts

I. Introduction

1. At its forty-seventh session, held in New York from 8 to 11 March 2016, the Statistical Commission, in its decision [47/105](#) (see [E/2016/24](#), chap. I.B):

(a) Welcomed the report of the Intersecretariat Working Group on National Accounts ([E/CN.3/2016/7](#)), expressed its appreciation for the activities undertaken by the members of the Working Group, the regional commissions, other regional organizations and countries to facilitate the implementation of the System of National Accounts (SNA) 2008 and supporting statistics, and endorsed the programme of work of the Working Group and the Advisory Expert Group on National Accounts for 2016;

(b) Expressed its appreciation for the progress made in resolving research issues related to the implementation of the 2008 SNA, noted the emergence of some conceptual issues that extend beyond the 2008 SNA, and requested the Working Group to report to the Commission on progress in addressing those issues, taking into consideration the integration of economic, social and environmental statistics and frameworks for measuring progress on the 2030 Agenda for Sustainable Development;

(c) Expressed its appreciation for the guidance provided on issues emerging from the implementation of the 2008 SNA, including the completion of several manuals, handbooks and guidelines that will facilitate its implementation and supporting statistics, and urged the Working Group to continue to give priority to practical guidance on issues that would facilitate the implementation of the 2008 SNA;

(d) Welcomed the progress made in implementing the 2008 SNA, expressed concern at the relatively low level of compliance with the minimum requirement data set and urged countries to develop basic source data for the compilation of national accounts that are policy-relevant and fit for purpose, and in that regard called upon the global and regional agencies to provide a focused, funded and coordinated programme on integrated household and business statistics, in support of the compilation of national accounts;

(e) Recognized the need of countries, especially small island developing States, landlocked developing countries and least developed countries, for continued statistical capacity-building for the implementation of national accounts, based on an integrated statistics programme using multi-source and multi-modal statistics;

(f) Noted the progress of the Statistical Data and Metadata eXchange (SDMX) data transmission mechanism for national accounts, and recognized that the implementation of the SDMX technology by countries will facilitate data transmission and thereby significantly reduce the response burden in submitting data to international organizations.

2. In section II of the present report, an overview is provided of the progress of work on issues emerging from the implementation of SNA, in particular, the

outcome of the meeting of the Advisory Expert Group on National Accounts, the progress made with regard to the research agenda on practical issues of the implementation of the 2008 SNA and an update on the finalization of publications supporting the implementation of the 2008 SNA. In section III, an overview is provided of the activities on national accounts and supporting statistics of the members of the Intersecretariat Working Group on National Accounts and of the regional commissions. Section IV contains an update of the scope and timeliness of the implementation of SNA at the country level. Progress on the coordination of data collection and data exchange activities is contained in section V. Points for discussion are set out in section VI.

II. Guidance on issues emerging from the implementation of the System of National Accounts

A. Report on the meeting of the Advisory Expert Group on National Accounts

3. The tenth meeting of the Advisory Expert Group on National Accounts was held in Paris from 13 to 15 April 2016. The main purpose of the meeting was to consider guidance on such issues as accounting for pensions; globalization, including the measurement of global production and global value chains in the interconnected global economy; statistical units; the digital economy; the use of big data to enhance the availability and timeliness of national accounts; and the measurement of financial services.

4. The Advisory Expert Group, while focusing on issues related to the practical implementation of, clarifications on and interpretation of the 2008 SNA, discussed emerging issues that extend beyond the recommendations of the 2008 SNA. It was recognized that such issues may take a long time to resolve, and mechanisms to address them need to be set up in coordination with expert groups from other relevant statistical areas, such as balance of payments, government finance statistics, classifications and business registers. The Advisory Expert Group noted that there was currently no appetite for changes to SNA and agreed that decisions to update SNA in incremental steps, instead of a large number of changes simultaneously, would need to be assessed on a case-by-case basis. The conclusions of the meeting are available from <http://unstats.un.org/unsd/nationalaccount/aeg/2016/Conclusions.pdf>.

5. Topics of particular relevance to the compilation of national accounts that were discussed by the Advisory Expert Group are elaborated on below and include the digital economy, globalization and coordination with the Committee on Balance of Payments Statistics of the International Monetary Fund (IMF) and the IMF Government Finance Statistics Advisory Committee.

Digital economy

6. Information technology has introduced a profusion of new products, processes and market channels. The Internet also allows for the appearance and development of new goods and services, such as open-source and cloud-based information

technology software, the provision of services free of charge, the collection and analysis of big data and the appearance of new business models such peer-to-peer services from small-scale providers.¹

7. That poses a challenge for the compilation of national accounts, given that the provision of free and small-scale services may not be observed by statistical reporting systems. Furthermore, even if the production and export of goods and Internet services via the Internet can be correctly captured by surveying a population of specialized companies engaging in those activities, the consumption and import of those goods and services are more difficult to determine, because households from any country may be involved. The potential underestimation of household consumption of goods and services through the Internet has two components, such transactions are more difficult to capture and, when captured, the price of the related services may be low (or even free) owing to revenue from online advertising.

8. Although the conceptual framework of SNA is robust in capturing the digital economy, there may be problems in measuring some of the transactions and the price and volume of transactions. It was agreed that more guidance on the recording and measurement of activities related to the digital economy in national accounts is needed. It was considered useful to estimate the potential impact of the provision of various free services via the Internet, although it was outside the scope of the central framework of national accounts.

Globalization

9. Economic globalization has created new opportunities for businesses to organize their production chains more efficiently. The new business arrangements may result in more volatile developments in gross domestic product (GDP), especially for smaller economies. This has increased the complexity of compiling economic statistics, given that it is more difficult to break down production activities on a country-by-country basis. As a result, the measurement of key economic indicators, including GDP, may be affected. Addressing these developments also calls for greater cross-border cooperation, including the exchange of data, to consistently record those data.

10. In the *Guide to Measuring Global Production*² the Economic Commission for Europe sets out detailed practical guidance for compilers of national accounts on the implementation of the recommendations of the 2008 SNA related to global production. It also contains a review of some conceptual issues linked to emerging globalization phenomena that are not well addressed in current international standards. The guide highlights the need for further research and exchange of experience on data collection and compilation methods with regard to global production arrangements, in particular the measurement of factoryless goods producers, international profiling, exchange of economic data and data sharing.

¹ For more information, see Ahmad, N. and P. Schreyer (2016), "Measuring GDP in a Digitalized Economy", *OECD Statistics Working Papers*, No. 2016/07, OECD Publishing, Paris. Available from <http://dx.doi.org/10.1787/5jlwqd81d09r-en>.

² Available from www.unece.org:8080/index.php?id=42106&L=0.

11. For that purpose, three initiatives are currently being carried out in close cooperation with one other, namely the full international and global accounts for research in input-output analysis (FIGARO) project to establish the annual production of European Union inter-country input-output tables and the five times yearly production of European Union inter-country supply, use and input-output tables; the trade in value added project to develop estimates of trade in value added by constructing global input-output tables to reflect the increasingly global nature of production, driven by global value chains; and the handbook on accounting for global value chains: extended national accounts and integrated business statistics being developed by the Expert Group on International Trade and Economic Globalization Statistics, which will serve as the measurement framework for international trade and economic globalization.

Committee on Balance of Payments Statistics and Government Finance Statistics Advisory Committee

12. The Intersecretariat Working Group on National Accounts recognized that a number of issues require closer coordination between the Working Group and the IMF Committee on Balance of Payments Statistics and Government Finance Statistics Advisory Committee for the development of consistent recommendations on issues across these macroeconomic domains. The issues include, for example, recording negative interest, compiling data on special purpose entities in external sector statistics, treatment of the digital economy, estimation of financial intermediation services indirectly measured under negative interest rates, delineation of telecommunications services from financial services for monetary transactions through mobile phones, and developing balance sheet statistics for assessing fiscal risks emanating from public corporations. More information on the most recent meetings of the IMF Committees is provided in section IV of the supplement to the present report, which is a background paper available from <http://unstats.un.org/unsd/statcom/47th-session/documents>.

B. Research agenda of the System of National Accounts

13. Annex IV to the 2008 SNA lists research issues that emerged during the update of the 1993 SNA for which more extensive consideration was needed than was possible in the course of the update process. The website of the Working Group, hosted by the Statistics Division of the Department of Economic and Social Affairs of the Secretariat, includes a webpage dedicated to the SNA research agenda, which lists the research issues. It is updated to reflect new items as they emerge and recommendations on existing items as they are agreed upon. The current issues considered by the Working Group and the Advisory Expert Group on National Accounts are focused on the practical implementation of, clarifications on and interpretation of the 2008 SNA. Issues that extend beyond the recommendations of the 2008 SNA are considered long-term research issues.

14. A description of the issues in the SNA research agenda currently under consideration by the Working Group and the Advisory Expert Group is provided in detail in section II of the supplement to the present report. The SNA research agenda is available from <http://unstats.un.org/unsd/nationalaccount/research.asp>.

C. Manuals and handbooks

15. The Working Group facilitates the development of guidance on the compilation of national accounts and supporting statistics in order to strengthen statistical capacity for compiling national accounts. In 2016, the following handbooks were completed: the revised Eurostat handbook on prices and volume measures in national accounts and the Economic Commission for Europe *Guide on Measuring Human Capital*. A detailed list of completed publications, publications in progress and planned publications is provided in section III of the supplement to the present report.

III. Work programmes of the members of the Intersecretariat Working Group on National Accounts and of the regional commissions

16. The Intersecretariat Working Group on National Accounts and the regional commissions continue to support the implementation of SNA and other internationally agreed standards in economic statistics in accordance with the global implementation programme of the 2008 SNA and supporting statistics. As such, those activities cover various aspects of the statistical production process for national accounts as reflected in the various training workshops and seminars organized by the Working Group and the regional commissions.

17. A summary of activities relating to economic statistics and national accounts that were carried out by the member organizations of the Working Group and the regional commissions in 2016 and those planned for 2017 is provided in section IV of the supplement to the present report.

IV. Reporting of national accounts data

18. In accordance with the request of the Statistical Commission, the Statistics Division regularly evaluates the availability and scope of official national accounts data reported by Member States and their conceptual compliance with the recommendations of the 2008 SNA. Although the need for quarterly national accounts data to facilitate appropriate policy responses is recognized, they are available for only about 75 countries. Therefore, only the availability and scope of official annual national accounts data are evaluated. The assessment provided in the present section is based on replies to the national accounts questionnaire received during the past five reporting periods (2011-2015).

19. National accounts data are reported by most Member States (95 per cent), although about 15 per cent do not report every year and 5 per cent have not reported at all for the past five reporting periods. Evaluating the timeliness of the reporting of national accounts data shows that only about 60 per cent of Member States are able to submit data with a time lag of less than one year. The share is 83 per cent of Member States when considering submissions with a time lag of up to two years.

20. In terms of conceptual compliance, the 1993 SNA or the 2008 SNA have been implemented in 91 per cent of Member States. The cut-off date for submitting the national accounts questionnaire is August of each year. As at August 2016, 72 Member States have implemented or partially implemented the 2008 SNA in the compilation of their national accounts. Nearly all of the developed economies, all those of the Eastern European, the Caucasus and Central Asian regions and 87 per cent of developing countries have reported national accounts data according to either the 1993 SNA or the 2008 SNA methodology. The share of the least developed countries and small island developing States that have implemented either the 1993 or the 2008 SNA increased to 81 per cent and 95 per cent, respectively.

21. The scope of national accounts data is evaluated against a standard minimum requirement data set³ and the milestone⁴ measure. The results of the evaluation show that only 53 per cent of Member States are providing the minimum requirement data set tables. The low level in respect of the scope of national accounts data is mainly due to the lack of reporting on the rest of world accounts, highlighting the need to integrate balance of payments statistics and national accounts.

V. Coordination of data collection and data exchange activities

22. The Intersecretariat Working Group on National Accounts and the regional commissions continue to coordinate data collection and data exchange activities to facilitate data transmission from Member States to organizations and among organizations, thus reducing the response burden of Member States. The demand for high-quality economic statistics and national accounts continues to grow. A number of global initiatives require the collection of economic statistics and national accounts data, most notably the 2030 Agenda for Sustainable Development, the Africa Symposiums on Statistical Development, the new round of the International Comparison Programme, the report of the Commission on Global Poverty of the World Bank (Atkinson report), SDMX, the Task Force on International Data Cooperation and the second phase of the Data Gaps Initiative of the Group of 20, all of which have an impact on national accounts statistics programmes.

2030 Agenda for Sustainable Development

23. The current set of proposed Sustainable Development Goal indicators includes a number of indicators for which national accounts statistics are critical. An initial analysis of the list of indicators identified a significant number relating to national accounts, spanning 11 of the Sustainable Development Goals contained in the 2030 Agenda for Sustainable Development. The coherence of the national accounts statistics used for the indicators is therefore fundamental to ensuring the high-quality and consistency of information. In addition, efficient cooperation and coordination between the international custodial agencies are required to reduce

³ The minimum requirement data set is defined in the report of the Task Force on National Accounts (see [E/CN.3/2001/7](#)) and the report of the Working Group to the Statistical Commission (see [E/CN.3/2011/6](#)).

⁴ The milestone methodology is described in the reports of the Working Group to the Statistical Commission (see [E/CN.3/1997/12](#) and [E/CN.3/2011/6](#)).

response burden and ensure consistency of information. Work is being carried out to review the metadata for the indicators relating to national accounts statistics and to set up a cooperation mechanism for them among the international custodial agencies.

Africa Symposium on Statistical Development initiative on national accounts

24. An important initiative at the regional level is the initiative on national accounts of the Africa Symposium on Statistical Development. The first Symposium was held in 2006 with the objective of guiding and coordinating statistical development in Africa. The first six Symposiums focused on the 2010 round of population and housing censuses and the development of civil registration and vital statistics in Africa. Starting in 2016, the focus of the Symposium shifted to economic statistics for the period 2016-2020. The Symposium seeks to ensure, among other things, the adoption and application of international statistical standards for the harmonization of economic statistics in Africa, the strengthening of basic economic statistics for the compilation of national accounts, the optimization and rationalization of the production process of national accounts and economic statistics, the timely dissemination and accessibility of economic statistics for policy formulation and decision-making and the application of economic statistics and national accounts in support of sustainable development.

25. Work in the region is also coordinated in the context of the Agenda 2063 of the African Union, which provides a strategic framework for socioeconomic transformation in Africa within the next 50 years. The Agenda 2063 contains a set of goals and indicators of importance for the region that are aligned with the Sustainable Development Goal indicators of the 2030 Agenda.

International Comparison Programme and its impact on national accounts programmes

26. At its forty-seventh session, the Commission, in the light of the recommendations of the Friends of the Chair group on the evaluation of the 2011 round of the International Comparison Programme, instituted the Programme as a permanent element of the global statistical work programme. Starting from 2017, the Programme will be regularly conducted, at more frequent intervals, with a view to working towards its implementation using a rolling survey approach, consisting of a system of rolling surveys over a cycle, in order to decrease the burden on national statistical offices and allow for more flexibility in conducting the surveys according to the specific conditions of participating countries. The Commission noted the necessity to seek synergies in the production of price statistics by integrating Programme and consumer price index survey activities, in order to improve the consistency of price statistics and further decrease the demands of the Programme on national statistical offices. Work in the context of the Programme should also be more aligned with a country's regular work programme on national accounts, especially the development of expenditure-based GDP.

27. The Commission established the governance structure of the Programme, through which the Programme will continue to be conducted by global, regional and national implementing agencies, under the overall oversight of a governing board and with the guidance of technical advisory group. To ensure efficient coordination

between global and regional agencies, the Commission established an Inter-Agency Coordination Group of the Programme. The Inter-Agency Coordination Group is currently coordinating preparations to launch the 2017 cycle of surveys and support countries in implementing Programme activities. The results of the 2017 comparison are planned to be released by the end of 2019.

Atkinson report on global poverty measurements

28. In October 2016, the Commission on Global Poverty, led by Sir Anthony Atkinson, submitted its recommendations on how to more comprehensively measure and monitor global poverty in support of the goals of the World Bank Group to end extreme poverty by 2030 and boost shared prosperity. Of the 21 recommendations, 2 relate to national accounts. In recommendation 4, it is proposed that the Bank should take the lead in a joint statistical working group for household consumption statistics. Such a working group would set guidelines for the measurement of household consumption and examine how it relates to household income (measured in surveys) and consumption aggregates from the national accounts systems. In recommendation 7, it is proposed that, in conjunction with national statistical agencies and other statistical bodies, the Bank should work towards the development of an annual national accounts-based indicator of household living standards that is consistent with household survey practice.

29. The management of the World Bank agrees with the general thrust of the two recommendations and notes that the scale of the investments and the complexity of the partnerships required to implement them should not be underestimated. Much can be achieved by joining forces with, for example, the Organization for Economic Cooperation and Development (OECD) Expert Group on Disparities in National Accounts and building on its work. Since 2011, the Expert Group has worked to develop a methodology to compile distributional measures of income, consumption and saving across household groups. More recently, the Inter-Agency Group on Economic and Financial Statistics has focused on improving distributional information on household incomes, expenditure, saving and wealth. It is envisaged that the results of the implementation of the recommendations will likely take a considerable amount of time to bear fruit.

Statistical Data and Metadata eXchange

30. In the area of exchanging macroeconomic statistics using SDMX standards, substantial progress has been made. Global data structure definitions are available for national accounts, including government finance statistics, balance of payments and foreign direct investment. The development and maintenance of those definitions are governed by the Ownership Group for Statistical Data and Metadata Exchange for Macroeconomic Statistics, in which all relevant international organizations are represented. Eurostat maintains the data structure definitions for national accounts, IMF for those relating to balance of payments and OECD for those relating to foreign direct investment. The Ownership Group has taken responsibility for the necessary communication and consultation regarding the data structure definitions and their implementation. Furthermore, the decision was recently taken to also develop global data structure definitions in the area of price statistics, in a phased approach, starting with data on the consumer price index.

31. Regarding the implementation of SDMX at the country level, noticeable progress can be reported. The use of SDMX in the field of national accounts is mandatory at the European level, and a growing number of countries are starting to use SDMX. In that respect, the development of the above-mentioned global data structure definitions has been instrumental.

Task Force on International Data Cooperation

32. At the international level, under the auspices of the Inter-Agency Group on Economic and Financial Statistics, the Task Force on International Data Cooperation has been established as a permanent structure. The first shared dataset on GDP and population was produced in the third quarter of 2015 and work is ongoing to add further datasets on institutional sector accounts and balance of payments. In addition, notification-based pull mode is envisaged to further streamline the technical framework for sharing data. The developments are fully based on the global SDMX data structure definitions and data exchange standards. The work packages are overseen by a steering group that reports to the Inter-Agency Group and oversees the work of thematic subgroups. One of the main features of the cooperation is the establishment of a clear distribution of responsibilities between participating international organizations in order to ensure that shared datasets are identical across their respective databases.

Data Gaps Initiative of the Group of 20

33. In September 2015, the ministers of finance and central bank governors of the Group of 20 endorsed the launch of the second phase of the Data Gaps Initiative, which maintains continuity with the first phase but sets out more specific objectives for the compilation and dissemination by the Group of minimum common data sets that reflect evolving policy needs. Under the new initiative, with a five-year horizon, the Inter-Agency Group on Economic and Financial Statistics is promoting 20 recommendations in three categories, monitoring risk in the financial sector; vulnerabilities, interconnections and spillovers; and data sharing and communication of statistics. Seven recommendations have been identified as priorities, including those relating to securities statistics and institutional sector accounts. The second phase aims at bringing Group of 20 member economies to higher common statistical standards, but a flexible approach is followed for the intermediate steps to achieve the targets contained in the action plan for each recommendation. Group of 20 member economies at more advanced stages of implementation are encouraged to make progress beyond the targets. Where possible, data templates for the compilation and dissemination of the data sets will be defined. Although addressed to the Group of 20, other Financial Stability Board member economies are participating, and a broader set of countries is implementing relevant recommendations. For more details on the second phase of the Data Gaps Initiative, see the first progress report prepared by IMF and the secretariat of the Board in September 2016, available from www.imf.org/external/np/g20/pdf/2016/090216.pdf.

VI. Points for discussion

34. **The Commission is invited:**

- (a) **To express its views on the research agenda of the 2008 SNA;**
 - (b) **To consider the development of compilation guidance on the concepts and recommendations of the 2008 SNA in support of its implementation at the national level;**
 - (c) **To express its views on the other activities of the work programmes of the Intersecretariat Working Group on National Accounts and of the regional commissions;**
 - (d) **To express its views on the scope, timeliness and exhaustive measurement with regard to the compilation of national accounts, including the changeover to the 2008 SNA;**
 - (e) **To express its views on progress regarding the coordination of data collection and data exchange activities.**
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