

Fourteenth meeting of the Advisory Expert Group on National Accounts 5-9 October 2020 Conclusions

After being introduced by Ivo Havinga, Stefan Schweinfest, Chair of ISWGNA opened the meeting. Stefan emphasized on the need for consistency among the manuals for economic statistics, for meeting policy needs, as well as the shared responsibility between members of the ISWGNA and AEG in the future governance of national accounts following the forthcoming FOC Group recommendations.

Three new members were introduced to the AEG: Etienne Saint Pierre (Canada), Amanda Seneviratne (Australia); and Vivian Ilarina (Philippines).

Various issues were covered including the overall objective of the update; the role of guideline notes having a conceptual and a practical component based on practices in countries; the alignment with updates of other manuals such as BPM and ISIC; impact of COVID-19; the use of limited resources effectively, and the emphasis on the main themes of the update of the 2008 SNA – globalization, digitalization, well-being and sustainability, whereby the latter takes into account the need for a broader set of measures in support of the 2030 Agenda for Sustainable Development.

The Advisory Expert Group on National Accounts:

1. Expressed its appreciation for the work done by the task teams, joint task teams, committees, working groups and expert groups and authors of the issues papers and draft guidance notes, which allows for a better understanding of the various topics for discussion.
2. Requested that the conclusions of the 14th meeting of the AEG be communicated directly, by the Chair of the ISWGNA, to the Chairs of the various task teams, joint task teams, committees, working groups and expert groups related to macroeconomic accounts and economic statistics.

1. Introduction

3. Took note of the working methods of the meeting and adopted the agenda without any further changes.

2. SNA update programme

Three-pronged approach

4. Agreed with the three-pronged approach to the SNA update program: undertaking technical research; engaging in a broad consultation on the issues; and ensuring overall consistency across the system of economic statistics.
5. Noted the ambitious research agenda and timeline for the update of the 2008 SNA and recommended that the update should focus on three evolving priorities: relevance of the research issue to policy makers; measurability of the recommendations; and magnitude of the research issue.

6. Agreed to invite experts in government finance statistics to join task teams working on issues relevant for this statistical domain.

Issues on SNA and BPM research agendas

7. Agreed that – subject to available resources - the Digitalization Task Team (DZTT) also needs to consider issues on cloud computing; digital platforms and intermediaries; software subscriptions; rewards programmes; and the treatment of artificial intelligence in the SNA. The Globalization Task Team (GZTT) should also consider issues on the treatment of factoryless goods producers; merchanting; trade in value added and global value chains; and global production arrangements. In addition, individual issues such as non-bank financial intermediation (shadow banking); from-whom-to-whom tables; accounting for pension entitlements; provisions; and (revisiting) the treatment of intellectual property products are also considered very relevant for the update of the 2008 SNA.

8. Noted that research materials are already available for some of these issues (for example, trade in value added, global value chains, non-bank financial intermediation, from whom-to-whom tables, and accounting for pension entitlements) and that this material should be utilized and consolidated into recommendations within guidance notes. In addition, it was noted that some of the current issues on the long-term research agenda are dealt with by the Financial Issues Task Team (FITT).

9. Observed that some of the additional issues proposed for the SNA research agenda are related to the work of existing task teams and emphasized that the work of these task teams should also be considered for developing the guidance notes.

10. Emphasized the importance of considering the priority of issues before any new issues are added to the research agenda, to keep users engaged and informed on progress of the update of the SNA, and to bring forward classification issues and issues cross-cutting the framework.

11. Agreed to prioritize and finalize the research agenda for the 2008 SNA update and the long-term research agenda through written consultation with the members of the AEG and ISWGNA after the meeting.

Guidance notes

12. Agreed that the final guidance notes should include practical guidance based on the experimentation and testing of the recommendations but noted the ambitious timeline to conduct these tests.

13. Agreed that the experimentation and testing should involve a wide range of countries at different stages of development and proposed that the regional commissions should have a prominent role in coordinating the experimentation and testing in their respective regions.

14. Proposed that the guidance notes should include an annex on the impact of the recommendations on the sequence of accounts and supply and use tables, as well as ideas for sources and sharing good practice where available, e.g. links to case studies.

Editorial task team

15. Agreed that an editorial task team should be established as soon as possible to facilitate the drafting of the update of the 2008 SNA with lead editor(s) as a focal point.

16. Recommended that the editorial task team should adopt a database approach by maximizing the use of digital tools to ensure that the updated SNA can be easily maintained and linked to other manuals on macroeconomic statistical standards and classifications and, where appropriate, other thesauri, vocabularies, taxonomies and dictionaries, also considering that the new generation of manuals will be digitally based.

Coordination arrangements

17. Agreed with the coordination arrangements for the SNA and BPM update.

18. Proposed that the drafting of the update of the 2008 SNA should commence in close collaboration with the update of the BPM6, starting as early as possible with issues that do not require experimentation and testing, while leaving to the end the incorporation of those issues subject to experimentation and testing.

2021 workplan

19. Agreed with the proposed outline for the 2021 draft work plan for the update of the 2008 SNA that includes the schedule of AEG meetings in February, June and October and sets out the cycles for drafting and consultations on the guidance notes.

20. Stressed the need to expedite the implementation of some activities, such as establishing the editorial task team as soon as possible.

3. Communication

21. Agreed with the scope and defined features of the workstreams under the communication pillar.

22. Agreed that the platforms should be made available in all UN languages and explore digital tools such as infographics to cater to the needs of various users, provided resources are available to develop and sustain the diversity in communication.

23. Agreed with the need to communicate technical terms in the national accounts in a language which is easily understood by a wide range of users, but noted this endeavour should not be undertaken at the expense of losing precision in terminology or implying changes to the concept. The importance of the terms used to describe a concept must be tested in different languages to ensure cross-lingual consistency.

24. Agreed that the development of terminologies should distinguish between the more precise "official terminologies" which are used in international statistical standards and "informal terminologies" which are used in communication with the general public.

4. Globalization and Financial and Payment Systems

Progress of work of task teams

25. Appreciated the solid progress in the preparation of the guidance notes on the valuation of imports and exports (CIF-FOB adjustment); definition of special purpose entities (SPEs), economic presence and residency; treatment of multinational enterprises (MNEs) and intra-MNE flows; treatment of credit default swaps; and valuation of debt securities.

26. Requested the GZTT to coordinate its work with the Current Account Task Team (CATT), Direct Investment Task Team (DITT); Balance of Payments Task Team (BPTT); and Intellectual Property Products Task Team (IPTT) on overlapping issues.

Valuation of imports and exports (CIF-FOB adjustment)

27. Expressed a preference for Option 3 (recording of exports and imports at their observed transaction value), while Option 2 was favoured by some but Option 1 by very few.
28. Agreed generally that the recording of exports and imports at their observed transaction value is conceptually more aligned with the SNA recommendation to measure output at basic prices and could also facilitate the compilation of supply and use tables.
29. Expressed a high value on consistency between National Account and Balance of Payments Statistics and the desire that a solution maintains this consistency moving forward.
30. Requested that the GZTT investigate whether or not Option 3 only implies inconsistency between SNA and BOP at the product level but maintains consistency at the aggregate level (total imports and exports of goods and services).
31. Noted the potential practical difficulties in obtaining external trade data at transaction values from customs data; the need to conduct supplementary surveys to obtain timely freight and insurance charges to adjust external trade data to their transaction values; and statistical issues such as breaks in time series data on international merchandise trade.
32. Requested that experimentation and testing be done to assess the extent of the difficulties in obtaining external trade data at observed transaction values from customs data and whether this change can be implemented in practice and whether the benefits of this change outweigh the disruption (and cost) to the statistical system.

Definition of SPEs, economic presence and residency

33. Agreed that no change should be made to the residency principle in the SNA and BOP frameworks, so that SPEs with non-resident parents should continue to be classified as institutional units in the economic territory in which they are located.
34. Preferred Option 2 (separately identify SPEs by increasing the granularity and supplementary data provided within the SNA framework using the institutional sector accounts).
35. Agreed with distinguishing separate “of which” category (within the non-financial and financial corporations’ sectors) for foreign-controlled SPEs, as it does not change the core conceptual framework and aligns the treatment of SPEs in the national accounts and external sector statistics.
36. Agreed with the proposed definition of SPEs to facilitate the implementation of Option 2, but noted more clear-cut and precise guideline should be developed to operationalize this definition.
37. Agreed that information on non-resident SPEs (i.e. domestic parents that own SPEs in foreign countries) could be consolidated with that of their parents as supplementary information (complementary statistics to the residency principle) and to consider using different terms to distinguish these SPEs from SPEs with resident parents.
38. Noted the practical difficulties in identifying and obtaining data to consolidate the non-resident SPEs with their parents and excluding those non-resident SPEs which show evidence of independent decision-making.

39. Agreed that from a purely user needs perspective, the cross-border transactions or positions of SPEs that have immediate resident parents should be identified separately within cross-border statistics. In these cases, they should not be consolidated with the non-SPE resident where possible.

40. Requested the Task Team to discuss, from a more conceptual point of view, in the guidance note the advantages and disadvantages of consolidating, or not, non-resident SPEs; and requested further clarification on the treatment of non-resident SPEs set up by governments.

Treatment of MNEs and intra-MNE flows

41. Agreed with the recommendations to (1) emphasize existing “national and net” indicators within the existing SNA framework and (2) introduce additional breakdowns (for example, new sub-sectors) which highlight the activities of MNEs.

42. Agreed that additional indicators that extend the current SNA concepts such as GNI* or mainland GDP should not be included in the update of the SNA.

43. Agreed with the conceptual superiority of using net measures, such as net domestic product and net national income, to facilitate an in-depth analysis of the impact of MNEs activities on the domestic economy.

44. Noted the need to develop improved guidance to produce internationally comparable measures of consumption of fixed capital to facilitate the compilation of net measures.

45. Agreed that national accounts should define MNEs by emphasizing the control aspect shown in the Foreign Direct Investment Relationships (FDIR) as in BPM6 and BD4, but noted the perennial conceptual tension between control and ownership as well as ownership and residency. The need for a clear framework to determine control to facilitate data collection efforts was also recognized.

46. Acknowledged the analytical usefulness of monitoring the role of MNEs by using additional breakdowns, including (a) institutional sector accounts (disaggregated into foreign-controlled affiliates and domestically controlled affiliates of MNEs, as designed in recommendation 8 of G20 DGI 2); (b) gross value added by industry disaggregated into foreign-controlled and domestically controlled units; and (c) extended/satellite supply and use tables; to shed light on the role of MNEs in the domestic economy and its immediate trading partners from a country perspective. It was noted that the choice of which breakdown compiling agencies should adopt is dependent on their statistical production process and the analytical and policy needs of users.

47. Requested the GZTT to coordinate its work with: the United Nations Committee of Experts on Business and Trade Statistics, which is working on global groups registers and statistical business registers, to ensure the development of consistent recommendations; and the Expert Group on International Statistical Classifications to address “Outsourcing under activities on a fee or contract basis” to ensure an agreed classification of Factoryless Goods Production and similar outsourced activities.

Treatment of Credit Default Swaps and Valuation of Debt Securities

48. Agreed with the proposal to maintain the classification of CDS as options, and to further investigate the possibility of a separate classification on the basis of their risk profile.

49. Agreed with the proposal to introduce the supplementary breakdown of financial derivatives by risk categories and that this proposal would be forwarded to the task team which is looking at the overall classification of financial derivatives.
50. Agreed with the proposal to strengthen, and ensure consistency with, the new guidance across the BPM and SNA for presenting statistics on stocks of debt securities at nominal value.
51. Agreed with the proposal to introduce a supplementary table presenting the reconciliation between debt securities valued at nominal and market value, only for liabilities, similar to the one presented in the External Debt Statistics (EDS) Guide. This would include the need for more guidance on the mathematical relationship between nominal, market and face value and the analytical usefulness of expanding the supplementary table to include transactions with domestic counterparts.
52. Agreed with the proposal to report (in economies where it is relevant) supplementary items on the nominal value of the total amount of assets in debt securities, and debt securities used for intercompany lending.
53. Agreed that the next version of the SNA adopt the definition of nominal value in line with BPM6 para. 3.88 (b) for the sake of clarity and consistency.

5. Digitalization

Progress of work of task team on Digitalization

54. Appreciated the commendable progress made by the Task Team on Digitalization (DZTT) in preparing the guidance notes and papers on the framework for a satellite account on the digital economy; recording of data and valuation of free digital assets and services; crypto assets; and price and volume measurement of goods and services affected by digitalization.

Framework for a satellite account on the digital economy

55. Noted that the guidance currently focuses on the compilation of digital supply and use tables in current prices but that – depending on available resources, data sources and user demands – it may also be worthwhile to explore the possibilities of compiling estimates in volume terms.

56. Acknowledged the ever-increasing user demand for additional types of supply and use tables in various fields (e.g. extended SUTs, regional SUTs, physical SUTs, etc.) and noted the need for resource-scarce compiling agencies to prioritize the compilation of such supply and use tables according to policy needs.

57. At the same time, noted that compiling agencies which have a well-established system of compiling supply and use tables may only incur marginal costs in extending the methodology to compiling additional types of supply and use tables in new fields.

Recording of data and valuation of free digital assets and services

58. Agreed with the proposed definition of data and the distinction between produced data and non-produced observable phenomena.

59. Noted the need for more guidance on the distinction between various concepts: data and observable phenomena (possibly through specific examples, or the development of a

typology of data as (digital) information content and observable phenomena of a singular event or piece of information); data and databases; data and the underlying software; digital and non-digital data. Also noted the need for more guidance on whether the production of data with a long gestation period should be considered as work-in-progress under change in inventories rather than gross fixed capital formation.

60. Recommended that more research be done on how to account for the intrinsic value of observable phenomena in the national accounts, when they are observed. This research could, for example, focus on: how to account for (implicit) acquisitions of (access to) observable phenomena; the economic ownership of these observable phenomena and when they should be recognized in the accounts (e.g. only when they are observed, digitized and, subsequently, embodied in data through collection, storage, etc.); and once recognized, how to arrive at a valuation of (the intrinsic value of) observable phenomena in data; the possible recording of transactions relating to observable phenomena as rentals or rent; and an empirical example covering the sequence of accounts including balance sheets.

61. Agreed that the existing distinction between goods and services in the national accounts and classifications standards such as the Central Product Classification should be reviewed in order to accommodate the expanding range of digital (knowledge) products, including data.

62. Agreed that more clarity is needed in order to operationalize the use of the proposed sum of costs method (including a mark-up where appropriate) to measure the output of (own-account) data. Such clarifications could, for example, focus on:

- better determining and articulating (in a practical sense, for measurement purposes) which costs should be included;
- a clarification on whether the actual value of observable phenomena that were paid for (and those that were acquired for ‘free’) should also be included; and if included, how to account for paid acquisitions (and in particular what exactly was being purchased);
- the scope of the occupations of the workers (and the share of their time) who produce the data (which will determine the compensation of employees component of the sum of costs); and
- how these methods would avoid double-counting, with for example in estimates of the value of own-account software.

63. Requested the task team to further reflect on the distinction between short-lived (what may be deemed to be short-lived data by some people but not by all) and long-lived data; the treatment of short-lived data (e.g. as intermediate consumption or ancillary output); the subjectivity of what may be deemed to be short-lived data by some people but not by all; and to reconsider the necessity for it.

64. Noted that classifying short-lived data as inventories may be problematic as short-lived data can be used multiple times rather than disappear when used once.

65. Agreed that due to the paucity of empirical information on market prices, the perpetual inventory method (PIM) most probably represents the best approach to measuring the stock value of data assets (recognizing that it would also be needed to estimate the value

of observed and digitized observable phenomena), and the consumption of fixed capital (CFC) associated with them.

66. Noted the need to conduct studies to determine the average service life and age-price profile of data to apply in the PIM and the need to account for obsolescence in the estimation of CFC associated with data.

67. Agreed that testing of the finalized recommendations could focus on operationalizing the sum of costs method, isolating data (and depending on how observable phenomena are treated, the intrinsic value of the observable phenomena) from the databases they are stored in, and the use of the appropriate age-price profiles and that the tests could be performed in consultation with industry practitioners.

Free digital assets and services

68. Acknowledged the merits and complementary nature of both the bundling approach and bartering approach to measure the free services of digital platforms but noted the potential different impact on gross domestic product arising from the use of imputations in the latter approach.

69. Agreed that estimates of the free services should not be recorded in the central framework but only in a supplementary table or extended household account to quantify their size relative to gross domestic product and other key macroeconomic variables.

70. Noted that at a broader level, a typology of free products that are produced by corporations, general government and non-profit institutions serving households may need to be developed to facilitate the recording of transactions in these products in supplementary tables.

Crypto assets

71. Agreed that crypto assets should be classified as financial assets when they have a corresponding liability or act as a general medium of exchange.

72. Requested that more research be done on whether to classify crypto assets without a corresponding liability, that do not (yet) act as a general medium of exchange, as non-financial assets or financial assets, taking into consideration the existing definitions of these assets, and the need to ensure that any subsequent recommendation considers the evolving nature of crypto assets.

73. Noted that the decision on the asset classification of crypto assets without a corresponding liability that do not (yet) act as a general medium of exchange may have implications for the current definitions of non-financial assets and financial assets in the SNA, and an ensuing impact on the activity classification of the units creating/producing the assets and their product classification.

74. Recommended the sub-task team to consult with the monetary and financial statistics and BOPCOM communities and the Financial and Payments Systems Joint Task Team (FITT) when it develops its recommendations.

75. Recommended that a future version of the guidance note provide illustrative numerical examples on the recording of transactions and positions in crypto assets.

76. Agreed to provide comments on the background paper on non-monetary gold from the UK through written consultation after the meeting.

Price and volume measurement of goods and services affected by digitalization

77. Agreed to provide comments on the paper through written consultation with the members of the AEG and ISWGNA after the meeting.

6. Well-being and Sustainability

Progress of work of task team on Well-Being and Sustainability

78. Appreciated the commendable progress made by the task team on Well-being and Sustainability in preparing the guidance notes and papers on accounting for economic ownership and depletion of natural resources; accounting for biological resources; and emission permits: the atmosphere as an asset.

79. Agreed to provide more written comments on these documents after the meeting.

Accounting for economic ownership and depletion of natural resources

80. Agreed that the concept of economic ownership remains the fundamental principle to determine the ownership of assets in the SNA and that the use of the concept of legal ownership remains a second-best solution.

81. Acknowledged, however, that the updated SNA may need to be slightly more nuanced and provide more explicit guidance on the (economic) ownership of assets.

82. Agreed that the principle of split ownership of natural resources will need to be considered in the SNA, amongst others to arrive at a better alignment with the guidance in the SEEA, and that applying this principle in the SNA will better reflect the economic reality where resource rents are shared between the extractors and legal owners of natural resources.

83. Acknowledged, however, that more work is needed to conceptualize the principle of split ownership of assets and operationalize it in the SNA.

84. Agreed that the depletion of natural resources should be re-classified from an economic disappearance in the other changes in the volume of assets account to a cost of production in the relevant current accounts. Doing so will provide a more comprehensive picture of the overall production costs arising from the interaction between the productive activities in the economy and environment.

85. Agreed on the need for the updated SNA to better articulate the differences in the concepts of consumption of fixed capital, depletion and degradation of natural resources.

86. Agreed that the inclusion of depletion of natural resources in the costs of production will reinforce the conceptual advantage of using net measures, such net domestic product and net national income, to assess economic performance, but acknowledged that users may still be interested in estimates of the corresponding gross measures.

87. Noted that the recognition of the depletion of natural resources in the costs of production may still necessitate the need to maintain a distinction between the consumption of fixed capital (which is associated with produced assets) and the depletion of natural resources (which is associated with non-produced assets) in the national accounts.

88. Agreed that further work is needed to determine the scope of natural resources that are subject to consumption of fixed capital, depletion and degradation in consultation with the SEEA community.

89. Noted that traditional arguments against the inclusion of depletion of natural resources, such as the lack of practical guidance to produce comparable estimates of depletion, are not valid anymore given the proliferation and availability of guidance and methods in the literature.

90. Agreed that testing of the concept of split ownership based on economic ownership and depletion of natural resources in gross value added as well as other variables like intermediate consumption and output is needed, and that testing should be prioritized in natural resource-rich developing economies.

91. Agreed on the drafting of a paper on the prominence of net measures, which would need to be coordinated with the task team on Terminology and “Branding” of the macroeconomic accounting frameworks to promote the use of net measures to stakeholders and users, especially those in natural resource-rich developing economies.

Accounting for biological resources

92. Agreed that alignment of macroeconomic accounting standards such as national accounts and government finance statistics with environmental accounting standards of the SEEA Central Framework recognizes the need to monitor sustainable development consistently across macroeconomic standards.

93. Recognized the analytical usefulness of extending the asset boundary for the uncultivated biological assets or those resources with zero asset value, at least in physical terms, in supplementary tables or extended accounts.

94. Requested that further work on the proposal to treat all biological resources (cultivated and uncultivated) as produced assets be undertaken.

95. Agreed that the updated SNA should provide more explicit guidance on the treatment of permits to use biological resources and the recording of access rights provided for free and expressed support for the proposed recommendations in the draft guidance note.

96. Recognized the proposal to align the treatment between the leasing of produced assets (output/rental) and the leasing of non-produced natural resources (rent) and acknowledged that further conceptual work is needed.

97. Expressed support for the proposal to review the current classification of non-financial assets (which are initially split between produced assets and non-produced assets with the result that natural assets are dispersed throughout), to give more prominence to natural resources, say as a separate asset class. Moreover, further work is required to explore the alignment of the concept of natural resources between the SNA and environmental assets in the SEEA.

98. Requested the sub-task team to finetune and refine its recommendations in consultation with the SEEA and government finance statistics communities and present an updated version of the guidance note at a future meeting of the AEG.

99. Agreed that testing of the recommendations, once they are firm, is of critical importance, given that they will result in a change to the 2008 SNA recommendations.

Emission permits: the atmosphere as an asset

100. Agreed that the current treatment of the atmosphere as a non-asset in the SNA presents a statistical conundrum in that the initial payments for emission permits lead to a complex recording: initial payments are first recorded as other taxes on production, with subsequent changes in the value of these permits recorded as revaluation of non-produced non-financial assets.

101. Expressed support for considering the proposal to treat the atmosphere as an asset on the basis that national governments can establish legally enforceable regulations that create control and legal ownership over streams of future benefits by granting exclusive permits/licenses for access and use of the atmosphere.

102. Requested the sub-task team to further develop and refine its recommendations, in collaboration with the SEEA, government finance statistics and other macroeconomic accounting communities, taking into consideration the fact that the atmosphere has some characteristics of an asset, including issues such as how valuation will be addressed.

103. Requested to explore the concept of the atmosphere being a source of value instead of a store of value.

7. Well-being and Sustainability

Progress of work of task team on Well-Being and Sustainability

104. Appreciated the commendable progress made by the task team on Well-Being and Sustainability in preparing the guidance notes and papers on a broader framework for well-being and sustainability in the System of National Accounts; distributions of household income, consumption, saving and wealth; unpaid household service work; and health and social conditions.

A broader framework for well-being and sustainability in the System of National Accounts

105. Agreed to adopt a balanced and pragmatic approach to broaden the SNA framework to address well-being and sustainability issues in the next update of the SNA to enhance traditional national accounts aggregates.

106. Agreed that the policy perspective of informing the 2030 Agenda for sustainable development is very important in the development of the broader framework, as requested by the Statistical Commission and confirmed by the global consultation undertaken by the Friends of the Chair Group on Economic Statistics, while also recognizing similar lines of work by the European Union and Eurostat, OECD, World Bank and United Nations Environment Programme.

107. Agreed with the modular approach in developing the broader framework to highlight important areas for well-being and sustainability, to enable users to analyze and compare aggregates in the broader framework, without compromising the serviceability of core traditional indicators.

108. Agreed that the compilation of the extended accounts in the broader framework, for example, environment, health, education and unpaid household service work, can draw on the body of guidance already available.
109. Agreed that these extended accounts included in the broader framework need not necessarily be compiled on a quarterly or annual basis, and those with a more structural focus could be compiled, for example, every 2-3 years, depending on national demands and the availability of source data.
110. Agreed on the need to ensure transparency by clearly communicating the scope of the proposed broader framework to the various user communities and reaching out to the experts in the various statistical domains, such as social, demographic, education, health, and time use statistics, in framing the broader framework as a coordinated system of information using accounting principles from which users can draw statistics relevant to their needs.
111. Acknowledged that the compilation of the various extended accounts included in the broader framework will likely necessitate the adoption of a flexible and modular approach.
112. Recognized the need to explore how to expand the scope of the broader framework in the long term, to arrive at an overarching accounting framework or “system of systems” in which statistics and classifications on economic, societal and environmental issues in terms of monetary and physical measures are integrated and micro-macro linkages enabled to give policy makers a comprehensive, coherent and consistent view of inter-related economic, societal and environmental phenomena.
113. Considered that the updated SNA could present the various themes of the extended accounts of the broader framework thematically and describe in brief the connection with the central framework with appropriate references to its full elaboration in separate manuals.
114. Noted the initiative of the Friends of the Chair Group to explore the establishment of an UN Committee of Experts on Population and Well Being Accounts (working title) to formally engage with the relevant domains-specific statisticians, with the purpose of drafting a comprehensive manual on the integrated accounting of extended accounts within a broader framework related to the relationship between the society and the economy.

Distributions of household income, consumption, saving and wealth

115. Supported the proposal to focus the distributional analyses on private households and to present results for institutional households separately but acknowledged that an alternative solution may need to be found for economies where a sizeable proportion of the population live in institutional homes.
116. Agreed with the proposed alternative balancing items proposed for the distributional analyses but noted the need to provide more explicit guidance on its justification. Furthermore, stressed that the income concept should not be broadened to include (realized and unrealized) holding gains or to also allocate net primary incomes of other sectors in the economy to the household sector.
117. Stressed the importance of engaging with statisticians responsible for the micro-statistics on income, consumption and wealth, in adjusting the micro data to macroeconomic aggregates, and in disseminating the results.

118. Agreed that further consultation is needed on the proposed breakdowns into underlying households groups and noted that practical and confidentiality considerations may prevent more granular breakdowns for specific groups.

119. Agreed on the need to assess how to adjust the micro data to account for hidden and illegal activities.

120. Agreed that compiling agencies should preferably not combine the household and non-profit institutions serving households sectors when compiling institutional sector accounts to facilitate efforts to calculate distributional measures of households.

121. Noted that the work on distributional results could further explore the provision of guidance on the compilation of distributional measures of household consumption by income groups in volume terms, by leveraging on the experience and knowledge of compiling agencies which are compiling consumer price indices by income groups.

122. Agreed that due to the high level of interest in these distributional measures, extensive testing in countries will be needed and, where appropriate, assistance should be provided to countries to compile these estimates using guidance that is already available, including a draft handbook on the compilation of distributional results on income, consumption and savings.

123. Stressed the critical need to be transparent by providing detailed metadata on using and adjusting micro data to macroeconomic aggregates of income, consumption and wealth in the distributional accounts building on accumulated practices and the feedback from presenting the results to users.

124. Noted that distributional accounts would be beneficial to many developing economies and requested the task team to provide guidance related to flexibilities that can be used in their development, for example, using compensation of employees as a distributional factor for all components of primary income.

Unpaid household service work

125. Agreed with the proposal to apply the third-party criterion for the classification of unpaid household activities as being productive, including the proposed breakdown into categories of unpaid work.

126. Agreed with the proposed input method and output method to value unpaid household work but requested the sub-task team to explore the feasibility of harmonizing the two approaches to eliminate the differences in the results from using the two approaches.

127. Requested more guidance on how to adjust market-equivalent prices and market-equivalent wages for quality differences between unpaid household services and similar (labour) services purchased on the market.

128. Requested more clarity on terminology, such as market-equivalent wage, and also proposals for alternative terminology for example, extended gross domestic product.

129. Noted that efforts to distinguish and estimate unpaid household services will become more and more complicated by the advent of the gig economy which has blurred the distinction between consumers and producers.

130. Agreed that due to the interest in measures of unpaid household service work in many countries, extensive testing in developed and developing countries is needed to ensure the robustness and alignment of the methods; to establish a reasonable balance between costs and benefits regarding the timeline; and to reach international agreement on the compilation of the accounts for unpaid household services.

Health and social conditions

131. Agreed broadly with the recommendations in the paper and noted the need for the sub-task team to coordinate with the balance of payments community regarding how to incorporate guidance on cross-border flows in healthcare travel into the recommendations.

132. Requested the sub-team team to contact the United Nations Expert Group on International Classifications to address the need for harmonizing the various classifications (CIOCOP, COFOC, SHA) related to accounting for health and social conditions.

133. Acknowledged the need for additional guidance on how to reflect quality changes in volume measures of health care services, amongst others to account for the increasing use of tele-consulting and artificial intelligence in health care, whether or not due to the COVID-19 crisis.