

**15th Meeting of the Advisory Expert Group on National Accounts,
6-8 April 2021, Remote Meeting****Agenda item: 2.1.1****Assessment and Experimental Estimates Component***Summary*

A novel key feature of the update of the 2008 SNA work programme is the explicit inclusion of an assessment and experimental estimation component (AEE) for the recommendations in the guidance notes (GN). It encompasses two types of tests: i) a baseline assessment of the implementation feasibility of the recommendations, and ii) an experimental estimation and user consultation assessment, including an analytical quantification of the impact on macroeconomic aggregates. Not all the GNs will be subject to an AEE component and not all GNs are universally applicable to all countries.

The note addresses several procedural aspects of this component and proposes ways to deal with various key decisions to implement it. Among the main high-level decisions are the selection of guidance notes and recommendations subject to AEE, including their classification regarding their impact to the main SNA aggregates; the preferred instruments to perform the feasibility assessment; the selection of countries where experimental estimates are to be developed; the allocation of responsibilities for the main activities involving the AEE; and the overall timetable to deploy the AEE component.

The AEE component is intended to take advantage of the existing global networks and to rely on the collaboration between international and regional organizations. While the baseline assessment will be performed as globally as possible, the experimental estimates are expected to be compiled in a set of countries with multi regional and income level representation.

Questions to be considered by the AEG

1. Do you consider the regional approach to be the appropriate one to roll out the AEE component? [para 5]
2. Would a clear definition of the recommendations regarding their impact on the central framework be advisable? [para 6, Table 1]
3. Do you agree with the proposed responsibilities and selection procedure of GN/recommendations to be tested? [para 7]
4. What is the preferred option for the baseline assessment? [para 16, bullet]
5. Do you agree with the roles and responsibilities proposed for AEE component of the update programme? [para 24-26]
6. Do you agree with the country selection process and responsibilities suggested? [para 30]
7. Is the timeline proposed agreeable to the AEG? [para 31-33]
8. Do you have any specific recommendation on how to improve the proposal to develop the AEE component?

Second draft

A note on the Assessment and Experimental Estimates Component of the Recommendations

Introduction

1. A novel key feature of the update of the 2008 SNA work programme is the explicit inclusion of a component on assessment and experimental estimation (AEE) for the recommendations in the guidance notes (GN). This component is composed of two types of tests: i) a *baseline assessment* of the feasibility of implementation of the recommendations of the GN in countries based on a predetermined checklist of requirements like user demand, source data, statistical and institutional infrastructure , and ii) an *experimental estimation and user consultation assessment* through the compilation of experimental estimates to quantify the impact on macroeconomic aggregates, elicit user feedback on the usefulness of the estimates, and generate practical guidance for the implementation of the recommendations of the GN in countries with different levels of statistical development. It is foreseen that not all the GNs will be subject to an AEE component and not all GNs are universally applicable to all countries.
2. The main objectives of the AEE include the collection of information regarding countries' capability to implement new SNA recommendations, support countries with an early implementation of some new SNA recommendations, and to generate feedback of the ease of implementation, impact on the NA country systems, and user views regarding the SNA update. This component is not intended as a tool to determine the recommendations' validity nor it will determine whether these need to be included in the update.
3. To deploy the AEE component, three elements need to be delineated:
 - Which recommendations from the Guidance Notes need to be assessed
 - The specification of the two types of assessments of the recommendations such as written baseline assessment of basic requirements (data sources, statistical and institutional infrastructure, etc.) and experimental estimation and user consultation assessment for the preparation of experimental estimates
 - The working methods and governance arrangements, including determining the eligibility of countries for the assessments of the selected recommendations, the timeline of implementation of the assessments.
4. Most GNs are expected to cover both the conceptual elaboration and the practical implementation of the recommendations in separate sections. Both aspects are to be elaborated in the GNs by Task Teams (TTs). The full list of the topics on the research agenda covered by the various TTs for the update of the 2008 SNA research agenda is included in Annex 1. Once a preliminary GN is finalized, it is put forward for comments and endorsement by the AEG/ISWGNA prior to their global consultation. It is expected that for most recommendations, the AEE of draft recommendations should follow the AEG/ISWGNA endorsement of the recommendation to avoid any potential changes.
5. By nature, the AEE component is an instrument for detailed country consultation in seeking feedback both from their users and compilers. By design, the AEE component is a global initiative with a regional approach, and an integral part of the update of the 2008 SNA. As such, the AEE component will

mobilize the collective strength and resources of the regional and international organizations participating in the update of the 2008 SNA. Further details on the working methods and governance of the AEE component are described below in the section on the Roles and responsibilities, Country selection and Timeline.

6. Two additional features are worth mentioning as they determine the extent of the AEE exercise for various GNs and their recommendations. First, some of the GNs build on well-established practices not necessarily developed and applied by the national accounts' community. And second, the guidance notes and their recommendations should be categorized with regards to their impact on the SNA "central framework" (see table 1).¹ For first feature, it is expected that there are already sufficient experimental estimates developed, and the AEE exercise would be limited to gathering country practices, along with the inventory of countries that have implemented these recommendations. For the second feature, it would benefit the process if the GNs elaborate on an agreed categorization of the impact of the recommendations on the central framework of the 2008 SNA.

Table 1: Proposed categorization of recommendations

Type 1:	Proposes a change to the 2008 boundaries
Type 2:	Proposes a change to the 2008 core accounts
Type 3:	Proposes supplementary tables (within boundaries)
Type 4:	Proposes extended/satellite accounts (outside boundaries)

7. Based on the knowledge and experience on the respective topics, the TT and sub-TT should provide a clear initial suggestion as to whether some recommendations of their respective GN should be assessed and implemented experimentally. Ideally, regional bodies should comment on those suggestions with a regional view. These suggestions should be endorsed by the AEG/ISWGNA to be added to list of testable GN/recommendations. This procedure will determine the GNs that will be subject to AEE.

Assessment and Experimental Estimation Component

8. Detailed guidance for the assessment of the recommendations is needed to allow for the comparability of the expected outputs of the assessment.² Moreover, the heterogeneity of statistical development and diversity level of expertise between NSOs and CBs should be kept in mind, when drafting the guidance.

9. It is expected that the results of the AEE will further improve the formulation of the recommendations and the practical guidelines for their implementation. In addition, the AEE should obtain feedback from the user community on the recommendations and clarify the impact of the estimates on macroeconomic aggregates.

¹ This categorization is not intended as a prioritization of recommendations but rather as a required piece of information for countries to determine an adequate deployment of resources, to inform development planning, and to support the continuity of the recommendations implemented.

² An exception could be made for those GN that have already been tested (as noted in para 6)

10. The following tasks are envisaged for the AEE component which will be presented in turn: outreach, baseline assessment, estimation and user consultation assessment, and reporting/gathering results.

Outreach

11. The AEE phase should be initiated with formal letter sent to NSOs and CBs by UNSD and IMF respectively, explaining the objectives and scope of the exercise. Furthermore, to systematically inform countries in the regions about the AEE exercise, the TT should develop brief PowerPoint presentations that can be shared and presented in the various regional workshops and meetings.

12. Prior to the launch of the AEE in countries, regional inception workshops could be conducted to inform/explain countries about the scope of the AEE work to be conducted, the expected results from the exercise, the working methods and governance arrangements, and its timeline. These workshops could be in addition to or combined with the regular regional meetings scheduled by agencies to update countries on the SNA update status. The inclusion of existing cases of implementation -which is the case for some of the recommendations- in the webinars will benefit the understanding of the process as well as clarify what is expected from the experimental estimates.

13. Inception workshops will be also used to gather information on countries' current workplans, to assess the state of involvement countries have regarding the SNA update, and to get a first impression on countries' interest in participating in some experimental piloting exercise.

Baseline assessment

14. The objective of this exercise is to gather information to determine the implementability of the recommendations and to provide early guidance to the countries' development plans going forward. This exercise will also help identifying addition potential countries eligible for experimental estimates. This part of the AEE will not require additional dedicated funds to be performed since it will be based on existing or already accounted for infrastructure.

15. It is expected that the practical guidelines for the recommendations in the GNs describe the data sources and the statistical and institutional infrastructure requirements that countries need for the implementation of the recommendations. These practical guidelines are expected to detail the use of data sources, methods, and classifications. Moreover, the guidelines should reflect on the required institutional arrangements (priorities, interagency collaboration, etc.), resources, and periodicity.

16. Based on those guidelines elaborated in the GNs, TTs could consider various strategies to undertake the baseline assessment. The strategy and related roadmap for the implementation of this assessment could consider three distinct options.

- Self-assessment tool: Along with the GNs' global consultation, a simplified questionnaire could be circulated so that countries could determine whether they have the minimum requirements to implement the recommendations in each GN.³ It may be useful to consider collecting information from the users' perspective with this instrument.

³ This option allows countries to research if additional data sources may be available for the implementation.

- Desk studies: on-line information is collected on existing country practices from websites or other sources.
- Survey-based data collection: a dedicated web-based survey is developed for the recommendations in the GN. To reduced response burden from the use of the survey instrument, the survey instruments could be designed for recommendations in a specific GN or could be cover recommendations of several related GNs.⁴

17. The TTs will be requested in quarter 2 of 2021 to provide information on their plans to undertake the baseline assessments, of which the timelines related phases of implementation (.e. the design of the questionnaires, the launch of the surveys, and the analysis of the survey results) will be included in the monthly monitoring tool for the reporting on the status of progress of the update of the 2008 SNA.

Assessment of experimental estimation and user consultation

18. A pool of potential countries with appropriate regional representation should be identified based on their interest and meeting eligibility criteria for the development of experimental estimates and user consultation. Subsequently, countries with the potential to implement specific recommendations and produce experimental estimates will be approached to seek their willingness to participate. For the selection of developing countries, advice from the UN regional commissions, IMF technical assistance centers and WB regional offices will be gathered to narrow the selection of potential candidates to those that are more likely to produce results and that meet their policy priorities, will devote the required resources, and set timelines for the undertaking of this assessment. Eurostat and OECD will advise on the selection of eligible developed countries. As a principle, countries will be selected from the five regions⁵ and with representation from distinct levels of statistical development.

19. Volunteering countries will be offered technical support to assist them with the compilation of experimental estimations with the expectation that they will continue the compilation of these experimental statistics on a regular basis. The technical support to developing countries, in the form of technical missions by experts in the respective topic, will be provided by international agencies in liaison with the UN Regional Commission.⁶ The UNSD will serve as a central focal for coordination and information sharing. Close monitoring, coordination, and information sharing about the activities carried out by all stakeholders are crucial factors to avoid duplication and to reach out to as many countries as possible while respecting the deliverables of the update program and the developmental agendas of countries and agencies.

20. The experimental estimates will be developed following the practical guidance described in the GNs, which could include references to existing guidelines on the compilation of the experimental estimates. This practical guidance will include detailed step-by-step procedures covering data sources, compilation methods, list of aggregates and indicators (and possible timeseries), and dissemination format. This way, the implementation and deviations from the proposed guidelines can be more easily

⁴ Applying a combined survey instrument would require close coordination within and between TTs

⁵ As defined by the UN M49: Africa, Americas, Asia, Europe, and Oceania.

⁶ The UN Regional Commission cover all the countries in the world.

documented. Volunteering countries will work with experts that guide the work, provide advice, and generate a written report with the challenges, procedures, and the initial results.

21. It is recommended that the practical guidelines for the preparation of experimental estimates elaborate on:

- Data sources with preferred and alternative sources.
- Methodological sheets with step-by-step descriptions of compilation methods, and as appropriate suggestions for A (preferred), B or C (good enough) methods.
- Metadata template for the experimental estimates in terms of data sources, periodicity, classification breakdown, scope and coverage of the expected statistics. A distinction could be introduced between recommended and supplementary statistics.
- Reporting template for the assessment results, in terms of the statistical and institutional challenges, the data used, the impact of the recommendation on some selected macroeconomic statistics (e.g., GDP and other aggregates), and feedback on the user consultation.⁷

Reporting of assessment results

22. Both the baseline assessment and experimental estimates and user consultation assessment will produce relevant information for which standardized reporting templates should be created and made available in the GNs related to the practical guidelines. UNSD in consultation with the TTs will make available a central repository for the collection of the assessment reports using these reporting templates. This central repository will also allow for the monthly progress monitoring in the standardized progress report shared with the ISWGNA, TT leads, AEG members and other stakeholders.

23. In addition to the reports on the factual developments of the AEE component, it is expected that the TTs produce an analytical report on the overall results of their specific GN. These reports should include implementability, impact of the results, implementation ease, results reporting, and user views. More detailed guidance should be given on the content of these analytical reports.⁸

Summary of the expected deliverables of the AEE component

Recommendations in GNs	List of recommendations per GNs that will be subject to baseline assessments and experimental estimation and user consultation assessments of the AEE component.
Outreach	Invitation letter explaining the objectives and scope of the AEE component.
	Regional webinars introducing the AEE component.
	PPTs with the objectives, procedures, and expected outputs of the AEE component

⁷ One component of the Technical Missions should include meetings with the user community in the country to elicit views on the usefulness of the new statistics being compiled on an experimental basis.

⁸ The analytical reports can be generated once the AEE component is concluded, so these are not expected before the end of the AEE component (March 2023).

Baseline assessment	Guidance on the statistical and institutional prerequisites for the implementation of the recommendations.
	List of preferred and alternative data sources.
	Standardized reporting template of results.
	List of potential countries.
Experimental estimation and user consultation assessment	Guidance describing methodological sheet with step-by-step description of the methodology for experimental estimations, where needed by A, B and C methods.
	List of preferred and alternative data sources.
	Standardized reporting template of results
	List of potential countries.
Reporting of results	Standardized reporting template on the AEE component
	Periodical summary reports on the progress of the AEE component

Roles and responsibilities

24. It is proposed that each TT is responsible for the preparation of the outreach material for the experimental estimation and user consultation assessment and the implementation of the baseline assessment in close consultation with secretariat of the TT and UNSD. Subsequently, with the support of the regional capacity development offices of the regional commissions and international agencies, a selection of potential countries should be made which considers the results of the baseline assessments. The UNSD will serve as a central focal point for overall coordination and information sharing.

25. Based on the regional capacity development capabilities of regional and international agencies, and in consideration of the countries’ willingness to implement the recommendations to produce experimental estimates, the participating institutions put in place a regional assessment projects in countries. In the case of the UNSD, the UN regional commissions will play a predominant role in liaising with countries and supporting the implementation. Other international and regional bodies engaged in assessment (Eurostat, IMF, OECD, and WB) may support countries in the development of experimental estimates directly but should coordinate/inform the regional commissions and report the results of the assessment to the centralized AEE reporting repository.

26. Information management is crucial for an efficient use of resources. The centralized repository will receive, group, and disseminate the results monthly and by request at any point in time (to ISWGNA/AEG meetings, for instance). The report will monitor the status of progress of the individual GN⁹, which covers the drafting of conceptual and practical section of the GNs, the drafting of the assessments for the selected recommendations, and the implementation of the assessments of the recommendations in the GNs listed in Annex 1.

⁹ Not Known; Drafting (in progress); Drafting (finalized); For submission to AEG; Endorsed by the AEG; Global Consultation (in progress); Global Consultation (finalized); Final Drafting (in progress); and Final Drafting (finalized).

Summary of proposed roles and responsibilities

Items	Activities	Responsible
Recommendations in GNs	To be assessed	ISWGNA / TT
Outreach	Material	TT / Sub TT
	Webinars	IO / Regional bodies
	Country contact	IO / Regional bodies
Baseline assessment	Assessment tool	TT / Sub TT
	Outcomes' reporting	TT / Sub TT
	Outcomes' consolidation	Repository (UNSD)
Experimental estimation and user consultation assessment	Implementation guidelines	TT / Sub TT
	Outcome templates	TT / Sub TT
	Country selection	ISWGNA / TT
	Compilation of EE	Countries - Expert support
	Results reporting	Experts
Reporting of results	To repository	TT / Sub TT
	To stakeholders	Repository (UNSD)

Country selection

27. For the AEE component to be successful, it should obtain assessments from a diverse set of countries with distinct levels of statistical development and appropriate geographical representation. Considering that some developed countries are already producing estimates in line with the GN proposals, the assessments will mostly focus on less developed countries while building on the existing country practices in developed countries.

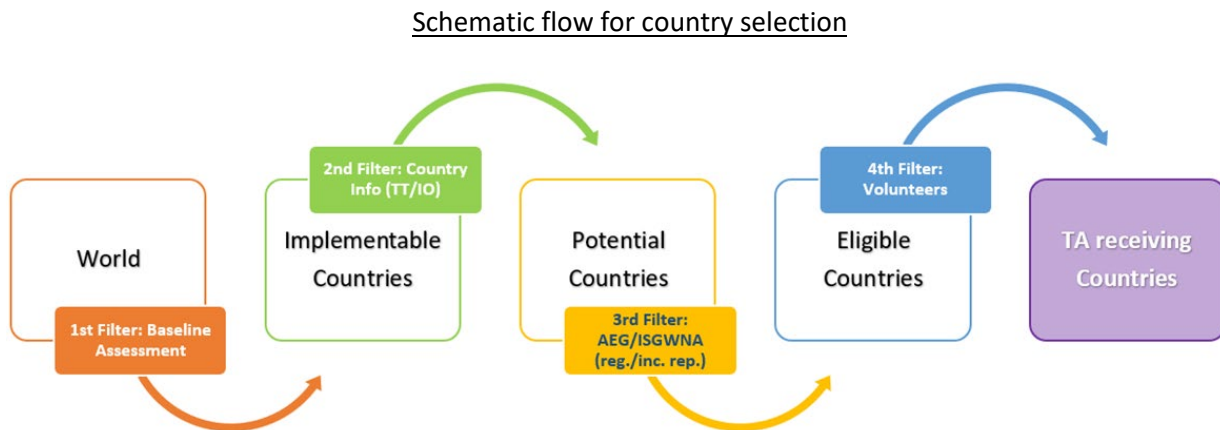
28. It is expected that the baseline assessment can be more universally applied across countries using a web-based survey. For the assessment of experimental estimations and user outreach, it is expected that AEE component will be implemented in around 40 countries. Depending on the level of resource mobilization, more countries may benefit from field missions support in addition to online remote support. In addition, development agencies with ongoing capacity building activities in countries may include some AEE tasks to their regular capacity development programs.

29. Special efforts will be made to support and get results from low and lower-middle income countries. Given the distribution of lower middle- and low-income countries between regions (as per table 2), more countries in some regions may be invited to participate in the AEE component.

Table 2: Number of countries by income classification

Income Classification	ECLAC	ESCAP	ESCWA	UNECA	UNECE
Upper middle and High	29	19	9	8	50
Lower middle and Low	5	20	3	46	5
Total	34	39	12	54	55

30. The country selection for experimentation will start from the baseline assessment. From the subset of countries where the recommendations are currently feasible, the TT as well as the international and regional bodies will indicate those potential countries where experimentation can be deployed. The information on the current countries' workplans -being covered by any of the IO or technical institution directly- will be used to remove already assigned countries from the list. A final list of potential countries matched with a preselected set of implementable GN will be presented to the AEG/ISWGNA for their selection and endorsement. The last procedure needs to be flexible and dynamic, so an email consultation procedure should be used.



Timeframe

31. The AEE component should be designed and prepared to be rolled out between June 2021 and March 2023. Within this period, it is expected that an average of 20 country assessments of experimental estimation are undertaken annually, in addition to the web-based baseline assessments. This annual number of country assessment will be subject to the availability of endorsed GNs and related AEE components and resources. To avoid an accumulation of the number of assessments towards the end of this period, there is an urgent need for the TTs and supporting regional and international agencies to initiate the preparation of the AEE component of the GNs.

32. In consultation with the Regional Commissions, a series of inception webinars will be planned for the current year. Subsequently, subject matter webinars will be developed and scheduled in consultation with the TT/ISWGNA and Regional Commissions.

33. To prepare a forward-looking agenda for the AEE component, the TTs will be requested in quarter 2 of 2021 to provide information on the timeline of the GNs preparation and finalization, and whether an experimental estimation assessment for the recommendations in the GNs will be developed and an estimate of when this AEE component will be available. The TTs should start preparing the baseline assessment as early as possible, but no later than end-2021 based on the practical guidance provided in the guidance notes. Ideally, when the GN is endorsed by the AEG/ISWGNA for global consultation, the countries could be requested to respond to the web-based survey during the global consultation. As for the assessment of the experimental estimates, the TT should schedule the completion of this assessment within 6 months of the endorsement of the GN for global consultation by the AEG/ISWGNA.

Questions to be considered by the AEG

9. Do you consider the regional approach to be the appropriate one to roll out the AEE component? [para 5]
10. Would a clear definition of the recommendations regarding their impact on the central framework be advisable? [para 6, Table 1]
11. Do you agree with the proposed responsibilities and selection procedure of GN/recommendations to be tested? [para 7]
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Annex 1: List of the Research Issues and Status of Progress of GNs. Table to be further updated with TTs.

Research topics			Task Teams (GN/Status)						
			Globalization	Digitalization	Well-being and sustainability	Informal economy	Islamic finance	Statistical units	Communication
			GZTT	DITT	WSTT	IETT	IFTT	SUTT	CMTT
Globalization	1	Treatment of multinational enterprise groups and intra-multinational enterprise group flows	(Not Known)						
	2	Definition of special purpose entities, economic presence and residency	(Not Known)						
	3	Valuation of imports and exports	(Not Known)						
	4	Economic ownership of intellectual property products							
	5	Merchanting							
	6	Factoryless goods producers and recording of their transactions							
	7	Nationality concept/extension of intellectual property products on a nationality basis							
	8	Typology of global production arrangements							
	9	Analysing global value chains and trade in value added							
Digitalization	1	Framework for a satellite account on the digital economy		(Not Known)					
	2	Role of data and the SNA asset boundary		(Not Known)					
	3	Free digital products		(Not Known)					
	4	Price and volume measurement of goods and services affected by digitalization		(Not Known)					
	5	Cryptoassets		(Not Known)					
We	1	Broader framework for well-being and sustainability			(Not Known)				

2	Distribution of household income, consumption, saving and wealth			(For submission to AEG)				
3	Education and human capital, labour and productivity			(Drafting (finalized))				
4	Health and social conditions			(For submission to AEG)				
5	Unpaid household service work			(For submission to AEG)				
6	Refining economic ownership of natural resources			(For submission to AEG)				
7	Accounting for biological resources			(Not Known)				
8	Accounting for a broader range of renewable natural resources							
9	Stronger guidance on valuation of natural resources							
10	Recording of losses							
11	System of Environmental-Economic Accounting classifications							
12	Recording of environmental taxes and subsidies							
13	Distinction between recording a tax or a services transaction							
14	Recording of emissions permits			(Not Known)				
15	Recording of provisions							
16	Recording of depletion			(For submission to AEG)				
17	Accounting for renewable energy resources							
18	Defining elements of the SEEA which should enter the broader well-being sustainability information system							
19	Explaining the borderline between SNA and the SEEA							

Cross-cutting issues	1	Relationship of SNA and International Accounting Standards Board						
	2	Statistical units						
	3	Trusts						
	4	Broadening the fixed asset boundary to include other intellectual property assets						
	5	Treatment of private-public partnerships						
Other	1	Harmonization of SNA and balance of payments						
	2	Islamic finance				(Drafting (in progress))		
	3	Informal economy						
Communication	1	Develop the design, content, functionality, administration and rollout of the collaborative hub						(Not Known)
	2	Develop interactive and digitally enabled statistical standards for economic statistics and classifications						
	3	Review of terminology and branding						(Not Known)
	4	Development of a compilation taxonomy						
	5	Review of the assessment framework used to measure alignment with statistical standards						
Financial issues	1	More disaggregated definition of the financial sector and financial instruments						
	2	Asymmetric treatment of retained earnings between direct and portfolio investment and potential extension to domestic relationships						
	3	Reverse transactions						
	4	Financial derivatives by type						
	5	Treatment of credit default swaps	(Not Known)					
	6	Non-bank financial intermediation						

	7	Impact of financial technology and other financial innovations							
	8	Valuation of debt securities at both market and nominal value	(Not Known)						
	9	Valuation of loans (fair value)							

Annex 2: Schematic view of the recommendation's allocation from the SNA update

