Communication Task Team

Alignment to Statistical Standards

16th Meeting of the Advisory Expert Group on National Accounts
12-14 July 2021

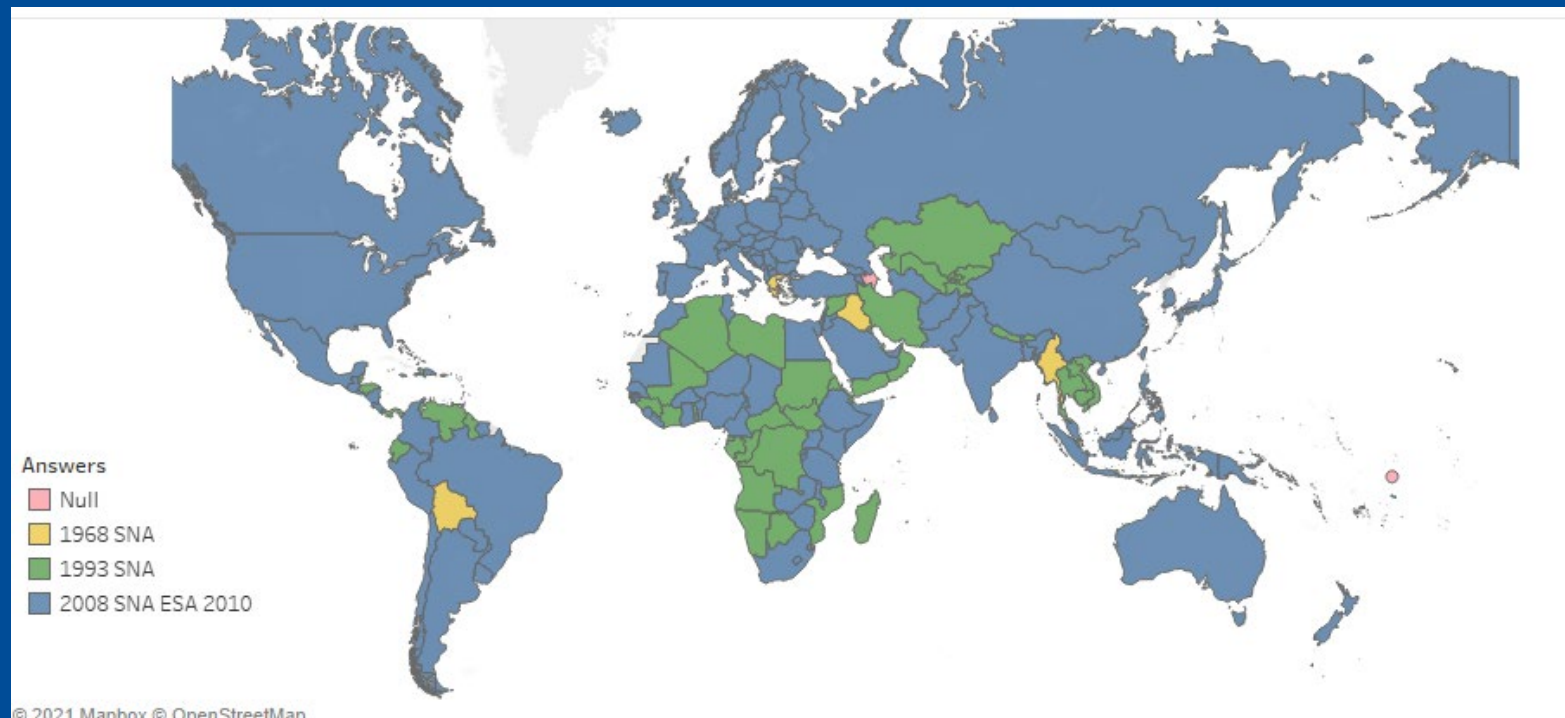CHARLES SESSEDE – AFRICAN DEVELOPMENT BANK

Outline

➢ Overview of Activities of the CMTT - Compliance Workstream

➢ Overview of Alignment Framework

➢ Communication of Assessments to Users

➢ Uses of Alignment Frameworks

➢ Future Work

To note, these are provisional results reflecting a snapshot of where we are, the work is rapidly evolving

What does it mean to "comply" with a statistical guidance?

About 62 per cent of economies currently report that they compile national accounts according to the 2008 SNA.
What does this mean? This statistic does not tell us the degree to which the key concepts/methods of the 2008 SNA are implemented across these economies.

Answers
- Null
- 1968 SNA
- 1993 SNA
- 2008 SNA ESA 2010

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CMTT - Compliance Workstream: Activities

Develop a framework to measure alignment to the statistical frameworks

Framework

Propose a framework that countries can use to gauge their alignment to international economic statistical guidance.

Communication

Propose guidance on how this information can be communicated to users and stakeholders
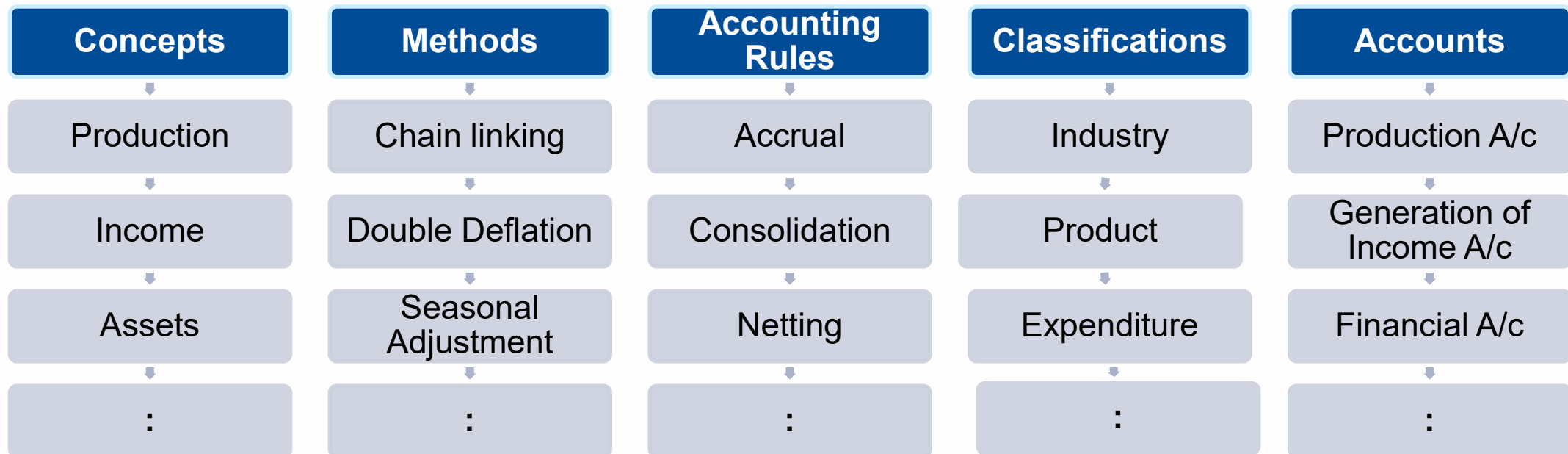
Uses

Communicate uses of the framework to NSOs. Main uses include: improve cross country data comparisons; help to prioritize resources, planning and development; and signal to users the possible impact of future updates / revisions.

The Alignment Assessment Framework

This workstream has developed three clear and consistent frameworks that measure the degree of alignment with the international economic statistical guidance – SNA, BPM, and GFSM
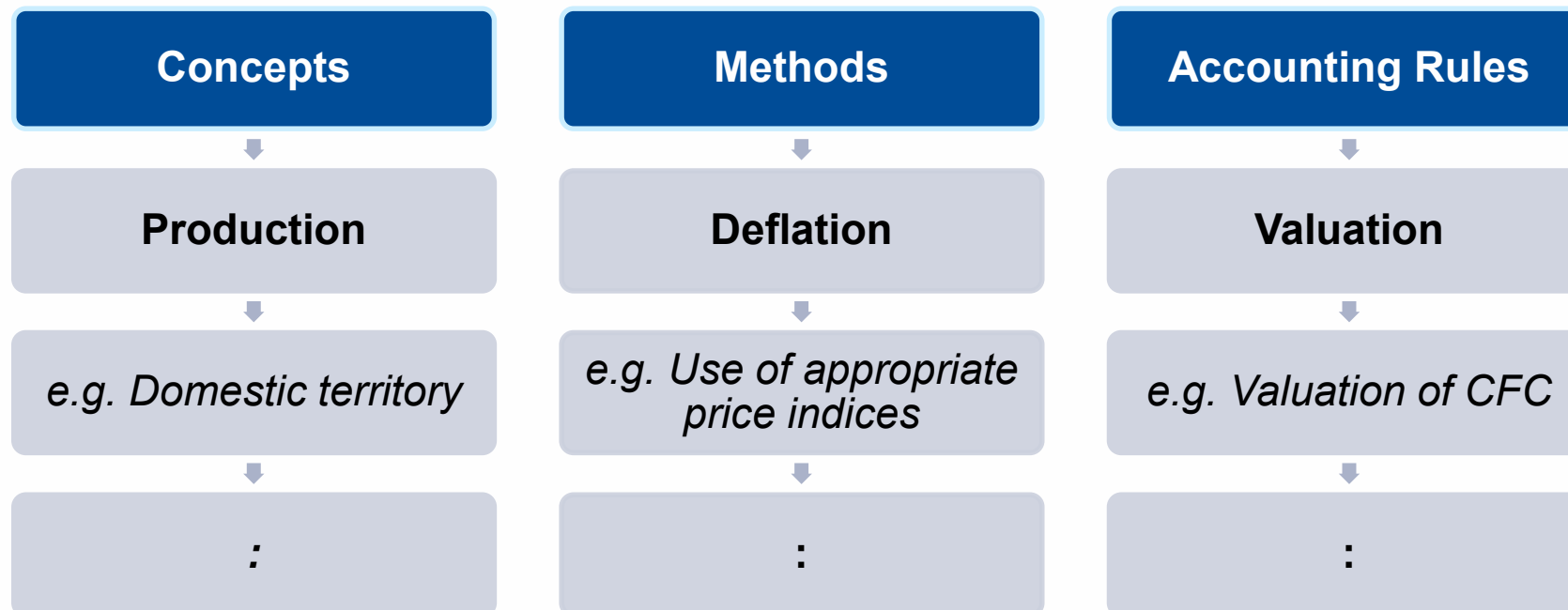
What Exactly is an International Statistical Guidance?

➢ Given that an international statistical guidance contains many concepts, methods, accounting rules, classifications and accounts/tables – **there is a need to prioritize the list**.

➢ The CMTT proposes that the alignment frameworks be developed around the following components of the SNA, BPM and GFSM as shown in the GN.

Concepts	Methods	Accounting Rules	Classifications	Accounts
Production	Chain linking	Accrual	Industry	Production A/c
Income	Double Deflation	Consolidation	Product	Generation of Income A/c
Assets	Seasonal Adjustment	Netting	Expenditure	Financial A/c
:	:	:	:	:

What Exactly is an International Statistical Guidance?

➢ Given that macroeconomic statistics are mainly used to analyze the structure and evolution of the economy, its sectors and interaction with the rest of the world.

➢ The **proposed frameworks focus on features of the statistical guidance that impact the levels of key economic aggregates.** For example, the SNA framework features:

Concepts	Methods	Accounting Rules
Production	Deflation	Valuation
e.g. Domestic territory	*e.g. Use of appropriate price indices*	*e.g. Valuation of CFC*
:	:	:

Communicating Assessment Results

Alignment Framework: Communicating the information

➢ While some consideration was given to the development of a "scoring" system or a methodology to communicate country assessments to users, **a dashboard approach** is preferred and recommended.

➢ "Scoring" a country's alignment to a statistical framework may create a disincentive to use the framework and misuse of the results.

➢ Any aggregate score would require some form of weighting mechanism which would introduce a high degree of subjectivity (*e.g. weighting alignment to concepts relative to accounting rules, methods, classifications, etc.*).

➢ A dashboard could be a more widely accepted **public** communication tool.

Alignment Framework: Communicating the Information

✓ **The starting point for the dashboard is the alignment framework.**

✓ Most of the items in the framework can be structured to solicit a *"yes" or "no"* response. However, this does not provide the granularity users need to properly interpret the results.

✓ For each item in framework, the compiling organization would indicate if they are:

- **Fully aligned**   95 - 100 per cent of the guidance is implemented

- **Highly aligned**   75 - 95 per cent of the guidance is implemented

- **Broadly aligned**   50 - 75 per cent of the guidance is implemented

- **Partially aligned**   *25 - 50* per cent of the guidance is implemented

- **Do not align**   *0 - 25* per cent of the guidance is implemented

- **Not applicable**   these may relate to issues of non-materiality or no user requirements where the guidance is not implemented.

Alignment Framework: Communicating the Information

- ✓ Using the notion of *"per cent aligned"* does introduce some subjectivity into the exercise.

- ✓ This was done because it is difficult to define *(and impossible to measure)* what would constitute being 100 per cent aligned to a concept, accounting rule, method, etc.

- ✓ It is proposed that country compilers use their knowledge of their processes and an assessment of economic activity in their country to make this determination.

Alignment Framework: Possible Uses

Cross-country comparisons

➢ Having a standard alignment framework allows for more accurate and economically meaningful cross-country comparisons.

➢ Helps to inform planning, resource allocation, identifying improvements, prioritization and developments to improve quality and comparability.

Communicate future updates

➢ Communicate with users about the impact of the proposed changes to the economic statistics or the impact of other improvements.

Cross-country comparisons

Criteria	Country A	Country B
Production		
Market Output	●	●
Non-Market Output	●	●
Output for Own Final Use	●	●
Imputed Services		●
.....		
Assets		
Machinery and Equipment	●	●
Cultivated Biological Assets	●	
...		

Potential future revisions

Criteria	Own Account Child Care Services	Data (Digitized Observations)	.....
Production			
Market Output		●	
Non-Market Output			
Output for Own Final Use		●	
Imputed Services	●		
.....			

Alignment Frameworks: Future Work

➢ Finalize the categories and bands (fully aligned, partially aligned etc.) that will reflect the degree of alignment to the economic statistical guidance.

➢ Develop a method of communicating to users, the overall alignment of a country to the international economic statistical guidance.

Questions for the AEG

1. Do you agree with the components of the SNA, BPM and GFS alignment frameworks as presented in the Annex?

2. Do you agree with the 'dashboard' methodology used for the assessment framework?

3. Do you agree with the definition of the categories – fully aligned, highly aligned, broadly aligned and partially aligned – used to demarcate the degree of alignment?

4. Do you have proposals on how to communicate a country's overall level of alignment to users?