

Conclusions

16th Meeting of the Advisory Expert Group on National Accounts Remote meetings Monday 12 July to Wednesday 14 July 2021

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by the task teams, joint task teams, committees, working groups and expert groups and authors of the issues papers and draft guidance notes, which allows for a better understanding of the various topics for discussion.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. Appreciated the opening remark by Mr. Stefan Schweinfest, Chair of the ISWGNA, which highlighted the considerable progress with the work on developing guidance notes, the collaboration of country representatives in the update of the SNA, the importance of the close collaboration with the updates of BPM6, classifications and international trade statistics manuals; emphasized the importance of the outreach programme, a novel element in the update of the SNA; noted that the Communications task team will present progress with their work for the first time; and concluded with an update on raising funding resources for the SNA update project and initiatives for the recruitment of the Editor and Project manager.

Progress report and final list of guidance notes

3. Welcomed the progress report on the SNA update based on the Task Team responses to an online guidance note tracking questionnaire; noted the risks that have been identified related to the workload and response burden from the (global) consultations of the guidance notes on the reviewers in the country offices, and the members of the AEG and ISGWNA.
4. Agreed that decisions on the prioritization of consultation of the guidance notes is delegated to the monthly meetings of the Task Team leads and ISWGNA.
5. Noted the difference in the drafting process of the SNA and BPM guidance notes but stressed the importance of organising simultaneous global consultations of the SNA and BPM communities on guidance notes prepared by joint task teams. Organising simultaneous consultations may avoid that the different versions of the guidance notes be sent to representatives of National Statistical Offices and Central Banks due to the misalignment in the consultative processes.
6. Requested to include a visualization of the update timelines of the SNA, BPM, and other related statistical standards to help identify risks related to the consistency of the standards.
7. Recognized that the progress tracking may become increasingly more complex by extending the coverage of the tracking tool with guidance notes from the revisions of the international classifications (ISIC and CPC) and the international trade statistics manuals (IMTS and MSITS). The AEG recognized the relevance of tracking issues on the update of multiple statistical standards but stressed that progress tracking should remain agile.
8. Noted that there are currently more than 70 guidance notes relevant for the update of the 2008 SNA; stressed the need for ensuring consistency of the recommendation of the guidance notes and recommendations for the update of BPM6 and other domains such as classifications, international trade statistics, and international financial reporting standards; and requested that the task teams review the titles of some of the guidance notes to better reflect the nature of the issue, to add a short annotation for each guidance note in the list; and to establish a coding for the guidance notes in line with that of balance of payments guidance notes.

SNA update programme

Assessments and experimental estimates (AEE) and Outreach to regions and countries components

9. Appreciated the latest developments regarding the outreach activities with 150 country representatives participating in four regional inception webinars in three regions (ECA, ECLAC (2), and ESCWA) following the ECE meeting of Experts on National Accounts in May 2021; and noted that the last inception webinar is to be conducted in late July for the ESCAP region.
10. Acknowledged the feedback from the outreach activities regarding the main topics to be included in the thematic webinars; confirmed that the baseline assessment was deemed necessary and important; and noted that UNSD should strive in maximizing the use of this information (e.g., developing framework) and developing work arrangements in keeping the database up to date in a collaborative arrangement with international and regional organisations.
11. Agreed on the need to initiate the preparation for in-country projects on experimental estimates for the recommendations of the guidance notes and welcomed the expressed interest from countries in piloting the recommendations from the guidance notes.
12. Welcomed the proposed initiative of UNSD in drafting a procedural guide that will guide countries in submitting their project proposal for piloting/early implementation of recommendations and drafting a monitoring and management framework for the country pilots, including an application form, project plan, required external consultancy services, and expected outcomes.

Budget and funding requirements

13. Welcomed the update on the budget and funding requirements for the SNA update project, which covers budget lines related to: the services of Lead Editor, Support Editors and Project Manager; global and regional user forums; the participation of experts in meetings of the AEG and Task Teams; the country projects on experimental estimates; the editing, translation, typesetting and printing of the updated SNA; the digitised version of the updated SNA; and a SNA compilers hub.
14. Welcomed cash and in-kind commitments for funding of the SNA update project from the member agencies of the ISWGNA and other donors.
15. Appreciated the proposed transparent financial management and reporting mechanism to be put in place with cash contributions being managed and monitored by a World Bank multi-donor trust fund.
16. Welcomed the progress made in the mobilization of funding for the proposed budget, which will allow for advancing the appointments of the Project Manager and Lead Editor starting in September and the appointments of consultants to support the country projects for experimental estimates and the digitization of the standards and classifications in 2021.

Digitalization

Digitalization task team

17. Welcomed the progress with the work of the digitalization task team and the presented way forward; and noted that the work on the guidance note on price and volume measures is for the time being suspended given that outstanding issues will be incorporated into other work streams.

Outcomes of the 5th meeting of the Informal Advisory Group on Measuring GDP in a Digitalised Economy

18. Appreciated the update on the outcomes of the meeting and requested the sub-task team on Recording data in the national accounts to (a) assess the extent to which recorded expenditure on data is already included in the expenditure on databases, research and development and software; (b) assess how to strike a balance between providing conceptual treatment of and practical guidance on recording data in the updated SNA; and (c) coordinate its work on the possibility of treating the payments for observable phenomena as rent with the work of the globalization sub-task team working on non-produced assets and other relevant sub-task teams.

Free products in the core SNA and in satellite accounts

19. Agreed that the two guidance notes can be circulated to the national accounts and balance of payments communities for global consultation after incorporating or clarifying the following: (a) considering how to account for the implicit transfers between the users of “free” digital products and consumers who pay higher prices for products as a result of the use of the data for advertising; (b) possible expansion of the scope of “free” digital products to include non-digital “free” products, taking into account the existing guidance on this topic that has been prepared by the AEG/ISWGNA in its work on the macroeconomic statistical treatment of public and private sector responses to the COVID-19 pandemic; (c) another option to record the production of content by households; and (d) a consideration on calculating volume measures of “free” products.

Globalization

Task team on Globalization

20. Appreciated the substantial progress with the work of the Globalization Task Team that has been made over the last year.

Valuation of Imports and Exports of Goods: First Stage Survey Results

21. Welcomed the results from the global consultation on the valuation of imports and exports guidance note; applauded the Task Team on the overall response rate and quality of the feedback received; agreed that this work serves as the example for consultation/experimentation moving forward; noted that divergent responses from institutions of the same country are because compilation responsibilities are not always under the same institution and that access to source data may therefore differ; requested that for the second round of consultation/experimentation the task team ensures that the participants include national accounts, balance of payments and trade statistics experts from broad cross section of countries covering all geographic regions.

Eliminating the Imputations for an Entity Owned or controlled by general government for fiscal purposes.

22. Agreed that government SPEs abroad should be treated as an institutional unit resident in its economy of incorporation (like all other SPEs abroad and consistent with the current recommendations of the SNA); that the GFS experts should be consulted on improving the criteria for special imputations of transactions and positions between the government and that entity to ensure that fiscal operations undertaken through non-resident entities are appropriately reflected in the general government accounts; requested that the Direct Investment task team (DITT) consult with the AEG once the note is finalized.

Communication

Task team on Communication

23. Welcomed the progress with the work of the Communication Task Team (CMTT) structured along five workstreams: Terminology and Branding, Alignment with statistical guidance, Taxonomy for presenting products and product updates, digital manuals and the compilers Hub.

An Assessment Framework to Measure Alignment with International Statistical Standards

24. Noted the proposed Assessment Framework to Measure Alignment with International Statistical Standards; requested that the CMTT ensure that the framework aligns with existing assessment frameworks such as the UN National Quality Assurance Framework, IMF's Data Quality Assurance Framework (DQAF) and the Generic Statistical Business Process Model (GSBPM); emphasized the need to provide countries with flexibility when they deviate from international recommendations due to user needs; recognized the need to have an overall assessment which would define the degree to which a country has adopted the statistical recommendations in its entirety; expressed concerns about the subjectivity of the assessment and how this tool is different from or compliments metadata available from national and international sources; and requested the Task Team to continue to refine the guidance note with the target for the next version to be ready by the end of September 2021.

Terminology and Branding of the International Macroeconomic Statistical Standards

25. Noted the proposed Terminology and Branding of the International Macroeconomic Statistical Standards and generally support the proposed new terminology; noted that the terminology related to statistical recommendations and standards are under discussion in the UNSC; requested additional time to review the guidance note and provide feedback on the specific terms; questioned the proposal to move away from "date stamping" the SNA towards a versioning of the standards, noting that this may be problematic for a number of countries that require the "date stamping" to secure funding for implementation; and supported the proposal to develop a common glossary to align terms across the statistical manuals (SNA, BPM and GFS); and requested the Task Team to continue to refine the guidance note with the target for the next version to be ready by the end of September 2021.

Taxonomy for Communicating Economic Statistics, Products and Product Updates

26. Noted the benefits of proposed Taxonomy for Communicating Economic Statistics, Products and Product Updates and generally supported the proposed guidance; requested that further work be undertaken to clarify terms such as experimental estimates; emphasized that more time was needed to refine the guidance note prior to global consultation; agreed to provide more detailed comments in writing; proposed that the Task team develop a consultation questionnaire that would provide targeted responses, taking into account the fact that certain components of this work may only need feedback from specific groups; and requested the Task Team to continue to refine the guidance notes with target for the next version to be ready by the end of September 2021.

Well-being and Sustainability

Task Team on Well-being and Sustainability

27. Welcomed the progress with the work of the Well-being and Sustainability task team (WSTT); appreciated that the guidance notes approved by the AEG will be circulated for global consultation during July 2021, namely: Distributions of household income, consumption and wealth, Unpaid households service work, Labour, education and human capital, Health and social conditions and, in the environmental-economic accounting domain, Economic ownership and depletion of natural resources; and noted that guidance on Emissions permits – the

atmosphere as an asset had been redrafted and would be re-circulated to the AEG pending review by the sub-task team on environmental economic accounting.

28. Recognised the challenges to integrate proposed guidance on well-being and sustainability into a coherent broader framework, in terms of concepts, classifications, and outputs.

29. Noted the proposed initiative to develop a manual on a broader framework for measuring the relationship between the economy and society; cautioned that work on this initiative may overlap with the subject areas covered by the WSTT; stressed that the foundations laid by the WSTT are considered appropriately, and that areas of overlap are consistent; and recommended that the initiative must make communication efforts to clarify respective mandates and the appropriate timing of the work.

Proposed SNA Guidance on Valuation and Coordination with UNCEEA

30. Welcomed the proposed new guidance on SNA valuation principles to approximate exchange values, as they relate to many of the domains of the WSTT, along with the working arrangements in the task team; stressed the need to carefully consider guidance that may have an impact on recommendation on environmental-economic accounting and consequently the SEEA standard, for which there are no plans for imminent revision; and recommended a review of the governance arrangements to facilitate collaboration with the SEEA community, which could either be through a joint task team or representation of environmental-economic experts on the task team.

Financial and payments systems

Task team on Financial and payments systems

31. Noted the progress of the work and timeline for completing the proposed guidance notes.

32. Requested the secretariats for the 2008 SNA and BPM6 update and chairs of the joint Financial and payments systems task team (FITT) to (a) follow up and confirm the status of the guidance notes on Reverse Transactions, Treatment of Credit Default Swaps and Valuation of Debt Securities at Both Market and Nominal Value; (b) assess the feasibility of conducting simultaneous global consultations for future FITT guidance notes to ensure consistency with the global consultation process for the guidance notes of the other joint task teams and (c) update the AEG on the outcome of the discussion.

33. Requested the chairs and secretariats of the FITT to assess the feasibility of (a) merging those guidance notes with cross-cutting recommendations; or (b) circulating these guidance notes for global consultation at the same time.

34. Requested, for transparency and consistency, that a standard reporting template should be developed to report the outcomes of global and public consultations of all guidance notes and that the template should contain, as a minimum, information on the total number of responses received for each question and a breakdown of these responses into those who agree or disagree with a recommendation or are undecided.

35. Requested that an assessment should be made to determine if the relatively low response rate for the recommendations in a guidance note is representative of the views of the wider community.

Asymmetric Treatment of Retained Earnings

36. Agreed that the guidance note can be circulated to the national accounts community for global consultation, but noted the complexities in ensuring a symmetric treatment of retained earnings in macroeconomic statistics and the impact of the recommendations of the guidance note on the work of other sub-task teams.

37. Agreed that, eventually, which option to adopt (option 2-leaving the core accounts unchanged, but adding information on portfolio investment retained earnings, public corporations retained earnings and overall investment in resident enterprises retained earnings in supplementary tables versus option 4-recording all retained earnings in the core accounts) is heavily dependent on the outcome of testing and experimentation.

38. Acknowledged the usefulness of preparing a separate guidance note on the possibility of treating share buybacks as income distribution, but requested the chairs and secretariats of the FITT to assess if this topic can be incorporated into an existing guidance note, given the already large number of guidance notes for the update of the 2008 SNA and BPM6.

Capturing Non-Bank Financial Intermediation in the SNA and ESS

39. Recognized the benefits, including coherency in possible targeted data collections by international organisations and enhanced cross-country comparability, of (a) adopting more granular subsectors in the financial corporation sectors sector to properly distinguish the various groups of institutional units involved in non-bank financial intermediation (or shadow banking) and financial sub-instruments in the SNA as agreed upon as part of the G-20 Data Gaps Initiative and (b) including some of these additional breakdowns in the other financial corporations subsector in the external sector statistics.

40. Highlighted, however, that the more granular breakdowns, while also be useful from the perspective of compiling balance sheets and providing more insight in the built-up of financial risks and possible spill-over effects from a macroeconomic perspective, may be irrelevant to economies with a less matured financial sector or difficult to operationalize in economies without the required detailed input data.

41. Requested that questions on the relevance of the recommendations to compiling agencies and the feasibility of compiling such granular data should be included in the guidance note when it is circulated to the national accounts community for global consultation.

Financial Derivatives by Type

42. Requested the sub-task team to assess if the proposed classification is future-proof and noted that the proposed detailed breakdown may hamper efforts to compile reliable estimates due to the lack of appropriate source data.

Subscription Rights

43. Agreed that the guidance note can be circulated to the national accounts community for global consultation, but noted that the option to classify subscription rights (which have expiry dates) as equity may be potentially anomalous since equity has no expiry dates.

Wrap-up of the meeting

44. In his closing remarks Mr. Stefan Schweinfest, thanked the AEG for their dedicated efforts; noted that some issues need to be further considered (like aspects of data as an asset) and the issues related to communication, which may have broader ramifications such as terminology (what is a “statistical standards” and what are “experimental frameworks and estimates”); and invited the Communications task team to present the guidance notes on Communication to the Bureau of Statistical Commission, saying: “we should take our time to consider these matters.”