C.1 Alignment to Statistical Standards

17TH MEETING OF THE ADVISORY EXPERT GROUP ON NATIONAL ACCOUNTS

19 NOVEMBER 2021
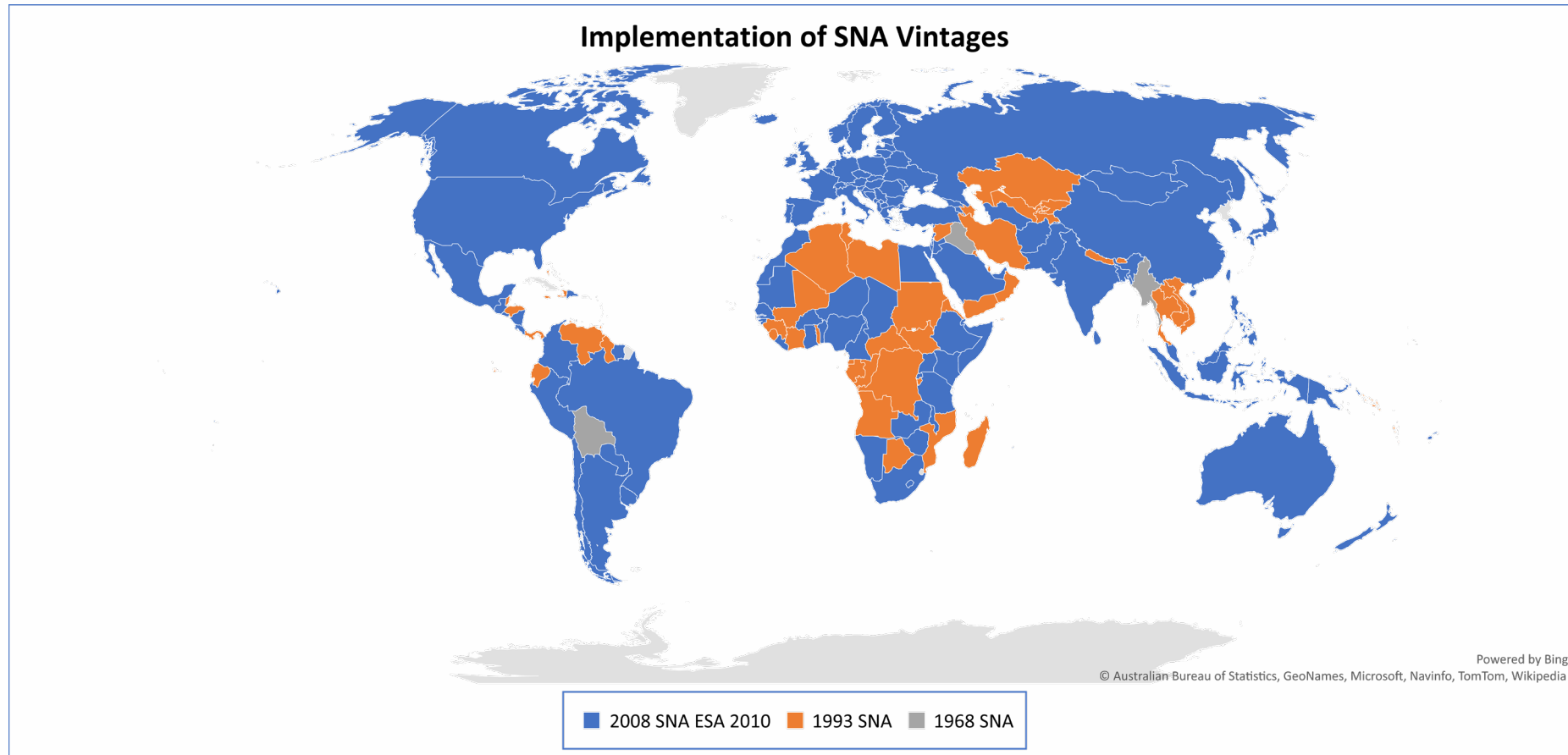
Charles Sessede

Outline

➢ **Overview of Activities of the CMTT - Compliance Workstream**

➢ Overview of Alignment Framework

➢ Communicating the Assessment Results to Users
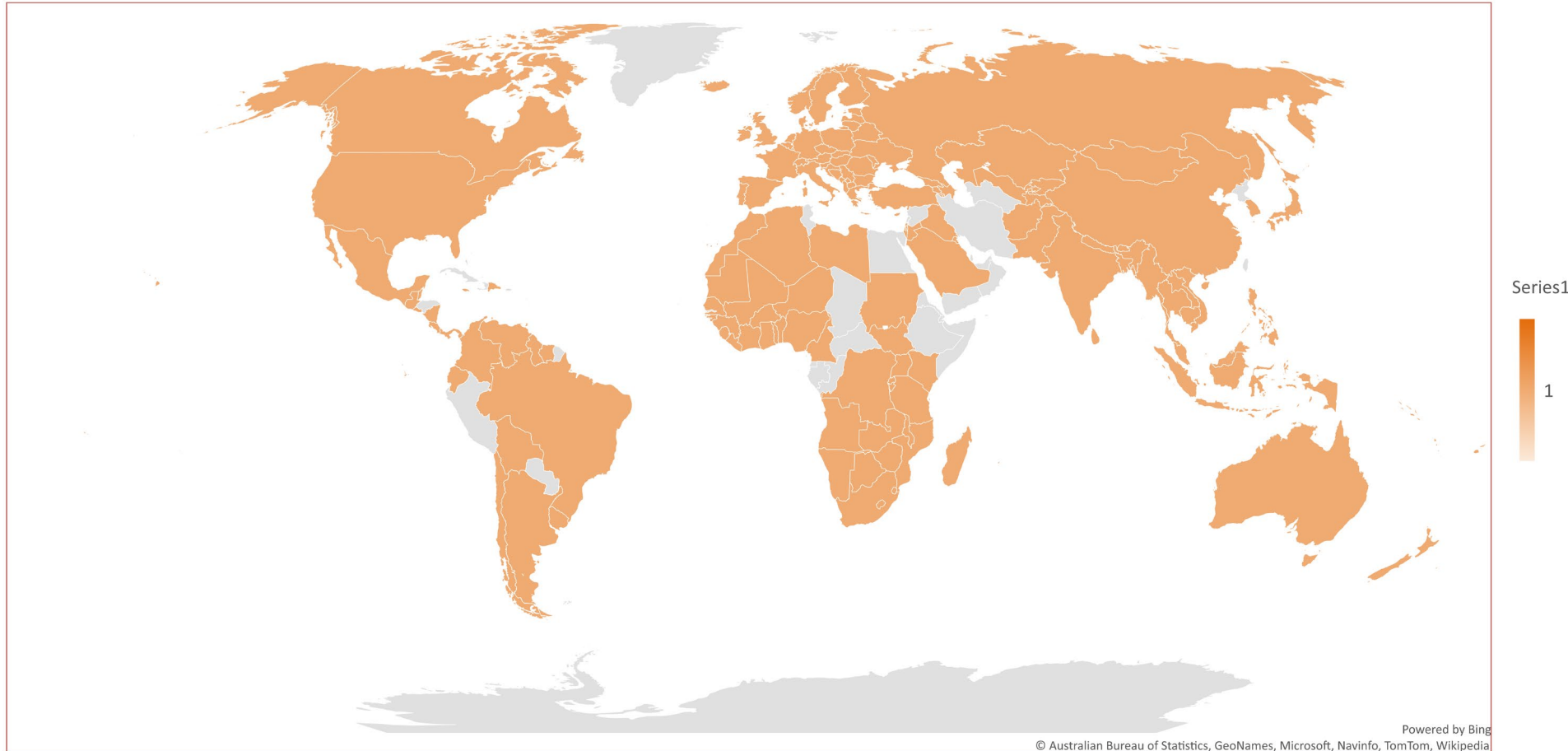
➢ Use of the Alignment Framework

➢ Next Steps

The state of play now reflects the discussions, inputs and agreement within the respective CMTT workstreams concluding with a DRAFT Guidance Note.

What Does it Mean to "Comply" with a Statistical Standard?

Implementation of SNA Vintages

Powered by Bing
© Australian Bureau of Statistics, GeoNames, Microsoft, Navinfo, TomTom, Wikipedia

■ 2008 SNA ESA 2010   ■ 1993 SNA   ■ 1968 SNA

127 economies report that they compile national accounts according to the 2008 SNA / ESA 2010. However, this statistic does not tell us the degree to which the key concepts / methods of the EASSs are implemented across these economies.

What About Compliance with the BPM6?

177 economies reportedly publish external statistics according on the BPM6 basis.
This does not tell the degree to which the countries implemented the conceptual principles of the BPM6 in the external sector statistics.

CMTT - Compliance Workstream: Activities

Develop a framework to measure alignment to the statistical frameworks

Framework

Develop a framework that countries can use to gauge their alignment to the international economic statistical standards.

Communication

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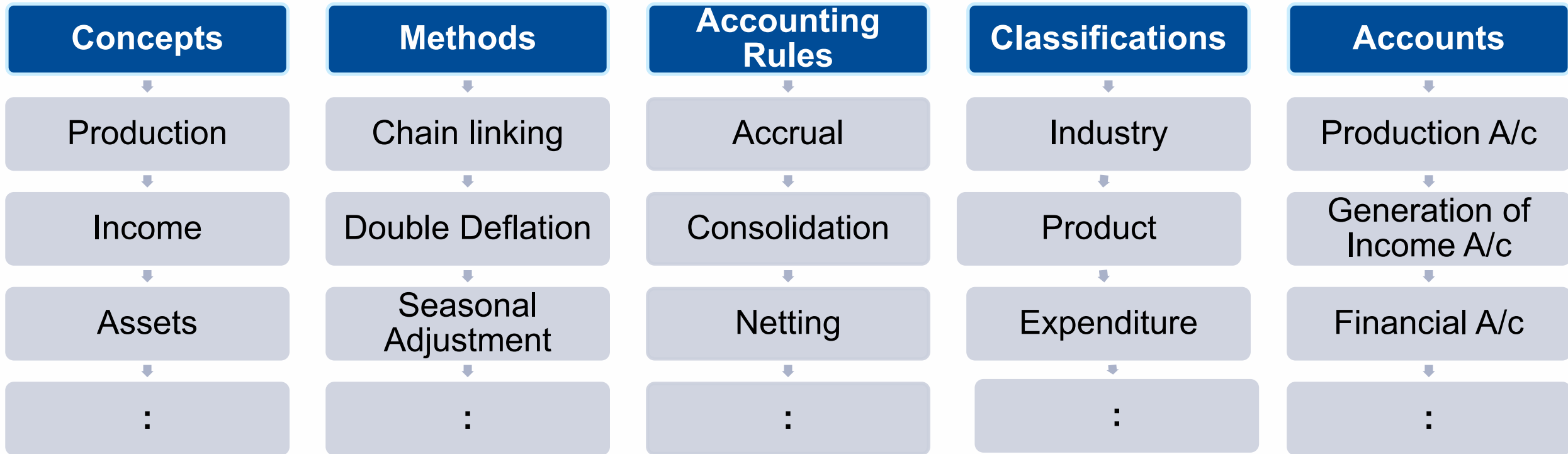
Uses

- Improve cross-country data comparisons.

- Helping NSOs to prioritize resources, planning, and development.

- Signal the impact of possible future revisions to users.

➢ Overview of Activities of the CMTT - Compliance Workstream

➢ **Overview of Alignment Framework**

➢ Communicating the Assessments Results to Users

➢ Use of the Alignment Framework

➢ Next Steps

This workstream has developed three clear and consistent frameworks that aim to measure the degree of alignment with the SNA, BPM, and GFSM
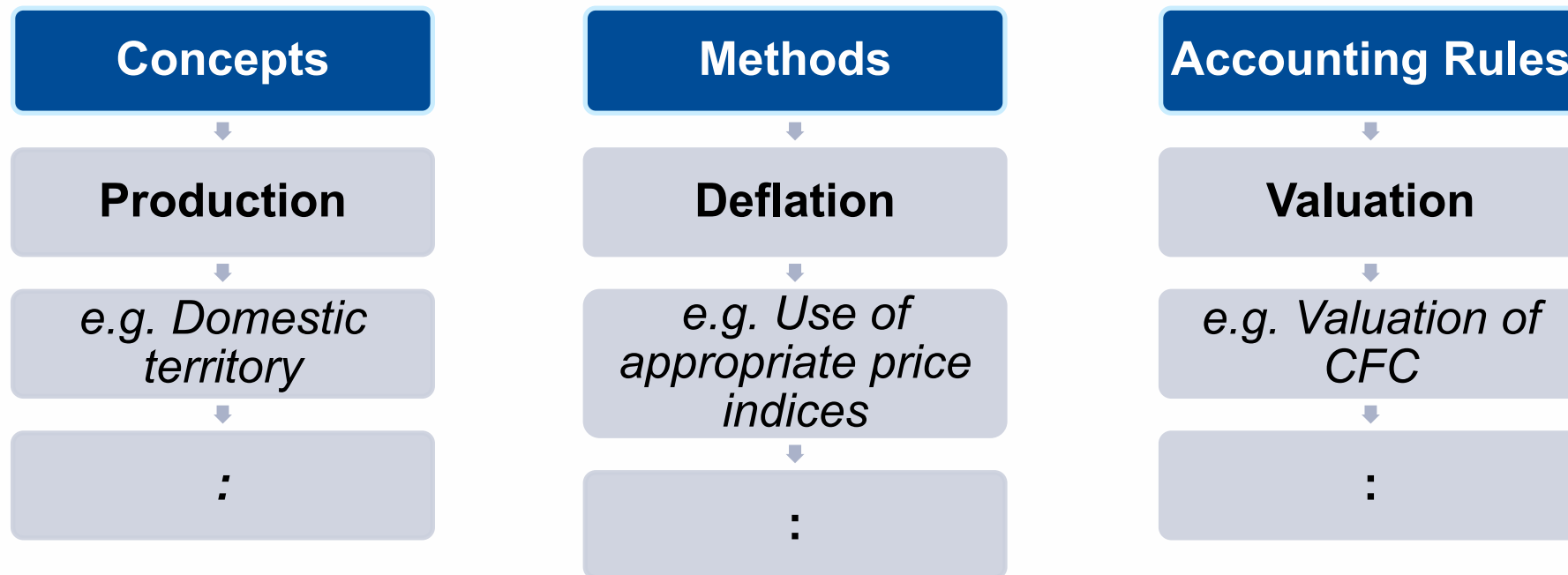
What is an Economic Accounting Statistical Standard?

➢ There is a need to prioritize the many concepts, methods, accounting rules, classifications and accounts/tables – contained in an EASS.

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

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 EASS?

➢ 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 EASSs 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*
:	:	:

- ➢ Overview of Activities of the CMTT - Compliance Workstream

- ➢ Overview of Alignment Framework

- ➢ **Communicating the Assessments Results to Users**

- ➢ Use of the Alignment Framework

- ➢ Next Steps

Alignment Framework: Communicating the Results

➢ While some consideration was given to the development of a "scoring" system or methodology to communicate the assessments results, initial consultations showed a preference for the **dashboard and a range approach**.

➢ "Scoring" a country's alignment to a statistical framework may create a disincentive for countries to use the framework. Therefore, the dashboard could be a more widely accepted **public communication tool** and still provide ample metadata to inform users.

➢ However, the CMTT proposes an **overall aggregate assessment to give a clear result 'bottom line' result to users**. This would require some weighting mechanism for example to assign weights to the main categories - accounting rules, methods, classifications, etc.

Alignment Framework: Communicating the Results

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

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

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

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

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

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

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

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

➢ There is also a category for **Not Applicable** which may relate to cases when the issue is not material or not relevant for the specific economy.

Alignment Framework: Communicating the Results

- ✓ 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),* for example, 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.**

➢ Overview of Activities of the CMTT - Compliance Workstream

➢ Overview of Alignment Framework

➢ Communicating the Assessments Results to Users

➢ **Use of the Alignment Framework**

➢ Next Steps

Alignment Framework: Possible Uses

Cross-country comparisons

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

Communicating future revisions

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

Planning and future improvements

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

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	●●		
.....			

➢ Overview of Activities of the CMTT - Compliance Workstream

➢ Overview of Alignment Framework

➢ Communicating the Assessments Results to Users

➢ Use of the Alignment Framework

➢ **Next Steps**

Alignment Frameworks: Next Steps

➢ The next steps include:

    ➢ Finalizing the framework

    ➢ Incorporate feedback from BOPCOM and AEG Meetings

    ➢ Prepare for global consultation

    ➢ Incorporate results and feedback from the global consultation

    ➢ Test the frameworks

Questions for the Committee ?

1.   Do you agree to move this note forward to global consultation?

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

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

4.   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?

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