

# **Conclusions**

## **17<sup>th</sup> Meeting of the Advisory Expert Group on National Accounts Remote meetings 15, 16 and 19 November 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by the task teams, joint task teams, committees, working groups and expert groups and authors of the issues papers and draft guidance notes, which allows for a better understanding of the various topics for discussion.

### **Progress report on the programme for the update of 2008 SNA**

2. Welcomed the progress report on the SNA update based on the task team responses to an online guidance note tracking questionnaire and requested to include information on global consultation responses and outcomes.

3. Noted the importance of considering the update schedule of the BPM6 when prioritizing guidance notes for consultations to enable the highest degree of consistency between the updated BPM and SNA.

4. Requested those guidance notes that have an implication for classification systems should be identified; and recommended that close collaboration with the ISIC task team should be established to ensure the consistency between the ISIC revision and the updated SNA.

### **Review of Islamic finance task team guidance note**

5. Appreciated the tremendous effort of the Islamic finance task team in consolidating all the issues and recommendations for the six topics into one guidance note.

6. Supported the recommendation to develop an Islamic finance compilation guide to: (i) discuss the differences between conventional and Islamic finance; (ii) provide guidance on developing an Islamic finance satellite account to enhance its statistical visibility; and (iii) provide practical guidance and illustrative numerical examples on how to record Islamic financial activities, including the change in economic ownership of the underlying assets, in the national and international accounts.

7. Recommended that the proposed change to the definition of interest to include interest-like returns should specify that these returns refer to returns on Islamic deposits, loans and debt securities.

8. Noted the need to provide guidance on the allocation of the output of some Islamic financial entities such as off-balance sheet restricted investment accounts and Hajj funds and the measurement of volume estimates of Islamic financial services.

9. Approved the circulation of the guidance note for global consultation.

## **Review of Informal economy task team guidance note**

10. Welcomed the collaboration between the Informal economy task team and the International Labour Organization working group that was established to develop a coherent set of standards to provide the conceptual and operational definitions for comprehensive measurement of informality; and noted that this collaboration would establish a coherent set of recommendations for defining informal economy in the SNA and in labour statistics, ensuring comparability of results in different countries.
11. Noted that the term “sector” is not used consistently with the SNA; requested the task team to provide a better delineation in the framework between terms such as the non-observed economy, the underground economy, illegal economy, informality, informal sector and informal activities; and emphasised the need to include, for example, the treatment of free products and household to household transactions in the framework.
12. Noted that the practical implementation of the full conceptual framework will be challenging; highlighted the importance of testing and early implementation; and requested the development of updated practical guidance to compile statistics based on the conceptual framework of the informal economy.
13. Requested a revision of the guidance note to account for the comments by the AEG and BOPCOM before submitting it for approval for global consultation.

## **Progress report on Communication task team activities on Digitization and the Compiler Hub**

### *Digitization of the SNA and other economic statistics standards*

14. Welcomed the progress with the work on the digitization of the SNA and other economic statistical standards; and noted the importance of getting the real-time authoring platform ready for the editorial process of the updated SNA and BPM for preparing the draft chapters of these manuals.

### *Compilers Hub*

15. Welcomed the progress with the work on the compilers hub and noted that the aim is to have the compilers hub ready by the end of 2022.

## **Results from global consultations on Digitalization task team guidance notes**

### *Digital SUTs*

16. Agreed that the recommendations on digital supply and use tables should be incorporated in the SNA as one of the extensions to SUTs, as a tool which countries could use optionally.
17. Proposed to include the recommendations on the digital supply and use tables in a new chapter on digitalization issues in the updated SNA; and recommended that practical guidance should be developed for countries to implement the guidance in a step-by-step approach ranging from compiling priority indicators to the full digital supply and use tables.
18. Agreed that the note is mature enough to be published.

## **Review of Digitalization task team guidance notes**

### *Artificial intelligence*

19. Noted that the main motivation of the guidance note is to make artificial intelligence (AI) more visible in the macroeconomic accounts in order to assess the impact of AI on the labour market and productivity measurement; recommended that the guidance note should elaborate on this motivation; and to establish a more concrete definition of AI for macroeconomic statistics purposes.
20. Agreed that further discussion (particularly in coordination with the sub-task team on data) on how to account for the cost of training the data (i.e., as intermediate consumption or gross fixed capital formation) in the valuation of AI output is needed; and stressed that further discussion with the classifications community is needed on how to account for AI in the CPC and ISIC to enhance its statistical visibility.
21. Agreed that a review of the current treatment of software licenses in macroeconomic accounts may be required to account for the arrangements under which AI is provided; and recommended that guidance should be developed on how to calculate the consumption of fixed capital of AI considering that the value of AI software might appreciate rather than depreciate with its use.
22. Acknowledged the practical challenges in obtaining expenditure on AI from business accounts and agreed that the above recommendations should be included in a revised version of the guidance note to be discussed at the next meeting of the AEG.

### *Cloud computing*

23. Recommended that the definition of cloud computing should include terms like “remote access” to reflect the arrangements where cloud computing centres are in a different location from that in which contracts are signed between the cloud computing providers and users.
24. Acknowledged that these arrangements will cause practical measurement challenges such as how to allocate the cloud computing output and the subsequent cross-border transactions.
25. Agreed that more collaboration with the balance of payments and classifications communities on how to account for cloud computing in international trade, ISIC and CPC is needed.
26. Agreed that a review of the current treatment of software and hardware licenses in macroeconomic accounts may be required to account for the arrangements under which cloud computing is provided.

### *Digital intermediary platforms*

27. Noted the guidance note focusses on non-financial digital intermediary platforms charging a fee for their intermediation services; and recommended that the guidance note elaborate on the distinction between the gross and net recording approaches to assess the impact on key macroeconomic variables.
28. Agreed that the classifications community should be consulted on how to classify these platforms in ISIC and CPC, and that the balance of payments community should be consulted if a change is going to be made to the current proposal to treat the transactions on a net basis, given the tendency of digital intermediary platforms to be located in specific countries.

29. Noted that the 2008 SNA and BPM6 currently use the term “intermediation” in the context of financial intermediation only and agreed that the updated SNA and BPM should expand the scope of intermediation services to non-financial ones as well.

### **Review of Globalization task team guidance notes**

#### *Economic ownership and recording of intellectual property products*

30. Agreed, in general, with the recommendations and that the guidance note can be circulated for global consultation.

#### *Payments for "knowledge-based capital"*

31. Agreed that on a conceptual basis, marketing assets meet the 2008 SNA and BPM6 definitions of produced assets; highlighted the challenges posed by this proposal; requested the testing of the recommendations to ensure that they can be implemented in practice; and emphasised that the SNA should in general promote the conceptually preferred approach.

32. Agreed that the guidance note can be circulated for global consultation.

### **Review of Communication Task Team guidance notes**

#### *An assessment framework to measure alignment with the economic accounting statistical standards*

33. Noted that caution would be required when communicating the results of the alignment with the statistical standards to avoid putting undue pressure on countries; and proposed more reflection on using a global dashboard since this information may be useful for international organizations but not necessarily at the country level.

34. Noted that the proposed categories of alignment are not specific or objective enough for countries to do a self-assessment and that the work required from countries to perform these assessments may be too extensive.

35. Expressed concerns regarding the categories needed for a comparable assessment and its operationalization; emphasised that the assessment should be based, as far as possible, on already established frameworks; and noted that the assessments could only be made public with the country's consent.

36. Agreed that the guidance note is ready for global consultation.

#### *Terminology and branding of the economic accounting statistical standards*

37. Agreed that there are several terms that require clarifications; emphasised the need to ensure that the proposals should improve public and users' understanding of the terms to avoid additional confusion; and emphasised the role of the national accounts community to educate and inform users.

38. Noted the initiative of the United Nations Statistical Commission to harmonize the use of general terms such as manual, standard, system, handbook and guide and recommended that the task team take this initiative into consideration when finalising its recommendations.

39. Cautioned not to impose terms when the underlying concepts are different e.g., a standard is not a manual; that there are terms that may refer to the same concepts in different statistical areas; and that harmonization may not be feasible without creating major disruptions.

40. Agreed that any proposed terms need to be tested to ensure that it: (a) accurately describes the actual flow and (b) can be easily translated into other languages.

41. Agreed that the guidance note is ready for global consultation and emphasised that a broad consultation that includes the user community is required.

*A taxonomy for communicating economic statistics releases, products and product updates*

42. Noted that the inevitable diverse views cause extreme complexities in developing appropriate easy-to-understand terms to describe statistics releases, products and product updates, and economic accounts and tables in macroeconomic statistics.

43. Agreed that the guidance note could be circulated for global consultation (including to the user community) and to further discuss the appropriateness of the proposed terms after the global consultation.

**Results from the global consultation on Well-being and sustainability task team guidance notes**

*Distribution of household income, consumption and wealth*

44. Noted that given the various related workstreams covered by this research topic, the SNA should include a new chapter devoted to distribution of household income, consumption, and wealth.

45. Agreed that this work requires a close collaboration with the micro-economic statistics community.

*Unpaid household service work*

46. Emphasised that guidance does not propose changes to core concepts of the SNA and elaborates on extended alternative measures related to well-being.

47. Encouraged the option to develop satellite accounts for household unpaid service work.

*Labour, human capital and education*

48. Noted that more guidance may be required to guide countries on whether all the quadrants proposed for the labour accounts are equally relevant or could be developed in a staged approach, giving priority to the payments quadrant.

*Accounting for the economic ownership and depletion of natural resources*

49. Noted that the PIM assumptions may need to be reviewed, including the life spans of assets that could be different even within the same asset group.

50. Emphasised the need for supporting countries to develop or improve capital stock measures and consumption of fixed capital.

51. Agreed to have a thorough consultation with the GFS community before finalizing the split-asset approach.

52. Agreed that while consideration should be given to the refinement of the split asset approach through experimentation and testing, it may be efficient to publish the guidance note.