

Towards the  
2025 SNA

SNA Chapter 2: National  
accounts and measures of well-  
being and sustainability

Global consultation feedback  
and proposed responses

AEG Meeting – October 2023

# Process for drafting Chapter 2

- Guidance notes drafted on many well-being and sustainability topics followed by global consultation
- Preparation and discussion of annotated outline
- Series of versions drafted since April 2023
  - version prepared for Key reviewers
  - versions prepared for review by AEG
  - version prepared for Global consultation
- Global consultation from early September to mid October
  - 25 responses & 50 pages of comments
  - Countries: 13 - Italy, Colombia, USA, Kazakhstan, Netherlands, South Africa, Australia, Germany, Argentina, UK, Sweden, Singapore, Japan
  - International organizations: 4 -UNWTO, IMF, UNESCO, WHO
  - Other researchers: 8 responses

# Chapter outline

## Chapter 2: National accounts and measures of well-being and sustainability

### A. Introduction

### B. Approaches to the measurement of well-being and sustainability

1. Conceptual framing of well-being and sustainability
2. Measurement scope of well-being and sustainability
3. Role and benefits of accounting-based measurement approaches
4. Considerations in the interpretation of accounting based measures of well-being and the connection to welfare values

### C. The role of the SNA sequence of economic accounts in measuring well-being and sustainability

1. Introduction
2. Measures of income and consumption
3. Measures of wealth
4. Measuring distributions across households
5. Measures concerning the environment

### D. Accounting approaches for the measurement of well-being and sustainability

1. Key features
2. System of Environmental-Economic Accounting (SEEA)
3. Labour
4. Health care
5. Unpaid household service work
6. Education and training
7. Human capital

# Overall sentiment

- Appreciation for the inclusion of Chapter 2 in the SNA and recognition of issues concerning well-being and sustainability – “Symbolic pivot” & “Agenda setting”
- Some concern that the placement of this Chapter at the beginning of the SNA gives inappropriate prominence to the potential/expected role of the SNA in measuring well-being and sustainability.
- Encouragement for wider engagement and discussion of the SNA 2025 revision across the (very large) well-being and sustainability measurement community
- Appreciation of the clarity of the writing and explanation of the issues
- Very large number of detailed comments that will require substantive further consideration.

# Key themes in feedback

- Some concern that the role of the SNA needs to be better explained in relation to the expectations in supporting the measurement of well-being and sustainability and the future potential developments in accounting. Is the SNA limited to economic measurement and if so what does this imply for the SNA's role?
  - A range of considerations have been provided by respondents including limiting SNA more explicitly to the sequence of economic accounts and better recognizing current leading research in the area of well-being and sustainability. This will need further investigation and discussion to continue to refine the messaging.
- Explain better which aspects of well-being are not covered, in particular concerning outcomes, and hence the limits to which the accounting approaches described can support decision making
  - This is an important area that require further consideration. The responses provide a substantive level of direction on issues to be considered.

# Key themes in feedback

- Consider the potential to identify and define specific alternative measurement boundaries – e.g. household services, defensive expenditures – to complement measurement following the SNA production boundary.
  - This logic is implicit in the chapter but could be made more explicit and prescriptive. Challenge is establishing an agreed set of alternative measurement boundaries.
- Clarify the way in which externalities may be reflected in other accounting entries
  - The general statement that the accounts exclude negative externalities is true for those economic units causing the effects but in many cases the effects will be reflected in the accounts of other economic units (e.g. increased costs). An explanation of these connections is required, including an explanation of the link to defensive expenditures.
- Build and describe a stronger framework linking labour accounts and human capital measurement
  - This is an important idea but will require substantive development – propose for inclusion in the research agenda

## Key themes in feedback

- Consider clarifying and explaining the potential conceptual interpretations of well-being and sustainability and the intentions of the SNA in this space.
  - The intention had been to limit discussion of these complex and varied conceptual issues, in particular recognizing the significant differences of view but also seeing the potential for data organized via accounting approaches to support discussion of alternative views. It is suggested that this point will need to be made more explicit early in the chapter.
- More explicitly highlight the importance of inequality and inclusion alongside well-being and sustainability as part of the Beyond GDP measurement agenda
  - It was not intended to avoid this topic and, thus, in re-drafting it should be possible to draw out this aspect more clearly.

## Key themes in feedback

- More explicitly describe and reference wealth accounting based approaches (e.g. inclusive wealth, inclusive income) and the associated definitions of various capitals.
- Improve and clarify the linkages among the different capitals and the connections to (i) the asset boundary of the SNA, and (ii) the definition of environmental assets in the SEEA
- Move away from a capitals and benefits framing and associated language due to its limitations in respect of measuring well-being and sustainability, for example reflecting (at least implicitly) a weak sustainability paradigm. This response also notes the lack of agreement/endorsement from the statistical community for the use of a capitals framing and has concerns that a capitals approach limits the potential to support discussion of multiple/alternative value perspectives.
  - At present, the use of a broad capitals based approach is only lightly embodied in the chapter. This could be enhanced or reduced or better explained in future drafting but direction from the AEG is required.

# Key themes in feedback

- Concern on promoting the status quo through maintenance of the SNA production boundary
  - Consider clarifying further the rationale for the approach taken in (largely) maintaining the current measurement boundary but highlighting important proposed changes such as deducting depletion as a cost of production.
- Request to include greater description of the links to health in the context of well-being and sustainability related issues such as resilience
  - Since health is a fundamental component of well-being some additional recognition of the link to the measurement discussion is appropriate noting the longer discussion in Chapter 34.
- Clarify further the role of indicators, dashboards and composite indexes in the context of accounting approaches
  - A number of comments desired more support for the use of indicator based approaches than evident in the current text. Propose to re-work this discussion while also recognizing the role of accounting approaches in supporting the derivation of indicators.

# Discussion

## Other themes in feedback

- Better highlighting of key messages, many proposals for bringing text forward – **To be considered in re-drafting**
- Highlight potential to implement SNA more fully to provide a richer picture for users - **To be considered in re-drafting**
- Concern on the use of term “sequence of economic accounts” potentially suggesting measurement not in the sequence is non-economic - **To be considered in re-drafting but has wider implications**
- Clarify links to theory in relation to the use of real measures and index numbers – **To be considered in re-drafting**
- Explain further the distinction between exchange and welfare values – **To be considered in light of further work on valuation principles.**
- Explain further the rationale for the SNA production boundary wrt unpaid household services – **To be considered also in context of Ch 7 and Ch34**
- Develop further the content on the treatment of biological resources and the conceptual placement of the asset boundary – **For response as part of finalizing discussion this topic in Ch 11 and elsewhere**

## Other themes in feedback

- Increase and improve the referencing to underpinning seminal research and documents – **To be considered in re-drafting**
- Need to improve Figure 2.1 on the relationships between accounts – **To be considered in re-drafting**
- Ensure clarity on the status of different manuals and documents wrt being international statistical standards - **To be considered in re-drafting**
- Highlight the role of thematic (satellite) accounting in advancing measurement in many areas - **To be considered in re-drafting**
- Clarify links to the research agenda and the extent to which topics fall within an SNA mandate – **To be considered**
- Need to improve and expand links to other chapters – **To be developed as other chapters are drafted, especially Ch 34 and 35.**

## Other themes in feedback

- Highlight better the challenges that arise in using a focus on GDP as a measure of societal progress – **To be considered in re-drafting**
- Build a stronger bridge to the potential of the SNA community to work in an interdisciplinary way to tackle measurement challenges – **To be considered in re-drafting**
- Recognize better the range of work on social capital that exists (without necessarily including discussion of that work) - **To be considered in re-drafting**
- Clarify and make consistent the use of various types of well-being – e.g. material, economic, subjective, etc. - **To be considered in re-drafting**
- Consider emerging systemic risks and the potential to support analysis of them – **To be considered in re-drafting**
- Request for further documentation and references to support implementation – **Not intended for this chapter**
- Consider potential linkages to work in the private sector and integrated data collection on relevant topics – **To be considered as part of a research agenda.**

## Other themes in feedback

- Clarify the definition and scope of produced capital – To be considered in re-drafting
- Clarify the difference, if any, between well-being and welfare – To be considered in re-drafting
- Clarify the scope of measurement with respect to households, including for example the links to the informal economy – To be developed further in the context of developing Chapter 34
- Development a set of metrics on well-being and sustainability – Not to be pursued

# Discussion