

**Minutes
of the Intersecretariat Working Group on National Accounts
(ISWGNA)**

Paris, OECD, 2-3 October 2003

Participants: A. Bloem, C. Gorter (IMF), I. Havinga (UNSD), B. Hexeberg (World Bank) F. Lequiller, C. Aspden (OECD), L. Bratanova (UN-ECE), B. Newson (Eurostat, chair).

1. Adoption of the Agenda.

Some items from the draft agenda were seen to be inter-related and were regrouped to form the final agenda attached as Annex 1.

2. Review actions agreed at the last meeting.

Most of the actions had been achieved, except some that were postponed in relation with the decision to postpone the first meeting of the Advisory Expert group (AEG).

3. Review the work programme for the updating of the 1993 SNA

a) Consequences of the "high-level" meeting of the ISWGNA

The heads of the five ISWGNA organisations met in Geneva on 8 September. They took decisions on their role in the SNA updating that will be introduced in the draft description of the work programme in paragraph 7. They also gave guidance on the role of the editor and a project manager for the process that are integrated into the conclusions under item 4 below.

b) Eligibility criteria for candidate issues for updating.

The ISWGNA reviewed and confirmed the criteria for approving issues to be updated that were agreed by the UNSC, subject to minor changes of wording to harmonise the different versions of the document.

c) Format of issue papers to be submitted to the meetings of the AEG.

The ISWGNA reviewed the proposal made by the UNSD in their document proposing Operational Guidelines and modified it to read as follows.

A comprehensive issue paper should be prepared for each of the issues under review when the forum responsible for an issue has come to a conclusion. The contents of the issue paper should adequately fulfil and treat the following seven conditions:

1. Executive summary, including
 - Current 1993 SNA position and the reasons for change
 - Evaluation of the proposed solution
 - Preferred recommended solution and the implications for the System
 - List of questions for discussion by the AEG.
2. Background and main reasons for the changes are indicated
3. Recommendations for clarification beyond dispute, interpretation and real conceptual changes, reflect a clear consensus or convergence of opinion of the majority of the national accounts experts of the forum in which it is discussed, be it EDG, city groups, expert groups, etc.
4. Recommendations provide a single conceptual solution to an issue, except in exceptional cases where a group is genuinely equally divided between solutions.
5. Consequences for the consistency with international (financial) statistics manuals and international classifications are indicated
6. Practical feasibility of the proposal is taken into account.
7. Paragraphs of the current 1993 SNA are indicated that need to be revised, in order to facilitate the deliberation and rewriting process.

d) Organisational procedure for preparing the AEG.

The ISWGNA agreed the proposed organisational procedure:

- Background paper for the recommendation to be submitted to the ISWGNA two and a half months before the meeting. These background papers will originate from the moderators of the EDGs, Canberra group, or other such technical groups. The moderator must ensure each paper starts with a short description of the history, the issue, the proposal and questions for discussion. ISWGNA reacts quickly on the draft papers.
- Agenda to be finalised two months before the AEG meeting
- Agenda and related background papers to be sent to members of the AEG one month before the meeting.

Pending appointment of a project manager, the first meeting of the AEG will be organised by ISWGNA members.

4. Coordination with BPM and GFS

The ISWGNA reaffirmed that consistency of the new BPM and, as far as possible, GFS with the updated SNA is crucial. Throughout the revision process, coordination will be achieved by (a) coordination within the international organisations and countries, (b) by bringing BPM and GFS issues to national accounts meetings and (c) by a special focus on these issues in the meetings of the AEG. The ISWGNA asked the IMF to ensure coordination of the time schedule for addressing the various overlapping issues in the SNA and BPM reviews.

For the GFS it is desirable to maintain as much consistency as possible, subject to some differences of concept or presentation to meet specific GFS needs. A chapter or annex to the new SNA will be used to articulate the relationship between GFS and

SNA. Coordination throughout the process will be ensured by the same mechanisms as for the BPM above.

5. Nomination of two additional AEG members

Two of the planned twenty seats on the AEG are so far unfilled because of difficulties finding the right people. It was agreed the IMF and UN would make new proposals in early November. In view of the importance and technical nature of the many financial accounts issues raised, OECD and Eurostat suggested it would be useful to strengthen the group with a financial expert from the European Central Bank. In response to a request that had been received to participate at AEG as an observer, the ISWGNA decided there would not be room for observers at the AEG meetings. Finally it was agreed that experts from the business accounts world should not be in the AEG but they should be closely associated in the deliberations of the subject-matter groups (EDGs, city groups, etc).

As a general rule, travel costs will be paid for participants at the AEG that come from low-income countries.

6. Nomination of manager and editor

The ISWGNA sees a need for separate project manager and editor.

The **manager** would not be a member of the ISWGNA but work closely with the ISWGNA members. He/she would need to be a respected senior statistician. His/her tasks would include to:

- ensure the project advances on schedule,
- coordinate the contributions of different groups (EDGs, Canberra group, etc),
- coordinate with progress in other areas (such as BoP, GFS, business accounting),
- make regular progress reports to the high-level group.

The project manager would be assisted by a secretariat of three professionals in the UNSD. It is expected the project manager would need to work approximately half time throughout the four years of the project, from 2004 to 2007.

The **editor**, working with the manager and the ISWGNA, is responsible for drafting sections of the SNA once the AEG has finished its work. The editor will draw on textual inputs from the EDG and Canberra groups that should produce first drafts of modifications needed to the SNA text. In the earlier part of the updating period, the editor will oversee the conceptual consistency of the various emerging proposals. Therefore the editor is expected to work approximately half time during 2004-5 and then full-time in 2006-7.

A letter will be sent by UNSD, on behalf of the heads of the five ISWGNA organisations, to all national statistical offices explaining the process, seeking expressions of interest for the posts of editor and project manager and inviting countries to contribute to the funding (see item 7 below). The same letter will be sent

by IMF to all central banks. Broader publicity will be made in the SNA News and Notes and possibly through the IARIW.

7. Review of Funding for the updating work programme

Following the decisions above, the estimate of funding needed for the updating process will be revised: to include the cost of the manager, to show the funding needed in each year 2004-7 and to add a small allowance for ad hoc consultancies that may become necessary. On present estimates, the approximate amount needed each year is around \$ 250 000.

In fact, at the meeting, few organisations were ready to commit amounts of funds to the proposed trust fund. The IMF will finance travel for the first AEG; two countries have promised reasonable sums of money so the project can start, but the attention of the high-level group needs to be drawn to the big gap that currently exists between the proposed mechanism and the financing currently available.

For the arrangement of the trust fund, most organisations prefer the offer from the World Bank because they charge a much lower management fee than the UN. It was recognised however this would complicate the coordination if the funding is with the World Bank while the secretariat of the updating process is in the UN.

8. Review of issues to be included in the first AEG meeting

The first item on the agenda will be a general discussion on the scope of the updating, based on the list of issues identified in the work programme, plus the lists originating in the review of the BPM and GFS. UNSD will draft a summary paper giving one paragraph of description for each point. They will incorporate a similar presentation written by IMF on the BPM and GFS issues. Both parts are to be drafted by 30 November.

The other items that seem ready for more substantive review are:

- unfunded employer pension schemes,
- costs of ownership transfer
- insurance and re-insurance
- measurement of the output of financial services
- military expenditure
- taxes on holding gains.

This list will be reviewed in the light of progress made on these issues in the OECD national experts working party the week after the ISWGNA and the Canberra II group the week after that.

The recording of interest in conditions of high inflation was not considered to be sufficiently worked out. A background paper explaining the options will be submitted to the first AEG, in order to prepare for a decision at the second meeting.

9. Report to the March 2004 Statistical Commission

The parts of the text that were available were considered to be generally good. However UNSD will update section II on the "Work programme for the 2008 revision of the SNA" in the light of the decisions above. UNSD will also draft part B of the section III relating to the scope of the accounts to show in particular the number of countries that have attained the minimum requirements.

The revised draft will be sent to ISWGNA members for comment by the end of October. ISWGNA members will communicate to UNSD details of any new manuals they have issued this year for inclusion in the report.

10. SNA News and Notes

The ISWGNA reviewed the draft of n° 17. The first article presents the work programme for the updating of SNA. UNSD will amend that text to take account of the decisions above. A short (half-page) announcement will be added for the posts of manager and editor. The other articles were accepted.

The next issue (n°18) is expected to contain a report on the first AEG, an announcement regarding two new manuals on Consumer Price indices and Producer Price Indices. In addition, UN will seek a contribution on implementation of SNA93 in a region.

Next meeting

The ISWGNA will certainly meet at the time of the AEG in February. The next normal meeting is provisionally scheduled for 15-16 March at the World Bank in Washington DC.

Normally, the World Bank would have taken over the rotating chairmanship in 2004-5 but asked if they could defer that for personal reasons. OECD, as next in the cycle agreed to assume chairmanship for 2004-5.

AGENDA

**Meeting of the Intersecretariat Working Group on National Accounts
(ISWGNA)**

Paris, OECD, 2-3 October 2003

1. Adoption of the Agenda
2. Review Actions agreed at the last meeting
3. Review the work programme for up-dating the 1993 SNA
4. Coordination with BoP and GFS
5. Nomination of two additional AEG members
6. Nomination of manager and editor
7. Review of Funding for the updating work programme
8. Review of issues to be included in the first AEG meeting
9. Report to the March 2004 Statistical Commission
10. SNA News and Notes

Actions agreed upon at the meeting on 2-3 October 2003

A*	Action	Responsible	When
3	Revise draft work programme to include Manager, revised funding table, role of "high-level" group, harmonise terminology, new text on feasibility.	UNSD	31 Oct
4	Ensure consistency of time schedule for review of overlapping issues in SNA and BPM reviews	IMF	15 Nov
5	Suggest extra names for AEG	UNSD, IMF, all	15 Nov
6	Prepare draft letter for national stat offices and CB with job description of manager, editor and request for funding.	UNSD	31 Oct
6	Send same letter to CB	IMF	End-Nov
7	Update funding table	UNSD	End-October
7	Review amounts each organisation can commit to the trust fund	All	End-Nov
8	Contact moderators of EDG, city groups etc to get papers for February AEG.	?	?
8	Draft paper with short description of each item on list of possible issues for revision in SNA	UNSD	15 Dec
8	Idem for BPM and GFS	IMF	15 Dec
8	Prepare background paper on recording interest in conditions of high inflation	World bank	15 Dec
9	Amend report to UNSC and circulate for final approval	UNSD	31 Oct
10	SNA News and Notes <ul style="list-style-type: none"> • update article on updating SNA • add announcement of project manager and editor, with TOR as in 6 above • draft article on CPI manual • draft article on PPI manual 	UNSD ECE IMF	31 Oct Feb '04

A* relates to the Agenda item