WORK PROGRAMME FOR THE UPDATING OF THE 1993 SNA
By ISWGNA

Background

Changes in the economic environment necessitate a continuous updating of the System of National Accounts, 1993 (1993 SNA) to ensure and maintain its relevance. In 2003 the Statistical Commission approved the updating of the 1993 SNA by 2008. Following the Commission’s decision, the ISWGNA elaborated a detailed project document and after its circulation to countries for comments, amended and finalized the work programme. This article provides a summary of the detailed work programme. The complete document will be posted to the web site on the SNA updating at http://unstats.un.org/unsd/nationalaccount/snarw1.htm.

Issues for updating and expected output

The revised, amended list of issues for updating, along with their selection criteria and the main principles of updating were included in No. 16 of the SNA News and Notes. The list of issues will be finalized at the first meeting of the Advisory Expert Group (AEG), scheduled for 16-20 February 2004.

Intermediate outputs: Intermediate outputs are recommendations of the expert groups and the AEG. Recommendations of the AEG are produced after each of its meetings and will be circulated to countries for information.

Final output: The final output will be the 1993 SNA Rev. 1.

Governance and decision making process

In accordance with the Statistical Commission’s decision, the ISWGNA is responsible for managing and coordinating the updating process, assisted by a project manager and editor. (A call for candidates can be found in this issue on page 4.) The senior management of the five ISWGNA member agencies provides collective oversight and liaises with countries and other international organizations. Serving as the secretariat of the ISWGNA, the United Nations Statistics Division provides secretarial support to the updating process.

The main role of the AEG is to take decisions on the scope of the updating and on technical and conceptual issues in conjunction with the ISWGNA. (The terms of reference of AEG and the list of 20 experts are available in document E/CN.3/2003/9 at http://unstats.un.org/unsd/statcom/sc2003.htm)

The various existing expert groups, such as the Canberra II group on non-financial assets, city groups, EDGs, possible new expert groups and regional commission meetings conduct the first deliberation of issues. The moderator or chairman of the expert group is responsible for writing the recommendations of the group, including the reasons for changes, if possible, with indications of the paragraphs of the current 1993 SNA that are affected and forward them to the AEG for discussion and final decision.
The AEG will deliberate on the issues and propose for each one a final recommendation of clarification, interpretation or change of the SNA. The AEG will hold two meetings in 2004 and meet annually in the years 2005-2007. The AEG will strive for consensus to the highest extent possible. Recommendations should be formulated by a clear agreement of a majority of experts. There will be voting if necessary, those entitled to vote include the AEG and the ISWGNA (25 voting members in total). As a result, the AEG should propose a single solution to an issue in order to facilitate the approval and rewriting process.

It is important that countries’ statistical organizations engage in all phases of the updating process. Before finalization, recommendations of the AEG will be circulated to countries for comments after each meeting in the years 2004-2005, with 60-day response period. To ensure country involvement and general transparency, all documents for discussion will be publicly accessible through the ISWGNA’s web site.

Recommendations for change have to be assessed for internal consistency with the rest of the SNA and for consistency with the revisions of the Balance of Payments manual (BPM), the Government Finance Statistics (GFS) manual, the International Standard Industrial Classification of All Economic Activities (ISIC) and the Central Product Classification (CPC). Coordination with business accounting practices will be ensured. In addition, recommendations for change should address the implementation aspects in countries.

The project manager will assist ISWGNA in managing the updating process, monitoring resource use and needs, coordinating the contributions of the various expert groups, liaising with working groups and countries.

The editor will consolidate all recommendations and produce the final text of the 1993 SNA Rev. 1 for submission for approval by the Statistical Commission in March 2007.

Table 1. Timetable for the updating of the 1993 SNA

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<tr>
<td>- Works carried out throughout the period.</td>
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<tr>
<td>- Recommendations circulated to the AEG for approval as soon as they are ready.</td>
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<tr>
<td>- Recommendations of the AEG sent to countries for comments as soon as they are ready.</td>
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</table>

| Consolidated recommendations of the AEG |          | All recommendations are reviewed for consistency by the AEG and circulated to countries for review. | Sent to SC for approval | SC meeting |          | Complete draft sent to countries for comments on consistency and readability. | ISWGNA review |          |

| First draft of SNA Rev. 1 |          | Complete draft sent to countries for comments on consistency and readability. | ISWGNA review |          |          |          |          |

| Final draft of SNA Rev. 1 |          | ISWGNA & AEG approval | SC approval |          |          |          |          |
### Table 2. Work schedule by main actors of the SNA updating process

<table>
<thead>
<tr>
<th>Year</th>
<th>Work programme of the EDGs</th>
<th>Meetings of the Canberra II group</th>
<th>Meetings of the AEG</th>
<th>ISWNGA</th>
<th>Countries</th>
</tr>
</thead>
<tbody>
<tr>
<td>2003</td>
<td>Discussions through EDGs</td>
<td>15-17 April, Voorburg</td>
<td></td>
<td>Organize meetings and prepare documentation for AEG meetings.</td>
<td>Deliberations through EDGs; participation of invited experts in Canberra II and AEG.</td>
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<td></td>
<td></td>
<td>13-15 October, Paris</td>
<td></td>
<td>Dispatch invitations for nominations, initiate selection process and appointments of project manager and editor.</td>
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<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Coordination of SNA update with the revision of BPM, GFS, ISIC and CPC and the relationship with business accounting practices.</td>
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<tr>
<td>2004</td>
<td>Same as above</td>
<td>March 2004, Washington</td>
<td>16-20 February 2004</td>
<td>Organize meetings and prepare documentation for AEG meetings.</td>
<td>Same as 2003 and AEG recommendations circulated to countries for comments with 60-day response period.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>September 2004</td>
<td>November 2004</td>
<td>Coordination of SNA update with the revision of BPM, GFS, ISIC and CPC and the relationship with business accounting practices.</td>
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<tr>
<td>2005</td>
<td>Same as above</td>
<td>March/September 2005</td>
<td>November 2005</td>
<td>Same as above</td>
<td>Same as 2004</td>
</tr>
<tr>
<td>2006</td>
<td></td>
<td>May: Review by the AEG of all recommendations and their mutual consistency.</td>
<td>October: AEG recommendations submitted to the SC for approval in March 2007.</td>
<td>Recommendations circulated to countries for comments with 60-day response period.</td>
<td></td>
</tr>
<tr>
<td>2007</td>
<td></td>
<td>Final meeting to adopt changes.</td>
<td>May: First draft of the 1993 SNA Rev.1 October: Final draft of the 1993 SNA Rev. 1 submitted to the SC for approval in March 2008.</td>
<td>Draft 1993 SNA Rev.1 circulated to countries for comments on consistency and readability.</td>
<td></td>
</tr>
<tr>
<td>2008</td>
<td></td>
<td></td>
<td>March: Review by SC of the final draft.</td>
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</tbody>
</table>

1/ A description and Internet addresses of EDGs were provided in No.15 of SNA News and Notes.
2/ For the agenda of the meetings and the issues to be discussed refer to the full version of the work programme at http://unstats.un.org/unsd/nationalaccount/snarw1.htm

### Resource implications

The updating process will be financed partly from contributions by members of the ISWNGA and partly from a trust fund. Member States are encouraged to contribute to the trust fund to complement contributions by the five member organizations of the ISWNGA. The trust fund will cover the cost of the participation of experts from developing countries in the meetings of the AEG, the activities of the project manager and editor and the preparation of an electronic version and index of the 1993 SNA Rev.1.
Announcement of the posts of project manager of updating the 1993 SNA and editor of the 1993 SNA Rev.1

Project Manager

Responsibilities

- oversee the management of output and activities of the work programme and ensure its execution in a timely fashion;
- formulate a detailed timetable for the intermediate outputs and activities and draw up plans of resource use and needs;
- coordinate and oversee the preparation of the reports to the AEG;
- ensure internal consistency and integrity of the 1993 SNA Rev. 1 and its consistency with the revisions of the Balance of Payments Manual (BPM) and the Government Finance Statistics Manual (GFSM);
- prepare progress reports to the ISWNGA and the senior management of its member institutions;
- report to the ISWNGA and work on a day to day basis with UNSD.

Qualifications

A respected senior statistician who has a clear understanding of the 1993 SNA, proven ability to undertake international coordination work, good interpersonal, management and communication skills. Advanced university degree and at least 15 years of experience in managing large international or national statistical programmes or agencies.

Duration of service: total 2 person-years based on a half-time engagement during 2004-2007.

Editor

Responsibilities

- prepare progressively drafts of the text of 1993 SNA Rev. 1, drawing on textual inputs from EDGs, Canberra II group and recommendations of the AEG;
- consult with authors of the substantive reports of the experts groups to clarify ambiguities and rectify substantive errors;
- ensure internal consistency and integrity of the 1993 SNA Rev. 1 and consistency with the revisions of the Balance of Payments Manual (BPM) and the Government Finance Statistics Manual (GFSM);
- prepare the master copy of the 1993 SNA Rev. 1 by consolidating and integrating all drafts and finalize the draft by October 2007;
- report to the ISWNGA and work on a day to day basis with the project manager and UNSD.

Qualifications

An internationally recognized expert on national accounts who has a thorough understanding of the 1993 SNA and its updating issues, proven experience in international coordination work on national accounts and excellent drafting skills in English. Advanced university degree and at least 15 years of experience in research in economic statistics particularly national accounting.

Duration of service: total 3 person-years, half-time during 2004-5 and full-time during 2006-7.

For a full text of the terms of reference of these posts and application procedures refer to the website on the SNA update at http://unstats.un.org/unsd/nationalaccount/snarw1.htm.
RESULTS OF THE EXISTING UPDATING MECHANISM OF THE 1993 SNA
By Magdolna Csizmadia, UNSD

With the launching of the 2008 updating of the SNA, it is worthwhile to give an overview of the updating procedure that has been in place since the last revision of the SNA and summarize its results. The existing incremental updating mechanism of the SNA was approved by the Statistical Commission in 1999 with a view to the need for a streamlined process and the requirement for adequate consultation.

The four different types of results of the updating mechanism are distinguished based on the following principles:

Editorial amendments: Editorial amendments refer to wording errors, apparent contradictions or translation errors in the non-English versions. Their main characteristic is that their correction does not affect either the concepts or the structure of the System and the tables therein.

Clarification beyond dispute: The need for this type of update may arise as a result of a new economic situation that emerged, or was negligible when the 1993 SNA was designed, but has since grown considerably in importance. It is important in that context to establish clearly that there is no conceptual issue change involved in the clarification.

Interpretation: When new economic situations emerge and their treatment in national accounts is not clear, various solutions are possible for the treatment of the phenomenon in question in national accounting, indicating room for different interpretations of 1993 SNA rules. As a result of the interpretation process a preferred solution is put forward for the treatment of the issue.

Change: Due to changes in the macroeconomic environment, some of the basic concepts in the 1993 SNA may become irrelevant and may even result in misleading figures. In such cases, relevant parts of the SNA text must be substantially revised to reflect those changes.

The incremental updating has been conducted in accordance with the following procedure:

<table>
<thead>
<tr>
<th>Stage of handling</th>
<th>Editorial Amendment</th>
<th>Clarification beyond dispute</th>
<th>Interpretation</th>
<th>Change*/*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Proposal</td>
<td>ISWGNA reviews the proposed amendment and classifies it</td>
<td>ISWGNA assisted by a panel of experts</td>
<td>ISWGNA assisted by a panel of experts</td>
<td>ISWGNA assisted by a panel of experts</td>
</tr>
<tr>
<td>Preliminary Drafting</td>
<td>ISWGNA</td>
<td>ISWGNA</td>
<td>Working parties or regional panels of experts, EDGs</td>
<td>Working parties or regional panels of experts, EDGs</td>
</tr>
<tr>
<td>1st Discussion</td>
<td>ISWGNA assisted by a panel of experts</td>
<td>Working parties or regional panels of experts, EDGs</td>
<td>Working parties or regional panels of experts, EDGs</td>
<td></td>
</tr>
<tr>
<td>2nd Discussion</td>
<td>National statistical offices in all regions</td>
<td>National statistical offices in all regions</td>
<td>National statistical offices in all regions</td>
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</tr>
<tr>
<td>Final Drafting</td>
<td>ISWGNA assisted by a panel of experts</td>
<td>ISWGNA assisted by a panel of experts</td>
<td>ISWGNA assisted by a panel of experts</td>
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<tr>
<td>Approve</td>
<td>Member countries of Statistical Commission during 60-day period</td>
<td>Member countries of Statistical Commission during 60-day period</td>
<td>Member countries of Statistical Commission during 60-day period</td>
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<tr>
<td>Publication</td>
<td>Errata Sheet and correction of the web version</td>
<td>SNA News and Notes</td>
<td>SNA News and Notes</td>
<td>SNA News and Notes, then in print and electronically on the web</td>
</tr>
</tbody>
</table>

*/* After investigation and discussions, ISWGNA may conclude that the issue does not warrant a change in the 1993 SNA. This official position is announced in the SNA News and Notes.
Availability of the results of the incremental updating mechanism

Past issues of *SNA News and Notes* have been used to announce amendments, clarifications and described in detail interpretations and changes, as these became available. Once changes have been agreed to, those were added to the electronic version of the 1993 SNA on the Internet. Finally, the 1993 SNA chapters and paragraphs affected by changes are incorporated in an official publication to be issued as addendum to the 1993 SNA. The publication, entitled *Updates and Amendments to the System of National Accounts, 1993* (Studies in Methods Series F/2/Rev.4/Add.1) is currently in print and under translation into all UN languages.

Results of the incremental updating mechanism

The following nine updates have been issued by the ISWGNA since 1996. Reference is made in brackets to the issue of SNA News and Notes that announced the update.

- Other subsidies on production to non-market producers. **Interpretation.** (SNA News and Notes, No. 3, January 1996);
- Measurement of the output of central bank by costs. **Interpretation.** (SNA News and Notes, No. 3, January 1996);
- Treatment of seignorage profits on issue of coins. **Interpretation.** (SNA News and Notes, No. 4, July 1996);
- Revision of functional classifications of expenditures: COFOG, COICOP, COPNI and COPP. **Change.** (SNA News and Notes, No. 5, January 1997);
- Accruals versus cash estimates of taxes on products. **Clarification.** (SNA News and Notes, No. 6, July 1997);
- Intangible assets, patents and copyrights in the 1993 SNA. **Clarification.** (SNA News and Notes, No. 6, July 1997);
- Treatment of financial derivatives. **Change.** (SNA News and Notes, No. 11, May 2000);
- Treatment of Costs Incurred in Transferring Ownership of Assets. **No change.** (SNA News and Notes, No. 13, October 2001);
- Treatment of mobile phone licenses. **Interpretation.** (SNA News and Notes, No. 14, April 2002).

**ADVANCES IN THE IMPLEMENTATION OF THE 1993 SNA IN LATIN AMERICAN AND CARIBBEAN COUNTRIES**

By Marcelo Ortúzar and Sandra Manuelito, ECLAC

Once the new recommendations of the 1993 SNA were approved, ECLAC organized several meetings to disseminate them. At the first two meetings it was possible to reach an agreement on developing a common work programme throughout the region with results expected within a timeframe of five years.

The complete elaboration of accounts of the core framework of the 1993 SNA was defined as the first priority. Regarding the institutional accounts, part of the core framework, these would be elaborated gradually according to the necessary basic information gathered by the offices in charge of compiling national accounts. This first priority was established bearing in mind the results achieved by Latin American countries in the implementation of the previous version of SNA, where all countries compiled the goods and services accounts and only a smaller group of them compiled the institutional sector accounts.

At the time of making a commitment to this implementation effort, countries understood the need to develop and use new statistics, to intensify the use of the available statistical sources, particularly administrative records and enterprises accounts and to redesign procedures involving statistical samples and surveys conducted on enterprises. In the end, the implementation of national accounts according to the new recommendations demanded a revision of existing basic
statistics, as well as, with a high probability, an adjustment of the work programme of the statistical institutions involved.

In light of the available results, it must be recognized that the proposed objectives were accomplished only partially and by a small number of countries, in terms of not only the proposed schedule but also the scope of implementation. This is described with more detail in the document “Advances in the implementation of the 1993 SNA in Latin America and the Caribbean 2002-2003” (in Spanish), available at http://www.eclac.cl/deype/ceacepal/index2.htm

There are several reasons that explain why it was not possible to accomplish all the goals established not only in terms of the scope of the implementation of the 1993 SNA but also on the schedules agreed. According to the participants of the Regional Seminar on National Accounts held in November 2002 at the Central Bank of the Dominican Republic, it was highlighted that the work of national accounts had to compete with other subjects for institutional priority. In this sense, there is a greater demand for indicators and statistics related to short-term economic performance, thus a greater amount of resources is assigned to the increase and improvement of such economic indicators as economic activity measured by quarterly accounts, prices, external trade, public finances, financial statistics, employment statistics, and so on. Not less important is the need to carry out new and sounder investigations related to social issues such as poverty, education, health and housing. At the same time, some new, emerging issues, considered of national importance arose such as statistics related to tourism, environment, gender, science and technology, among others. National institutions have to give space to these new subjects and continue the work already in progress, many times reducing the available resources in favor of the new issues.

Additionally, according to the opinions expressed in the above-mentioned seminar by national representatives, it causes problems that the organizational design of the areas of national accounts does not correspond to the needs of the new recommendations, a situation that does not favor the advance of the implementation process. Even when there has been an important regional effort carried out by international organizations on the training of national offices in the elaboration of basic statistics and the compilation of national accounts, it is considered insufficient since it has not reached all professionals involved at the national level.

To date, the achievements regarding the implementation of national accounts have been diverse. Countries within the region are at different levels of development and implementation of the 1993 SNA. Thirteen out of thirty-four countries publish periodically series of national accounts according to the 1993 SNA –Argentina, Bahamas, Brazil, Chile, Colombia, Costa Rica, Ecuador, Mexico, Netherlands Antilles, Nicaragua, Panama, Peru and Trinidad and Tobago - even if they do so with different approaches to the proposed core framework. The rest of the countries have projects and ongoing work on the implementation of the 1993 SNA, but for now, do not have their results published. Two countries announced their intentions to publish their results during 2003 – Dominican Republic and Venezuela. Regarding the Caribbean English speaking countries, though some of them made progress in the implementation of the 1993 SNA, the majority still publishes only major aggregates of national accounts (see table 1).

<table>
<thead>
<tr>
<th>Goods and Services Accounts</th>
<th>Institutional Sector Accounts</th>
<th>Cross Classification of Institutions and Sectors</th>
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<tbody>
<tr>
<td>Argentina</td>
<td>X</td>
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<tr>
<td>Bahamas</td>
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<td>Brazil</td>
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<td>Chile</td>
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<td>Colombia</td>
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<td>Costa Rica</td>
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<tr>
<td>Ecuador</td>
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<tr>
<td>Mexico</td>
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<tr>
<td>Netherlands Antilles</td>
<td>X</td>
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<td>Nicaragua</td>
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<td>Panama</td>
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<td>Peru</td>
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<td>Trinidad and Tobago</td>
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There has been also some progress in expanding the scope of national accounts to quarterly accounts, estimation of GDP by type of industry and by type of expenditure, monthly indicators of aggregated economic...
activity, regional GDP. In the last two years great effort has also been made with regard to tourism, environment, education and health satellite accounts. Notwithstanding these results we at ECLAC feel that there is still much more work to do.

For the biennium 2003-2005, the work programme of the Statistical Conference of the Americas contemplates to continue activities that support the ongoing work throughout the region. However, due to the variety of the subjects we have selected, those related to the 1993 SNA are: expanding the scope of implementation and tourism and environmental statistics that serve as a base for compiling satellite accounts. The support to these subjects will be reflected in seminars on particular aspects of the compilation of national accounts that are of interest to national institutions. The interchange of experiences and dissemination of results will be supported by using the web page of the Statistics and Economic Projections Division at ECLAC (http://www.eclac.cl/deype/).

Regarding the seminars, and as suggested by countries’ representatives to the abovementioned Dominican Republic meeting, we considered as necessary to approach new seminars in a different perspective. Until now we gave priority to the dissemination of concepts and methods of the 1993 SNA and in this new stage we intend to focus on practical methodology used in the countries with experience in the implementation of the 1993 SNA. This change in focus represents an evolution regarding what has been done and only gains sense when an important number of countries implemented, or are in the process of implementing, the 1993 SNA. This new perspective will allow for the harmonization of the methodologies used by the different countries regarding the estimation of the different variables in the accounts and will support the harmonization process that has been going on concerning the national accounts of Latin American and Caribbean countries.

Within the period 2003-2005, in ECLAC we will continue to maintain our activities in order to provide countries that request us to do so with the organization and coordination of technical assistance regarding the implementation of the 1993 SNA, extensions of the scope of implementation, satellite accounts and basic statistics. We will also continue our international activities and meetings related to substantive subjects conducted by the working groups and city groups organized by the United Nations Statistical Division. Regarding this, we are improving our web site in order to make easier the dissemination of progress and recommendations of these groups within the Latin American and the Caribbean region.

CREATION OF AN INTERNATIONAL TASK FORCE ON HARMONIZATION OF PUBLIC SECTOR ACCOUNTING
By Lucie Laliberté, IMF

An International Task Force on Harmonization of Public Sector Accounting has been created to promote harmonization between international public sector accounting and statistical standards in the area of public sector. The Task Force, chaired by the International Monetary Fund, has also been recognized by the Intersecretariat Working Group on National Accounts as the forum to provide guidance in the area of public sector statistics for the ongoing update of the System of National Accounts 1993 (1993 SNA).

A preparatory meeting to determine the scope and organization of the work to be undertaken by the new Task Force took place at OECD Headquarters on 3 October 2003.

The scope of the Task Force is the public sector and its mandate is to:

- Identify differences that exist between the various accounting and statistical standards in the treatment of economic events, assets, and liabilities;
- Identify areas where harmonization between these various standards is considered feasible and desirable, and to take action to effect the necessary amendments;
• Identify areas where harmonization between these various standards is not considered feasible or desirable, and to develop reconciliation statements, as needed; and

• Make recommendations to the ISWGNA, for amending the 1993 SNA, in the area of public sector statistics.

The organizational structure comprises a Steering Group and two Working Groups reporting to the Task Force.

The Steering Group consists of representatives of the relevant international organizations (European Central Bank, Eurostat, IMF, OECD, UNSD, World Bank) and associations (International Federation of Accountants – Public Sector Committee and International Accounting Standards Board) engaged in this work and individual countries, like Australia and the United Kingdom that have made significant contribution to the ongoing work in this field. Additional countries may join the Steering Group in accordance with the above criteria.

Working Group I of the Task Force will focus on harmonization issues between the IMF’s Government Finance Statistics Manual 2001 (GFSM 2001) and International Public Sector Accounting Standards. The goal is to identify and document differences and classify them according to the processes envisaged for harmonization.

Working Group II of the Task Force will focus on harmonization issues between GFSM 2001 and 1993 SNA/ESA 1995.

The Task Force and the Working Groups will comprise senior statisticians and accounting policy officials as well as representatives of international organizations. They will operate mainly via electronic exchanges, making use of an Electronic Discussion Group maintained by the OECD.

The inaugural meeting of the Task Force is scheduled for February 2004. Further information can be obtained from the OECD, which acts as the Secretariat (Jean-Pierre.DUPUIS@oecd.org).

UPDATE ON THE ACTIVITIES OF THE EDG ON PENSIONS
By Philippe de Rougemont, IMF

At the request of the Intersecretariat Working Group on National Accounts (ISWGNA), the IMF Statistics Department established in October 2002 an Electronic Discussion Group (EDG) on the treatment of pension schemes. The EDG mandate is to identify the most appropriate treatment of pension schemes in macroeconomic statistical systems. It covers three main areas of work: employer insurance schemes (recognition of unfunded obligations, recording rules for funded schemes), social security and social assistance schemes, and classification of schemes (delineation between social insurance and saving schemes). SNA News and Notes No 16 reported on the EDG activities up to spring 2003.

Recent activities

At the end of September 2003, 28 contributions from 26 authors were posted on the EDG. In the same month, the Moderator posted an Interim Report and sent out a Straw Poll Questionnaire on current SNA interpretations and on preferences for changes regarding recording of pensions. The contributors and about 30 responses on the questionnaire overwhelmingly supported making changes in employer schemes recording. On October 7, 2003, the Moderator presented tentative recommendations at the Joint OECD Working Group on Financial Statistics and OECD National Accounts Experts Meeting in Paris. Participants strongly endorsed recognizing a liability for unfunded employer schemes.

Preliminary findings (employer schemes)

It is suggested that the revised SNA should recognize obligations of an employer pension scheme as liabilities if they are legal obligations or “constructive obligations” (that is, obligations likely to be
enforceable in court), whether or not the scheme is funded. (The EDG discusses the different interpretations of the term “funded.”)

It is envisaged that the net assets of defined benefit schemes be allocated to the employer. This would have the advantage of equal treatment amongst schemes, enhanced international comparability, and full application of the SNA’s market valuation and accrual principles. Furthermore, it is in conformity with accepted accounting practices (delayed recognition is currently an option under International Accounting Standard 19, though this is under review).

Employer social contributions and property income receivable by households would be measured using actuarial amounts instead of actual amounts. With this change, the cost of employment would be more appropriately measured. Supercontributions originating from under-performance of defined benefits pension funds’ assets would not any more affect the gross operating surplus of the employer (or value added if the employer is non-market). Actual payments of contributions would be seen as pure financial transactions, being settlements of liabilities originally incurred through accrued social contributions and property income or through underperformance of funds’ assets. It is also envisaged that the property income receivable by households would be calculated on the basis of the discount rate used by actuaries. This would remove the current SNA anomaly that the mere passing of time generates entries in the “other economic flows.” By implication, defined benefits schemes would now generate “savings” similar to mutual funds in the current SNA.

EDG contributors are divided between maintaining or eliminating the current SNA “dual recording” (where funded schemes’ contributions and pensions are recorded both as non-financial transactions and as financial transactions, with an adjustment item). Many believe this dual recording is artificial and confusing to users. Others believe pensioners perceive pensions as income and point to the importance of linking macroeconomic with microeconomic data.

Follow up (employer schemes)

The ISWGNA expects the Moderator to submit by December 2003 recommendations regarding employer schemes—to be discussed by the February 2004 Advisory Expert Group meeting. The readers of SNA News and Notes are invited to contribute to the EDG at: http://www.imf.org/external/np/sta/ueps/index.htm

MEASURING THE ACTIVITIES OF MULTINATIONAL ENTERPRISES
By Lidia Bratanova, ECE

This note announces the work that will be undertaken by a group of countries and international organizations on measuring the activities of the multinational enterprises (MNEs). The MNE Project was proposed by Statistics Canada at the Seminar on Globalization held as part of the June 2003 meeting of the Conference of European Statisticians (CES). The work will be carried out under the auspices of the CES and its Bureau. The UNECE Statistical Division will provide secretariat support.

A major objective of the MNE Project is to identify areas where more standardized and/or coordinated approaches in measuring the activities of MNEs could contribute to improved national and international economic statistics. Four NSOs (Canada, France, Spain and UK) have agreed to participate in an initial phase of the project. The OECD, IMF UNCTAD and the European Central Bank have also expressed interest in the project.

Measuring globalization was discussed at some length by the Conference held in June in Geneva, based on papers by Canada, UK, USA, France, Hungary, OECD and IMF. It was emphasized that data on MNE should be improved by undertaking work in several directions: clarification of concepts, harmonization and further improvement of international accounting standards, updating of BOP and SNA manuals, possible development of satellite accounts for MNE. The proceedings of the CES seminar will be
MANUALS AND HANDBOOKS


MEETINGS AND SEMINARS

7-11 October 2003: OECD meeting on national financial accounts experts, Paris, France


4-5 December 2003: Joint ECE/ILO expert meeting on consumer price indices, Geneva, Switzerland

15-19 December 2003: Regional Training Workshop on SNA implementation for African countries, organized jointly by UNSD and ECA, Addis Ababa, Ethiopia

21-13 January 2004: Bi-annual meeting of the French Association de Comptabilité Nationale, Paris, France

Editorial Note

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The updated version of the 1993 SNA with search capability, national accounts glossary, handbooks on national accounts and activities and reports of the ISWGNA can be accessed on the internet: http://unstats.un.org/unsd/sna1993/introduction.asp

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