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Items for discussion and decision: national accounts

Report of the Intersecretariat Working Group on National Accounts

Note by the Secretary-General

In accordance with Economic and Social Council decision 2015/216 and past practice, the Secretary-General has the honour to transmit the report of the Intersecretariat Working Group on National Accounts. The Statistical Commission is requested to express its views on the points for discussion set out in section VI of the present report.

* E/CN.3/2016/1.



Report of the Intersecretariat Working Group on National Accounts

I. Introduction

1. At its forty-sixth session, held from 3 to 6 March 2015, the Statistical Commission, in its decision 46/106 (see E/2015/24, chap. I.C):

(a) Welcomed the report of the Intersecretariat Working Group on National Accounts, and expressed its appreciation for the work done by the Working Group over the past year;

(b) Endorsed the programme of work of the Intersecretariat Working Group on National Accounts and the Advisory Expert Group on National Accounts;

(c) Expressed its appreciation for the guidance provided on issues emerging from the implementation of the *System of National Accounts 2008*¹ (2008 SNA), and urged the Working Group to continue to give priority to the provision of practical guidance on issues that would facilitate the implementation of the 2008 SNA;

(d) Noted that a number of conceptual issues have emerged that extend beyond the scope of the 2008 SNA, which may take a long time to resolve, and requested the Working Group to set priorities for addressing the issues on the SNA research agenda and to report to the Commission on the progress in resolving those issues;

(e) Expressed appreciation for the completion of a number of manuals, handbooks and guidelines that facilitate the implementation of the 2008 SNA and the compilation of supporting statistics, urged the Working Group to expedite the development of the newly proposed handbooks and guidelines, including the handbook on backcasting, as well as those in progress, and requested that those materials be made available in all official languages of the United Nations;

(f) Also expressed appreciation for the activities undertaken by the Working Group members, regional commissions, other regional organizations and countries to facilitate the implementation of the 2008 SNA;

(g) Acknowledged the important role of Member States in providing capacity-building support to other Member States for the strengthening of SNA implementation and supporting statistics, appealed for governance at the international level for capacity-building, as is the case for the International Comparison Programme, and requested the international and regional organizations to step up their capacity-building activities;

(h) Welcomed the progress in implementing the 2008 SNA, expressed concern at the relatively low compliance with the minimum required data set and the large number of Member States with outdated benchmark years, and urged Member States to develop basic source data for the compilation of national accounts data that are policy-relevant and fit for purpose and, in this context, focus and prioritize efforts on the implementation of the 2008 SNA in terms of scope, detail and quality;

¹ United Nations publication, Sales No. E.08.XVII.29.

(i) Took note of the progress in implementing the Statistical Data and Metadata eXchange (SDMX) data transmission mechanism and sharing of national accounts data between international organizations, and urged Member States to implement the SDMX technology to facilitate data transmission and significantly reduce the response burden of Member States submitting data to international organizations.

2. Section II of the present report provides an overview of the progress of work on issues emerging from the implementation of the SNA which covers in particular: the research agenda of the 2008 SNA; and the update on the finalization of publications supporting the implementation of the 2008 SNA. Section III presents an overview of the activities on national accounts and supporting statistics of the members of the Intersecretariat Working Group on National Accounts and of the regional commissions. Section IV provides an update of the status of the implementation of the SNA. Progress on the coordination of data collection and data exchange activities is presented in section V. Points for discussion are presented in section VI.

II. Guidance on issues emerging from the implementation of the System of National Accounts

A. Research agenda on the System of National Accounts

3. The work on the SNA research agenda remains focused on issues related to practical implementation, clarifications and interpretation of the 2008 SNA. However, during the past year three discussion forums explored aspects to consider for the future updating of the 2008 SNA. These include: the Conference of the International Association for Research in Income and Wealth-Organization for Economic Cooperation and Development (IARIW-OECD) on the Future of National Accounts on the theme “W(h)ither the SNA”, which took place in Paris on 16 and 17 April 2015; a special session of the meetings of the OECD Working Parties on Financial Statistics and National Accounts on the future orientation of the SNA research agenda, held in Paris from 26 to 30 October 2015; and the Eurostat Task Force “Towards ESA 202X — European needs for a future SNA”.

4. Some of the discussions focused on going beyond gross domestic product (GDP), and on developing measures that would take explicit account of social and environmental issues, including income distribution and unpaid work. This view is also underscored by the 2030 Agenda for Sustainable Development, which requires the integration of economic, social and environmental aspects for sustainable development.

5. The Intersecretariat Working Group, after consideration of those discussions, concluded that while going forward, national accountants saw evolution and not dramatic changes in the present international standards for national accounts. Although issues in relation to globalization, the Internet economy, user demands for more granular data, and others, may need further consideration and reflection. There was also a general agreement on the importance of satellite accounts, whose status may need to be elevated as compared to the central framework, to elaborate the central framework of the SNA on issues related to well-being and (environmental) sustainability.

6. The Working Group also recognizes that developing guidance to address issues that go beyond the 2008 SNA may take a long time to resolve. The forthcoming meeting of the Advisory Expert Group on National Accounts scheduled for 13 to 15 April 2016 will therefore also discuss the new emerging issues and identify ways to address them. It is expected that the prioritization exercise of research agenda items, the above-mentioned discussions, and the enquiry on the needs of users of national accounts by the Eurostat Task Force will facilitate the discussion on including those issues in the future research agenda of the SNA, as reflected in annex IV of the 2008 SNA. More details on the main SNA research issues are presented in section II of the supplement to the present report. The list includes issues currently being considered by the Intersecretariat Working Group on National Accounts and the Advisory Expert Group. The SNA research agenda can also be found on the SNA research agenda website, hosted by the Statistical Division of the Department of Economic and Social Affairs of the Secretariat, available from <http://unstats.un.org/unsd/nationalaccount/research.asp>.

B. Manuals and handbooks

7. The Intersecretariat Working Group continued its efforts to develop compilation guidance on national accounts and supporting statistics in order to strengthen the statistical capacity for compiling national accounts. A short description of each of the completed publications is provided below, while the list of publications in progress and planned publications is provided in section III of the supplement to the present report.

(a) Guide on measuring global production (Economic Commission for Europe)

8. The Guide on measuring global production, which follows on a previous publication entitled *The impact of globalization on national accounts* (New York and Geneva, 2011) (available from: http://www.unece.org/fileadmin/DAMstats/groups/wgna/Guide_on_Impact_of_globalization_on_national_accounts_FINAL21122011.pdf), was finalized and published by the Economic Commission for Europe (ECE) in 2015. The new guide provides comprehensive recommendations to compilers of national accounts, balance of payments and related economic statistics on the collection, production and analysis of data related to global production arrangements. It presents the experience of various countries in producing statistics on global production and also identifies a number of unresolved conceptual challenges and emerging globalization phenomena that have to be addressed in the future.

(b) Guide on statistical business registers (Economic Commission for Europe)

9. The *Guide on statistical business registers*, published by ECE in 2015, provides practical guidance and recommendations on the establishment and maintenance of statistical business registers. The guide consists of 12 chapters — an introductory chapter followed by substantive chapters dealing with the roles of statistical business registers; coverage; statistical units and their characteristics; data sources; maintenance; frame methodology; dissemination; quality; organizational, database and other information technology issues; and topics for further work and research. The guide also includes a number of annexes on methodological issues and country examples, and an extensive glossary.

(c) Handbook on tendency surveys (United Nations)

10. The *Handbook on tendency surveys* aims to provide best practices and harmonized principles on tendency survey sample selection, questionnaire design, survey questions, survey execution, data processing and the use of composite tendency indicators. The surveys provide qualitative information that cannot be collected using quantitative statistical methods. They also serve as an integral part of an early warning system as they may provide information about the occurrence and timing of economic upturns and downturns.

(d) Handbook on data template and metadata for short-term statistics (United Nations)

11. The *Handbook on data template and metadata for short-term statistics* elaborates methodological descriptions and the use of individual short-term statistics. It explains the statistical and analytical properties of short-term statistics, why they are relevant in explaining economic activity and how they relate to an integrated set of short-term statistics as provided by quarterly national accounts and component data. The handbook is intended to serve both the compiler and the user of the statistics. It contains useful links to reference material offering more in-depth expositions.

(e) Monetary and financial statistics manual and compilation guide (International Monetary Fund)

12. The *Monetary and financial statistics manual and compilation guide* combines and updates the concepts, definitions, and recommendations contained in the 2000 Monetary and financial statistics manual and the 2008 Monetary and financial statistics compilation guide, to align it with the 2008 SNA, the *Balance of Payments and International Investment Position Manual*, sixth ed. (BPM6) (Washington, D.C., IMF, 2009), and the “Government Finance Statistics Manual 2014” (Washington, D.C., IMF, March 2014), 2014 update (IMF) available from <https://www.imf.org/external/pubs/ft/bop/2007/bop6comp.htm>. The manual offers a set of tools for identifying, classifying, and recording stocks and flows of financial assets and liabilities. At the same time, it assists compilers responsible for monetary data collection at the national level with practical recommendations on the classification, valuation, and sectoring of financial assets and liabilities for monetary statistics purposes, with special emphasis on borderline cases.

(f) Compilation guide on land estimation (Eurostat and Organization for Economic Cooperation and Development)

13. The *Compilation guide on land estimation* provides conceptual and practical guidance to statisticians concerning the estimation and valuation of land and to increase international comparability. The guide clarifies theoretical concepts and proposes a breakdown of land into categories so that international comparisons can be more easily made. It also discusses possible data sources, elaborates direct and indirect estimation methods and addresses several special estimation cases. The guide presents (an elaboration of) the information that is available on this topic in the 2008 SNA and in the European System of Accounts 2010 (ESA 2010) in a systematic and accessible way.

(g) Foreign trade reported by non-residents: recommendations for compilers of national accounts and balance of payments statistics (Eurostat and the Organization for Economic Cooperation and Development)

14. The principle of the change of economic ownership required by 2008 SNA/ESA 2010 and BPM6 presents particular challenges in the case of recording foreign trade reported by non-residents. Recommendations for compilers of national accounts and balance of payments statistics are elaborated, with a focus on practical steps to identify and measure the different possible cases. These recommendations are published in a note on the Eurostat website.

(h) External Debt Statistics: Guide for Compilers and Users (International Monetary Fund)

15. The *2013 External Debt Statistics: Guide for Compilers and Users* provides comprehensive guidance for the measurement, compilation, analytical use, and presentation of external debt statistics. The 2013 Guide was prepared by the International Monetary Fund (IMF) under the joint responsibility of the nine organizations of the Inter-Agency Task Force on Finance Statistics in close consultation with national compilers of external debt, balance of payments, and international investment position statistics. The Guide updates the 2003 External Debt Statistics Guide to address the changes introduced by BPM6. The Guide is available from: <http://www.tffs.org/edsguide.htm>.

III. Work programmes of the members of the Intersecretariat Working Group on National Accounts and of the regional commissions

16. The Intersecretariat Working Group on National Accounts and the regional commissions continued to support the implementation of the SNA and other internationally agreed standards in economic statistics in accordance with the global implementation programme of the 2008 SNA and supporting statistics. The Intersecretariat Working Group relies on light coordination of activities, building on the relative strengths of the organizations and avoiding the overlapping of activities, in order to increase their impact.

17. A summary of activities, during 2015 and expected activities in 2016, related to economic statistics and national accounts carried out by the member organizations of the Intersecretariat Working Group and the regional commissions is provided in section IV in the supplement to the present report.

IV. Reporting of annual national accounts data

18. In accordance with the request of the Statistical Commission (see E/264, chap. VIII, para. 42), the Statistics Division regularly evaluates the availability and scope of official national accounts data reported by Member States and their conceptual compliance with the recommendations of the SNA. Although the need for quarterly national accounts to facilitate appropriate policy responses is recognized, only about 75 countries are compiling national accounts data on a quarterly basis. Therefore, only the availability and scope of official annual national

accounts data are evaluated. The assessment provided in the present section is based on replies to the United Nations National Accounts Questionnaire for the past five reporting periods, that is from 2010 to 2014.

19. National accounts data are reported by most Member States (95 per cent), although about 15 per cent do not report every year and 5 per cent have not reported at all over the past five years. Evaluating the timeliness of the national accounts data shows that only about 62 per cent of Member States are able to submit data with a time lag of one year. The share of Member States increases to 84 per cent, when submissions with a time lag of up to two years are considered.

20. An analysis of the implementation of the SNA shows that nearly all of the developed economies, all those of Eastern Europe, the Caucasus and Central Asia, and 83 per cent of developing countries have reported national accounts data according to either the 1993 SNA or the 2008 SNA methodology. The share of the least developed countries and small island developing States that have implemented either the 1993 or the 2008 SNA has increased to 75 per cent and 86 per cent, respectively.

21. The scope of national accounts data is evaluated against a standard “minimum requirement data set”² and the “milestone”³ measure. The evaluation shows that only 52 per cent of Member States are providing the minimum required data set tables. This low level in respect of the scope of national accounts data is mainly due to the lack of reporting on the rest of world accounts, highlighting the need to integrate balance of payments statistics and national accounts.

22. In terms of conceptual compliance, the 1993 SNA or the 2008 SNA have been implemented in about 88 per cent of Member States. The cut-off date for submitting the National Accounts Questionnaire is August of each year. As at that time, 62 Member States had implemented or partially implemented the 2008 SNA in the compilation of their national accounts.

V. Coordination of data-collection and data exchange activities

23. The importance of high-quality, readily available national accounts data will continue to grow as the global statistical community moves towards monitoring the implementation of the newly agreed 2030 Agenda for Sustainable Development. The current set of proposed Sustainable Development Goal Indicators⁴ includes a number of indicators for which national accounts statistics will be critical — in particular indicators for monitoring Goal 8: “Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all” and Goal 9: “Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation”. In addition to indicators related to these goals, a number of indicators for other goals use GDP as the denominator (for

² The minimum requirement data set (MRDS) is defined in reports of the Intersecretariat Working Group on National Accounts to the Statistical Commission (see E/CN.3/2001/8 and E/CN.3/2011/6).

³ The milestone methodology is described in reports of the Intersecretariat Working Group on National Accounts to the Statistical Commission (see E/CN.3/1997/12 and E/CN.3/2011/6).

⁴ Available from: <http://unstats.un.org/sdgs/files/meetings/iaeg-sdgs-meeting-02/Outcomes/Agenda%20Item%204%20-%20Review%20of%20proposed%20indicators%20-%2020Nov%202015.pdf>.

example, “Fisheries as a percentage of GDP” under Goal 14: “Conserve and sustainably use the oceans, seas and marine resources for sustainable development”), further emphasizing the importance of national accounts data to monitor implementation of the Sustainable Development Goals.

24. In order to respond to the increased demand for detailed and timely data to monitor progress towards the goals and targets of the 2030 Agenda for Sustainable Development, work continues on the Transformative Agenda for Official Statistics⁵ and the modernization of statistical systems. In many cases, data gaps in national accounts statistics are not owing to a lack of knowledge of the SNA, but are instead owing to insufficient source data and to issues within existing statistical systems. The Transformative Agenda: involves redesigning traditional statistical processes based on a common business architecture so that they become more integrated and efficient; improving access to and use of administrative records so they can be better used for official statistics; enabling the collection of disaggregated data; and exploring the use of non-traditional data sources.

25. This agenda requires a considerable, concerted and sustained investment in national statistical capacity-building based on the technical and institutional aspects of the integrated statistics approach. In this respect, the Commission called for a harmonized integrated statistics programme for developing statistical capacity in support of the compilation of internationally comparable macroeconomic accounts based on a governance mechanism as is the case for the International Comparison Programme. In response to this call, the Statistical Division will convene a meeting, in the second half of 2016, to explore a coordination mechanism for a harmonized integrated statistics programme, taking into consideration other statistical capacity initiatives such as those on the International Comparison Programme, the System of Environmental Economic Accounting and the Global Strategy to Improve Agriculture and Rural Statistics. The Intersecretariat Working Group on National Accounts continues to provide support to statistical capacity-building activities, as outlined in section IV of the supplement to the present report.

26. An example of exploring the use of non-traditional data sources is the work undertaken to assess the potential benefits of big data to improve data availability, including providing inputs to national accounts statistics. The Global Working Group on Big Data for Official Statistics,⁶ established by the Commission at its forty-fifth session, has initiated work to assess big data issues pertaining to methodology, quality, technology, data access, legislation, privacy, management and finance and cost-benefit analysis, to understand how big data can potentially be used for producing or complementing official statistics, including national accounts.

27. Another initiative aimed at modernizing the mechanisms and processes specifically related to the exchange of statistical data is the Statistical Data and Metadata eXchange (SDMX) projects for the 2008 SNA that is supporting improved statistical business processes and standardizing data and metadata exchange. Members of the Intersecretariat Working Group on National Accounts have been actively involved in supporting SDMX activities at the national level — for example, the submission of national accounts data by States members of the European Union to Eurostat, the submission of national accounts data by some

⁵ Available from: http://unstats.un.org/unsd/nationalaccount/workshops/2015/NewYork/NY_D2.pdf.

⁶ Website of the Global Working Group <http://unstats.un.org/unsd/bigdata>.

States that are non-members of the European Union or of OECD, the IMF-African Development Bank initiative on data exchange for African countries and the Statistical Division-Department for International Development of the United Kingdom of Great Britain and Northern Ireland project to exchange and disseminate development indicators using SDMX. At the international level, the Task Force on International Data Cooperation, under the auspices of the Inter-Agency Group on Economic and Financial Statistics,⁷ has developed procedures for data cooperation agreements between the participating international organizations to streamline and improve the efficiency of the collection, exchange and dissemination of national accounts and related economic data. The Task Force on International Data Cooperation uses SDMX protocols for data exchange and has recently successfully concluded the first pilot on GDP aggregates and population. One of the main features of the cooperation is the establishment of a clear distribution of responsibilities between the international organizations to ensure that GDP and some related indicators are identical across the respective databases of the participating international organizations. The Task Force will now focus on the following work streams: improvements of the technical platform, work on a pilot for Sector Accounts data, and the identification of other pilots for improving data cooperation among international organizations.

28. Experience from those and other SDMX projects will inform future work in this area so that the benefits of SDMX for efficient and standardized exchange of data can be fully realized. It is envisaged that work towards the use of SDMX for the exchange of data from reporting countries to international organizations can be implemented, thereby reducing the response burden for national statistical offices, facilitating greater compliance with international standards, and enabling more regular data updates.

29. In addition to exploring emerging initiatives to improve statistical systems, efforts continue towards strengthening knowledge of the 2008 SNA and related topics among national statistical offices. Proposals have been developed to utilize e-learning to deliver practical training on national accounts compilation and to strengthen technical and management capabilities in this area. A number of international organizations have already developed training materials on the SNA, so efforts will be made to build upon this existing material to avoid duplication and ensure standardization of training material across the international community. It is intended that this initial e-learning on SNA will form a foundation for and introduction to an expanded e-learning programme for economic statistics, covering a wider range of topics and incorporating more in-depth training.

⁷ Comprising the Bank for International Settlements, the European Central Bank, Eurostat, the Financial Stability Board, the International Monetary Fund, the Organization for Economic Cooperation and Development, the United Nations Statistical Division and the World Bank.

VI. Points for discussion

30. **The Commission is invited to:**

- (a) **Express its views on the research agenda of the 2008 SNA;**
 - (b) **Express its consideration on developing compilation guidance on the concepts and recommendations of the 2008 SNA in support of its national implementation;**
 - (c) **Express its views on the other activities of the work programmes of the Intersecretariat Working Group on National Accounts and of the regional commissions;**
 - (d) **Express its views on the scope, timeliness and exhaustive measurement of national accounts compilation, including the changeover to the 2008 SNA;**
 - (e) **Express its views on progress regarding the coordination of data collection and data exchange activities.**
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