



**WORLD BANK GROUP**  
Development Economics Data Group

# **System of National Accounts: Developments since 2008**

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# Purpose of this document

- The completion of the **2008 SNA** did not resolve all national accounting issues.
  - Annex 4 presented a research agenda.
- Additional issues have been raised as a result of:
  - The implementation of the 2008 SNA,
  - The global financial and economic crisis of 2007–2009,
  - Other changes in the economic environment, such as digitization.
- The **ISWGNA**, working with the **Advisory Expert Group on National Accounts (AEG)**, have addressed many of these issues.
- While the outcome of this work is presented on the UN website, it is scattered across many documents.
- This paper summarizes the work on the SNA research issues and the decisions and guidance of the ISWGNA and the AEG, along with citations of the relevant document.

# Advisory Expert Group

- Established to assist the ISWGNA with:
  - Resolving issues on the **research agenda** of the SNA and emerging research issues,
  - Advancing the **SNA implementation programme**.
- Comprises 18 members (together with the five representatives of the ISWGNA organisations) from all regions in the world.
- Establishment:
  - Initially formed in 2002 to assist the ISWGNA with the 2008 SNA update.
  - UN Statistical Commission, at its 41<sup>st</sup> session in 2010, re-established the AEG to support the ISWGNA in its work.
- Most recent meeting was held in December 2017.

# Mechanisms for resolving research issues

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- Coordinated by the ISWGNA with support from the AEG.
- The ISWGNA may convene technical expert groups or task forces to focus on particular issues.
- May coordinate with existing city groups and other technical expert groups, but they have their own mandates and governance structures.
- The ISWGNA in consultation with the AEG assesses the results of the research in accordance with the update procedures established by the Statistical Commission.

# SNA updating procedure

- Procedure established by the Statistical Commission
  - Four types of updates
- **Editorial** – ISWGNA publishes errata
- **Clarification beyond dispute** – ISWGNA drafts and approves clarification; published in *SNA News and Notes*
- **Interpretation** – drafted by ISWGNA assisted by AEG; discussed by working parties or regional panels of experts; approved by member countries of the Statistical Commission during a 30-day period; published in *SNA News and Notes*
- **Change** – drafted by ISWGNA assisted by AEG; discussed by working parties or regional panels of experts with second discussion by national statistical offices in all regions; approval by member countries of the Statistical Commission during a 30-day period; published in *SNA News and Notes*

# Resolved issues with guidance issued – financial services

- **Negative interest rates**

- Negative interest rates – especially on excess reserves held by banks in country's central bank.
- Resolved at December 2018 AEG meeting.
- Should be recorded as negative income receivable by the creditor and as negative income payable by the debtor.

- **Deposit insurance and financial stability schemes**

- Countries introduced these schemes in the aftermath of the financial crisis
- Financed by levies on banks – Taxes? Or payments for insurance services?
- AEG guidance reflects same criteria as for longer standing schemes. An important criterion is proportionality between the payments and the provision of insurance services.

- **Delineation of holding companies and head offices**

- Several criteria, but holding companies strictly do not provide management services

# Resolved issues with guidance issued – pensions

## Flows between a defined benefit pension fund and its sponsor

- According to the 2008 SNA, the sponsor of a defined benefit pension scheme is ultimately responsible for paying the promised benefits, so any shortfall (liabilities in excess of assets held by the fund) are shown as a claim of the fund on the sponsor. The **net worth** of the pension fund is thus **always zero**.
- If a pension fund is persistently underfunded, an **imputed investment income** flow is recorded, which is equal to the pension entitlements times the discount factor, minus the property income received by the pension fund on its accumulated assets.
- The claim between the sponsor and the pension fund is also affected by **holding gains or losses** on the assets held by the pension fund. The impact of these holding gains and losses should be reflected in the revaluation of the claim between the pension fund and sponsor.

# Resolved issues with guidance issued – emission permits

## Emission permits issued under cap-and-trade schemes

- Under cap-and-trade schemes, many governments have issued tradable permits that allow the holder to emit a limited amount of pollutants.
- The 2008 SNA says that payments for permits should be recorded as **taxes on production**. (The SNA doesn't recognize ownership of atmosphere.)
- Because they are tradable between issuance and the time of emission, the permits are **assets** that should be valued at the market price.
- At the time the permit is issued, a financial asset is created which has the nature of a **pre-paid tax**, which is recorded as payable at the time the emission takes place. During the period between the issuance of the permit and the emission, any difference between the pre-paid tax value of the permit and the market value is shown as a **marketable contract** asset for the holder.



## On-going research issues – globalization

- The **UN Expert Group on International Trade and Economic Globalization** is preparing a handbook on accounting for global value chains. The handbook is designed to use extended national accounts and integrated business statistics to provide data addressing issues such as productivity and the domestic and foreign shares of value added in trade.
- The work of the UN Expert Group builds on earlier efforts, such as the **UNECE *Guide to Measuring Global Production***, the trade in value-added indicators developed by the **OECD** and **World Trade Organization**, and the **Figaro project** of **Eurostat** and the European Commission's **DG Joint Research Centre**.
- Data on multinational enterprises could be improved by the **exchange and sharing of data** by national statistical offices. The Conference of European Statisticians has established a Task Force to review the exchange and sharing of economic data. The G-20 Inter-Agency Group is also monitoring this issue.

## On-going research issues – digital economy

- Information technology has led to the introduction of many new products, new ways of interacting with sellers, and new distribution channels.
- **Sharing economy** – web-enabled services for sharing rides, dwellings, such as Uber, Airbnb.
- **“Free” services and data** – digital platforms, such as Google and Facebook, which provide services “free” of direct charges to users, with content supported by ad revenue.
- **OECD Advisory Group on Measuring GDP in a Digitalised Economy** is examining measurement, including activities that may be outside SNS production boundary.
- **Eurostat Task Force on Price and Volume Measures for Service Activities** is examining price and volume measures, including digital services and platforms.

## On-going research issues – economic wellbeing and sustainability

- A **Eurostat/OECD Expert Group on Disparities in National Accounts** examined the use of existing data to produce measures of disparities while using concepts and definitions that are consistent with national accounts totals.
- Work has continued by an **OECD Expert Group** (recently re-established as a joint **Eurostat/OECD** group) with goals of improving the methodologies for compiling **distributional measures of income, consumption, and wealth** across household groups and publication of distributional statistics consistent with national accounts definitions and totals.
  - Has examined **nowcasting** techniques to permit more timely estimates.
  - Methods for dealing with **micro-macro data gaps**.
- OECD has developed a table on **household retirement resources**.

# Manuals and handbooks

- To promote the implementation of the 2008 SNA, the international organizations have prepared many manuals and handbooks
- These manuals and handbooks are intended for various audiences and purposes:
  - Basic introduction to national accounts for data users and less experienced compilers
  - Detailed guidance on compilation for specific components of the accounts
  - Broad guidance, such as on an integrated statistical system
  - Issues on the SNA research agenda
  - Guidance on the compilation of satellite accounts
- The paper lists and provides brief descriptions of more than 35 completed manuals and handbooks.
  - An additional 8 manuals or handbooks are currently in progress

# Plans for the research agenda

**Plans for the research agenda** were discussed at the latest AEG meeting:

- Continuing need to advance research on issues, including some that may go beyond the 2008, in addition to providing practical guidance on SNA implementation issues.
- Highest priorities are
  - Globalization
  - Digital economy
  - Economic wellbeing and sustainability
- Recommendation for new task forces on research and on SNA implementation



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**THANK YOU**