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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 2019/210 and past practices, the Secretary-General has the honour to transmit the report of the Intersecretariat Working Group on National Accounts, which is submitted to the Commission for discussion. In the report, the Working Group describes progress made in addressing conceptual issues related to the implementation of the System of National Accounts (SNA), in finalizing publications supporting the implementation of the 2008 SNA and in resolving issues on the research agenda for the three priority areas: globalization, digitalization, and well-being and sustainability. It also provides information on the outcome of the meeting of the Advisory Expert Group on National Accounts and a proposed way forward for updating SNA to ensure its relevance in a changing economic environment. In addition, the report contains the programme of work of the Working Group and of the regional commissions, an update on the scope and timeliness of the implementation of SNA at the country level, and an update on the international coordination of regional and global data collection and data exchange activities. The Commission is invited to express its views and provide guidance on the elements of the programme of work of the Working Group.

Points for discussion by the Commission are contained in section VI of the report.

* E/CN.3/2020/1.



Report of the Intersecretariat Working Group on National Accounts

I. Introduction

1. At its fiftieth session, held in New York from 5 to 8 March 2019, the Statistical Commission adopted decision 50/108 (see [E/2019/24](#), chap. I.B), in which it:

(a) Welcomed the report of the Intersecretariat Working Group on National Accounts ([E/CN.3/2019/8](#)), expressed its appreciation for the activities undertaken by the members of the Working Group, the regional commissions, other regional organizations and countries to facilitate the implementation of the 2008 System of National Accounts (2008 SNA) and supporting statistics, and endorsed the programmes of work for 2019 of the Working Group and the Advisory Expert Group on National Accounts;

(b) Also welcomed the establishment of dedicated work streams to review the relevance of the 2008 SNA for measuring new economic and social developments (digitalization, globalization and well-being and sustainability), expressed support for a broad user-centred consultation on the development of SNA, and requested the Working Group to report back to the Commission at its fifty-first session and to submit, for consideration by the Commission at its fifty-first session, a way forward in updating SNA;

(c) Requested the Working Group to continue to develop practical guidance on such issues as the informal economy, Islamic finance and facilitating the implementation of the 2008 SNA through manuals, handbooks and guidelines, and welcomed the progress with the programme of work to create a collaborative environment of trusted tools, methods, learning materials and partners for statistical capacity-building targeting the least developed countries, small island developing States and fragile States with the aim of ensuring that no country is left behind;

(d) Expressed concern that there are still a relatively large number of Member States that do not comply with the minimum required scope and detail of national accounts data, and urged those countries with a low level of compliance to develop basic source data for the compilation of national accounts;

(e) Noted the progress of the Statistical Data and Metadata Exchange (SDMX) data transmission mechanism for national accounts and recognized that the implementation of the SDMX protocols by countries will facilitate data transmission and thereby significantly reduce the response burden in submitting data to international organizations.

2. Information on the further development of SNA is set out in section II of the present report. Section III provides an overview of the activities on national accounts and supporting statistics of the Working Group and of the regional commissions. Section IV contains an update of the scope and timeliness of the implementation of SNA at the country level. Progress on the coordination of data collection and data exchange activities is contained in section V. Points for discussion are set out in section VI.

II. Further development of the System of National Accounts

A. Advisory Expert Group on National Accounts

3. The thirteenth meeting of the Advisory Expert Group on National Accounts was held in Washington, D.C., from 1 to 3 October 2019. The main purpose of the meeting was to consider guidance on issues related to the implementation of SNA and progress made in addressing issues on the SNA research agenda related to the three priority areas: globalization, digitalization, and well-being and sustainability. The meeting also addressed a way to resolve issues related to the three areas, the finalization of the SNA consolidated research agenda and the strategy for the next SNA update. The recommendations of the Advisory Expert Group are reflected in section II.B below.

4. The conclusions of the meeting are provided in annex I to the background document related to the present report. The background document will be posted on the website of the Commission (<https://unstats.un.org/unsd/statcom/51st-session/documents>). The conclusions will be accessible also on the website of the Advisory Expert Group (<https://unstats.un.org/unsd/nationalaccount/aeg.asp>).

B. Update of the System of National Accounts

System of National Accounts research agenda

5. To advance the research agenda of the 2008 SNA, a Working Group task force was established to formulate a way to resolve issues related to globalization, digitalization, and well-being and sustainability, as well as to identify additional research issues outside these three areas in the context of updating SNA. Ongoing research on practical topics to facilitate the implementation of SNA will continue as planned.

6. The task force reviewed research agenda items related to issues under discussion in the Advisory Expert Group, the list of issues presented in annex IV to the 2008 SNA and the research agendas related to balance of payments statistics, government finance statistics, environmental-economic accounting, and trade and business statistics. On the basis of feedback received from the task force and the Advisory Expert Group, a consolidated list of SNA research issues was established and grouped according to the following categories: globalization, digitalization, and well-being and sustainability; cross-cutting issues; compilation issues; and the long-term SNA research agenda. The long-term SNA research agenda (comprising issues not currently under discussion) is organized in the same categories as in annex IV to the 2008 SNA. The consolidated list of issues with a short description of each issue is provided in annex II to the background document. The order of the issues is not intended to imply a prioritization within the categories in which they are presented.

Progress in resolving issues related to globalization, digitalization, and well-being and sustainability

7. Dedicated work streams were established for each of the priority areas, and relevant subgroups will be drafting guidance notes on the issues during 2020. The guidance notes will contain options and recommended approaches to resolve the issues. It is expected that the guidance notes will provide clarifications on the existing SNA recommendation, extensions of the current system or, in some cases, proposals to update its fundamental principles. The guidance notes will be developed in close coordination with the research work of other relevant statistical domains (e.g., balance of payments statistics, government finance statistics, environmental-

economic accounting, and trade and business statistics), to ensure coherence among the related manuals.

8. The subgroup on globalization has made significant progress on cost, insurance and freight vis-à-vis free on board valuation of imports and exports, but further research is required. Work on economic ownership and recording of intellectual property products, the treatment of multinational enterprise groups and special purpose entities, intramultinational enterprise groups flows and the identification of economic presence and residency are also being addressed.

9. For the work of the subgroup on digitalization a framework for supply and use tables on the digital economy has been developed. Populating the framework has been challenging owing to insufficient detail in the classifications of products and economic activities, and limited data availability. In order to respond quickly to user demands for data on the digital economy, the development of high priority indicators will be explored (if needed, as experimental estimates). Work on *cryptoassets* is also well advanced. Research on recording of data and valuation of free assets and free services still requires substantial conceptual development. The question of data sources must also be tackled. Further research is also needed on suitable methods and data sources on price and volume measurement of goods and services affected by digitalization.

10. The work of the subgroup on well-being and sustainability reflects user interest in broader metrics that capture aspects of well-being and sustainability, which can also provide a closer link between the traditional set of national (economic) accounts and the Sustainable Development Goals and the 2030 Agenda for Sustainable Development. It is necessary for such work to be based upon a clear delineation of what is part of the traditional economic framework and what is to be included in extended accounts. At the same time, the risk of overburdening SNA needs to be managed. Communication plays a key role in this regard, in particular in the context of potential new groups of users. At present, work is well advanced on environmental-economic accounting and on distribution of household income, expenditure and wealth. The subgroup is also working on aspects related to education and human capital, health and social conditions, and unpaid household work. An ILO expert group has been established to address aspects of informality in the economy. This work was also supported by the seventh International Monetary Fund Statistical Forum, held on 14 and 15 November 2019.

Updating the System of National Accounts

11. At its thirteenth meeting, the Advisory Expert Group discussed approaches and modalities for a future update of SNA. Participants recognized that major updates, which produced the 1968, 1993 and 2008 versions of SNA, were perceived not to be responsive enough to a fast-evolving economic environment. In addition, participants expressed a need for faster uptake of the update by countries, which often took 10 years or longer to adopt a new set of recommendations.

12. Participants considered various options that would be more responsive and facilitate early adoption by countries, such as an incremental update of SNA. However, it was determined that an incremental update posed risks with regard to the coherence and international comparability of SNA. A practical way to address the conundrum between incremental updates and major updates would be to adopt a continuous SNA research cycle. The first step would involve an annual updating of the SNA research agenda with emerging measurement and conceptual issues. Once priority areas had been identified, dedicated work streams could be established comprising experts from countries and international agencies to develop guidance notes on the issues. The guidance notes would serve to clearly outline the issues being

addressed, provide summaries of existing research related to the issue, contain various options and provide the basis for developing a consensus recommendation. It is expected that the guidance notes would be endorsed in accordance with the consultation procedure adopted by the Commission for updates of SNA.¹ As part of the consultation process, countries would be encouraged to develop experimental estimates following the release of the guidance notes. The development of experimental estimates prior to the adoption of the recommended changes into SNA would serve two purposes. First, it would allow for compilers to test the practical implications of the change and provide important feedback on the process with regard to the operational viability of implementing the change. Second, it would encourage countries to compile experimental estimates, which would put fit-for-purpose information in the hands of data users as soon as possible.

13. Participants stated that once a critical mass of the guidance notes had been endorsed, a new version of SNA could be considered by the Commission. A key benefit of the approach was that once the new version had been endorsed, most countries would be able to quickly cross over to the new recommendations, since they would have spent the preceding years building the source data systems, operations and communications in order to embed the new concepts, accounting rules, definitions, classifications and methods into their operations. Based on the approach, the SNA update cycle could be started with the publication of draft guidance notes in 2020, and with the tentative plan, to be confirmed by the Commission in 2021 through a broad consultative process, of having a new version SNA ready for adoption by the Commission in 2025. In this approach, priority would be placed on coordinating efforts to ensure that the new SNA was consistent and compatible with the other related manuals, while taking into account the respective roles of the various stakeholders.

14. The proposal of continuous incremental work and periodic major updates of the system would allow for an agile response to user needs in which research work would be carried out on a continuous basis and not just in the run-up to a new SNA update. Developing countries could also be better supported in their efforts to keep pace with new updates, for example, by being enabled to test the new recommended solutions. Additional information on the modalities for a future update of SNA is provided in section III of the background document.

Consulting users

15. It is expected that users will be consulted on the results of the work on the SNA research agenda, in order to collect feedback on the envisaged solutions to meet their needs and to inform and prepare them on developments. The user consultations would focus on conceptual and practical issues and be tailored to specific groups of users. Different channels of consultation would be considered, including existing meetings, written consultations, national and regional events and digital channels, such as webinars, as the most cost-effective means of consultation, particularly in the case of developing countries. In addition, user feedback would also be expected from sessions on the SNA update at the upcoming conference of the International Association for Research in Income and Wealth and the broader consultations on the update of the system of economic statistics through an international high-level conference to be held in Europe in 2020, as proposed by Eurostat and the Statistics Division of the Department of Economic and Social Affairs of the Secretariat and the consultations of the Friends of the Chair group on economic statistics.

¹ <https://unstats.un.org/unsd/nationalaccount/uProc.asp>.

Communication

16. Another crucial aspect of updating the 2008 SNA concerns communication. At its thirteenth meeting, the Advisory Expert Group noted that communication with regard to SNA could be improved, in order to reinforce SNA as a “brand” and to reach out more effectively to users. A fourth subgroup of the research agenda task force was therefore created, with a view to establishing a communication strategy for the update of SNA. The subgroup would look at ways to reinforce the branding of SNA, through more user-friendly terminology and clearer communication with regard to revisions and compliance with SNA recommendations and by developing a digital version of SNA, enhancing the current SNA website,² and assessing the financial resources required for rolling out the communication strategy.

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

17. The Working Group and the regional commissions continue to support the implementation of SNA and other internationally agreed standards in economic statistics in accordance with the global implementation programme of SNA and supporting statistics. In that regard, the activities undertaken cover various aspects of the statistical production process for national accounts, as reflected in the various training workshops and seminars organized by the Working Group and the regional commissions. A summary of activities related to economic statistics and national accounts, undertaken in 2019 and to be undertaken in 2020, by the Working Group and the regional commissions is provided in section IV of the background document.

Manuals and handbooks

18. The Working Group facilitates the development of guidance on the compilation of national accounts and supporting statistics in order to strengthen statistical capacity for compiling national accounts. Handbooks containing the guidance are available on the Working Group’s website.³ The following handbooks were completed in 2019: *Practical Guidelines for Revising ESA 2010 Data, 2019 Edition* (Eurostat); *Overview of Employment Flash Estimation Methods, 2019 Edition* (Eurostat); *ESS Guidelines on Temporal Disaggregation, Benchmarking and Reconciliation, 2018 Edition* (Eurostat); “Satellite account for education and training: compilation guide” (Economic Commission for Europe); and “Guide to analyse natural resources in the national accounts” (International Monetary Fund). A detailed list of completed publications, publications in progress and planned publications is provided in section V of the background document.

IV. Reporting of annual national accounts data

19. In accordance with the request of the Commission, 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 2008 SNA. Although the need for quarterly national accounts data to facilitate appropriate policy responses is recognized in the minimum required data set, the data are only available for 137 Member States. For that reason, the

² <https://unstats.un.org/unsd/nationalaccount/default.asp>.

³ <https://unstats.un.org/unsd/nationalaccount/pubsDB.asp?pType=4>.

evaluation is limited to the availability and scope of official annual national accounts data.

20. An analysis of replies to the United Nations national accounts questionnaire over the past 12 years shows noticeable progress with regard to the reporting of national accounts data. The conceptual compliance of those data with either the 1993 or the 2008 SNA increased from 97 Member States in 2007 to 188 Member States in 2019, with 94 Member States having implemented the 2008 SNA as at the end of 2019. The timeliness of reporting also improved, with 113 Member States submitting data for the latest reporting year (2018) in 2019, while only 69 Member States had been able to do so in 2007. Assessing the scope of national accounts data using the minimum required data set shows that Member States reporting data in accordance with the data set increased from 50 in 2007 to 103 in 2019. However, there is still a relatively large number of Member States that do not comply with the minimum required scope and detail of national accounts data. In addition, and more importantly, most of these countries also have outdated benchmark estimates, which severely impact the quality of their national accounts data.

21. The assessment provided in section VI of the background document is based on replies received to the United Nations national accounts questionnaire over the past five reporting periods (2014–2018).

V. Coordination of data collection and data exchange activities

A. Institutional sector accounts

22. The Group of 20 Data Gaps Initiative has created major momentum towards improving the compilation of quarterly and annual data on institutional sector accounts. Group of 20 economies continue to increase their efforts to compile the relevant data, according to the new data templates for the compilation and collection of institutional sector accounts, developed and endorsed in the course of 2018. In addition to the main template with the core framework of sector accounts, in which a distinction is made between required items and encouraged items, there are two more templates, one for capturing from-whom-to-whom information showing the financial interconnectedness between sectors and countries, and another one for monitoring shadow banking. The latter templates are part of the more advanced ambitions, requesting countries to provide information that is nationally available.

23. Subsequent to the three workshops held at the headquarters of the Organization for Economic Cooperation and Development (OECD) in Paris – from 10 to 12 April 2017, 14 to 16 February 2018 and 24 to 26 April 2019 – plans are now under way to hold two regional workshops in 2020, one in Latin America and one in Asia. In addition to the exchange of experiences on compiling institutional sector accounts, attention will also be paid to integrating distributional information on income, consumption and wealth within the system of national accounts. In addition, further work will be done on the drafting of an OECD guide on the compilation of institutional sector accounts, for which a survey on sources, methods and procedures used in compiling sector accounts at the national level has been conducted among the Group of 20 economies in the first half of 2019. The objective is to finalize the guide at the end of 2020.

B. Statistical Data and Metadata Exchange

24. The Ownership Group for International Data Cooperation and SDMX in Macro-Economic Statistics has a dual mandate: (a) it develops and maintains global

data structure definitions for national accounts (including government finance statistics); balance of payments; foreign direct investment; consumer price indexes; and the System of Environmental Economic Accounting (SEEA), which was released in 2019; and (b) facilitates the exchange of data among international organizations.

25. Continuous efforts are made to extend the use of Statistical Data and Metadata Exchange (SDMX) in the area of macroeconomic statistics. Therefore, the focus has turned to further promoting the actual use of these structures. Although expertise is growing and SDMX is picking up momentum in many regions, there is still a noticeable gap in capacity-building. More work is needed to better target domain and information technology experts in countries. The Expert Group on Statistical Data and Metadata Exchange (SDMX), along with SDMX experts at OECD and the Statistics Division, is working on a more streamlined capacity-building strategy, including train-the-trainers material, to boost outreach and foster sharing of knowledge and experience, also among experts.

26. The project on improving cooperation among international organizations in collecting, processing and disseminating national data continues to show good progress. Since the first data set on gross domestic product, population and employment has been disseminated since 2015 data sets on non-financial and financial sector accounts were added in 2018. The sharing of balance of payment data are under implementation and will become available in 2020. The final objectives of the initiative are to reduce the reporting burden for national institutions and to lower the data validation burden at the international level by streamlining data reporting from national to international organizations.

C. Sharing economic data

27. An Economic Commission for Europe task force on exchange and sharing of economic data, established by the Bureau of the Conference of European Statisticians is developing a guide to sharing economic data. The purpose of sharing economic data and facilitating data exchange is to improve the quality, coherence and granularity of statistics and the ability to better analyse the activities of multinational enterprise groups. In the guide, the task force will provide analyses of concrete examples of data exchange, identify obstacles to data-sharing and include guidance, tools and principles to overcome those barriers in order to facilitate the sharing of economic data. While the task force will touch upon the technical tools for data-sharing in the guide, its focus will be on other aspects of data-sharing, such as changes in traditional practices, cooperation, communication and legal considerations. These elements are a prerequisite for using the full potential of the technical tools developed, for instance, within the framework of the global platform for official statistics or as part of the data-sharing initiatives of Eurostat. It is expected that the guide will be finalized by June 2020..

VI. Action to be taken by the Statistical Commission

28. **The Commission is invited to express its views on the following:**

- (a) **Progress of work on the SNA research agenda;**
- (b) **Option for updating the 2008 SNA that provides for guidance on the various research issues on an incremental basis in order to allow countries to experiment with implementing the new guidance before a major update of SNA;**

(c) **Activities of the work programmes of the Intersecretariat Working Group on National Accounts and of the regional commissions in order to provide guidance, training and support for the implementation of SNA;**

(d) **Reporting of annual national accounts data, including the changeover to the 2008 SNA;**

(e) **Progress in the international coordination of data collection and data exchange activities.**
