A BROADER SNA FRAMEWORK FOR WELLBEING AND SUSTAINABILITY

UNSC SIDE EVENT: A STATISTICAL MEASUREMENT FRAMEWORK BEYOND GDP
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Macroeconomic Accounting Standards (e.g. SNA, BPM, GFS, MFSM) are regularly updated to reflect changes in the economy.

The “updates” can be categorized into three main groups:

1. Conceptual Updates (i.e. change in what is measured)
2. Methodological Updates (i.e. change in how activities are measured)
3. Presentational Updates (i.e. change in how the statistics are presented)

Coordination is key to ensure a coherent set of manuals, reduce duplication of effort, and lead to optimal outcomes given a broader range of consultation.
Priority areas for SNA update

Joint priority areas:
- Globalization
- Financial Issues
- IPP
- Islamic Finance
- Informal Economy
- Communication
- Statistical Units
- Classifications

BPM priority areas:
- BOP
- Current Account
- Direct Investment

SNA priority areas:
- Digitalization
- Wellbeing and Sustainability
Well-being and sustainability in the SNA (1)

- As the overarching macroeconomic measurement framework, the boundaries of the System of National Accounts define what we know as **the economy**
- This has real world impacts on decision making, shaping narrative on what's counted as progress

- While not designed for this purpose, its headline indicator, the Gross Domestic Product, is **often misused** to represent societal progress
- Proliferation of alternatives over decades modify/expand these measures to address **wellbeing, sustainability and the negative externalities** of economic activity
Recent discussions reflect widely-held view: wellbeing and sustainability are complex **multidimensional** phenomena.

Measurement warrants a broader framework to analyze **interrelations**, **tradeoffs** and **win-wins**.

Facing a new economic reality with globalization and digitalization.

Production aggregates less indicative of the wellbeing of households.

Increasing polarization of income, consumption and wealth, need for distributions consistent with national accounts.
Proposed guidance: A pragmatic way forward

- Elaborate overarching framework with linkages to microdata would be **desirable**, but **not achievable** for next SNA update
- More realistic goal is regular compilation of **extended modules**, drawing on body of guidance already available
- **Flexibility** in frequency of compilation, integration of **non-monetary measures** as appropriate

**Five areas of consideration**
1. Distribution of household income, consumption saving and wealth
2. Unpaid household service work
3. Labour, education and human capital
4. Health and social conditions
5. Environmental-economic accounting

Important to combine this information in a **broader framework**
Status of the guidance

Already released for global consultation:
- Distribution of household income, consumption saving and wealth
- Unpaid household service work
- Labour, education and human capital
- Ownership and depletion of natural resources

To be released in coming months:
- Health and social conditions
- Treatment of emission permits
- Accounting for biological resources
- Accounting for renewable energy
- Valuation of natural resources
- Recording of provisions

Towards the end of the year:
- Broader framework
Recommendations (1)

• **Distributions for the household sector**: Increased granularity within the central framework; slightly adapted alternative concepts and classifications to facilitate micro-macro linkages.

• **Households’ unpaid service work**: Extended alternative concepts as a complement to traditional measures; new granularity in time units and demographics.

• **Health and social conditions**: Increased prominence of the health care sector, rethink of existing classifications and increased detail; minor conceptual adjustments; refinement of real measures.

• **Labour, education and human capital**: New labour accounts in physical units, new detail on education and training, extended alternative human capital assets.
• **Environmental-economic accounting:**
  • **Ownership and depletion of natural resources:** Increased emphasis on new depletion-adjusted net measures, sectored according to SNA economic ownership principles.
  • **Accounting for biological resources:** Rethink the SNA production and asset boundary, for example in relation to cultivated assets, to better align with the SEEA.
  • **Treatment of emissions permits:** Consideration of the atmosphere as an asset, with implications for both the SNA and the SEEA.
  • **Accounting for renewable energy resources:** How to derive the economic value of these resources?
  • **Valuation of natural resources:** Clarification on issues in application of NPV method to derive estimates for mineral and energy resources
  • **Recording of provisions:** Impact of provisions on value of natural resource assets; Proposal for supplementary table on provisions
  • **Recording of losses:** How do losses affect the value of natural resources?
Proposals may have various implications:

- More granular **product** breakdowns, e.g. specific health care, education and environmental services
- More granular **industry** breakdowns, e.g. health care providers
- More granular **asset** breakdowns, e.g. health care related assets
- More granular **sector** breakdowns, e.g. distributional information
- Supplementary **non-monetary information**, e.g. hours worked, Co2 emissions
- Further breakdowns into **socio-demographic groups**, e.g. age group, gender, education status, employment status
- Extension of **production boundary**, e.g. unpaid household activities, ecosystem services
- Extension of **asset boundary**, e.g. consumer durables, natural resources
- Creation of **new tables**, e.g. full fledged labour accounts, tables on education and training, table on human capital, table on full time-use accounting
Important links between areas that need to be considered:

• Health care and education may be provided in the form of unpaid household activities
• Labour accounts and distributional information would benefit from extension to include unpaid household activities
• Environmental-economic issues may affect health (care)
• Changes in health (care) may affect human capital
• All groups aim to have breakdowns by socio-demographic groups
• ...

These links need to be considered in developing the broader framework: how to best combine all this information?
Main challenges:
• **How to align** the various proposals?
  • Alignment is needed where area groups propose similar types of breakdowns, e.g. socio-demographic groups

• **How to combine** the various proposals in core tables?
  • Combining all additional breakdowns would lead to very useful information, but is not considered feasible
  • Choices will need to be made what breakdowns to include in the core tables and what in supplementary tables

• **How to present** information?
  • Creating new indicators on well-being and sustainability combining different types of information
Development of a broader framework (4)

Next steps:
• Assessment of new **classification** breakdowns
• Assessment of **links** between five subdomains
• Drafting **proposal** on how to combine this information in core and supplementary tables and define new indicators

• At the same time, working on terms/language in relation to impacts
  • *Core accounts/central framework*
  • *Extended/alternative concepts*
  • *Supplementary tables*
Global consultations - SNA

https://unstats.un.org/unsd/nationalaccount/default.asp

National Accounts

About the National Accounts Section

The National Accounts Section of the United Nations Statistics Division:

- Contributes to the international coordinated development and updating of the System of National Accounts (SNA); and undertakes methodological research on issues on the research agenda of the SNA in collaboration with the Intersecretariat Working Group on National Accounts (ISWGNA).

- Supports the implementation programme of the SNA by developing and updating supporting normative standards, training material and compilation guidance for the implementation of national accounts and supporting economic statistics and maintaining a knowledge base on economic statistics.

- Delivers a statistical capacity building programme for the implementation of the 2008 SNA and supporting statistics through a series of regional and interregional workshops and seminars in collaboration with the regional commissions and regional agencies and through a limited number of individual country technical assistance missions.

- Collects and disseminates annual national accounts statistics from countries and provides substantive service to the Committee on Contributions of the Fifth Committee of the United Nations on technical aspects of the elements of scale methodology for assessing the contributions to the United Nations by Member States.

System of National Accounts (SNA)

Information on the SNA, 2008 SNA, 1993 SNA, historic versions of the SNA, etc.

Towards the 2025 SNA

The progress of the revision of the 2008 SNA

ISWGNA

Information about ISWGNA activities, SNA implementation, AELG, Research agenda, etc.

Data

Information about the collection and dissemination of National Accounts data

Technical Cooperation

Information on workshops, seminars, meetings, etc.

Publications

List of available National Accounts Publications

Consultations on issues for the update of the 2008 SNA

CONSULTATIONS

National Accounts News

Updated 18 March 2021

We are pleased to announce the launch of the International Data Exchange database with comprehensive data on GDP and its key components, sectoral accounts, employment and population which are collected using SDMX protocols.

The Analysis of Main Aggregates, 2019 is now available for download here. The data included in the publication is also available on the AMN online database.

SNA News and Notes (Number 39/40) is now available.
Thank you for your attention!

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