



Moving Towards the 2008 SNA: Key Issues

**Seminar on National Accounts in
Latin America and the Caribbean**

Santiago Chile, 4 - 6 August 2014

United Nations Statistics Division



Outline of presentation

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- Introduction
- System of National Accounts
- Implementing the SNA
- Monitoring SNA implementation
- Integrated statistics approach in support of the implementation of the SNA and SEEA
- Conclusions



To establish an enabling macroeconomic policy framework for equitable and sustainable development

Requires a clear understanding of the underlying factors that drive national income growth, including:

- growth in capital accumulation,
- changes in employment rate,
- labour and capital productivity,
- changes in the terms of trade and
- linkages between macroeconomic policies and industrial and sectoral policies.



The need to be informed

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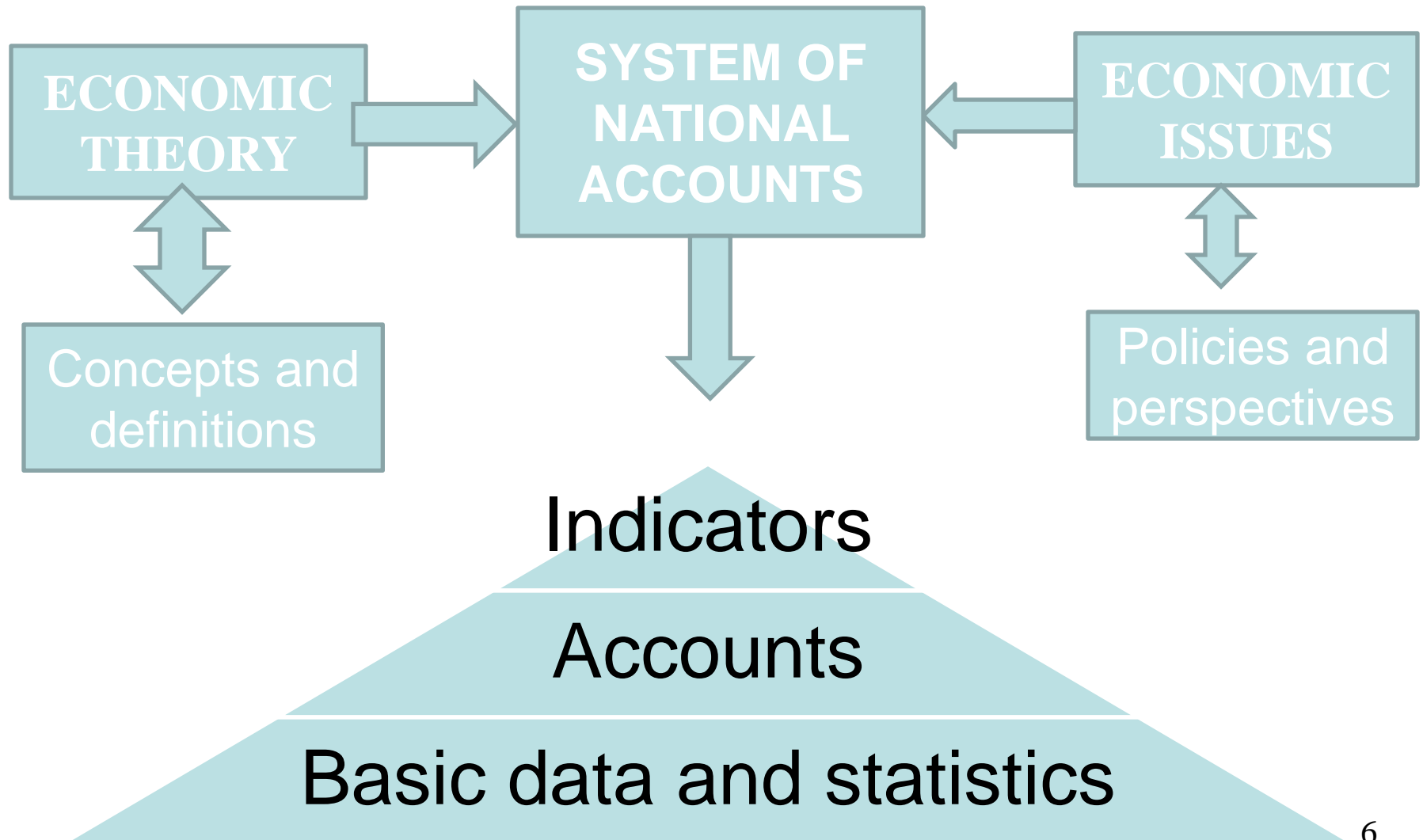
- This gives rise to the need, not only to monitor progress but also to evaluate whether or not goals are being achieved.
- To obtain this overview of the economic processes data need to be organised in a framework that integrates and reconciles the data.
- This requires data of sufficient scope, detail, quality and timeliness



System of National Accounts

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- The national accounts support macroeconomic and sectoral policies including those related to
 - employment,
 - inflation,
 - international trade, and finance
 - growth and productivity of the economy
- Consequently, the national accounts provide an overarching framework for macroeconomic statistics to facilitate economic analysis and policy formulation





Developing an implementation plan for the SNA

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- **Despite progress** in a number of countries, many developing countries are **long way from implementing** the 2008 SNA and the introduction of SEEA 2012.
- **Lack of resources** at the national level—along with inadequate statistics management and communication strategies—have hindered 2008 SNA implementation.
- Addressing these issues require an **integrated statistics approach**.
- **Institutional arrangements** at both the national and international levels are important for management of integrated economic statistics.



Developing an implementation plan for the SNA

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■ International level

• Objective

- Change over to the 2008 SNA;
- **improve scope, detail and quality of the national accounts and supporting economic statistics** To identify the required actions for implementation

• Principles

- strategic planning
- coordination, monitoring and reporting
- improving statistical systems



Developing an implementation plan for the SNA

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- **International level - Operationalise 2008 SNA implementation**
 - *Strategic planning framework*: NSDS as the strategic planning framework
 - *Information structure*: based on the integrated economic statistics approach (standards, **statistical production process**, institutional arrangements) and internationally agreed scope (**MRDS**) and compliance for the national accounts and supporting economic statistics
 - *Modalities*: Training and technical cooperation, publication of manuals and handbooks, research and advocacy
 - *Stages of implementation*: leading to the change over to the 2008 SNA. Review, Adaptation and Application.



Developing an implementation plan for the SNA

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- **Regional level**
 - ECLAC plan in line with international implementation plan

- **Need for national implementation plans**



Developing an implementation plan for the SNA

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- **National level**
 - Identify the macro economic policy needs to determine the scope and detail of the NA that needs to be compiled
 - To prepare for an assessment of the adequacy of the statistical production process to provide the required data for the compilation of the NA
 - To identify the required actions for implementation
 - To develop a statement of strategy



Required actions

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- **Regulatory and institutional framework** – strengthening the functioning of NSS, its programming, management and performance
- **Statistical infrastructure** – strengthening of use of standards (2008 SNA), classifications (ISIC Rev 4), registers and frames, modernizing information management and information technology
- **Statistical operations** – strengthening of data collection, compilation, dissemination and analysis



Monitoring 2008 SNA Implementation

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- For monitoring the implementation of the SNA the ISWGNA developed a set of six milestones to assess the scope of accounts that are compiled by countries.
- These milestones were later supplemented by three data sets describing (a) minimum set of accounts that need to be compiled; (b) a recommended set of accounts; and (c) a desired set of accounts.
- To assess the compliance with major SNA concepts the ISWGNA developed a set of questions.
- The quality of the national accounts dimension is assessed using the IMF quality assessment framework



- **Milestone 1.** GDP by Industry and Expenditure in current and volumes
- Growth analysis
- **Milestone 2.** GNI of Total Economy and Balance of Payments (current, capital and financial accounts) and GFS transaction accounts
- Relations with the rest of the world (BoP) analysis
- **Milestone 3.** Production and generation of income accounts for institutional sectors and for GG income distribution accs (including IIP for BoP and GFS transactions and stock in assets and liabilities)
- Productivity analysis and fiscal analysis
- **Milestone 4.** Production, generation, distribution, redistribution and use of income accounts and capital accounts for all institutional sectors (up to net lending)
- Income distribution analysis
- ----- **Minimum required macroeconomic data set, annual institutional sector accounts up to net lending and quarterly GDP and quarterly BoP**



- **Milestone 5.** Production, income and use accounts, capital accounts and **financial accounts** for institutional sectors
- Growth analysis, BOP analysis, productivity analysis, fiscal, income distribution analysis and investment-financing analysis
- **Milestone 6.** All transaction and flows accounts plus **balance sheets**
- Financing-debt analysis (Flow of funds) and vulnerability analysis (currency mismatches, maturity mismatches (roll-over of debt), capital structure (equity vs debt), solvency (assets over liabilities))



Minimum Required Data Set (MRDS)

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- **The MRDS include**
 - Quarterly accounts for the nominal and volume measure of GDP
 - by industry or
 - by expenditure components
 - Quarterly compilation of the integrated accounts until net lending for the total economy and the rest of the world.



- **The MRDS include**
 - Compilation of annual institutional sector accounts until net lending for the corporate, government, households and non-profit institutions serving households sectors
 - Quarterly compilation of these sectors is now recommended.



- To assist in formulating strategies to improve data quality, IMF has developed a framework (DQAF) for assessing the quality of national accounts and other macroeconomic statistics.
- The framework provides a structure and common language for best practices as well as internationally accepted concepts and definitions.
- The framework follows a cascading structure that begins with a set of prerequisites and five dimensions of quality: integrity, methodological soundness, accuracy and reliability, serviceability and accessibility



Compliance Measures for the 2008 SNA

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- Its objective is to determine to what extent important concepts in the 2008 SNA have been implemented affecting the level of:
 - GDP,
 - gross capital formation and
 - gross national income (GNI).



Gross capital formation (GCF)/output

- Entire defence expenditure incurred by government included in the GCF?
- Consumption of fixed capital measured on all government fixed assets (airfields, roads, hospitals, dams and breakwaters and other forms of construction except structures) including military weapon systems?
- Expenditure on Research and Development included in the output and GCF?
- All (successful and unsuccessful) mineral exploration expenditure capitalized?
- Purchases of computer software expected to be used for more than a year included in GCF?
- Expenditure on software development on own account expected to be used for more than a year and for sale included in GCF and output?



Gross capital formation (GCF)/output

- Expenditure on all databases expected to be used for more than a year, whether purchased on the market or developed in-house, included in the GCF and output?
- Expenditure on entertainment, literary or artistic originals included in the GCF and on their development included in the output?
- Expenditure on valuables included in the GCF?
- Natural growth of cultivated forests included in output in GCF?
- Output of financial intermediation services indirectly measured (FISIM) calculated on loans and deposits only using interest rates on deposits and loans and a reference rate of interest?
- Output of FISIM allocated to users?
- Production of all goods that are produced by households whether for sale or not —included in the output?



Compliance with 2008 SNA concepts

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Gross capital formation (GCF)/output

- Activity of the own-account money lenders included in the output?
- Value of output of goods and services produced by households and corporations for own final use, when estimated on cost basis, include a return to capital?
- Output of non-life insurance services in the event of catastrophic losses estimated using adjusted claims and adjusted premium supplements?
- Output of the Central Bank estimated separately for financial intermediation services, monetary policy services and supervisory services overseeing financial corporations?
- Unit undertaking purely ancillary activity, located in a geographically separate location from establishments it serves, treated as a separate establishment?
- Output of the activity of non-autonomous pension funds and unfunded pension schemes separately recognized?

Volume estimates

- Volumes estimated using a chaining procedure with annually changing weights?



Social contributions/insurance

- Unfunded social contributions (for sickness, unemployment, retirement etc.) by enterprises imputed as compensation of employees and included as contributions to social insurance?
- Non-life insurance estimates include premium supplements rather than being based just on premiums less claims?
- Life insurance estimates include premium supplements rather than being based just on premiums less claims?

Elements affecting GNI

- Reinvested earnings estimates included in the rest of the world account?
- Foreign workers' remittances excluded from GNI?
and release data based on the 2008 SNA?



Elements not affecting the level of GDP/GNI - *Valuation of output*

- Output and value added measured at basic prices?
- Output and value added measured at producers' prices?
- Value added measured at factor cost? (not part of the 2008 SNA)
- Goods for processing recorded on a net basis?

Final consumption

- Government final consumption expenditure broken down into individual and collective consumption?



Integrated Statistics Approach

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- Development of **an integrated approach encompasses**: policy-use perspective, institutional and regulatory aspects, and operational and infrastructural aspects.
- **SNA and the SEEA** as the overarching macroeconomic framework.
- Based on **Fundamental Principles of Official Statistics**, **country ownership** based on national priorities, adopting **results based management**, and statistical **capacity building**.
- Move away from a narrow functional view to a **holistic view**; and a move from ad hoc indicator approach to an approach where indicators are **compiled from integrated set of statistics and macro accounts**.



Benefits of an integrated statistics approach

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- A **common statistical business architecture** that governs the statistical production process over time and across countries;
- **Coherent statistics**: covering business and household statistics, short term statistics, national accounts and international statistics;
- Statistical production **processes are cost effective**, including their institutional arrangements and managements. Increased transparency.
- The integration of the data collection procedures **reduce response burden** on respondents ; and
- The opportunity to seek **collaboration** in the development and application of common methods and IT tools for data processing, documentation and exchange.



Business Model

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- Generic Statistical Business Process Model (**GSBPM**) to guide the development of work on integrated statistics.
- Fully aligned with **Generic Statistical Information Model (GSIM)** and provides a basis for the implementation of the **Common Statistical Production Architecture (CSPA)**.



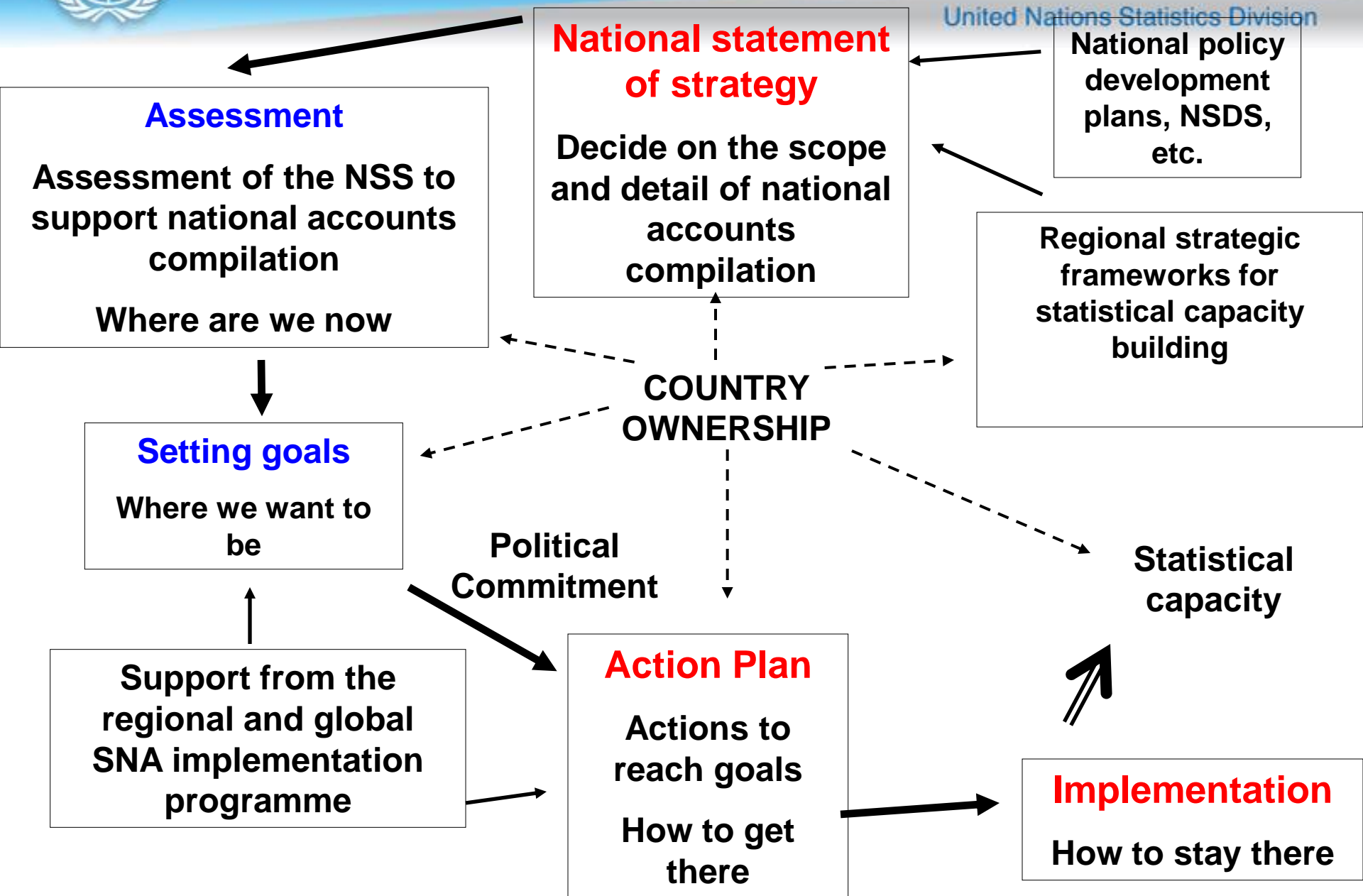
Statement of strategy:

- Is an important documentation detailing steps and resources required to improve scope and detail of economic statistics with a view to producing timely, comparable national accounts statistics which fully meets the user needs as well as complies with the international standards.
- Requires agreement by the national statistical system (data producer, provider and user), high political support and donor consultation
- Basis for formulating a national implementation programme
- Basis for actively seeking funding for implementation programmes from own sources and donors



Conclusions

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Conclusions

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- There is a need to **shift away from ad-hoc** development of indicators and capacity development **towards** development of **integrated information** at the country level.
- Systematic **development of an agreed set of statistics** based on internationally agreed **macroeconomic and environmental-economic accounting framework** can help achieve that goal.
- **Piloting in limited number of countries** – operationalising integrated statistics approach in national capacity building programme in 2008 SNA implementation



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

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Thank You