Overview of the Implementation of National Accounts at Global Level

United Nations Statistics Division

National Accounts Seminar for Latin America and the Caribbean: Regional Implementation of the National Accounts System and the Satellite Accounts
1-3 December 2015
Santiago, Chile
1. Overview of the status of implementation of the 2008 SNA at global and regional level

2. Global implementation programme of the 2008 SNA

3. Ongoing discussion on the SNA research agenda
Part 1.
Overview of the implementation of the 2008 SNA at global and regional level
The implementation of the 2008 SNA is assessed in terms of:

- Scope
- Detail
- Quality
- Compliance
For monitoring the implementation of the 1993 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.

The **quality** of the national accounts dimension was assessed using the IMF quality assessment framework.

To assess the **compliance** with major 1993 SNA concepts the ISWGNA developed a set of questions.
The elements of the scope and compliance measures used for the 1993 SNA were deemed to be adequate to also assess the scope and compliance for the 2008 SNA.

However, the need for more timely information to facilitate appropriate policy responses highlights the importance to include also the compilation of quarterly national accounts, which require some adjustments to the scope measure as reflected by the required data set measure.

The compliance questionnaire was adjusted to reflect the 2008 SNA concepts for determining the conceptual adherence to the 2008 SNA.
Global status of annual reporting

- Almost all countries are reporting annual national accounts to UNSD, many countries with a time lag of more than one year.
- Most countries currently compliant with the 1993 SNA and ISIC Rev. 3.1, with some countries using the 1968 SNA.
- Many countries are not able to submit the minimum requirement data set (as defined by the UNSC) to the UNSD.
Number of countries reporting annually for the reporting period 2003 to 2014
### Number of countries reporting annually and data availability

<table>
<thead>
<tr>
<th>Region</th>
<th>Total number of countries</th>
<th>Number of countries that replied to the UN-NAQ</th>
<th>2014 data available</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>At least once between 2010-2014</td>
<td>NAQ 2013</td>
</tr>
<tr>
<td>UN Member States</td>
<td>193</td>
<td>183 (95%)</td>
<td>165</td>
</tr>
<tr>
<td>Developed region</td>
<td>46</td>
<td>46 (100%)</td>
<td>45</td>
</tr>
<tr>
<td>Developing region</td>
<td>147</td>
<td>137 (93%)</td>
<td>120</td>
</tr>
<tr>
<td>Latin America</td>
<td>20</td>
<td>20 (100%)</td>
<td>19</td>
</tr>
<tr>
<td>Caribbean</td>
<td>13</td>
<td>12 (92%)</td>
<td>7</td>
</tr>
</tbody>
</table>
Number of countries reporting annually and data availability

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Latin American and Caribbean countries</th>
<th>NAQs submitted</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>33</td>
<td>29</td>
</tr>
<tr>
<td>2013</td>
<td>33</td>
<td>26</td>
</tr>
<tr>
<td>2014</td>
<td>33</td>
<td>29</td>
</tr>
</tbody>
</table>

- **Total Latin American and Caribbean countries**
- **NAQs submitted**
- **Data for latest reference year available**
### Number of countries compliant with the 1968, 1993 and 2008 SNA

<table>
<thead>
<tr>
<th>Region</th>
<th>Total number of countries</th>
<th>1968 SNA compliant</th>
<th>1993 SNA compliant</th>
<th>2008 SNA compliant</th>
</tr>
</thead>
<tbody>
<tr>
<td>UN Member States</td>
<td>193</td>
<td>22</td>
<td>109</td>
<td>62</td>
</tr>
<tr>
<td>Developed region</td>
<td>46</td>
<td>-</td>
<td>7</td>
<td>37</td>
</tr>
<tr>
<td>Developing region</td>
<td>147</td>
<td>22</td>
<td>100</td>
<td>25</td>
</tr>
<tr>
<td>Latin America</td>
<td>20</td>
<td>2</td>
<td>13</td>
<td>5</td>
</tr>
<tr>
<td>Caribbean</td>
<td>13</td>
<td>1</td>
<td>11</td>
<td>1</td>
</tr>
</tbody>
</table>

- 62 Member States have implemented the 2008 SNA
- Some Member States have opted to introduce certain aspects of 2008 SNA in a gradual implementation of the 2008 SNA
- 12% of Member States still use 1968 SNA
- 83 Member States are implementing or partially implementing ISIC Rev. 4.
Scope of National Accounts

**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.** For all institutional sectors: Production acc. For GG: Generation of income; allocation of primary income; secondary distribution of income, use of disposable income; capital and financial accounts

  Productivity analysis and fiscal analysis

**Milestone 4.** For all institutional sectors: generation of income, allocation of primary income; secondary distribution of income, use of disposable income; capital and financial accounts

  Income distribution analysis
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)
Milestones and MRDS

The detail of National Accounts is measured in term of Minimum Required Data Set (MRDS)

MRDS covers:

**Milestone 1**. GDP by Industry and Expenditure in current and constant prices

**Milestone 2**. GNI of Total Economy and Balance of Payments (current, capital and financial accounts) and GFS transaction accounts

**Milestone 3**. For all institutional sectors: Production acc.
For GG: Generation of income; allocation of primary income; secondary distribution of income, use of disposable income; capital and financial accounts

**Milestone 4**. For all institutional sectors: generation of income, allocation of primary income; secondary distribution of income, use of disposable income; capital and financial accounts

Minimum required macroeconomic data set, annual institutional sector accounts up to net lending and also quarterly GDP and quarterly BoP
<table>
<thead>
<tr>
<th>Tables</th>
<th>MRDS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Table 1.1 – 1.3</td>
<td>✓</td>
</tr>
<tr>
<td>- GDP by expenditure at current/constant prices</td>
<td></td>
</tr>
<tr>
<td>- Relations among product, income, savings and net lending aggregates at current prices</td>
<td></td>
</tr>
<tr>
<td>Table 2.1 – 2.3</td>
<td>✓</td>
</tr>
<tr>
<td>- Value added by industries at current/constant prices</td>
<td>✓</td>
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<tr>
<td>- Output, GVA and fixed assets by industries at current prices</td>
<td>✓</td>
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<tr>
<td>Table 3.1 – 3.2</td>
<td></td>
</tr>
<tr>
<td>- GFCE by function at current prices</td>
<td></td>
</tr>
<tr>
<td>- Individual CE of HH, NPISHs, and GG at current prices</td>
<td></td>
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<tr>
<td>Table 4.1 – 4.9</td>
<td>✓</td>
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<tr>
<td>- Total Economy (S.1) at current prices</td>
<td>✓</td>
</tr>
<tr>
<td>- Rest of the world (S.2) at current prices</td>
<td>✓</td>
</tr>
<tr>
<td>- Non-financial Corporations (S.11) at current prices</td>
<td></td>
</tr>
<tr>
<td>- ...</td>
<td></td>
</tr>
<tr>
<td>Table 5.1</td>
<td></td>
</tr>
<tr>
<td>- Cross classification of Gross value added by industries and institutional sectors at current prices</td>
<td></td>
</tr>
</tbody>
</table>
## Number of countries submitting the tables of the MRDS

<table>
<thead>
<tr>
<th>Region</th>
<th>GDPe C 1.1</th>
<th>GDPe K 1.2</th>
<th>GDPp C 2.1(2.4)</th>
<th>GDPp K 2.2(2.5)</th>
<th>GDPp detail 2.3(2.6)</th>
<th>IEA Total 1.3(4.1)</th>
<th>IEA RoW 4.2</th>
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</thead>
<tbody>
<tr>
<td>UN Member States</td>
<td>193</td>
<td>176</td>
<td>155</td>
<td>185</td>
<td>180</td>
<td>144</td>
<td>164</td>
</tr>
<tr>
<td>Developed region</td>
<td>46</td>
<td>45</td>
<td>44</td>
<td>46</td>
<td>45</td>
<td>45</td>
<td>43</td>
</tr>
<tr>
<td>Developing region</td>
<td>147</td>
<td>131</td>
<td>111</td>
<td>139</td>
<td>135</td>
<td>99</td>
<td>118</td>
</tr>
<tr>
<td>Latin America</td>
<td>20</td>
<td>20</td>
<td>18</td>
<td>20</td>
<td>20</td>
<td>19</td>
<td>20</td>
</tr>
<tr>
<td>Caribbean</td>
<td>13</td>
<td>12</td>
<td>6</td>
<td>12</td>
<td>12</td>
<td>11</td>
<td>11</td>
</tr>
</tbody>
</table>
### Scope of National Accounts Statistics

<table>
<thead>
<tr>
<th>Regional Group</th>
<th>Total number of countries</th>
<th>MRDS 6 or more tables</th>
<th>MRDS 7 tables</th>
<th>Milestone Level 1 or higher</th>
<th>Milestone Level 2</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>UN Member States</strong></td>
<td>193</td>
<td>131 (68%)</td>
<td>101 (52%)</td>
<td>176 (91%)</td>
<td>157 (81%)</td>
</tr>
<tr>
<td>Developed region</td>
<td>46</td>
<td>42 (91%)</td>
<td>37 (80%)</td>
<td>45 (98%)</td>
<td>43 (93%)</td>
</tr>
<tr>
<td>Developing region</td>
<td>147</td>
<td>89 (61%)</td>
<td>64 (44%)</td>
<td>131 (89%)</td>
<td>114 (78%)</td>
</tr>
<tr>
<td>Latin America</td>
<td>20</td>
<td>19 (95%)</td>
<td>15 (75%)</td>
<td>20 (100%)</td>
<td>20 (100%)</td>
</tr>
<tr>
<td>Caribbean</td>
<td>13</td>
<td>5 (38%)</td>
<td>3 (23%)</td>
<td>12 (92%)</td>
<td>11 (85%)</td>
</tr>
</tbody>
</table>
Per cent countries submitting the MRDS

<table>
<thead>
<tr>
<th>Table</th>
<th>UN Member States</th>
<th>Latin American and Caribbean countries</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.1</td>
<td>91</td>
<td>97</td>
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<tr>
<td>1.2</td>
<td>80</td>
<td>73</td>
</tr>
<tr>
<td>2.1/2.4</td>
<td>96</td>
<td>97</td>
</tr>
<tr>
<td>2.2/2.5</td>
<td>93</td>
<td>97</td>
</tr>
<tr>
<td>2.3/2.6</td>
<td>75</td>
<td>91</td>
</tr>
<tr>
<td>1.3/4.1</td>
<td>83</td>
<td>94</td>
</tr>
<tr>
<td>4.2</td>
<td>57</td>
<td>61</td>
</tr>
</tbody>
</table>

Percentage of countries submitting MRDS
Part 2.
Global implementation programme of the 2008 SNA
Global initiative to assist countries in developing statistical and institutional capacity to:

a) make the conceptual changeover from the 1968 or 1993 SNA to the 2008 SNA and

b) improve the scope, detail and quality of national accounts and supporting economic statistics

Based on agreed principles of the implementation strategy:

• Strategic planning
• Coordination, monitoring and reporting
• Improving statistical systems
This is operationalized through 4 elements:

(a) **A strategic planning framework** - the use of priority-setting national strategies for the development of statistics or similar national plans

(b) **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

(c) **Modalities of statistical capacity-building**: training and technical cooperation, publication of manuals and handbooks, research and advocacy

(d) **Stages of implementation** leading to the changeover to the 2008 SNA: Review, Adaptation and Application
Strategic planning framework

Global Strategic plan

Regional plan

Global strategy

Plans are in line with global strategy

National Plan

e.g. NSDS
Information structure

- Integrated statistical systems
- Modernization of statistical systems
- Internationally agreed scope (Milestones), detail (MRDS), quality (DQAF) and compliance of the National Accounts
Integrated statistics

- Scope of the statistics programme goes beyond the production of **national accounts** to also cover the statistical production process of basic statistics and to aspects of the institutional environment.

- It is, thus, based on an **integrated statistics approach** which:
  - Produces statistics that present a consistent and coherent picture of economic activities for policy, business and other analytical uses.
  - Uses common concepts, definitions, estimation methods and data sources for statistical reconciliation.
  - Moves away from a narrow stove-pipe statistical production model to cross-functional holistic model.
Integrated statistics

Building blocks

- **Common conceptual framework** provided by the SNA

- **Institutional arrangements** (legislative, organizational, budgetary, managerial and customer relationship arrangements) further support the environment for integration

- **Statistical production process** as an integrated production chain from the collection of basic data to the dissemination of statistics
Silo approach

## Integrated statistics approach

### Silo approach

- Agency A
  - Policy A
  - Info A
  - Data A
- Agency B
  - Policy B
  - Info B
  - Data B
- Agency C
  - Policy C
  - Info C
  - Data C

### Integrated statistics

- Indicators
- Accounts
  - SNA and SEEA
- Basic data
  - Economy
  - Environment
  - Social

## Accounts to integrate statistics:

- Linking policy needs and statistics
- Understanding the institutional arrangements
- Integrated statistical production process/chain and services
- Consistency between basic data, accounts and tables and indicators
Modalities of statistical capacity-building

- Training and technical cooperation
- Publication of manuals and handbooks
- Research
- Advocacy
UNSD training and technical cooperation

Training workshops in cooperation with regional commissions

• Expert Group Meeting (EGM) on Financial Services and Business Register (ESCWA, Nov 2015)
• Measuring the Informal Sector and the Non-Observed Economy October (SIAP, Oct 2015)
• Regional Course on 2008 SNA (Special Topics): Improving Exhaustiveness of GDP Coverage (SIAP, Aug 2015)
• Compilation of Quarterly National Accounts for Economic Cooperation Organization Member Countries (Mar 2015)

Development of e-learning material on the SNA
UNSD training and technical cooperation

- Annual meetings on SNA with regional Commissions
  - ECLAC
  - ESCAP
  - ESCWA
  - ECA

Important events to:
- Assess progress in the implementation of the regional work plan
- Discuss country practices and innovations available to overcome the implementation issues
- Share country experiences
- Bring the discussions held at global level (e.g. AEG on NA, ISWGNA, etc.) and collect the region perspectives
- Facilitate modernization of statistical systems
To facilitate the implementation of the 2008 SNA and supporting statistics

- Handbook on Supply and Use tables and Input Output tables
- Handbook on Backcasting in National Accounts
- Handbook on Economic Tendency Surveys
- Handbook on Cyclical Composite Indicators
- Handbook on Rapid Estimates
- Handbook on Data Template and metadata for short-term statistics
- Handbook on a System of Extended International and Global Accounts (SEIGA)
- Satellite Accounts
  - Handbook on Non-profit Institutions
  - Handbook on Cultural Satellite Accounts
  - Etc. (aviation accounts)
Publication of manuals and handbooks

- Information on the publications under development is available online at:
Information on completed publications is available online at:

Advance the research agenda to provide further guidance on

- Practical issues encountered in the implementation of the 2008 SNA
- Methodological improvements to better measure existing and emerging economic realities

**ISWGNA** revise and update the SNA and develop supporting normative international statistical standards and other methodological documents on national accounts and supporting statistics

**Advisory Expert Group (AEG) on National Accounts** to resolve issues on the research agenda of the SNA and to review documents and tools for the SNA implementation.
Advocacy

To support an ongoing dialogue among statistical producers, the various levels of government, business sector, the academic community, and the general public about

user needs for official statistics and the progress in meeting those needs

the role of official statistics in evidenced based decision and policy making
<table>
<thead>
<tr>
<th>Stage 1</th>
<th>Stage 2</th>
<th>Stage 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Review of strategic framework and detailing of national and</td>
<td>• Adaptation of classification, bus. registers and frames, surveys,</td>
<td>• Application of adapted frameworks and source data, backcasting and</td>
</tr>
<tr>
<td>regional implementation programmes</td>
<td>admin. data sources and information technology infrastructure</td>
<td>changeover to 2008 SNA</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Part 3.
Ongoing discussion on the SNA research agenda
Since the finalisation of the 2008 SNA, the work on the SNA research agenda focussed on issues related to practical implementation, clarifications and interpretation of the 2008 SNA.


They are categorized as:

- New
- In progress
- Resolved
### Issues Under Discussion

The table presents issues that have been considered so far by the ISWGNA and AEG. They are organized in three categories according to the status of the discussion as follows: Resolved, In progress and New issues.

<table>
<thead>
<tr>
<th>Issue</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Holding gains and losses in the estimates of investment income</td>
<td>New issue</td>
</tr>
<tr>
<td>Treatment of the output of international financial institutions</td>
<td>New issue</td>
</tr>
<tr>
<td>Valuation of natural resources</td>
<td>New issue</td>
</tr>
<tr>
<td>Treatment of statistical units in supply and use tables and institutional sector accounts</td>
<td>New issue</td>
</tr>
<tr>
<td>Capital income of insurer’s own funds</td>
<td>New issue</td>
</tr>
<tr>
<td>Capital services of assets not contributing to production</td>
<td>New issue</td>
</tr>
<tr>
<td>Table on household retirement resources</td>
<td>In progress</td>
</tr>
<tr>
<td>Accounting for pension</td>
<td>In progress</td>
</tr>
<tr>
<td>Factoryless goods producers</td>
<td>In progress</td>
</tr>
<tr>
<td>FISIM recording</td>
<td>In progress</td>
</tr>
<tr>
<td>Treatment of land</td>
<td>Resolved</td>
</tr>
<tr>
<td>Global production</td>
<td>Resolved</td>
</tr>
<tr>
<td>Delineation of holding companies and head offices</td>
<td>Resolved</td>
</tr>
<tr>
<td>Research and development</td>
<td>Resolved</td>
</tr>
<tr>
<td>Deposit insurance and financial stability schemes</td>
<td>Resolved</td>
</tr>
<tr>
<td>Treatment of freight and insurance in the 2008 SNA</td>
<td>Resolved</td>
</tr>
<tr>
<td>Output of central banks</td>
<td>Resolved</td>
</tr>
<tr>
<td>Service lives of military weapons systems</td>
<td>Resolved</td>
</tr>
<tr>
<td>Definition of catastrophes in the context of measurement of non-life insurance</td>
<td>Resolved</td>
</tr>
</tbody>
</table>
Financial Intermediation Services Indirectly Measured

Further develop the conceptual arguments to either include or exclude credit default risk in the calculation of FISIM and volume measures of FISIM. In the case of excluding credit default risk, to develop methods and data that could support its possible exclusion in the future.

The long-term research agenda on FISIM include: (a) Further development of the “costs of funds” approach to determine the reference rate and of possible alternative approaches (vintage reference rate); (b) Consideration of the financial instruments and units scope of financial instruments and units of FISIM; (c) Connection between the recommendations on implementing FISIM and the definition of income.

Table on household retirement resources

The AEG is reviewing the development of a table on household retirement resources which is intended to provide extensive and detailed information on the various household resources for retirement, including the scope of assets and cross border transactions.

Further work is required regarding the delineation of social assistance benefits and the possible inclusion of assets such as owner occupied dwellings.
Treatment of the output of international financial institutions

The characterization and compilation of the output of international financial institutions and the use of that output by their member countries require elaboration under the current SNA guidelines, taking into consideration the cost of funds approach and the valuation at cost for the non-market part of output.

Globalization

More evidence and practical experience from countries on the transactions of Factoryless Good Producers are needed in order to develop the guidance on their classification and treatment.
Accounting for pensions

Further clarification is needed in the delineation and measurement of pension entitlements and the articulation of when to record the transactions, other flows and positions of defined benefit pension schemes in the core accounts in line with the 2008 SNA recommendations.

The nature of investment income (holding gains and losses) related to pension funds and investment funds need to be further investigated under the broader issue of the concept of income.
Conclusions

- Importance of strengthening basic economic statistics
- Importance of improving the national accounts in terms of **scope**, **detail** and **quality**
- Importance of an **integrated approach** in the statistical system
- Importance of coordinated efforts to implement the 2008 SNA at global, regional and national levels
Conclusions

Annual meetings - such as the National Accounts Seminar for Latin America and the Caribbean - are key to:

- share experiences in the implementation of the 2008 SNA at regional level
- further align work programmes national-regional-global levels
- contribute to the ongoing methodological discussion on the SNA
- ensure a coordinated 2008 SNA implementation strategy

UNSD can facilitate the bridge particularly between global and regional (and national)

ECLAC can facilitate the bridge particularly between national and regional (and global)
Thank you!