



Distributional results in line with National Accounts

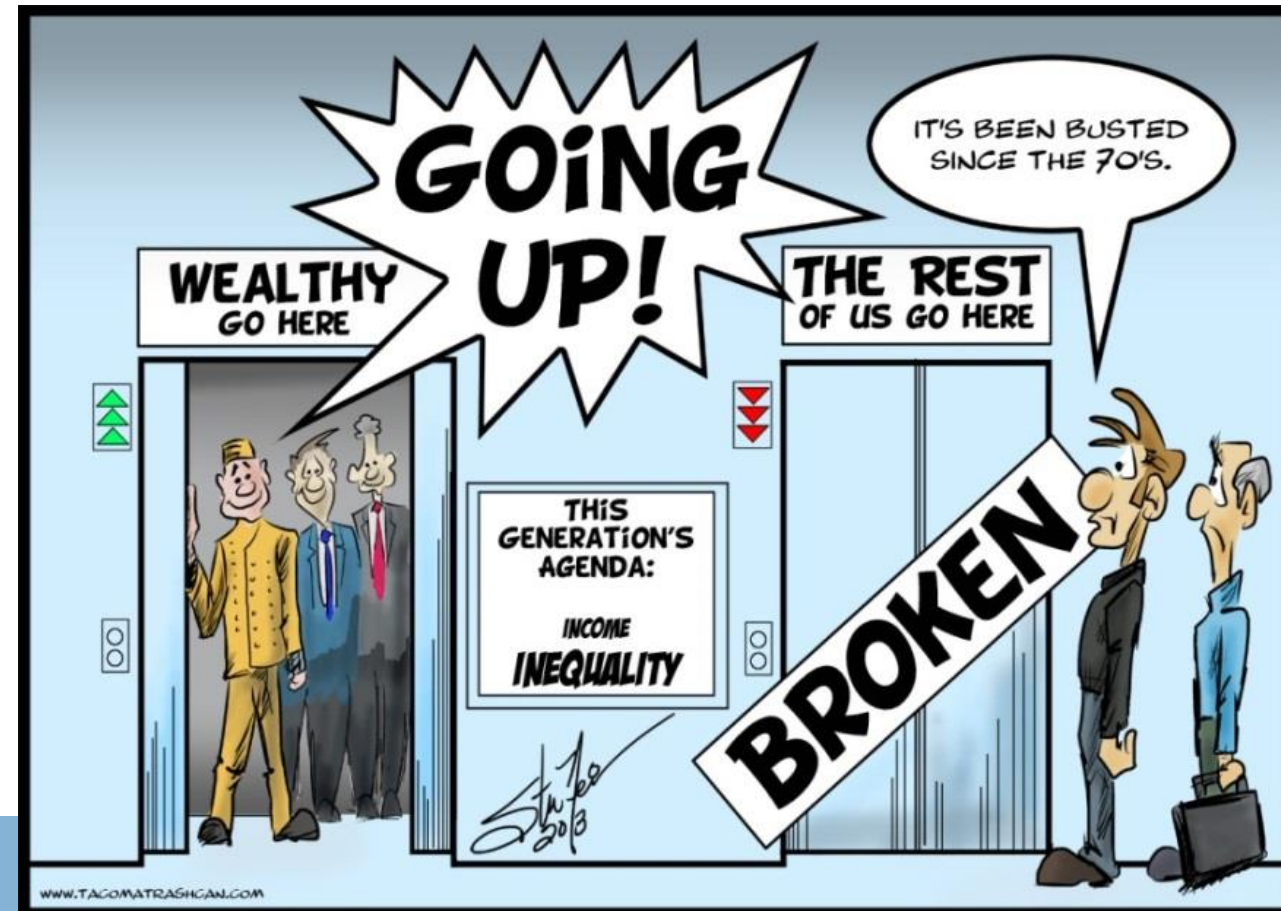
*Seminar on Reconciliation of information sources for the measurement of income distribution
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Introduction



Introduction

- **Clear need** for systematic, robust and comprehensive data on economic inequality
- A lot of information is already available from **micro statistics**, but increasing emphasis on importance of alignment to **macroeconomic** aggregates
- Various initiatives by **international statistical community** (e.g., UN NTA; OECD EG DNA; ECB EG DFA; Eurostat TF HDA) and **academia** (e.g., WID.world)
- **Several countries** are already publishing distributional results in line with NA totals
- However, a lot of work is still needed, among others to **broaden** the range of countries and to increase the **quality, granularity, frequency** and **timeliness** of the results
- Specific ambitions expressed in the new **G20 Data Gaps Initiative**
- The **SNA 2025** will include a specific section on the compilation of household distributional results in line with NA totals



Distributional results as part of new G20 DGI (1)

- Data Gaps Initiative dates back to 2007/08 [Global Financial Crisis](#) and the need to develop more timely and accurate information for policy makers
- There have been two phases already and, in 2022, the G20 launched a [new DGI](#) with the aim to focus on gaps in areas of:
 - Climate change
 - [Household distributional information](#)
 - Fintech and financial inclusion
 - Access to private and administrative data and data sharing



Distributional results as part of new G20 DGI (2)

- **Joint work** by OECD (lead), ECB, Eurostat, IMF, UN and World Bank
 - Recommendation 8: Distributional results on income, consumption and saving in line with national accounts totals
 - Recommendation 9: Distributional results on wealth in line with national accounts totals
- **Target:**
 - By **end-2024**: Results for 2021, 2022 and/or 2023 at income/wealth **quintile** level
 - By **end-2026**: Annual results within 1.5 years after reference period at income/wealth **decile** level and, if possible, according to main source of income and household type
- **Second best:**
 - By end-2026: Results at least every 3 years, published within 4 years after reference period, at income quintile/decile level



Main benefits of distributional national accounts

Distributional results aligned to national accounts **complement** micro results, by providing:

- **More comprehensive** picture of economic inequality, including elements not covered in micro statistics (e.g., social transfers in kind)
- Consistent information on **three dimensions** of economic well-being, i.e., income, consumption and wealth
- In line with **important macroeconomic aggregates** such as GDP, household disposable income, consumption and wealth, broadening scope for analyses
- Providing users with “**drill-down**” possibilities for key macroeconomic aggregates
- Capturing households and transactions that are typically **underrepresented** in micro data
- A high degree of **international comparability**



Distribution of income, consumption and saving

- OECD and Eurostat launched an [Expert Group on Distributional National Accounts](#)
- Group developed [template](#) and [guidelines](#), and engaged in three data collection rounds
- Calculations performed by members of the group: AUS, AUT, BEL, CAN, CHE, CHL, CZE, DEU, DNK, ESP, FIN, FRA, GBR, IND, IRL, ISR, ITA, JPN, KOR, LUX, MEX, NLD, NZL, PRT, SVK, SVN, SWE, USA, ZAF
- Centralized approach to compile results for countries not engaging in work
- Several countries have started to [publish](#) their results
- Results have been included in [online databases](#) of OECD and Eurostat
- The work continues, focusing on broadening the [coverage](#) and improving the [quality](#), [granularity](#) and [timeliness](#), also in view of the new DGI-3



Distribution of wealth

- OECD launched an [Expert Group on Distribution of Household Wealth](#) (EG DHW) in 2023
- Group will develop [template](#) and [guidelines](#), and engage in collection rounds
- Calculations will be performed by members of the group: AUS, AUT, BEL, CAN, CHE, CHL, CRI, CZE, DEU, DNK, ESP, EST, FIN, FRA, GBR, GRC, HRV, IRL, ITA, JPN, KOR, LTU, LVA, MEX, NLD, NOR, NZL, PRT, ROU, SVK, USA, ZAF
- Work will leverage off work already done by the [ECB Expert Group on Distributional Financial Accounts](#) (EG DFA) and by various countries already compiling distributional wealth results
- [Centralized approach](#) will be developed to compile results for countries not engaging in work
- First results expected [by end-2024](#)



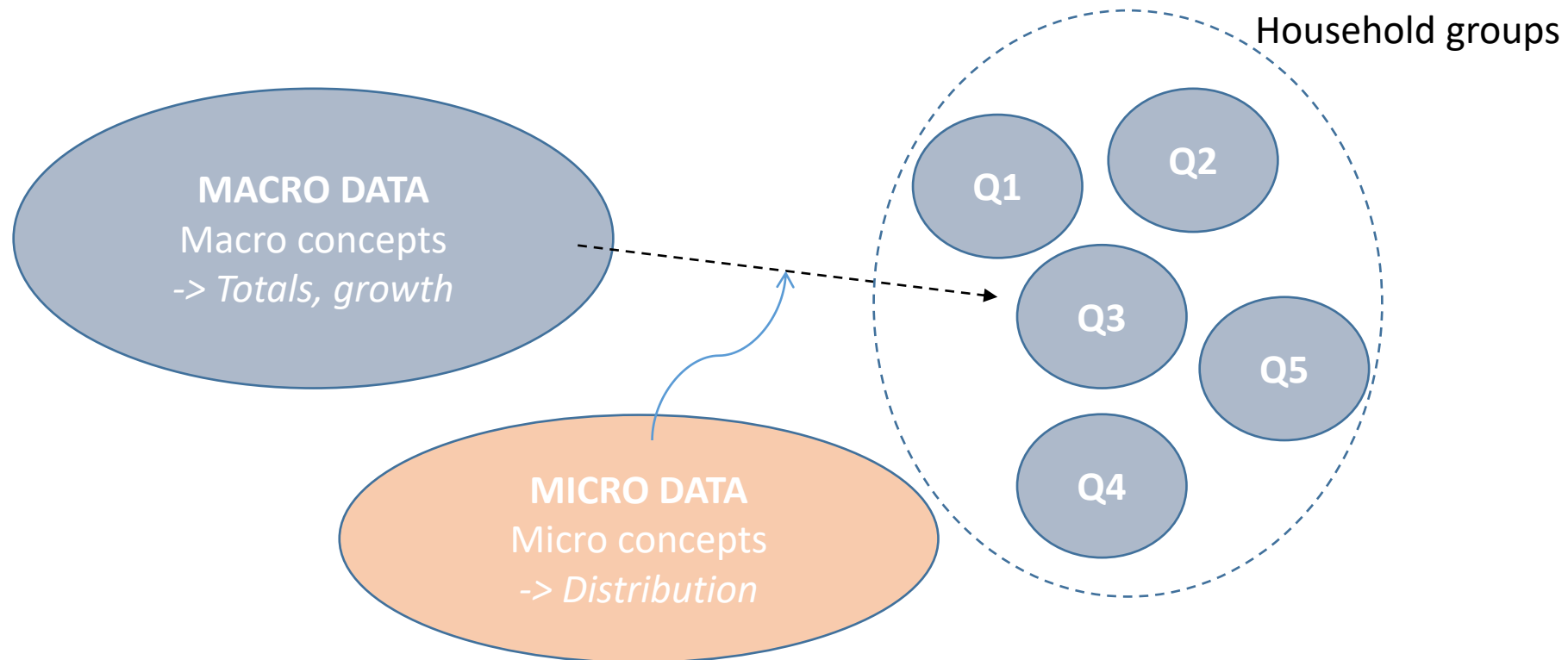
Aim of the work





Aim of the work

Develop methodology to produce **distributional** results for household **income, consumption and wealth** consistent with national accounts concepts using micro data sources





Scope of the project

- Distributional results for various **household groupings**:
 - **Standard of living** by disposable income and net wealth group (quintile/decile/percentile)
 - Main source of income
 - Household type (size and composition of the household)
 - ...
- The unit of analysis is the **household**, with a focus on private households
- **Equivalence scales** are used to arrive at comparable results across households
- Also collection of **socio-demographic information** (age, gender, education level, housing status, etc.) accompanying the distributional results



Overview of methodology





Step-by-step approach

Step 1

- Adjust national accounts totals

Step 2

- Determine relevant variables from micro data sources in relation to the national accounts variables

Step 3

- Impute for missing elements and scale the micro data to the adjusted national accounts totals

Step 4

- Cluster households

Step 5

- Derive relevant indicators for the household groups



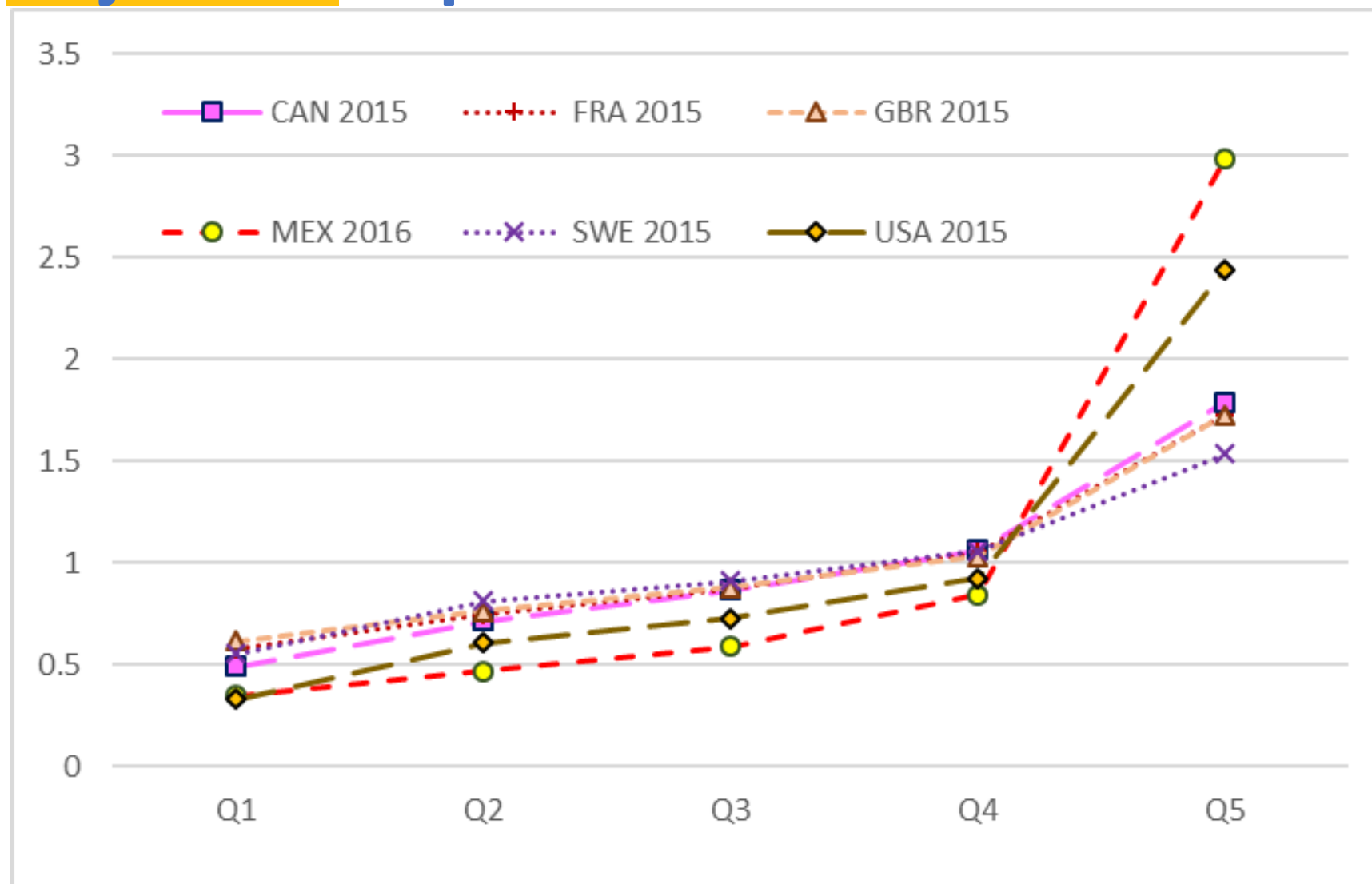
Results

(See <https://doi.org/10.1787/615c9eec-en>)





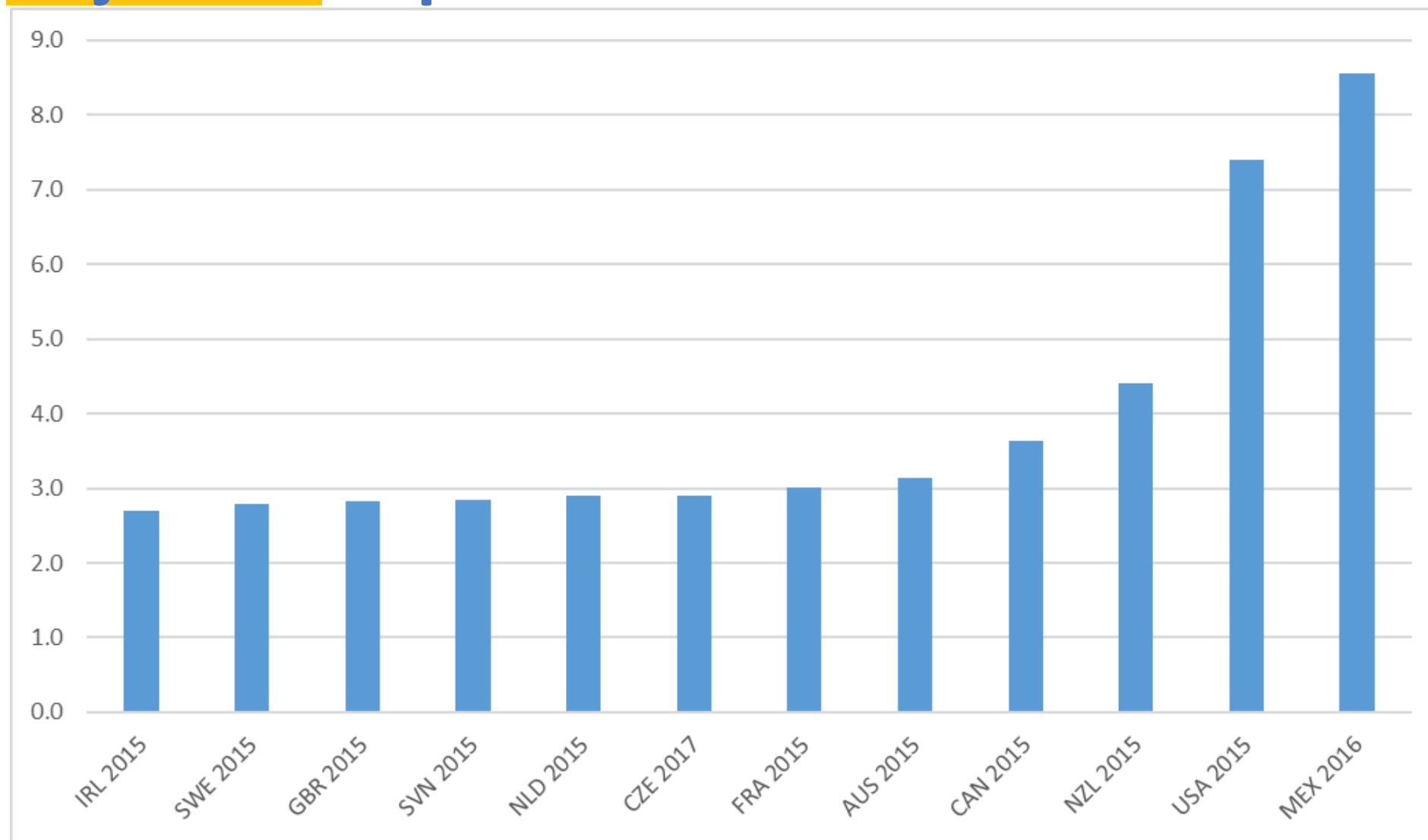
Results: Ratio to the average Adjusted disposable income



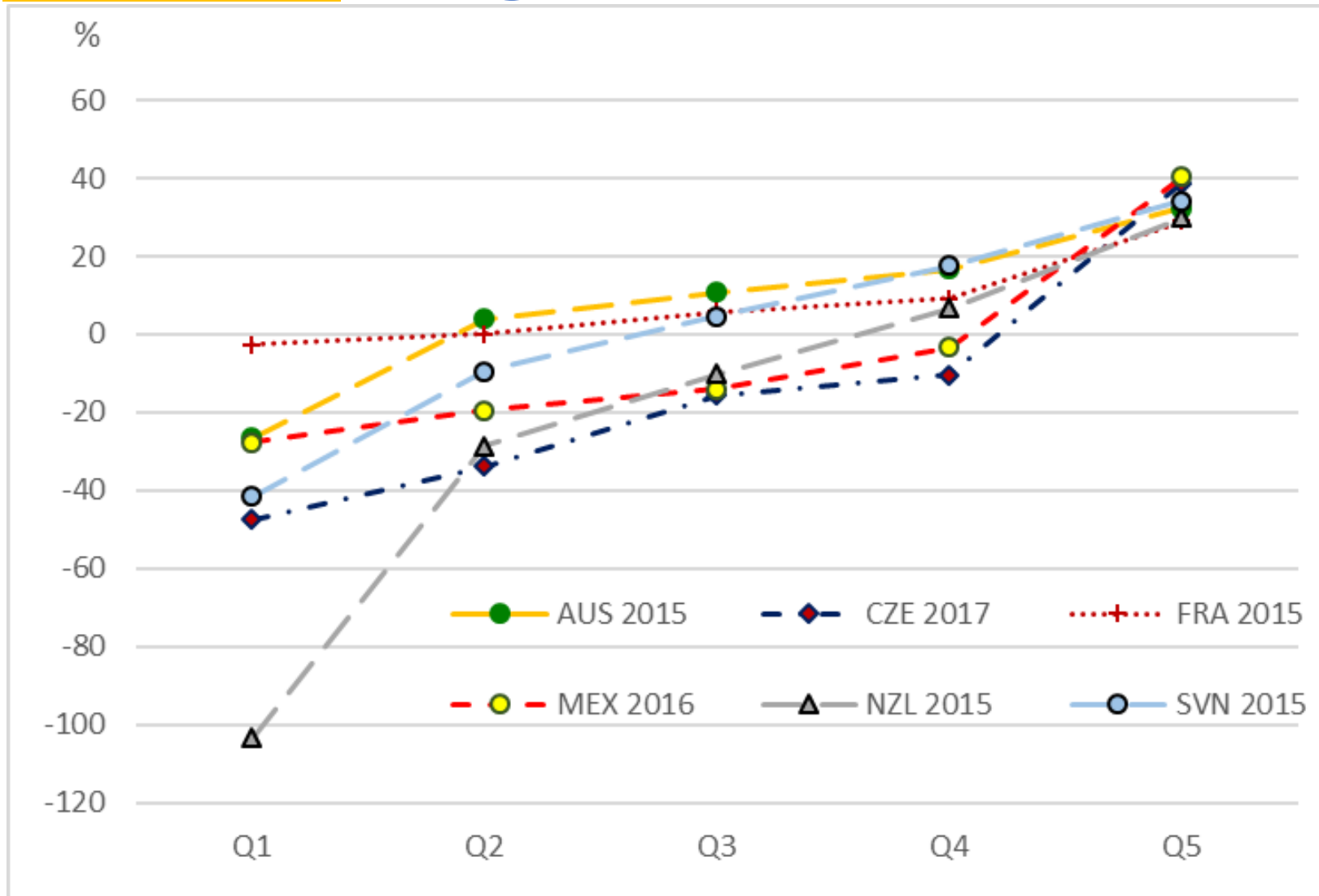


Results: Ratio highest to lowest (Q5/Q1)

Adjusted disposable income

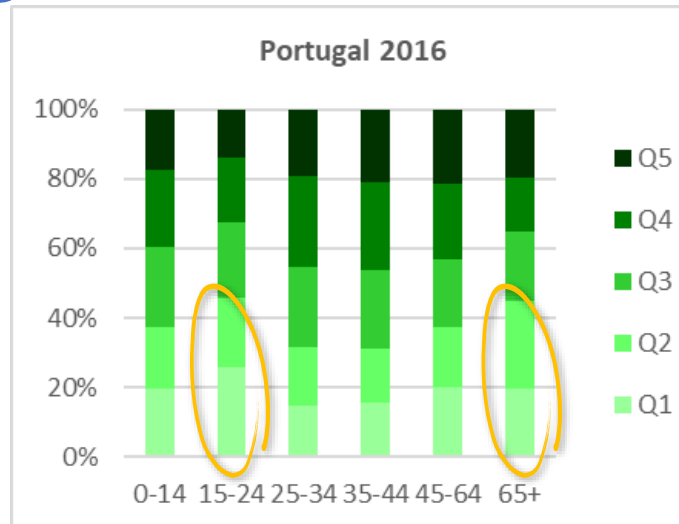
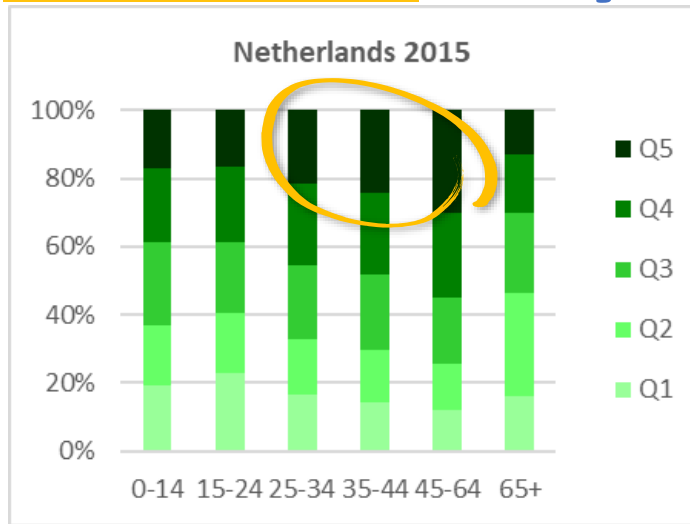


Results: Saving ratio



Results: Socio-demographic information

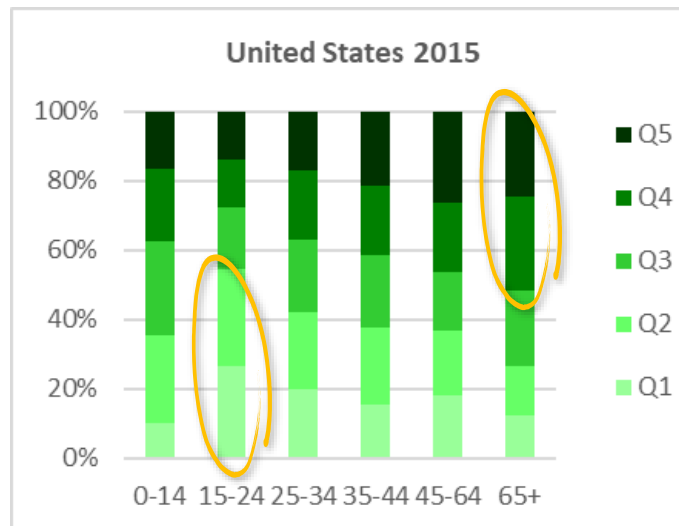
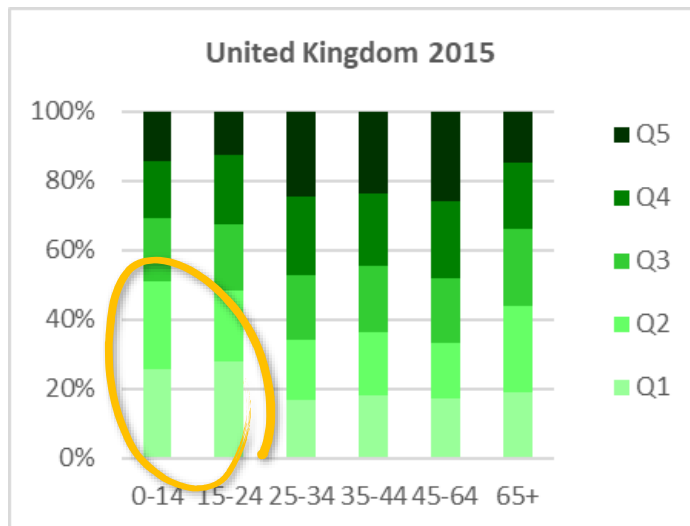
Breakdown by age



Younger persons more concentrated in lower income quintiles in GBR

In US group 15-24 tends to be in lowest income quintiles

Relatively strong concentration of 65+ in higher income quintiles in US



Persons in middle age groups have highest income in NLD

Homogenous composition in PRT, with slightly larger concentration of 15-24 and 65+ in lower quintiles



Next steps



Next steps

- Next steps on [income, consumption and saving](#) (EG DNA):
 - Broaden the range of countries, among others via a centralized approach
 - Explore possibilities to increase granularity, timeliness and frequency
 - Further improve methodology, particularly in areas of micro-macro gaps and imputations
 - Engage in a new collection round, focusing on decile results
- Next steps on [wealth](#) (EG DHW):
 - Develop a collection template
 - Develop internationally harmonized guidelines
 - Engage in first experimental calculations
 - Develop a centralized approach for countries not participating in the work



THANK YOU

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