The 2008 SNA update

Seminar on National Accounts of Latin America and the Caribbean: The Future of Economic Statistics
14-16 October 2020

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Updating Macroeconomic Accounting Standards


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)
SNA update process as approved by the 2020 UNSC

**Incremental research work**

- Guidance notes
  - Issue 1
  - Issue 2
  - Issue 3
  - Issue n

**Principles**

- Identification of **conceptual** solutions subject to **practical** testing
- Iterative improvement of **guidance notes**
- Coordination between NA and other domains (incl. classifications) & **alignment** with other macroeconomic standards
- **User** input
- SNA extension (**supplementary tables** / satellite accounts)

**Critical Mass**

**Consultation & Testing**

**Major Update**

**Necessary Elements**

- **Editing system**
- Reinforce **communication**
  - Dedicated website
  - SNA ‘branding’
  - Digitize the SNA
- Support to **developing countries**
- Human and financial **resources**
Updating Macroeconomic Accounting Standards

➢ In the past the updating of the manuals was done somewhat independently with a ‘reconciliation’ occurring towards the end of the process.

➢ Key principles this round include coordination, cooperation and consistency.

➢ This should ensure a coherent set of manuals, reduce duplication of effort, and lead to optimal outcomes given a broader range of consultation.
The Update Process

**UNSC:** launch update process

Development of guidance notes & country consultation and testing

**UNSC:** adopt recommendations

Draft 2025 SNA, incl. country consultation on new text

Committee (AEG and ISWGNA): approve 2025 SNA

UNSC: adopt 2025 SNA

**BOPCOM:** launch update process

Research work, leading to draft annotated outline (AO)

**BOPCOM:** endorse draft AO after public consultation

Draft BPM7, including country consultation on new text

BOPCOM: agree on BPM7

IMF Chief Statistician: approve BPM7

The Update Process

Iterative drafting of the update of the 2008 SNA 2022 - 2024


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**SNA**

**BPM**

Several common issues

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“Issues” we hope to address for users

- How much of this is real FDI?

Top FDI recipients & generators (CDIS 2018 data)

01 Netherlands
03 Luxembourg
06 China P.R., Hong Kong
“Issues” we hope to address for users

• How much of this is “real” GDP?

Ireland’s National Accounts - 2015

- 50% Exports
- 34% Nominal GDP
- 25% Real GDP
“Issues” we hope to address for users

• What is the value of Data?

Experimental Stock Estimates - Canada

104.8b Data

18.6b Databases

33.5 Data Science
“Issues” we hope to address for users

• Moving from averages to distributions?

Share of Personal Income (2016) by Decile (US)


37% Top Decile
7.2% Middle Decile
2.1% Bottom Decile
“Issues” we hope to address for users

- Should we value “free” digital services?

Free Services

- Google Search
- Youtube Viewing
- Wikipedia
“Issues” we hope to address for users

• Should we include human capital in the asset boundary

Table 6.10
Total wealth in Canada, billions of current dollars

<table>
<thead>
<tr>
<th></th>
<th>1990</th>
<th>2000</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total capital stock</td>
<td>3,081</td>
<td>4,849</td>
<td>9,336</td>
</tr>
<tr>
<td>Non-human capital stock</td>
<td>2,251</td>
<td>3,351</td>
<td>6,358</td>
</tr>
<tr>
<td>Residential structures</td>
<td>560</td>
<td>861</td>
<td>1,746</td>
</tr>
<tr>
<td>Non-residential structures</td>
<td>596</td>
<td>775</td>
<td>1,364</td>
</tr>
<tr>
<td>Machinery and equipment</td>
<td>180</td>
<td>272</td>
<td>312</td>
</tr>
<tr>
<td>Intellectual property products</td>
<td>49</td>
<td>93</td>
<td>191</td>
</tr>
<tr>
<td>Consumer durables</td>
<td>222</td>
<td>333</td>
<td>489</td>
</tr>
<tr>
<td>Inventories</td>
<td>142</td>
<td>187</td>
<td>232</td>
</tr>
<tr>
<td>Weapons systems</td>
<td>5</td>
<td>5</td>
<td>7</td>
</tr>
<tr>
<td>Land</td>
<td>497</td>
<td>825</td>
<td>2,017</td>
</tr>
<tr>
<td>Human capital stock</td>
<td>830</td>
<td>1,498</td>
<td>2,977</td>
</tr>
</tbody>
</table>

Addendum

Ratio of human to nonhuman capital stock

<table>
<thead>
<tr>
<th></th>
<th>1990</th>
<th>2000</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ratio</td>
<td>0.37</td>
<td>0.45</td>
<td>0.47</td>
</tr>
</tbody>
</table>
“Issues” we hope to address for users

- How can we better reflect the interaction between the economy and the environment.
“Issues” we hope to address for users

- What are cryptocurrencies
“Issues” we hope to address for users

• What is the size of the Informal Economy?

<table>
<thead>
<tr>
<th>Country</th>
<th>Official Estimate</th>
<th>Medina and Schneider 2019</th>
<th>Difference</th>
<th>Reference Year of Official estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Namibia</td>
<td>1.2</td>
<td>31.4</td>
<td>-30.2</td>
<td>2001</td>
</tr>
<tr>
<td>Tanzania</td>
<td>3.6</td>
<td>47.2</td>
<td>-43.6</td>
<td>2015</td>
</tr>
<tr>
<td>Botswana</td>
<td>5</td>
<td>25.9</td>
<td>-20.9</td>
<td>2007</td>
</tr>
<tr>
<td>Fiji</td>
<td>9.8</td>
<td>23.4</td>
<td>-13.6</td>
<td>2018</td>
</tr>
<tr>
<td>Sierra Leone</td>
<td>10</td>
<td>35.1</td>
<td>-25.1</td>
<td>2011</td>
</tr>
<tr>
<td>South Africa</td>
<td>11.2</td>
<td>24.1</td>
<td>-12.9</td>
<td>2013</td>
</tr>
<tr>
<td>Cabo Verde</td>
<td>12.1</td>
<td>29.3</td>
<td>-17.2</td>
<td>2015</td>
</tr>
<tr>
<td>Angola</td>
<td>15</td>
<td>39.9</td>
<td>-24.9</td>
<td>2009</td>
</tr>
<tr>
<td>Malawi</td>
<td>20</td>
<td>33.9</td>
<td>-13.9</td>
<td>2017</td>
</tr>
<tr>
<td>Gambia</td>
<td>21</td>
<td>47.5</td>
<td>-26.5</td>
<td>2013</td>
</tr>
<tr>
<td>Mali</td>
<td>25</td>
<td>32.7</td>
<td>-7.7</td>
<td>2013</td>
</tr>
<tr>
<td>Zimbabwe</td>
<td>25</td>
<td>46</td>
<td>-21</td>
<td>2017</td>
</tr>
<tr>
<td>Ethiopia</td>
<td>30</td>
<td>29.6</td>
<td>0.4</td>
<td>2013</td>
</tr>
<tr>
<td>Lebanon</td>
<td>30</td>
<td>27.1</td>
<td>2.9</td>
<td>2011</td>
</tr>
<tr>
<td>Kenya</td>
<td>31.4</td>
<td>29.7</td>
<td>1.7</td>
<td>2015</td>
</tr>
<tr>
<td>Belize</td>
<td>35</td>
<td>41.1</td>
<td>-6.1</td>
<td>2014</td>
</tr>
<tr>
<td>Nigeria</td>
<td>35</td>
<td>53.2</td>
<td>-18.2</td>
<td>2010</td>
</tr>
<tr>
<td>Burkina Faso</td>
<td>44.7</td>
<td>33.1</td>
<td>11.6</td>
<td>2017</td>
</tr>
<tr>
<td>Cameroon</td>
<td>46.8</td>
<td>29.3</td>
<td>17.5</td>
<td>2016</td>
</tr>
<tr>
<td>Congo (Democratic Republic)</td>
<td>48</td>
<td>43.1</td>
<td>4.9</td>
<td>2013</td>
</tr>
<tr>
<td>Benin</td>
<td>62.8</td>
<td>47.6</td>
<td>15.2</td>
<td>2015</td>
</tr>
</tbody>
</table>

Source: 2017 IMF Regional Economic Outlook: Sub-Saharan Africa; IMF survey of national statistical offices on informal economy estimates (2020)
“Issues” we hope to address for users

- What is the difference between property income and rental income
Three-pronged approach

Technical research
- Task teams/sub-task teams/joint task teams
- Specific timeline and outputs
- Draft guidance notes:
  - clarification, interpretation or change;
  - central system, supplementary tables, or satellite accounts;
  - implementation tested through country experimentation and testing

Broad consultation
- Involve broad set of users in the discussion, including policymakers, academia and private sector representatives
- Regular regional and global consultancies;
- Global user conferences on economic statistics

Ensuring overall consistency
- Collaborate with experts in: classifications, BPM, GFSM, MFSM, SEEA, labor, prices, agriculture, and business and trade statistics, classifications, etc.
The Project – A global effort

- Contributions from over 20 countries
- Secretariat services provided by international agencies
- Experts from six statistical domains
SNA research agenda

For the technical research a consolidated list of SNA research issues was established comprising two parts.

**Part one** deals with the priority areas for the research:
- globalization,
- digitalization,
- well-being and sustainability;
- cross-cutting issues; and
- compilation issues.

**Part two** deals with the long-term SNA research agenda.

Criteria for selecting issues for the updating of the SNA include:

The urgency to address the issues and the feasibility of making progress

The remaining issues are allocated to the long-term research agenda
Task teams

A number of workstreams where launched to resolve issues related to priority areas.

The workstreams are organized by Task Teams and overseen by Steering committees led by country members of the AEG,

ISWGNA provide secretariat

Guidance notes will be developed for each of the prioritized issues covering both conceptual and practical guidance.
Priority areas

*SNA priority areas*
- Digitalization
- Well-Being & Sustainability

*Joint priority areas*
- Globalization
- Financial issues
- Islamic Finance
- Informal economy
- IPP
- Communication
- Statistical units
- Classifications

*BPM priority areas*
- BOP
- Current Account
- Direct investment
Task Teams

Task Team: Digitalization
- Chairs: US and Indonesia
- Secretariat: Eurostat

Task Team: Wellbeing and Sustainability
- Chairs: Jamaica and WB
- Secretariat: OECD

Task Team: Globalization
- Chairs: Australia and IE
- Secretariat: IMF

Task Team: Classifications
- Chairs: tbd and tbd
- Secretariat: UNSD

Task Team: Financial and Payments Systems Task Team (FITT)
- Co-chairs: IMF & ECB
- Secretariat: IMF

Task Team: Informal Economy Task Team (IETT)
- Chair: Uganda/IMF
- Secretariat: IMF/UNSD

Task Team: Islamic Finance Task Team (IFTT)
- Co-chairs: State of Palestine & Morocco
- Secretariat: ESCWA/UNSD

Task Team: Intellectual Property Products Task Team (IPTT)
- Chair: OECD
- Secretariat: IMF

Task Team: Communications Task Team (CMTT)
- Co-chairs: tb & UK
- Secretariat: IMF & World Bank
The Project – Over 300 experts across 10 Task Teams

- Over 300 experts across 10 Task Teams
- Cooperation
- Consistency
The Project – Over 80 issues currently being addressed

- 11 SNA issues
- 47 BPM issues
- 31 Joint SNA/BPM issues
Guidance notes

Clearly identify issues affecting the central framework compared with those that would be addressed in supplementary tables or satellite accounts.

Not only the conceptual implications but also the feasibility of implementing the proposed conceptual solutions.

The practical guidance reflects on the experimentation and testing of the compilation issues.
**Guidance Note Life Cycle**

1. **Guidance Note (GN) drafted by TT**
2. **Public consultation including experimentation and testing**
3. **TT sends GN to the committees AEG/ISWNGA, BOPCOM, BPTT, etc.**
4. **Draft GNs reviewed by the committees AEG/ISWNGA, BOPCOM BPTT, etc.**
5. **Second round review [Only if significant changes]**
6. **Joint Endorsement**
7. **Decision by BOPCOM for BPM6 Update**
8. **UNSC for 2008 SNA update**

**Divergence**

**Dispute resolution**
Management of update process and drafting of the new SNA

Bureau consisting of members of the ISWGNA and the chairs of the task teams

- manages the scope of the update and the technical and conceptual issues for the update of the SNA in
- collaborate with the other Committees responsible for specific domains of economic statistics.

The drafting of the revision of the 2008 SNA will be the main responsibility of an editorial team. In the earlier part of the updating period, the editorial team will oversee the conceptual consistency of the various emerging proposals.
Coordination of the SNA revision and the BPM update

Drafting and testing phases

- The testing phase will ideally start in 2021
- Drafting of both manuals to start in 2022.
- Close-to-final decisions for adoption by the end of 2021 for the majority of the research issues
- BPM proposals/guidance notes will also be tested in parallel to the drafting phase.
- Not everything needs to be tested either for the SNA or the BPM: the testing should mostly focus on significant issues requiring new institutional arrangements, data collections, statistical production structures and statistical infrastructure
- The drafting of the parts subject to testing to be addressed first.
- Conceptually optimal recommendations that are nevertheless considered impractical for the long-term RA.
Thank you

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