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Towards implementation strategy for the 2008 System of National Accounts

Progress on the implementation programme for the System of National Accounts, 2008 and supporting statistics

Note by the Intersecretariat Working Group on National Accounts

Summary

The United Nations Statistical Commission at its fortieth session adopted the System of National Accounts 2008 as the international standard for compilation and dissemination of national accounts. It also mandated the Intersecretariat Working Group on National Accounts to develop Implementation Programme for the System of National Accounts 2008 and supporting statistics. This paper provides some details on this global initiative.

I. Introduction

1. The Implementation Programme for the System of National Accounts 2008 (2008 SNA) and supporting statistics represents a global statistical initiative, which was mandated by the Statistical Commission at its fortieth session following the adoption of the 2008 SNA as the international standard for compilation and dissemination of national accounts and its support for the implementation strategy of the 2008 SNA proposed by the Intersecretariat Working Group on National Accounts (ISWGNA).

2. This paper provides some details on the global initiative for the implementation of the 2008 SNA and supporting statistics¹.

3. After presenting the objective and elements of the global initiative in the Section II, the document highlights the work undertaken by the ISWGNA and the regional commissions in Sections III and IV. The envisaged links of the 2008 SNA programme with other global statistical initiatives such as the International Comparison Programme (ICP), the global strategy for agricultural and rural statistics and the Partnership in Statistics for Development in the Twenty-first Century (PARIS21) are briefly described in Section V.

II. Objective and elements of the global statistical initiative

4. This global initiative has the objective in assisting countries in developing the statistical and institutional capacity to (a) make the conceptual change over from the 1993 SNA to the 2008 SNA and (b) improve the scope, detail and quality of the national accounts and supporting economic statistics.

5. With the adoption of the 2008 SNA, the Statistical Commission encouraged all countries to change over to the concepts of the 2008 SNA for a better measure of their economic progress. By way of example, countries with innovative industries might be able to better explain the main drivers of economic growth by recognizing the contribution of research and development to value added and capital formation; while countries with informal financial markets might measure the production from financial services provided by money lenders to realize a better measure of Gross Domestic Product (GDP). It is foreseen that this global initiative will ensure that the measures of economic progress based on the GDP and other national accounts aggregates remain internationally comparable and that the changes in production, consumption and accumulation in a global economy remain fully explained.

6. With the 2008 SNA being flexible to accommodate all countries and economies, regardless of their level of statistical development, each country has to review with its users the relevant changes from the 1993 SNA to the 2008 SNA that are applicable to the country and consider its adoption. At the same time, user consultation should revisit the scope, detail and quality of the accounts and supporting economic statistics by taking a view on which socio-economic and financial policies have to be informed by the structural and short-term economic statistics, including annual and quarterly national accounts.

7. The efficiency and sustainability of the global statistical initiative for the implementation of the 2008 SNA rest on the agreed principles of the implementation strategy, namely:

¹ This document is an extract of a background document to the report of ISWGNA to the forty first session of the United Nation Statistical Commission in February 2010.

- (a) strategic planning,
- (b) coordination, monitoring and reporting, and
- (c) improving statistical systems.

8. The strategy takes as a starting point the different levels of implementation of the SNA in various countries. It acknowledges the need for coordinated action, not only at the international level but also at regional and sub-regional levels and emphasizes the need for close cooperation with regional commissions. And finally, it is a response to the expressed need by countries for technical assistance in changing over to the 2008 SNA.

9. *Strategic planning* is a key principle in mobilizing political and financial support for investment in statistics for which strategic planning frameworks should be used to connect national development objectives with a programme of work for statistical capacity-building. Strategic planning can identify the current strengths and weaknesses of statistical capacity to produce key economic indicators and basic source data, and in consulting users. This approach could also lay out a schedule of tasks to mitigate weaknesses. Many developing countries already have or are updating their National Strategies for the Development of Statistics (NSDS) planning tool while other countries are drafting similar frameworks for the same purpose.

10. The principle of *coordination, monitoring and reporting* ensures that international and regional organizations, other donors and recipient countries have clear roles and that their actions are complementary and effective. An information system that is commonly accepted is in the interest of effective project programming, monitoring and reporting, especially in the SNA context. This is of particular importance in a multi-stakeholder environment.

11. The principle of *improving statistical systems* is undertaken through the strengthening of the national statistical system covering each of the building blocks of the statistical production process. The ISWGNA refocused the modalities used in the implementation strategy for the 1993 SNA for providing training and technical cooperation, preparing manuals and handbooks, and sponsoring research. The aim is to focus more on the various stages of the statistical production process that precede the integration of the data into the national accounts, namely, the collection and processing of basic source data and the institutional context. Advocacy has been added as an additional modality to play an important role in encouraging national support for the acquisition and maintenance of viable economic statistics and national accounts programmes and in communicating the policy relevance of the 2008 SNA.

12. The principles of the implementation strategy are operationalised in the implementation programme for the 2008 SNA, which comprises four elements, namely:

- (a) use of NSDS as the strategic planning framework,
- (b) the programme information structure built around the statistical production process, scope and compliance for the national accounts and supporting economic statistics,
- (c) the modalities of statistical capacity building through training and technical cooperation, publication of manuals and handbooks, research and advocacy, and
- (d) the stages of implementation leading to the change over to the 2008 SNA.

13. Each of these elements is briefly presented in turn.

A. Use of National Strategies for the Development of Statistics NSDS

14. NSDS is the most widely used tool for statistical planning in developing countries. Many already have or are updating their NSDSs to include the implementation of the 2008 SNA. The members of the ISWGNA will work via PARIS21 to further develop the guidelines for the elaboration of NSDSs to offer guidance on the use of the strategic planning framework for economic statistics. Developing countries should review their NSDS to ensure that they incorporate the 2008 SNA implementation needs.

15. The regional commissions, in consultation and cooperation with their (sub) regional development partners, should coordinate this review of the NSDS for the implementation needs of the 2008 SNA and, where necessary, supplement this information with other national and regional assessments. For this review of national strategies and the subsequent formulation of national and regional SNA implementation plans, it is envisaged that existing regional coordination mechanisms, such as statistical committees or working groups will be mobilized, with the regional commissions acting as secretariat.

B. The programme information structure

16. The ISWGNA proposes to use a programme information structure to facilitate the coordination, monitoring and reporting on the SNA implementation in this multi-stakeholder environment.

17. The ISWGNA already reports to the Commission about the scope of national accounts compilation and the conceptual compliance with the 1993 SNA in terms of milestones and a Minimum Required Data Set (MRDS) based on the United Nations National Accounts Questionnaire (UN-NAQ). Although the milestone and MRDS measures are deemed to be adequate to assess the scope and compliance with the 2008 SNA they will be subject to review to accommodate also the need for a broader scope of economic statistics and high frequency data including quarterly national accounts for early warning of exposures and risks. In addition, the UN-NAQ needs to be reviewed to comply with the new concepts of the 2008 SNA. The ISWGNA organisations also apply other generally accepted frameworks in performing or facilitating data quality assessments for national accounts and supporting data sets. The sources of methodological and institutional descriptions used to perform these assessments include International Monetary Fund (IMF) General Data Dissemination System (GDDS) and Special Data Dissemination Standard (SDDS) metadata, information gleaned in the discovery process during quality assessment reviews, including self assessments, peer reviews, as well as IMF data modules of the Reports on Observance of Standards and Codes, and periodic international surveys.

18. The ISWGNA observes that a broadly common structure to summarize the activities and outcomes of national accounts improvement projects could significantly promote coordinated technical cooperation and capacity building activities at country and regional level. The taxonomies for this structure should include statistical process and data quality dimensions. Together, the two dimensions will allow the ISWGNA organizations, in collaboration with their regional partners to coherently organize and assess flows of information on project design and programming as well as project activities and milestones at different levels of consolidation. The statistical process dimension, in conjunction with the well-established Classification of Statistical Activities of the Conference of European Statisticians (CES), will be used to organize programme design and implementation progress, and the IMF Data Quality Assessment Framework (DQAF) will be used to organize information to evaluate and report on outcomes. The detailed items of the statistical production process taxonomy can be aggregated into a five-part structure:

- (a) institutional setting;
- (b) registers and frames,
- (c) surveys and administrative sources,
- (d) integration frameworks, and
- (e) dissemination.

19. Critical to the success of using this information structure to coordinate effectively is the buy-in from the countries and regional partners in adopting compatible information taxonomies for projects supporting the national accounts. The regional commissions can play a prominent role in characterizing the programming, coordination and reporting of the regional programmes using this international structure, in close partnership with their member countries and regional agencies.

C. The modalities of statistical capacity building

20. In order to meet the challenges of national accounts development along with the supporting statistics, the members of the ISWGNA like to initiate a dialogue with the regional commissions and other development partners to consider programmes for four modalities:

- (a) training and technical cooperation,
- (b) manuals and handbooks,
- (c) applied research, and
- d) advocacy.

21. It is expected that these four modalities will be applied flexibly by ISWGNA members.

22. Training and technical cooperation: When considering the activities for this modality, a more holistic view on the elements of the statistical production process could assist in structuring the possible areas of intervention: the creation and maintenance of statistical business registers and other frames, the design of surveys and use of administrative information systems to generate relevant source data, the integration of source data, the dissemination of statistics and the building of the institutional and IT infrastructure.

23. Where possible and relevant, it is envisaged to mobilize the existing regional knowledge and training networks to take part in an internationally agreed training and teaching programme for the SNA and supporting economic statistics. If mutual beneficial relationships can be ascertained, those regional networks will be invited to collaborate in developing and delivering standard training and teaching programmes (including distance learning programmes).

24. The *publication of a series of manuals and handbooks*: This modality has been introduced to provide methodological support in the implementation of the 2008 SNA for countries at different stages of development or milestones. More emphasis is expected on the practical nature of the methodological guidance and more consideration is envisaged for fundamental issues of data sources and quality. In addition to possible updating of existing normative manuals, new guidance might be needed, both for national accounts and on other fields of economic statistics.

25. The 2008 SNA website (hosted by the United Nations Statistics Division) has been extended to include a web-based knowledge base on methods and country practices in

economic statistics, sourced from and hyperlinked to other relevant organizations, to facilitate easy access to statistical standards, manuals, handbooks, textbooks, compilation guidance and best practices on the implementation of the 2008 SNA.

26. *Research*: Research has already been initiated for the treatment of permits and aspects of globalization such as the treatment of goods for processing. Other topical areas have been identified and will be progressively undertaken in support of the implementation of the new concepts of the 2008 SNA.

27. *Advocacy* to support an ongoing dialogue among statistical producers and users has been recognized as a critical element in the promotion of the statistical capacity building. For this purpose, the statistical advocacy tool kits maintained by Paris 21 Secretariat could be a point of departure. In general, the tool kits should be instrumental in supporting a dialogue among statistical producers, the various levels of government, the business sector, the academic community, and the general public about the role of official statistics in evidenced based decision and policy making.

D. The stages of implementation

28. During 2009, the ISWGNA members and regional commissions held numerous technical workshops and high-level consultations to familiarize national accounts experts, users and policymakers with the 2008 SNA and to discuss the implementation strategy adopted by the Commission.

29. The consultations identified three distinct stages in the implementation of the 2008 SNA and supporting statistics through a multi-year programme, irrespective of the level of statistical development, as follows:

(a) Stage I. Review of strategic framework and detailing of national and regional implementation programmes;

(b) Stage II. Adaptation of classification frameworks, business registers and frames, surveys, administrative data sources and information technology infrastructure; and

(c) Stage III. Application of adapted frameworks and source data, backcasting and changeover to 2008 SNA.

30. Each country will determine the duration of the various stages of its statistical development according to its predetermined scope of the required data set formulated in the implementation plan. However, it is expected that from 2014 onwards, many Member States will change over to the 2008 SNA following a gradual transition for each stage.

31. The ISWGNA and its partners will identify common criteria of achievement for each stage of implementation based on the required data sets and indicators for different milestones by scope of national accounts and supporting economic statistics including quarterly national accounts and high frequency statistics for early warning of exposures and risks.

III. Global initiatives by the ISWGNA

32. During 2009, the ISWGNA members have had a number of workshops and training courses to familiarise countries with the 2008 SNA and to discuss the implementation strategy adopted by the Commission.

33. The ISWGNA made good progress in finalizing handbooks, such as those on *measuring capital* and *intellectual property products*. Countries have requested

supplementary compilation guidelines for the various milestones, to which the members of the ISWGNA have responded favourably. Advocacy tool kits have also been requested for the different policy applications of the 2008 SNA and supporting statistics to assist in the user dialogue on the relevant scope of the 2008 SNA. Furthermore, the 2008 SNA research agenda on issues such as globalization and emission permits are being advanced through the preparation of guidelines.

34. Due attention is placed on coordination between ISWGNA members providing technical assistance and training based on more effectively sharing information on their work programmes supporting national accounts development. These coordinated technical assistance activities will incorporate a targeted focus on elaborating the accumulation as well as current accounts by institutional sector at both annual and quarterly periodicity, as appropriate to national statistical capacities.

35. The ISWGNA will pursue developing standardized training material on the 2008 SNA and related topics like classifications, statistical registers and basic economic statistics, but recognizes that it is resource intensive and may take some time to produce. These training materials will be made available progressively through a dedicated knowledgebase on training materials to be established jointly by the ISWGNA members. In consultations with the regional commissions and countries, the translation of these materials to official United Nations languages will be pursued.

36. To facilitate the implementation of the results of research on the research agenda of the 2008 SNA into international standards or handbooks, research need to be coordinated under the auspices of the ISWGNA. Proposals for task forces or expert groups to undertake research on specific topics should be submitted to the ISWGNA. The ISWGNA will assess the results in accordance with the update procedures for clarifications and interpretations and changes to the SNA established by the Statistical Commission at its thirtieth session in 1999. When the outcome would necessitate a change to the SNA the ISWGNA will present it to the Commission for adoption.

37. To support its work, the ISWGNA proposes the continuation of an Advisory Expert Group (AEG) on National Accounts. The aim of the AEG is to assist the ISWGNA in resolving issues on the research agenda of the 2008 SNA and emerging research issues, and to assist the ISWGNA in the review of the implementation programme. It is foreseen that the AEG would meet annually, or as the need arises, with the ISWGNA in addition to electronic consultations. The terms of reference and composition of the AEG will be adequately revised to reflect the purpose of this group.

IV. Regional initiatives

38. The 2008 SNA implementation strategy endorsed by the Commission as its fortieth session recognises the important role of regional commissions in advancing the implementation of 2008 SNA recommendations in their constituencies. In particular, the regional commissions would advance the coordination of the assessment of the requirements for robust national economic statistics programmes and their implementation in consultation with their regional development partners.

39. For this purpose, the Regional Commissions have established advisory groups on national accounts to advise them in formulating regional implementation programmes for the 2008 SNA and the supporting statistics. Some of these advisory groups have already prepared initial drafts of implementation programmes for their respective regions, which will be submitted to the regional statistical commissions for approval.

V. Links to other global statistical initiatives

40. The ISWGNA in collaboration with regional commissions will actively pursue and foster appropriate cooperation with the 2011 round of the International Comparison Program (ICP), the global strategy for agricultural and rural statistics led by FAO and the Partnership in Statistics for Development in the Twenty-first Century (PARIS 21), where relevant.

A. Link to ICP Programme

41. It will be investigated whether participating countries could align the sequencing of activities of the ICP programme with the global programme on the 2008 SNA implementation. Notwithstanding the fact that the *1993 System of National Accounts* will be used in the 2011 ICP round as the reference framework for the determination of detailed GDP expenditures required to aggregate purchasing power parities, the ICP programme will assist participating countries in strengthening their statistical know-how in compiling national accounts. Where possible, this capacity building component in national accounts compilation of the ICP programme should be leveraged beyond the detailed GDP expenditures for the final demand components consistently with prices collected in the programme's surveys. Appropriate sequencing of capacity building activities should use the increased statistical capacity and quality of the national accounts realized through the ICP round for the change over to the 2008 SNA and improving the quality and scope of the national accounts.

42. The 2008 SNA and supporting economic statistics programme might also benefit from the synergies with the ICP Programme through its development of the quality assurance framework. A common quality framework with a common set of principles could be envisaged to guide operations at the country, regional and global levels.

B. Link to Global Strategy for Agricultural and Rural Statistics

43. Agriculture and rural statistics are an essential body of statistics for national accounts and supporting economic statistics. This global initiative for agriculture and rural development has the objective to improve the scope and quality agricultural and rural statistics. The SNA along with the System of Environmental-Economic Accounting has been incorporated in the conceptual framework and thus a building block of the Strategy. Subsequently, the related concepts, definitions, classifications, and accounting rules and principles of the SNA will be applied to guide the integration of agricultural and rural statistics into the national statistical system. There is an urgent need to improve and strengthen the scope and quality of economic accounting and statistics components for agricultural sector. The critical role of good agricultural and rural statistics in the national statistical system and national accounts is evident, especially in many developing countries where the agricultural sector and rural area still dominate the economy.

44. There will be a module in the implementation of the Global Strategy for Agricultural and Rural Statistics to advocate and support countries to build the above components into their agricultural and rural statistics systems. The ISWGNA will coordinate, where appropriate, with the FAO led programme in sequencing the steps to improve statistical capacity through the national strategies for the development of statistics, to coordinate resources provided by donor organizations and to support the national advocacy efforts to improve agricultural and rural statistics.

C. Link to Paris 21

45. The Partnership has an important role in promoting the use of better statistics through assistance to countries in the design, implementation and monitoring of national strategies for the development of statistics, in preparing advocacy tool kits and in encouraging donor collaboration in statistical support programmes.

46. The ISWGNA and its regional partners will seek engagement with the Partnership in extending the scope and guidance of the NSDS as strategic planning framework for a broad set of economic statistics and national accounts. Moreover, mutually beneficial collaboration should be explored in the development of joint monitoring and reporting tools for improved donor coordination (drawing, for example, on the results from PARIS21's Partner Report on Support to Statistics (PRESS) and joint development of advocacy tool kits for user consultations on evidenced based economic policy making.
