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What is Required for 1993 SNA Implementation?

Invited Paper submitted by the Office for National Statistics,
United Kingdom**

SUMMARY

This paper considers what the underlying need is when we attempt to assess progress by countries in implementing the 1993 SNA. It discusses how far the milestones adopted by the Statistical Commission as the main tools to help in measuring progress, have met their aim.

Background

1. After publication of the 1993 SNA, the United Nations Economic and Social Council, through the Statistical Commission, recommended that member states use the 1993 SNA as the international standard for the compilation of their national accounts statistics, and in the international reporting of comparable accounting data. The 1993 SNA publication did several things, including the following major points:

* Due to the late submission, the paper could not be translated before the Meeting.

** Prepared by Mr. Robin Lynch.

- It clarified and described more fully accounting conventions which carried through from the 1968 SNA to the 1993 SNA;
- It changed the capital assets boundary;
- It set out a more extensive system of accounts, both in terms of the kind of account as well as the sector level at which results should be displayed;
- It recommended a supply-use framework as a reconciliation framework underlying the GDP accounts;
- It was consistent with the complementary Balance of Payments manual revision 5.

2. Thus it was seen as one of the most important events in the field of official statistics in the past 25 years.

3. In the light of the above, the Statistical Commission in 1995 asked the Inter-Secretariat Working Group on National Accounts (ISWGNA) to define a set of criteria against which progress in adopting the recommendations of the 1993 SNA could be judged. The aim of the milestones is to provide guidance to countries considering expansion of their accounts in line with the recommendations of the 1993 SNA, and to assist the international community in identifying countries which would most benefit from technical assistance from the international community.

4. The milestones are expressed in terms of the tables provided to the United Nations through responses to the annual questionnaire. This satisfies many practical requirements in measuring progress against milestones. It is quick, easy and objective. Alternative approaches such as a questionnaire to countries inviting self-assessment or external audit by international institutions were rejected, as they were not quick, easy or objective. In particular the international community as a whole is not good responders to external survey, for a variety of reasons. But of course couching the milestones in terms that can be measured by responses to the annual UN questionnaire is very restrictive - in essence, the milestones reflected which tables were returned. This allows the extent of the introduction of SNA 93 to be examined in terms of final product, but does not address issues of statistics produced nationally, change in definition, boundary or quality.

5. As time passes, it is legitimate to question if the milestones have met the original objectives, and whether there remains the same need as at the start of the exercise. It can be argued that the question has moved from "how far has a country adopted the 1993 SNA" to "how developed are a country's accounting systems". This moves the focus away from counting the number of accounts and the detail contained in them, to more fundamental measures of an accounting system. These can be found to some extent in the United Nations Fundamental Principles of Official Statistics, or in the reasons behind the IMF setting up the SDDS and GDDS arrangements.

Experience

6. In my time at the World Bank, I was sometimes asked to consider how developed the national accounts of countries were, and to report back in terms of the need for technical assistance. In carrying out this duty, I would seek answers to many questions, and the following list is typical. Writing them down for this paper, it was interesting to note how little the questions have in common with the milestones to measure the adoption of the 1993 SNA.

- 1) Is there a statistical law governing the behaviour of the statistical authority in the country, and is it effective?
- 2) Is there a significant training programme for staff of the statistical office?
- 3) Is there a published statement reflecting the values and objectives of the statistical office, and is the office held to account in a regular manner according to a business plan?
- 4) Are the statistical sources and methods well documented?
- 5) Is the head of the office professionally qualified, and is his position protected from political influence.
- 6) Are the staff of the statistical authority employed as members of the statistical institution, and does their reward in terms of money and career stem from their performance as staff of the statistical institution?
- 7) Are statistics published to a pre-arranged schedule with controlled access to figures before publication?

- 8) Do statistics follow international conventions such as the SNA 1993
- 9) Are economic statistics presented as a coherent set?
- 10) Are a range of timely short-term indicators produced which are used by government ministries such as Finance, and are widely published and used by the business and private communities of the country?
- 11) Is there a single integrated register of businesses for the country, and is the list maintained in a timely manner?
- 12) Is a supply-use framework used to reconcile income, expenditure and output estimates of GDP?
- 13) At what level of detail are the accounts provided? At what level of detail is deflation undertaken? At what level of detail do the reconciling frameworks operate?
- 14) How recent is the latest published set of annual, quarterly, and monthly measures of the economy?
- 15) Are growth measures annually chain-linked, and what form of index is used?
- 16) What is the revisions performance of the accounts?
- 17) Are the estimates used without modification by the financial and planning authorities in the country?
- 18) What do you include in the capital assets boundary?

7. So visiting a country to examine their national accounts using the kind of question list set out above quickly reveals that progress in implementing the 1993 SNA according to the milestones is a partial and potentially misleading indicator of more fundamental qualities of the accounts such as quality, coverage, conceptual rigour, etc.

8. Experience suggests that the power of who employs that staff carrying out statistical work, and the position of the statistical office in the government

department hierarchy, were much more powerful influences on the comparability of statistics than whether they were on SNA 93 or not.

Conclusion

9. The question set as the title to this paper is an increasingly irrelevant one. The need to monitor progress in countries implementing the 1993SNA has been superseded by the more fundamental need to determine how advanced are a country's national accounts in terms of the most widely used products, and considering the dimensions of comprehensiveness, integrity, accuracy, accessibility, etc. These questions are better addressed in the framework of the UN code of practice, or through the IMF initiatives of the SDDS and the GDDS.

10. It is the challenge of the international community to develop a measuring tool which is more appropriate, easy to administer, easy to comply with, and likely to generate a response. The tool would be a list of questions similar to the ones evolved over experience as set out in the body of the paper, but perhaps avoiding ones which touch on political sensitivities. The questionnaire could be appended to the standard UN annual questionnaire as a voluntary extra, or filled in by visiting international institutions to developing countries such as the UN, IMF, Eurostat, OECD, etc.
