



# **Communication TT**

## Alignment to Statistical Standards

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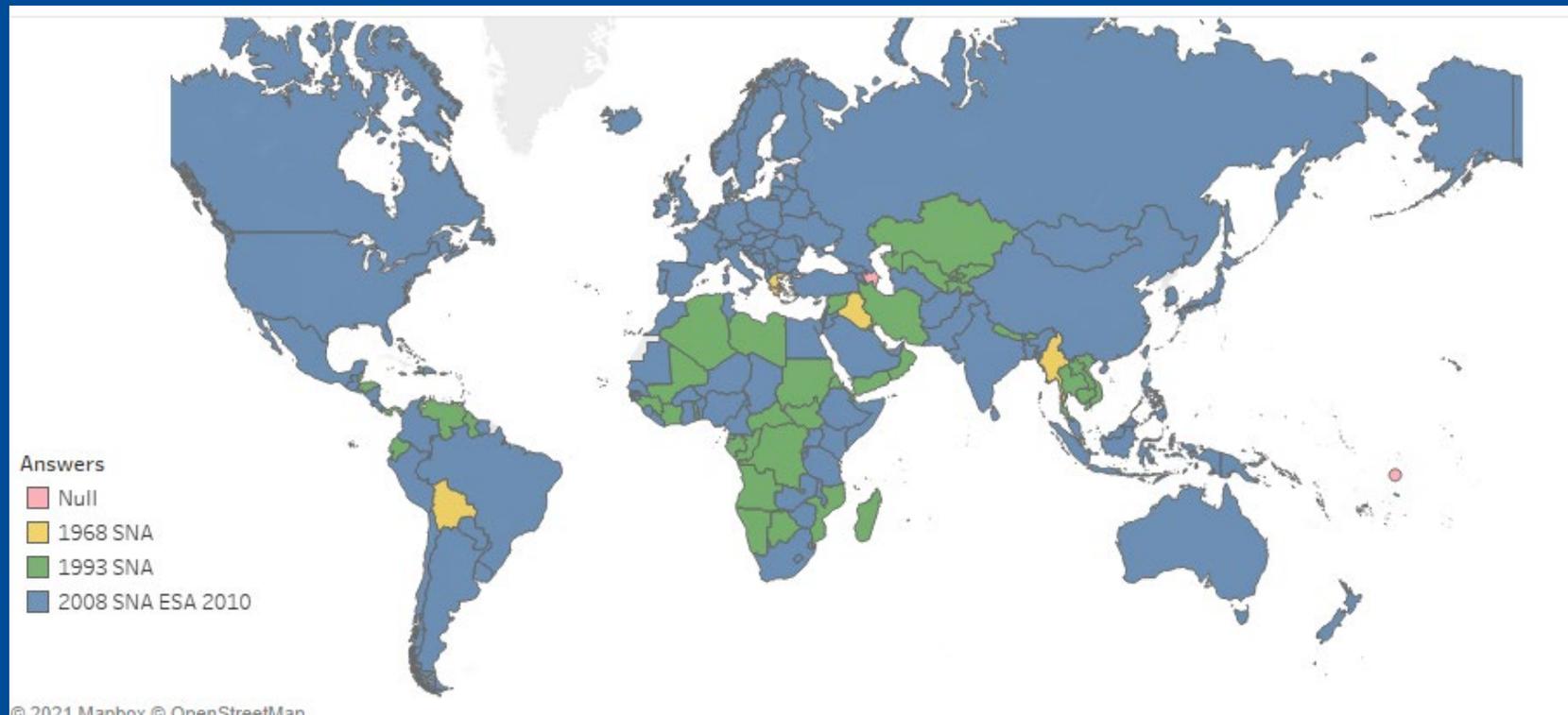
# Outline

- Overview of Activities of the CMTT - Compliance Workstream
- Overview of Alignment Framework
- Communication of Assessments to Users
- Uses of Alignment Framework

**To note, these are provisional results reflecting a snapshot of where we are, the work is rapidly evolving**

# What does it mean to “comply” with a statistical standard?

About 62 per cent of economies currently report that they compile national accounts according to the 2008 SNA. *What does this mean?* This statistic does not tell us the degree to which the key concepts/methods of the 2008 SNA are implemented across these economies.



# CMTT - Compliance Workstream: Activities

Develop a framework to measure alignment to the statistical frameworks



## Framework

Propose a framework that countries can use to gauge their alignment to international statistical standards



## Communication

Propose guidance on how this information can be communicated to users and stakeholders



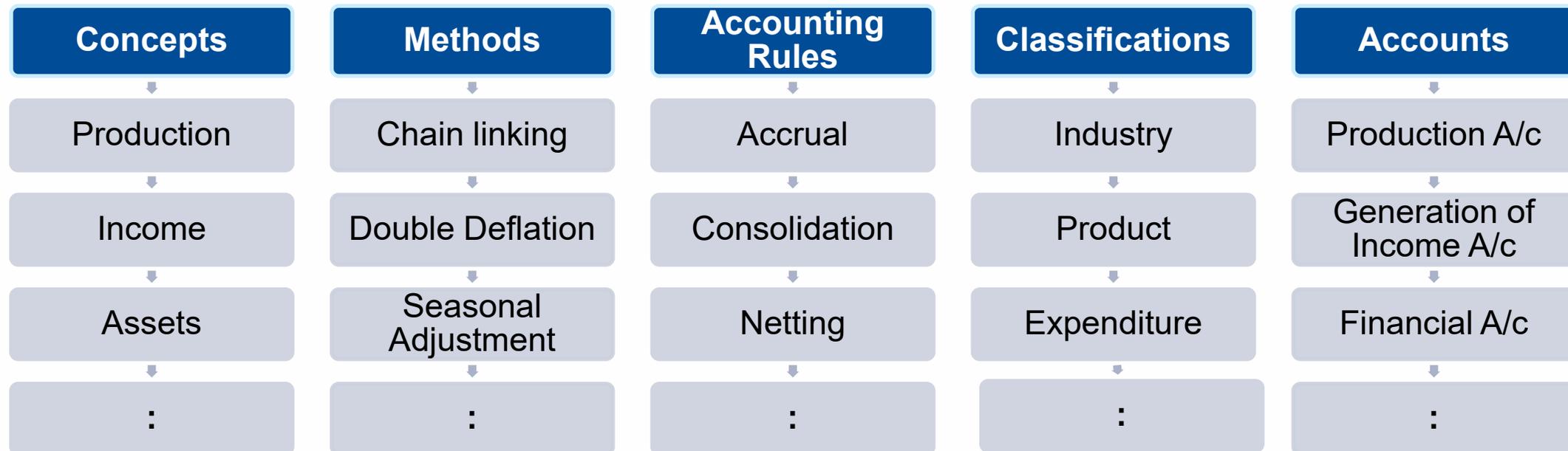
## Uses

Communicate uses of the framework to NSOs. Main uses include: improve cross country data comparisons; help to prioritize resources, planning and development; and signal to users the impact of future updates / revisions.

# **The Alignment Assessment Framework**

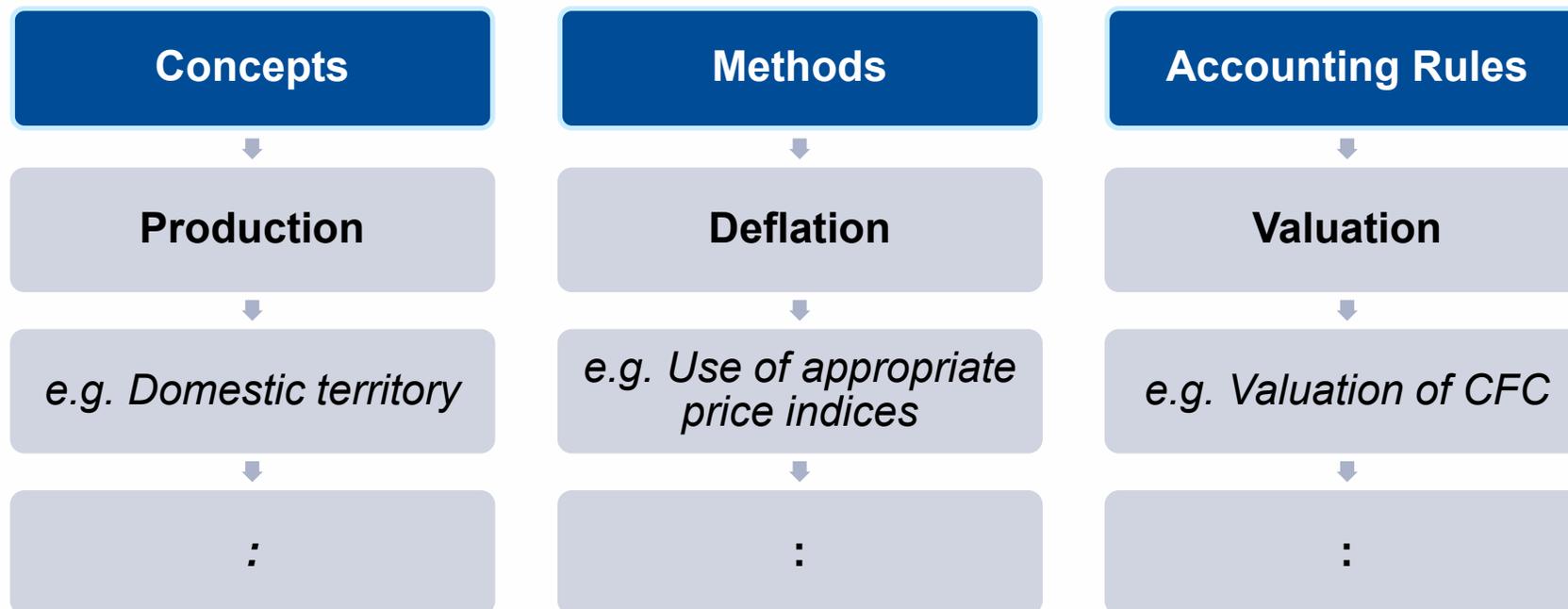
# What Exactly is a Statistical Standard?

- Given that a statistical standard contains many concepts, methods, accounting rules, classifications and accounts/tables – **there is a need to prioritize the list.**
- The CMTT proposes that the alignment framework be developed around the following components of the international statistical standards.



# What Exactly is a Statistical Standard?

- Given that macroeconomics statistics are mainly used to analyze the structure and evolution of the economy.
- **The proposed framework focuses on features of the statistical standards that impact the levels of economic activity and growth rates.**



# Alignment Framework: Concepts

**Concepts are the foundation of a statistical standard.** They reflect the articulation of a macroeconomic idea, activity, interaction, state, notion. Concepts determine **what gets measured**.

- Consider the concept of *production* in the *2008 SNA*. **Production** in the SNA ultimately determines the size of a given economy.
- Other key concepts include income, assets, capital formation, expenditure, consumption, etc.

Concepts - Production	
Observed market output	★
Non-observed market output	★
Non-market output	
Output for own final use	★
Imputed services	★
Illegal output	

# Alignment Framework: Accounting Rules

**Accounting rules** reflect the guidelines that compilers should follow when recording transactions and other economic flows.

- Accounting rules determine **how activities get recorded**.
- For example, a key accounting rule in the 2008 SNA is that *transactions are recorded “on an accrual basis throughout.”*
- The statistical standards have numerous accounting rules related to the time of recording, valuation, consolidations, netting, re-routing, etc.

Accounting Rules - Valuation	
Market output is valued at basic price	★
Output for own use is valued at equivalent market prices	★
If levied, sales and excise taxes are included in the valuation of intermediate consumption	
Corrections are made when transfer prices are detected	
Consumption of fixed capital is valued at current replacement cost.	★
If applicable, the deductible part of the value added taxes is excluded from the valuation of final uses	

# Alignment Framework: Methods

**Methods** are closely associated with accounting rules and concepts. They can be interpreted as the way in which an accounting rule is implemented or how a concept is measured.

- The statistical standards list several recommended methods related to valuation, calculation of volumes etc. that should be included in the framework.

Methods	
Sub-annual series are seasonally adjusted	★
Output and intermediate consumption are deflated by appropriate price indexes	★
Volume indexes are chained-weighted	★

# Alignment Framework: Classifications

**Classifications** determine the level of detail that is presented to users.

- As an example, the concept of *production* determines **what gets measured**. At the limit, this could result in publication of a **single** number.
- A single estimate of production would not be very useful and lead to questions from users seeking more granularity.
- Classifications facilitate a **consistent presentation of detailed or granular information** to users and a standard approach to aggregating the information.

Classifications: Sectors	
<b>Institutional Sectors</b>	
Households	★
Non-profit institutions serving households	★
General Government	★
Non-financial corporations	★
Financial corporations	★

# Alignment Framework: Accounts/Tables

**Accounts/Tables** outline how information is presented to users.

- Most statistical standards have identified a set of accounts / tables that are considered minimum requirements.
- Since these are well-defined and widely used, the CMTT proposes that these tables be incorporated into the alignment framework.
- Countries will be asked to indicate whether they publish the accounts and the associated granularity, instead of the level of alignment.

Minimum Required Data Set	Timeliness	Granularity	...
Annual value added and GDP at current and constant prices by industry			
Annual expenditures of GDP at current and constant prices			
Annual sequence of accounts for the total economy (until net lending)			
Annual rest of the world accounts (until net lending)			
Annual non-financial corporation sector accounts (until net lending)			

# Communicating Assessment Results

# Alignment Framework: Communicating the information

- ✓ While some consideration was given to the development of a “scoring” system or a methodology to communicate country assessments to users, a **dashboard approach** is preferred and recommended.
- ✓ “Scoring” a country’s alignment to a statistical framework may create a disincentive to use the framework and misuse of the results.
- ✓ Any aggregate score would require some form of weighting mechanism which would introduce a high degree of subjectivity (*e.g. weighting alignment to concepts relative to accounting rules, methods, classifications, etc.*).
- ✓ A dashboard could be a more widely accepted **public** communication tool.

# Alignment Framework: Communicating the Information

- ✓ **The starting point for the dashboard is the alignment framework.**
- ✓ Most of the items in the framework can be structured to solicit a “yes” or “no” response. However, this does not provide the granularity users need to properly interpret the results.
- ✓ For each item in framework, the compiling organization would indicate if they:
  - **Fully align** with the guidelines – between *75-100 per cent* of the guidance is implemented.
  - **Partially align** with the guidelines – between *25-75 per cent* of the guidance is implemented.
  - **Do not align** with the guidelines – between *0-25 per cent* of the guidance is implemented.
  - **Not Applicable** – these may relate to issues of non-materiality or no user requirements where the guidance is not implemented.

# Alignment Framework: Communicating the Information

- ✓ Using the notion of “*per cent aligned*” does introduce some subjectivity into the exercise.
- ✓ This was done because it is difficult to define (*and impossible to measure*) what would constitute being 100 per cent aligned to a concept, accounting rule, method, etc.
- ✓ It is proposed that country compilers use their knowledge of their processes and an assessment of economic activity in their country to make this determination.

Category	Comments	F	P	N	NA
Production Boundary Covers					
Observed market output		★			
Non-observed market output.		★			
Non-market output		★			
Output for own final use.	Household output for own final use is not calculated.		★		
Imputed Services		★			
Estimates of illegal output are calculated.	Estimates of illegal activity are not calculated.			★	

# Uses of Alignment Framework

# Alignment Framework: Possible Uses

## Cross-country comparisons

- Having a standard alignment framework allows for more accurate and economically meaningful cross-country comparisons.
- Helps to inform planning, resource allocation, identifying improvements, prioritization and developments to improve quality and comparability.

## Communicate future updates

- Communicate with users about the impact of the proposed changes to the SNA or the impact of other improvements.

### Cross-country comparisons

Criteria	Country A	Country B
Production		
Market Output	●	●
Non-Market Output	●	●
Output for Own Final Use	●	●
Imputed Services		●
.....		
Assets		
Machinery and Equipment	●	●
Cultivated Biological Assets	●	
...		

### Potential future revisions

Criteria	Own Account Child Care Services	Data (Digitized Observations)	.....
Production			
Market Output		●	
Non-Market Output			
Output for Own Final Use		●	
Imputed Services	●		
.....			

