



Status of global and regional implementation of the 2008 SNA and the major challenges

Regional Course on 2008 SNA (Special Topics):
Improving Exhaustiveness of GDP Coverage

31 August-4 September 2015
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United Nations Statistics Division



Outline of presentation

- Global implementation programme for the 2008 SNA and supporting statistics
- Regional implementation programmes for the 2008 SNA
- How to determine compliance with 2008 SNA
- Status of 1968, 1993 and 2008 SNA implementation in Member States
- Major challenges
- Holistic solution
- Annexes



Global implementation programme for the 2008 SNA and supporting statistics

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- Global statistical initiative, mandated by the 40th UNSC following the adoption of the 2008 SNA, with dual objective to assist countries to:
 - Change over to the 2008 SNA
 - Improve scope, detail and quality of the national accounts and supporting economic statistics
- Efficiency and sustainability of the programme rest on the agreed principles
 - Strategic planning
 - Coordination, monitoring and reporting
 - Improving statistical systems

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Global implementation programme for the 2008 SNA and supporting statistics

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UNSD

- UNSD, in collaboration with regional commissions, have conducted series of seminars to align regional and global implementation programmes
- Objectives of seminars:
 - To identify the macro economic policy needs to determine the scope and detail of the national accounts that need to be compiled
 - To prepare for an assessment of the adequacy of the statistical production process to provide the required data for the compilation of the national accounts
 - To identify the required actions for implementation
 - To develop a statement of strategy

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Regional implementation programme for the 2008 SNA

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Regional commissions

- Have prepared respective regional programmes and strategies which are broadly aligned with the objectives and principles of the global programme
- Examples
 - ECA's African Strategy on the implementation of the 2008 SNA
 - ECE's Implementation of the 2008 SNA in Eastern Europe, Caucasus and Central Asia, South East Europe and Mongolia
 - ECLAC's 2008 SNA and SEEA 2012 implementation plan for Latin America and the Caribbean
 - ESCAP's Regional Programme for the Improvement of Economic Statistics in Asia and the Pacific will help to produce a core set of economic statistics for compiling national accounts under the 2008 SNA
 - ESCWA's Implementation Strategy for 2008 SNA and Economic Statistics in the Arab Region

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How to determine compliance with 2008 SNA

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- Countries' compliance with 2008 SNA can be monitored in terms of
 - Scope of national accounts they compile
 - Extent of 2008 SNA important concepts they have adopted
- The scope of national accounts countries compile can be assessed using
 - A set of six milestones supplemented by
 - Three data sets describing (a) the minimum set of accounts that need to be compiled (MRDS); (b) a recommended set of accounts; and (c) a desired set of accounts
- The milestones and data sets are available in annexes 1 and 2
- Information to determine the scope comes from annual national accounts questionnaire submitted to UNSD

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How to determine compliance with 2008 SNA

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- The extent to which important concepts in the 2008 SNA affecting the level of GDP, gross capital formation and gross national income have been implemented is assessed using a compliance questionnaire, supplemented by country reports
- Compliance questionnaire is available in annex 3

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Status of 1968, 1993 and 2008 SNA implementation in Member States

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Scope of national accounts

	<i>Total number of countries</i>	<i>MRDS</i>		<i>Milestone Level</i>	
		<i>Six or more tables</i>	<i>Seven tables</i>	<i>1 or higher</i>	<i>2 Seven tables submitted</i>
<i>UN Member States</i>	193	120 (62%)	93 (48%)	169 (88%)	93 (48%)
<i>Developed countries</i>	44	40 (91%)	34 (77%)	43 (98%)	34 (77%)
<i>Developing countries</i>	137	71 (51%)	51 (36%)	116 (85%)	51 (36%)
<i>CIS</i>	12	9 (75%)	8 (67%)	10 (83%)	8 (67%)
<i>Asia / Oceania</i>	53	30 (57%)	20 (38%)	45 (85%)	20 (38%)

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Status of 1968, 1993 and 2008 SNA implementation in Member States

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Number of countries submitting the tables of the MRDS

	Total number of countries	GDPe C 1.1	GDPe K 1.2	GDPp C 2.1 / 2.4	GDPp K 2.2 / 2.5	GDPp detail 2.3 / 2.6	IEA Total 1.3 / 4.1	IEA RoW 4.2
<i>UN Member States</i>	193	168	144	177	172	136	147	101
<i>Developed countries</i>	44	43	42	44	43	43	41	35
<i>Developing countries</i>	137	115	93	123	119	83	96	58
<i>CIS</i>	12	10	9	10	10	10	10	8
<i>Asia / Oceania</i>	53	45	38	49	48	34	41	25

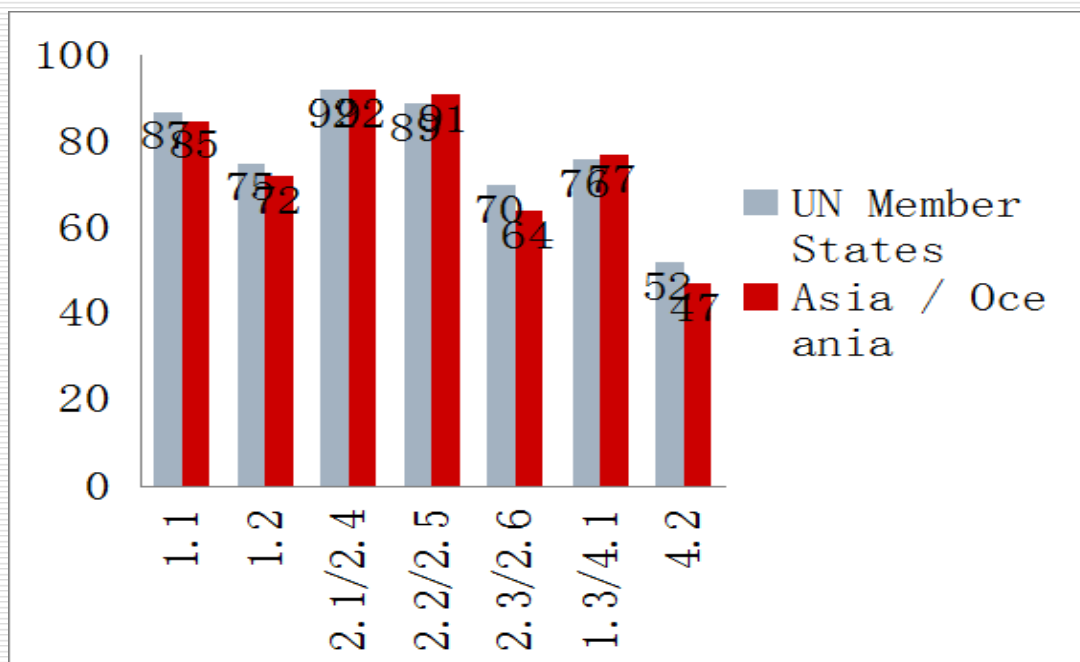
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Status of 1968, 1993 and 2008 SNA implementation in Member States

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Per cent of countries submitting the MRDS



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Status of 1968, 1993 and 2008 SNA implementation in Member States

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	<i>Total number of countries</i>	<i>1968 SNA compliant</i>	<i>1993 SNA compliant</i>	<i>2008 SNA compliant</i>
<i>UN Member States</i>	<i>193</i>	<i>26</i>	<i>107</i>	<i>58</i>
<i>Developed countries</i>	<i>44</i>	<i>1</i>	<i>6</i>	<i>37</i>
<i>Developing countries</i>	<i>137</i>	<i>25</i>	<i>91</i>	<i>21</i>
<i>CIS</i>	<i>12</i>	<i>0</i>	<i>11</i>	<i>1</i>
<i>Asia / Oceania</i>	<i>53</i>	<i>8*</i>	<i>32</i>	<i>13</i>

- 58 Members States have implemented the 2008 SNA
- Some are doing it by introducing various aspects of the 2008 SNA gradually
- 13% of Member States are still using the 1968 SNA (13% of Asian and Oceania countries) – DPRK is treated as 1968 SNA country since there are no data

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Major challenges

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- Political support and commitment
- Data limitations
- How to do backcasting
- How to communicate changes

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Political support and commitment

- Senior government officials may lack conviction in the value of national accounts data for economic policy due to misplaced perceptions of their
 - Accuracy
 - Timeliness
 - Frequency
- Even governments which understand the importance of national accounts for policy formulation and monitoring may not prioritize funding to national statistical offices
- The result is a lack of political support and commitment to invest in sufficient resources to implement 2008 SNA



Data resource limitations

- Routine surveys are costly
- Survey costs may go higher due to
 - Implementation of 2008 SNA to
 - Incorporate implementation of standards such as ISIC, CPC, etc.
 - Incorporate activities of non-observed economy and informal economy to increase exhaustiveness of GDP
 - Collect input data to calculate merchanting and goods for processing
 - Collect input data for research and development...
- A less costly alternative to surveys is administrative data



Data resource limitations

- Countries have difficulty in
 - Accessing administrative data (for example, legal constraints in the case of tax data)
 - Maintaining business registers which will allow proper identification of enterprises involved in
 - Merchanting
 - Goods for processing
 - Obtaining value of defense weapons systems (due to confidentiality reasons) and research and development and developing price deflators for these fixed assets
 - Collecting input data to calculate value of merchanting and goods for processing and developing price deflators for these activities



Data limitations

- All activities within the SNA production boundary should be included
- Lack of coverage and data limitations causes problems for users in terms of
 - Levels
 - GDP and other data biased downward
 - Trends
 - Biases in trend estimates can be expected if the economic activities missing from GDP grow at different rates from those included
- For statisticians, lack of coverage causes imbalances in the internal consistency of the accounts
- Affects all countries, but developing ones to a greater extent



How to do backcasting

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- Implementing 2008 SNA may introduce breaks in the time series data, which implies the need to do backcasting to ensure long consistent time series data
- Issues to consider in backcasting include
 - What techniques to use
 - Recompilation from source data
 - Splicing
 - Proxy indicators
 - A combination of the above techniques
 - How far back to backcast
 - At what detail to backcast
 - Availability of resources and time
 - Knowledge of structural changes, business cycles, major economic events, changes in government policy...
- UNSD is currently preparing a backcasting handbook

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How to communicate changes

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- There is a challenge in identifying which users to communicate the 2008 SNA changes to
- Most NSOs have processes in place to communicate national accounting changes to
 - Monetary authorities
 - Various levels of government
 - Large private financial institutions or
 - Economic forecasters
- However, processes may be lacking in communicating these changes to
 - Academia
 - Journalists
 - Private enterprises and
 - General public
- New lines of communication may be needed

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How to communicate changes

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- Users will need substantial lead time to incorporate the new national accounts information to
 - Adapt their forecasting and analytical models
 - Map the new data into their models
 - Devote time to understanding the new data to ensure that they maximize their analytical usefulness
- Another challenge is to overcome the perception that the 2008 SNA changeover is intended to correct errors within the national accounts

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Holistic solution

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- Adopt a national strategic planning framework
- Within the framework, develop national strategic statistical plans which
 - Incorporate priorities for the development of national accounts
 - Incorporate improvements to national institutional arrangements for compiling national accounts
 - Improve source data collection, including overcoming legal and other obstacles to statistical use of administrative data
 - Fit with government budget process to improve the chance of securing funding
 - Incorporate backcasting techniques
 - Incorporate effective communication strategy

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Annexes



Annex 1 - Milestones

<i>Implementation milestones</i>	<i>Complementary data systems</i>	<i>SNA-related data and development</i>
<i>Pre-SNA phases</i>	<ul style="list-style-type: none"> › <i>Basic data on production, turnover, consumption, investment, exports and imports</i> › <i>Consumer and producer price indices</i> › <i>Balance of payments goods and services account</i> › <i>Monetary survey statistics</i> 	
<p><i>Milestone 1. Basic indicators of gross domestic product (GDP)</i></p> <ul style="list-style-type: none"> - <i>Final expenditures on GDP current and constant prices</i> - <i>GDP by industry at current and constant prices</i> 	<ul style="list-style-type: none"> › <i>Supply and use table worksheets</i> › <i>Balance of payments: current, capital and financial accounts</i> › <i>Government finance statistics (GFS) transaction accounts</i> 	
<p><i>Milestone 2. Gross national income and other primary indicators</i></p> <ul style="list-style-type: none"> - <i>For rest of the world, external account of primary incomes and current transfers</i> - <i>Capital and financial accounts</i> 	<ul style="list-style-type: none"> › <i>Capital stock statistics</i> › <i>International investment position</i> › <i>GFS transactions and stocks in assets and liabilities</i> › <i>Monetary and financial statistics</i> 	<ul style="list-style-type: none"> › <i>Quarterly national accounts</i> › <i>Regional accounts</i> › <i>Satellite accounts for environment and other satellite accounts</i> › <i>Input-output analysis</i>



Annex 1 - Milestones

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Implementation milestones	Complementary data systems	SNA-related data and development
Milestone 3. Institutional sector accounts: first step: › for all institutional sectors <i>Production account</i> › for general government <i>Generation of income, Allocation of primary income, Secondary distribution income, Use of disposable income, Capital and financial accounts</i>	› Same as for milestone 2	› Same as for milestone 2
Milestone 4. Institutional sector accounts: intermediate step 1: › for all institutional sectors <i>Generation of income Allocation of primary income Secondary distribution of income Use of disposable income Capital accounts</i>	› Same as for milestone 2	› Same as for milestone 2
Milestone 5. Institutional sector accounts: intermediate step 2: › for all institutional sectors <i>Financial account</i>	› Same as for milestone 2	› Same as for milestone 2
Milestone 6. Institutional sector accounts: final step: › for all institutional sectors <i>Other changes in assets account Balance sheet</i>	› Same as for milestone 2	› Same as for milestone 2



Annex 2 – Data sets

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NAQ Table Number	Annual Accounts	Quarterly Accounts
GDP, value added and employment		
	<i>Nominal and volume measure of GDP by industry or by expenditure components</i>	<i>Minimum requirement</i>
1.1	<i>Expenditures of the GDP in current prices</i>	<i>Optional Minimum Requirement</i>
1.2	<i>Expenditures of the GDP in constant prices</i>	<i>Optional Minimum Requirement</i>
2.1	<i>Value added and GDP in current prices by industry</i>	<i>Optional Minimum Requirement</i>
2.2	<i>Value added and GDP in constant prices by industry</i>	<i>Optional Minimum Requirement</i>
2.3	<i>Value-added components by industry, current prices</i>	<i>Recommended</i>
	<i>Employment by industry</i>	<i>Recommended</i>



Annex 2 – Data sets

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NAQ Table Number	Annual Accounts	Quarterly Accounts	
Integrated accounts and tables, including integrated satellite accounts			
1.3/4.1	<i>Accounts for the total economy (until net lending)</i>	<i>Minimum requirement</i>	<i>Minimum requirement</i>
	<i>Supply and use table</i>	<i>Recommended</i>	<i>Desirable</i>
5.1	<i>Cross-classification of output/value added by industries and sectors</i>	<i>Recommended</i>	
	<i>Tourism accounts, environmental accounts and other socio-economic accounts</i>	*	

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Annex 2 – Data sets

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NAQ Table Number	Annual Accounts	Quarterly Accounts	
Purpose classification of expenditures			
3.1	<i>General government final consumption (and other) expenditure by purpose in current prices</i>	<i>Recommended</i>	
	<i>General government final consumption expenditure by purpose at constant prices</i>	*	
3.2	<i>Individual consumption (and other) expenditures by purpose in current prices</i>	<i>Recommended</i>	
	<i>Individual consumption expenditures by purpose at constant prices</i>	*	
	<i>Purpose classification of intermediate and final consumption across all sectors</i>	*	

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Annex 2 – Data sets

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NAQ Table Number		Annual Accounts	Quarterly Accounts
Institutional sector accounts (until net lending)			
4.2	<i>Rest of the world accounts (until net lending)</i>	<i>Minimum requirement</i>	<i>Minimum requirement</i>
4.3	<i>Non-financial corporations sector accounts (until net lending)</i>	<i>Minimum requirement</i>	<i>Recommended</i>
4.4	<i>Financial corporations accounts (until net lending)</i>	<i>Minimum requirement</i>	<i>Recommended</i>
4.5	<i>General government sector accounts (until net lending)</i>	<i>Minimum requirement</i>	<i>Recommended</i>
4.6	<i>Household sector accounts (until net lending)</i>	<i>Minimum requirement</i>	<i>Recommended</i>
4.7	<i>Non-profit institutions serving households sector accounts (until net lending)</i>	<i>Minimum requirement</i>	<i>Recommended</i>
Financial accounts			
4.1 – 4.7	<i>Financial accounts for all sectors</i>	<i>Recommended</i>	<i>Desirable</i>
Balance sheets and other changes in asset accounts			
	<i>Balance sheets, revaluation and other volume changes in asset accounts for all sectors</i>	<i>Recommended</i>	<i>Desirable</i>

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Annex 3 – Conceptual Compliance Questionnaire for the 2008 SNA

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Question: Does your country's reported national accounts data currently include estimates for:	Yes	No	Partly	na
<i>Elements affecting the level of GDP</i>				
<i>Gross capital formation (GCF)/output</i>				
<i>1. the entire defence expenditure incurred by government included in the GCF?</i>				
<i>2. consumption of fixed capital measured on all government fixed assets (airfields, roads, hospitals, docks, dams and breakwaters and other forms of construction except structures) including military weapon systems?</i>				
<i>3. the expenditure on Research and Development included in the output and GCF?</i>				
<i>4. all (successful and unsuccessful) mineral exploration expenditure capitalized?</i>				
<i>5. purchases of computer software expected to be used for more than a year included in GCF?</i>				
<i>6. expenditure on software development on own account expected to be used for more than a year and for sale included in GCF and output?</i>				
<i>7. the expenditure on all databases expected to be used for more than a year, whether purchased on the market or developed in-house, included in the GCF and output?</i>				

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Annex 3 – Conceptual Compliance Questionnaire for the 2008 SNA

United Nations Statistics Division

<i>Question: Does your country's reported national accounts data currently include estimates for:</i>	<i>Yes</i>	<i>No</i>	<i>Partly</i>	<i>na</i>
<i>8. expenditure on entertainment, literary or artistic originals included in the GCF and on their development included in the output?</i>				
<i>9. expenditure on valuables included in the GCF?</i>				
<i>10. the natural growth of cultivated forests included in output in GCF?</i>				
<i>11. the output of financial intermediation services indirectly measured (FISIM) calculated on loans and deposits only using interest rates on deposits and loans and a reference rate of interest?</i>				
<i>12. the output of FISIM allocated to users?</i>				
<i>13. the production of all goods that are produced by households whether for sale or not –included in the output?</i>				
<i>14. the activity of the own-account money lenders included in the output?</i>				
<i>15. the value of output of goods and services produced by households and corporations for own final use, when estimated on cost basis, include a return to capital?</i>				
<i>16. the output of non-life insurance services in the event of catastrophic losses estimated using adjusted claims and adjusted premium supplements?</i>				

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Annex 3 – Conceptual Compliance Questionnaire for the 2008 SNA

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<i>Question: Does your country's reported national accounts data currently include estimates for:</i>	<i>Yes</i>	<i>No</i>	<i>Partly</i>	<i>na</i>
<i>17. the output of the Central Bank estimated separately for financial intermediation services, monetary policy services and supervisory services overseeing financial corporations?</i>				
<i>18. the unit undertaking purely ancillary activity, located in a geographically separate location from establishments it serves, treated as a separate establishment?</i>				
<i>19. the output of the activity of non-autonomous pension funds and unfunded pension schemes separately recognised?</i>				
<i>Volume estimates</i>				
<i>20. volumes estimated using a chaining procedure on an annual basis?</i>				
<i>Social contributions/insurance</i>				
<i>21. unfunded social contributions (for sickness, unemployment, retirement etc.) by enterprises imputed as compensation of employees and included as contributions to social insurance?</i>				
<i>22. non-life insurance estimates include premium supplements rather than being based just on premiums less claims?</i>				
<i>23. life insurance estimates include premium supplements rather than being based just on premiums less claims?</i>				

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Annex 3 – Conceptual Compliance Questionnaire for the 2008 SNA

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<i>Question: Does your country's reported national accounts data currently include estimates for:</i>	<i>Yes</i>	<i>No</i>	<i>Partly</i>	<i>na</i>
<i>Elements affecting GNI</i>				
<i>24. reinvested earnings estimates included in the rest of the world account?</i>				
<i>25. foreign workers' remittances excluded from GNI?</i>				
<i>Elements not affecting the level of GDP/GNI</i>				
<i>Valuation of output</i>				
<i>26.a output and value added measured at basic prices? ^a</i>				
<i>26.b output and value added measured at producers' prices? ^a</i>				
<i>26.c value added measured at factor cost? ^a (not part of the 2008 SNA)</i>				
<i>27. the goods for processing recorded on a net basis?</i>				

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Annex 3 – Conceptual Compliance Questionnaire for the 2008 SNA

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<i>Question: Does your country's reported national accounts data currently include estimates for:</i>	<i>Yes</i>	<i>No</i>	<i>Partly</i>	<i>na</i>
<i>Final consumption</i>				
<i>28. government final consumption expenditure broken down into individual and collective consumption?</i>				
<i>Status of implementation of the 2008 SNA</i>				
<i>29. the 2008 SNA has not been implemented in officially reported national accounts, when does the country plan to implement and release data based on the 2008 SNA? (Specify the year.)</i>				

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Thank you