

# **Progress on the implementation programmes for the 2008 System of National Accounts (SNA 08) and the Balance of Payments and International Investment Position Manual, sixth edition (BPM6)<sup>1</sup>**

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1. This paper presents strategies to facilitate the adoption by countries of the 2008 System of National Accounts (SNA 08) and the Balance of Payments and International Investment Position Manual, sixth edition (BPM6). It elaborates briefly on the Organisation for Economic Co-operation and Development (OECD) strategy for the implementation of the SNA 08. The SNA 08 was adopted as the international standard by the United Nations Statistical Commission in 2008 (vol 1) and 2009 (vol 2) and the BPM6 was released as planned in early late 2008 on the website of the International Monetary Fund (IMF). Both normative documents represent the culmination of seven years of work by international and regional agencies in collaboration with advisory groups, committees, organisations and individuals worldwide.

## **Strategy for the 2008 SNA implementation**

2. This summary of the strategy for the 2008 SNA implementation provides an overview of the main features for which the Statistical Commission expressed strong support at its recent session in February 2009. Further information is included on how the Intersecretariat Working Group on National Accounts (ISWGNA) plans to promote the strategy through specific instruments and modalities and specific activities planned by its member organisations. The coordination, monitoring and reporting mechanisms and funding strategy were also integrated into the implementation strategy.

3. The strategy for the implementation of the SNA 08 takes into account, as a point of departure, the different levels of implementation of the SNA in various countries and regions. It is recognised that the detailed strategy should reflect the need for regional and subregional coordination, given the different levels of statistical development between countries.

4. The strategy builds on the results of regional consultations undertaken by the ISWGNA member organisations between 2006 and 2008, elaborating on principles for the implementation and reflecting the perspectives of users, producers and those engaged in policy formulation and analysis. Among these events was the International Conference on International Outreach and Coordination in National Accounts for Sustainable Growth and

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Development, held in Luxembourg in May 2008, from which the Luxembourg Recommendations emerged.

### **Objective of the implementation strategy**

5. The 2008 SNA implementation strategy aims to support sound macroeconomic management and evidence-based policy formulation through the sustained compilation and reporting of national accounts and related source data by national, regional and international statistical systems.

### **Basic principles of the implementation strategy**

6. The implementation strategy for the SNA 08 is based on the principles of strategic planning, coordination, monitoring and reporting, and improving statistical systems. With regard to these three main principles, the ISWGNA will pay particular attention to improving basic economic statistics and to the need for consistency and harmonisation across sectoral statistics from other macroeconomic frameworks with the national accounts.

7. Strategic planning is a key principle in mobilising political and financial support for investment in statistics. The SNA implementation uses strategic planning frameworks to connect the national development objectives with a programme of work for statistical capacity building. Strategic planning can identify current strengths and weaknesses of statistical capacity to produce key economic indicators and basic source data. This approach could also lay out a schedule of tasks to mitigate the weaknesses. It can be used by countries to produce the information needed for monitoring their own economic development programmes and in consulting users.

8. The principle of coordination, monitoring and reporting ensures that the roles of international and regional organisations, other donors and recipient countries are clear and that their actions are complementary and effective. Coordination comprises the timing and sequencing of events. Monitoring comprises assessing the efficiency of technical assistance programmes, evaluating lessons learned, and using resources effectively. Reporting communicates progress and operational issues to interested stakeholders. Better coordination, monitoring and reporting collectively help meet national and regional goals, as well as providing a means to evaluate international indicators against agreed benchmarks to assess the progress of expanding the scope of the national accounts and achieving their compliance. Monitoring, reporting and evaluating should also be used to identify risks to the implementation process so that timely interventions can be made to keep plans on track.

9. The principle of statistical system improvement is undertaken through the strengthening of the national statistical system, which covers each of the building blocks of the statistical production process. The statistical system will be enhanced by using a common and coordinated national, regional and international programme for the implementation of the SNA 08 and related economic statistics for strengthening and building national capacity to produce better official statistics.

### **Modalities of the implementation strategy**

10. The 2008 SNA implementation strategy rests on five modalities: training, technical cooperation, handbooks, research and advocacy. The implementation strategy retained but refocused four modalities used in the 1993 SNA implementation by providing training and delivering technical cooperation, preparing manuals and handbooks, and sponsoring research. These modalities will now focus more than in the past on the various stages of the statistical production process that precede the integration of the data into the national

accounts, namely on the collection and processing of basic source data and the institutional context. The strategy extends the scope of modalities by adding a fifth modality, advocacy.

11. National and regional training seminars and workshops will be organised in support of the transfer of knowledge in national accounting and related economic statistics at the country level. Existing regional training networks will be mobilised to collaborate with the ISWGNA to develop and deliver training and teaching programmes on the SNA and related macroeconomic standards. Extending the SNA 08 website will establish a knowledge base on economic statistics and macroeconomic standards, compilation guidance and best practices hyperlinked to other organisations.

12. Technical cooperation will be provided through advisory missions by working directly with the staff of national offices. These activities will advance the use of the SNA 08 as the principal integration framework for national statistical systems.

13. These training and technical cooperation programmes need to focus more than in the past on (a) the design and maintenance of business registers and data collection programmes to generate relevant source data, and (b) the institutional processes and structures through inter-agency agreements, creating advisory committees and strengthening the legislative and regulatory framework on data sharing. Training and technical cooperation programmes for countries requesting assistance put a further emphasis on direct country involvement and on the integration of statistical capacity building in national planning.

14. To meet the challenges of national accounts development in countries with less advanced statistical systems in the next decade, training and technical cooperation activities need to give greater emphasis to institutional capacity building and development of data sources. At the same time, countries with advanced statistical systems have programmed a sequence of activities to implement the SNA 08, in many cases with specific deadlines. European Union countries and a great majority of OECD countries have indicated their intention to implement the SNA 08 by 2015.

15. Publishing methodological handbooks and new compilation guides and revising existing ones will be an ongoing activity of the ISWGNA in support of the 2008 SNA implementation. The purpose of these manuals is to elucidate best practices in establishing modern institutional environments, compiling registers and frames, collecting survey and administrative data, implementing and maintaining integration frameworks and disseminating data on the national accounts and related economic statistics. The manuals will also address data quality and data dissemination issues. Responsibility for the preparation of the manuals will be shared among the ISWGNA member organisations in collaboration with other international institutions.

16. Research will be conducted to maintain the relevance of SNA recommendations in a changing economic environment. It will be undertaken in support of drafting related methodological guidelines and contributing to the development of new areas of accounting. Research efforts will focus in particular on the implementation of concepts from the SNA 08 and guidance on compilation. An output of this research should be guidance by the ISWGNA on improving the scope, periodicity and timeliness of the national accounts statistics of the "core accounts", given the different levels of statistical capacity of countries. Under the SNA research agenda the United Nations Statistics Division, in collaboration with other international organisations, will continue its coordination function in organising work among the various contributors. The involvement of national accounts experts of various countries and advisory services of members of the Advisory Expert Group on National Accounts in the discussions will be ensured. A broader and sustained dialogue with representatives from academia, the business accounting sector, the regulatory authorities and the corporate sector will be developed.

17. Advocacy has been included in the implementation strategy as an additional modality with the aim of stimulating the demand for national accounts data and encouraging the use of the accounts. Advocacy will play an important role in encouraging national support

for acquiring and maintaining viable economic statistics and national accounts programmes and communicating their policy relevance. As an integral component of the implementation strategy, advocacy aims to support an ongoing dialogue among statistical producers, the various levels of government, the business sector, the academic community, and the general public about user needs for official statistics and the progress in meeting those needs. This recurrent communication can be established through targeted workshops, conferences, press releases and promotional materials to highlight the overarching framework of the SNA. The promotion of good quality national accounts statistics through advocacy is essential in establishing a sound macroeconomic policy. Through statistical integration of basic statistics with macroeconomic accounts, a coherent set of statistics and indicators can be derived for evidence-based policy formulation.

### **Institutional framework of implementation**

18. In the multi-stakeholder environment for the SNA implementation strategy, a mechanism is needed to coordinate, monitor and report progress at the subregional, regional and international level. The purpose of this mechanism is to share information on the development and execution of the SNA implementation strategy.

19. The SNA implementation strategy uses a programme information structure to support programming and monitoring that are vital for overall coordination at the regional and country level in the multi-stakeholder environment. The ISWGNA has begun working with the regional commissions to seek the adoption of such an information system, which is highly desirable for effective project programming, monitoring and reporting. The project information model will be used to facilitate cooperation among agencies in delivering the programme elements of the SNA implementation strategy. It is expected that this coherent information system will assist in providing timely notice of possible synergies and impending duplications and gaps in work programmes. In addition, a standard programme documentation structure will be applied across the participating agencies.

20. The regional commissions and their advisory committees play an important role in facilitating coordination and regional cooperation in the SNA implementation programme. It is expected that existing regional coordination mechanisms, such as statistical committees or working groups, will be mobilised, in addition to new steering groups where needed, with the regional commissions acting as secretariats. Only when strictly necessary would the creation of new coordinating mechanisms be envisaged. Through the initiatives of the regional commissions and other development partners, broader collaboration among countries in the implementation of the SNA 08 can be achieved.

21. The ISWGNA proposed to establish a mechanism that could function in the form of an inter-agency and intergovernmental advisory group. This group, consisting of representatives of regional coordinating mechanisms, would advise the ISWGNA on maintaining and managing a coherent programme of work for the implementation of the SNA 08.

22. More detailed information on the ISWGNA strategy can be obtained from the background document "Implementation strategy for the System of National Accounts, 2008", available at <http://unstats.un.org/unsd/statcom/doc09/BG-SNA2008.pdf>.

### **Implementation of the SNA 08 – OECD strategy**

23. The OECD countries' plans for the implementation of the SNA 08 are staggered at present. Australia, Canada and the United States aim to implement the most important changes (employers' pension schemes, capitalisation of research and development, military expenditures) between 2009 and 2013, the countries of the European Union are targeting the

year 2015, and some countries have not yet formulated implementation plans. These differences in the timing of implementation will not be conducive to international comparability of national accounts data during the transition period. To work through the transition period, the OECD and its National Accounts Working Party are pursuing a three-tier strategy.

24. First, countries accepted the need to supply estimates under both the old and the new standards for one period (according to the SNA 1993 and 2008 definitions) while the new standard is being adopted. This should help to provide users with a sense of the orders of magnitude involved in the changeover. These quantitative indications will be made available as part of the OECD national accounts metadata.

25. Second, during the transition period, implementation handbooks are being developed to maximise comparability of estimates by the time they find their way into countries' national accounts. This concerns in particular an OECD handbook on intellectual property products and a revised OECD manual on the measurement of capital. Other international work will also be useful in this respect, eg the work led by the United Nations Economic Commission for Europe on the impact of globalisation on national accounts, which deals with one far-reaching change in the SNA, the treatment of goods for processing. The OECD and Eurostat will also provide guidance on the treatment of emission permits on the basis of the SNA 08, although this issue has not been a major point of discussion during the SNA revision.

26. Third, the research agenda that was set as part of the SNA 08 is being pursued. Work on the research agenda should be an ongoing preoccupation of the OECD National Accounts Working Party. The same body will also be a platform for transmitting practical experience with the implementation of the SNA 08 from those countries that are first in the process to those that come later on.

27. Implementation of the SNA 08 is likely to be challenging – for OECD countries and beyond. It will be important for OECD countries to share their experience in the process with other countries outside the OECD area.

## **Progress in the implementation of the Balance of Payments and International Investment Position Manual, sixth edition (BPM6)**

28. The IMF has already made substantial strides in implementing the BPM6. The following summary reviews the accomplishments to date as well as the steps that remain to be taken to ensure effective implementation.

### **A. Accomplishments**

#### ***General awareness of the new standards***

29. As noted, the work that led to the timely release of the BPM6 was accomplished through an inclusive process that involved extensive consultation with economies. Thus, most economies are now aware of the major changes in standards – indeed, they may have contributed insights in connection with particular changes being considered. Partly as a result of this, many economies have already begun implementing changes to their data collection and compilation systems in order to generate data on the new basis.

#### ***Specific outreach efforts***

30. The IMF Statistics Department staff have engaged in extensive outreach efforts, including regional seminars, courses for compilers, and training of IMF economists. With

regard to regional seminars, the Statistics Department conducted nine such seminars in 2008 to advise compiling agencies of the major changes in the BPM6. In addition, the courses that the IMF conducts on balance of payments statistics (including the extended course at IMF headquarters and the abbreviated course in regional centres around the world) have now been switched to the BPM6 basis; we have completed eight of these courses. Finally, the IMF Statistics Department has conducted a training seminar for Fund economists and dealt with compilation questions on an ad hoc basis. Such ad hoc inquiries have been frequent and quite intensive.

### **Conversion matrix**

31. The Statistics Department has prepared a conversion matrix to assist compilers in linking BPM5 to BPM6 components for both the balance of payments and the international investment position (IIP) accounts. The matrix explains the differences in content of these items where applicable so as to facilitate the conversion to the new manual.

### **Survey questionnaire to assess implementation**

32. In order to obtain input from compilers on the preparation of a new balance of payments compilation guide, the Statistics Department has prepared a questionnaire that has been sent to compilers in Fund member countries, seeking their comments on the statistical importance of the major changes and the degree(s) of difficulty in implementing them.

### **Remittances**

33. The Statistics Department has prepared a Remittances Compilation Guide<sup>5</sup> with chapters authored by the members of the Luxembourg Group. This guide will facilitate the collection of source data under the new standards.

## **B. Further work**

### **Guides and similar material**

34. As noted, the Statistics Department has begun work on the preparation of a new balance of payments compilation guide. The purpose of the compilation guide is to show how the conceptual framework described in the BPM can be implemented in practice. A completion date has not yet been set, but most of the writing and review of the document will take place in 2009 and 2010. Other agencies will collaborate in the preparation of the document. For example, the World Tourism Organization is working with the Statistics Department to update the guidance on travel, and other interested parties with relevant experience will be involved in writing selected sections.

35. Once the compilation guide is completed, the Statistics Department will revise the balance of payments textbook. The textbook is designed to provide illustrative examples and applications of concepts, definitions, classifications, and conventions contained in the manual.

36. Also, the Inter-Agency Task Force on Finance Statistics has agreed to update *External debt statistics: a guide for compilers and users*. This guide provides information on

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<sup>5</sup> *International transactions in remittances: guide for compilers and users* is based on the concepts in the BPM6. It is available at [www.imf.org/external/np/sta/bop/remitt.htm](http://www.imf.org/external/np/sta/bop/remitt.htm).

the concepts, definitions, and classification of external debt data, the sources and techniques for compiling these data, and their analytical uses. It is expected to be released in 2013.

#### ***Additional regional outreach, regional seminars, training of IMF economists***

37. During 2009 and 2010 the Statistics Department will undertake further outreach and regional seminars. It will also conduct training sessions for Fund economists, for individual or small groups of departments, and for outside experts who conduct technical assistance for the IMF.

#### ***Conversion of the Balance of Payments Yearbook (BOPSY) and International Financial Statistics (IFS)***

38. The Statistics Department's current plans are to convert the BOPSY and the IFS to the BPM6 presentation basis in 2012, with regard to data for 2011. This conversion relates to the new **format** for IMF publications. The conversion must occur reasonably soon and at the same time for all countries so that global totals and subtotals can be calculated. The Statistics Department recognises that the adoption of the new methodological standards by most countries will be undertaken over an extended period.

#### ***Collaboration with inter-agency partners***

39. The Statistics Department will continue to collaborate with its inter-agency partners in the implementation of the new standards. Ongoing work on overall statistical standards for cross-border activity is coordinated through the IMF Committee on Balance of Payments Statistics, which comprises 15 member countries, as well as representatives of six other international organisations. The Committee meets once a year and produces an annual report, which is posted to its website, along with the papers and reports discussed at the meetings.

#### ***Coordinated Direct Investment Survey to be conducted based on the BPM6***

40. Since 2001 the Statistics Department has conducted an annual survey (the Coordinated Portfolio Investment Survey (CPIS)) in order to obtain the portfolio investment asset positions of jurisdictions by counterpart country of issuer, broken down between equity and debt instruments. Over 70 jurisdictions participate in the CPIS. In the light of the success of the CPIS, the Statistics Department has launched a similar survey for direct investment (the Coordinated Direct Investment Survey (CDIS)), which will begin collecting data as of end-2009. Preliminary data are to be reported to the Statistics Department in September 2010; they are expected to be released in late 2010 or early 2011, with revised data to be reported in March 2011 for mid-year release. Approximately 130 jurisdictions have indicated a willingness to participate in the CDIS. The CDIS is being conducted on the basis of the BPM6, and a number of economies participating in the CDIS have already updated their direct investment data collections to be consistent with the new standards.