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Economic Commission for Latin America and the Caribbean

REPORT OF THE MEETING OF THE WORKING GROUP ON THE IMPLEMENTATION
OF THE SYSTEM OF NATIONAL ACCOUNTS (SNA), 1993

(Santiago, Chile, 27-29 July 1993)

This document was prepared by ECLAC's Division of Statistics and Projections with the collaboration of the United Nations Statistical Division (UNSTAT).

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A. ORGANIZATION OF WORK

Place, date and purpose of the meeting

1. The Meeting of the Working Group on the Implementation of the System of National Accounts 1993 (SNA 1993) was held at headquarters of the Economic Commission for Latin America and the Caribbean (ECLAC) in Santiago, Chile, from 27 to 29 July 1993.

2. The adoption of the fourth revision of the United Nations System of National Accounts (SNA 1993) presents a challenge for many countries of the region in connection with their abilities to put the System into practice. The scarce resources of the countries and the international organizations to face this task, made evident the need of designing regional strategies which, bearing in mind the individual characteristics of the countries, include at each stage of the gradual implementation process a greater number of common tasks. Such orientation would facilitate the work of the international organizations in establishing a common strategy for the region, in order to make the best use of the resources.

3. In this context, the Economic Commission for Latin America and the Caribbean (ECLAC), acting as a focal point of regional and international cooperation for the implementation of the System in Latin America and the Caribbean, convened a meeting of renowned experts of various countries of the region to exchange ideas relating to the guidelines for a strategy.

Participants

4. Experts from the following countries attended the meeting: Argentina, Colombia, Ecuador, Mexico and Peru. Furthermore, representatives from the ECLAC Division of Statistics & Projections, the United Nations Statistical Division (UNSTAT) and an international consultant (see Annex 1) participated in the meeting.

Agenda and documents

5. The agenda and the documents listed in Annex 2 were distributed to the participants.

B. SUMMARY OF THE PRINCIPAL CONCLUSIONS

6. There was consensus that the implementation of the SNA 1993 in the region should be based on the complete version of the new manual. The preparation of the accounts should be annual, and regarding the detail of variables included there should not be a large difference between the benchmark year and the other years of the series. However, the information used in the elaboration of the benchmark year should be more complete in terms of coverage and detail, from that used for estimations of other years.

7. The implementation of the SNA 1993 in the region will be a long process and necessarily must be faced in stages. The first stage, which might last four or five years, would be specially oriented at the dissemination of the new manual, training of national personnel and the principal users in national accounts and basic statistics; likewise, to develop activities to make suitable the national production of statistics to the requirements of the System.

8. One of the tools/instruments which could be used to train national personnel that will assume the responsibility of elaborating the SNA 1993 and that would identify the main deficiencies and gaps in the production of statistics in the country, is the implementation of pilot projects. In these projects in execution it is expected that the "computerized system of compilation of national account", elaborated by UNSTAT, be utilized.

9. The Working Group was aware that countries that have accumulated enough experience through the elaboration of their own accounts by institutional sectors, and have basic statistics suitable to the guidelines of the new manual, have to develop their own strategy. These cases, however, should be analyzed at the country level, in order to determine the specific characteristics of their problems and their possible solutions.

10. It was considered important to note that whichever the institutional organization each country adopt for the implementation of the SNA 1993, it will be essential to maintain close contacts between the producers of national accounts and other related macro-statistics schemes (balance of payment, public finance, monetary and financial statistics, etc.), and the producers of basic statistics and of administrative registers.

11. It was agreed that it would be useful for the implementation of the SNA 1993 to reach agreements at the subregional and regional level in order to adopt a minimum common list of variables, accounts and tables which have high priority for the countries. This, would facilitate and make more efficient technical cooperation at the international, regional and horizontal level; as well as guarantee the necessary international comparability of data required for analysis of the processes of economic integration in the countries.

12. Following with the above, it was considered that the countries should start elaborating a minimum set of accounts and tables, covering all the institutional sectors of the SNA 1993. Subsequently, on the base of the improvement of the production of basic statistics and the experience acquired, gradually expand the work until complete accounts are accomplished as the SNA 1993 establishes for the economy as a whole.

13. The minimum set of accounts and tables proposed was the following:

a) Supply and demand tables with breakdown of the production, intermediate consumption and value added components by type of economic activity, detailed according to the availability of data.

b) Production accounts, income and use of income and capital accounts for all sectors of the economy including Rest of the World, but excluding Non Profit Private Institutions (NPI's). In a first stage, these accounts could have incomplete coverage, and some variables with poor statistical support would be the outcome of estimations in different proportions.

c) With respect to non financial corporations, in a first stage only the major corporations and those registered in the stock market should be covered. The accounts of the small corporations and quasi-corporations, could be calculated residually together with those of households and NPI's.

14. Taking into account the experiences acquired by several countries in the work undertaken to adopt the SNA Rev. 3 and the preliminary work done to adopt the 1993 SNA, some extensions were identified as important to be added to the minimum set of accounts and tables. There was agreement that some of them could be developed by countries which usually have been elaborating the complete version or a significant part of the SNA Rev. 3. Other countries, however, will have to overcome difficulties which will demand time and resources. Those extensions would include the following:

a) Integrated accounts for financial corporations sector, including all accounts; that is, production, income and use of income, accumulation and balance sheets.

b) All flow accounts of general government, including financial accounts.

c) Integrated accounts for public non-financial corporations, including production, income and use of income, accumulation and balance sheets.

d) Comprehensive coverage of all non financial private corporations, including small corporations and quasi-corporations; in this case, only household accounts together with those of NPI's would be calculated residually.

e) Production accounts and generation of income of unity pertaining to the informal sector.

f) Supply and demand tables with detail of products in which intermediate consumption is presented with detail of products and type of activity, but without cross-classification.

g) Supply and demand table with detail of products in which intermediate consumption is presented with cross-classification of groups of products and economic activities.

h) Cross-classification of production, intermediate consumption and value added and its components, by type of economic activity and institutional sectors.

i) Classification of government expenditures by type of functions.

j) Establishment of comprehensive links between balance of payment data and the external sector account of the SNA.

k) Establishment of comprehensive links between the information of public finance and government account of the SNA.

With regard to j) and k), it was announced that the International Monetary Fund (IMF) was elaborating manuals aiming at giving coherence to the statistics to be used in each case.

15. As the extensions mentioned above were suggested by experts of the countries with experience in the matter, it was suggested that they could be extended to all the countries of the region through a horizontal cooperation program among the countries of the area.

16. Other possible extensions were considered relevant; however, it was pointed out that none of the experts which participated in the meeting had a significant experience in the matter. These were:

a) Compilation of integrated accounts of the household sector, based on independent information from those of household surveys;

b) Integrated accounts of NPIs, compiled with the support of special surveys; and,

c) Compilation of asset balances of produced and non-produced assets.

17. On the other hand, it was suggested that estimations based on the SNA 1993 should be published officially starting the year that they were available; this would imply that no retrospective adjustments should be made because of their high cost. Likewise, in the process of elaboration of the new system each country should redefine the base year for estimations at constant prices, around a period the most closer as possible to the current year.

18. Consensus was reached that the implementation of the SNA 1993 in Latin America and the Caribbean should be accomplished through the consolidation of the following factors:

a) National efforts to establish a new framework of reference for the estimations in each country.

b) Efficient communication and horizontal cooperation among the countries of the region; in this context, those with practical experience in specific extensions would give advise to the other countries.

c) Meetings organized by ECLAC to discuss technical details of the SNA 1993 and its implementation progress.

d) UNSTAT collaboration facilitating computing programs (software) and advisory to the countries, which carry out pilot projects for the elaboration of the SNA 1993.

19. It was foreseen that a program of "operational" implementation of the SNA 1993 in the region could be accomplished approximately in five years. During this period, elaboration of the pilot SNA would be carried out in various countries of the region. Additionally, ECLAC would organize regional meetings to deal with specific topics included in a regional program of SNA 1993; such as training in SNA 1993, exchange of practical experiences in the elaboration of SNA 1993 among the participant countries, and the revision of results of pilot projects, etc.

20. The countries undertaking pilot projects at the initial stage of the implementation process of the SNA 1993, and utilizing the computerized system of UNSTAT created for this purpose, must note the following:

a) The application of this computerized system is principally oriented to establish the necessary infrastructure for the elaboration of the SNA 1993; additionally, it permits to identify the main deficiencies and gaps of basic statistics as well as to familiarize and train national personnel involved in these tasks.

b) UNSTAT would provide the corresponding "software" and would give technical assistance to one country in the region in all stages of implementation of the system. Thus, such experience would be used in the future as a model for other countries.

c) The pilot project should utilize existent data of national accounts for a year more or less recent. Consequently, no special surveys are contemplated for the completion of missing data.

d) The pilot programme would last approximately one year. After the first half is executed, the results obtained must be evaluated and the technical problems identified.

e) Once the implementation is concluded, an evaluation should be made of the reliability and representativity of the estimates obtained, as well as of the conceptual and methodological problems encountered. On the other hand, on the basis of the results of the evaluation, proposals should be made to improve the production of basic statistics and methods of calculation utilized.

21. In order to strengthen the implementation of the SNA 1993 process in the region, the Working Group was of the opinion that the following actions should be adopted:

a) ECLAC, with the support of UNSTAT, should take the necessary steps in order to obtain at least the services of one full-time regional expert, during the next two or three years, with the purpose of advising the countries of the region in the different tasks of the implementation of SNA 1993.

b) If the above actions are successful, ECLAC should create a mechanism in order to follow-up the obstacles and progress made by each country.

c) UNSTAT, with ECLAC collaboration, should establish a mechanism that ensures timely and precise responses to the consultations made by national institutions in relation to the process of implementation of SNA 1993. Likewise, they should maintain duly informed the national accounts offices of the countries on the experiences and research being carried-out by other offices in the region.

d) The offices that are elaborating national accounts in the countries should maintain close links with statistical offices, and other offices responsible for elaborating related statistical areas (public finance, balance of payments, monetary, etc.).

22. In regard to the dissemination of the new system, it was suggested that it should be faced as a joint effort of the United Nations and the countries, particularly by the national accounts offices. The following were the proposals made for this purpose:

a) International organisms should supply timely the technical material on SNA 1993 to national experts; at the same time, the country authorities should inform clearly national users on the necessity of adopting a new criteria.

b) The United Nations should give priority to the preparation of a pedagogical summary of the new manual. Particularly for distribution among producers of basic statistics and users in the countries. On the other hand, national accounts

offices should assume the responsibility of internal dissemination of the new system in the countries.

c) It is necessary to disseminate, at the regional level, the Statistical Commission Resolution that recommended adoption of the SNA 1993, as well as stress that the countries have agreed to adopt it in the Economic and Social Council.

d) Training of personnel in the region should mainly focus in practical aspects. To this respect, the Working Group recommended that United Nations studies the possibility of opening a training center on national accounts for the region, at least while the operational implementation of the SNA 1993 is being carried out; this is foreseen for a period of five years.

23. In order to foster a favorable environment towards the implementation of the SNA 1993 in the region, the following suggestions were transmitted:

a) Some participants considered the need of involving universities in the dissemination of the System as well as in the training of users of SNA 1993, at least during the first stage of implementation.

b) Other participants stressed the importance that the authors of macroeconomic texts should be informed in detail about the SNA 1993, so that they do not continue elaborating academic material and disseminating national accounts presentations based on obsolete systems of national accounts.

c) Another suggestion was that the technical training should be given not only to the personnel of the offices which elaborate national accounts, but also to the institutions which are users of national accounts (universities, government offices, banks, etc.)

24. Consensus was reached on the importance that the United Nations harmonizes with the 1993 SNA the international guidelines for the compilation of basic statistics which will be utilized in the elaboration of the SNA 1993. Particularly, the Group insisted that the criteria for the observation unit, to be used in the compilation of basic information (enterprise or institutional unit), be incorporated in the guidelines of the United Nations industrial statistics, as well as in the Handbook of Input/Output which is being prepared. In general, it was stressed that all United Nations manuals should be harmonized with the modifications introduced in the SNA 1993. To this respect, some participants cited, for example, the manuals on external trade and price indexes.

25. Emphasis was given to the importance that the future practical handbook that will deal with the relation between business accounting and national accounting, devotes special attention to

the links between the information of the enterprise as a whole and of the establishments conforming it. Additionally, some participants said that it was convenient that the countries develop a system of standardized accounting having in mind the needs of national accounts; this, among other things, would facilitate the use of uniform questionnaires for the compilation of disaggregated and reliable basic information.

26. It was highlighted that the application of a system of standardized accounting did not exempt the countries of carrying out data compilation for informing units which did not have accounting. To this respect, there were comments on experiences with mixed surveys; firstly, a survey on employment was carried out to identify potential informants and afterwards reduced economic survey. Likewise, information was given on the procedures being used with the data of economic censuses, to identify and up-date rapidly and effectively the registers of informing units.

27. In the same context, emphasis was given to the new industrial surveys, which should consider enterprises and establishments jointly. This implies the necessity to develop integrated compilation systems: enterprise-establishments.

28. Finally, it was agreed that the proposals and suggestions related to the implementation of the SNA 1993 in Latin America and the Caribbean made by the Working Group, should be considered as provisional. This, until they were discussed by the representatives of the countries that will participate in the seminar on the implementation of the SNA 1993 in the region, which is being organized by ECLAC in November of this year.

29. After analyzing the proposed Provisional Agenda for the "Regional Seminar on the Implementation of the Fourth Revision of the System of National Accounts of the United Nations (SNA 1993)", to be held in ECLAC headquarters, from 22 to 26 November 1993, participants in the meeting suggested the following:

a) Eliminate from the Provisional Agenda item 1.a): "adaptation of SNA 1993 to the characteristics of Latin America and the Caribbean".

b) Request the countries to elaborate a work program and calendar for the implementation of the SNA 1993, for discussion at the regional meeting.

c) Eliminate item 2.a) iv) from the Provisional Agenda, which refers to the priorities in the implementation of the SNA 1993 first stage. As replacement, should include the importance that the countries supply ECLAC with the most complete data, aiming at obtaining an adequate international comparability of data and support the processes of regional integration.

d) With reference to the documents which will serve as a basis for the debates of the seminar, the following issues were proposed: i) send the documents timely; ii) eliminate item 2. b) ii) from the Provisional Agenda; iii) as replacement of item 2. b) ii), discuss a proposal on a new benchmark year around which the countries will also calculate the SNA 1993 at constant prices. This, for the convenience of having subregional and regional aggregates internationally comparable.

e) Lastly, it was suggested to incorporate as an additional topic the aspects related to calculations of SNA 1993 in countries with high inflation. Additionally, the convenience of creating a mechanism to disseminate the experiences of the region on this matter. To this respect, the opinion was that it would be useful to prepare a list of available documents on the procedures used to deal with the subject of high inflation in national accounts, to be presented to the seminar in November. This, with the purpose of exploring the possibility of preparing a publication showing the most significant experiences and eventually, in the future, elaborate a manual on the subject.

Annex 1

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Annex 2

List of documents

- New version of the System of National Accounts and the National Accounts of Peru -Un enfoque sintético sobre su implementación-, prepared by Aurelio Valdez Caro; Instituto Nacional de Estadística e Informática de Perú. July, 1993
- "Proposed data content for a revised international questionnaire on SNA, based on the 1993 SNA guidelines". Prepared by the United Nations Statistical Division (UNSTAT) to be presented at the OECD/ECE National Accounts Meeting, June, 1993.
- "National accounts development in Latin America". Strategy proposal for the implementation of the revision of the SNA. July, 1993. Prepared by Mr. Jan Van Tongeren, United Nations Statistical Division (UNSTAT).