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**PROPOSED REGIONAL PLAN FOR THE IMPLEMENTATION  
OF THE LUXEMBOURG RECOMMENDATIONS\***

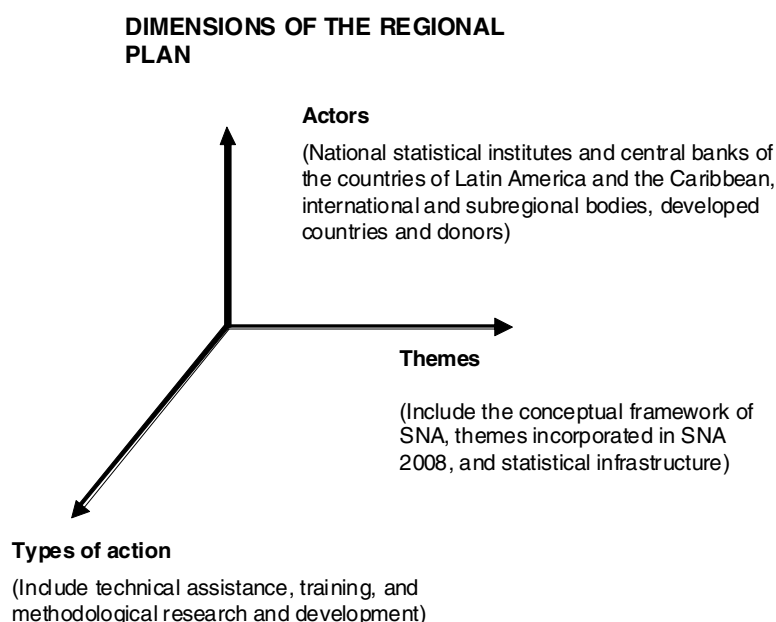
\* Document prepared by the Economic Commission for Latin America and the Caribbean (ECLAC).

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## A. Introduction

The basic purpose of this document is to describe the design of a regional strategy to support the implementation in the countries of Latin America and the Caribbean of the System of National Accounts 2008 (SNA 2008). Pursuant to the guidelines contained in the Luxembourg Recommendations, an initiative promoted by the United Nations Statistics Division and the Statistical Office of the European Communities (EUROSTAT), for the worldwide implementation and outreach of the System of National Accounts, the initiative also focuses much of its attention on statistical capacity-building at the national level.

The document describes three major dimensions of the proposed regional plan. The first relates to the actors of the plan, those who will conduct its activities in a coordinated manner and seek to achieve the established objectives. They include national statistical institutes and central banks of the countries of the region, international and subregional bodies, and donors. The second dimension involves the themes to be addressed in the programme of activities of the regional plan. These themes relate to matters such as theoretical and conceptual aspects of the SNA; the main modifications contained in the SNA 2008 and the methodological processing of national accounts, the production of basic statistics (in terms of both new data generation and improvement of existing data) and the dissemination of national accounts. The third dimension deals with implementing and organizing, through a series of specific actions or instruments, the major objectives of the plan, which may crystallize into different forms as in the case of technical assistance and cooperation mechanisms, training courses and workshops, research and development programmes on certain methodological aspects of national accounts, and the possible holding of an international conference on the use of national accounts instruments for analysis and decision-making.



The document presents proposals on these issues and, essentially, on possible mechanisms for the achievement of the necessary synergies and the best possible coordination of the efforts put forth by various actors so that the countries can have access, within a 10-year time frame, to a system of very high-quality basic economic statistics and a system of national accounts which will support quantitative description, economic analysis and decision-making by the public sector and by private agents.

### **1. The state of the art: a brief analysis**

#### **(a) The level of progress of the SNA (the System of National Accounts) in the countries of Latin America and the Caribbean**

In the 15 years which have passed since the adoption of the System of National Accounts 1993 (SNA 1993), more than half of the countries of Latin America and the Caribbean have declared that they have adopted the internationally recommended system with varying degrees of depth and intensity. This group of countries makes up over 90% of the region's GDP.<sup>1</sup>

The scarcity of basic statistics in many of the countries has held back the implementation of the system of national accounts. This is because the most significant achievements are in most cases recorded in the area of the origin and use of goods and services and in the calculation of GDP by components of expenditure.

Only eight countries include institutional-sector accounts in their submissions, ranging from production to the financial sector; while only two have begun to prepare asset and liability accounts for institutional sectors.

A little over half of the countries of the region currently have macroeconomic information systems relating to quarterly GDP, from both the sectoral viewpoint and that of the principal components of expenditure.

Some of the countries of Latin America and the Caribbean which publish their accounts in accordance with SNA 1993 guidelines have implemented the "extensions" of the central framework in different areas of the economy. Some of the countries have tourism satellite accounts, some reflect experiences in the environmental field and a number have developed or are developing satellite measurements in specific fields such as health care, education and culture.

Regarding the SNA 1993 recommendation that supply and use tables should be prepared for each compilation year, 12 of the countries which report having implemented SNA 1993 have post-2000 supply and use tables, but only 10 publish them.

As for primary income generation accounts, a number of countries still do not include in their official estimates primary income accounts such as compensation of employees and mixed income; the latter is estimated in only about a third of the countries of the region.

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<sup>1</sup> *Estado de avance en la implementación del sistema de cuentas nacionales en América Latina y el Caribe al 2006* (DDR/3), Santiago, Chile, 26 June 2007.

Eight of the countries have matrices for total employment by branch of activity and occupational category, and six report that they have employment matrices in which total and waged employment are separated by occupational category.

Eight countries (mainly Mexico and Central American countries) take the maquila sector into account in their export and import flows, and 10 countries quantify flows relating to free-trade zones.

A total of 16 countries value production at basic prices, and the remainder at producers' prices.

The recommendation that GDP should be calculated in the previous year's prices is implemented by three countries, but the others present their series in constant prices using a particular year as a fixed basis.

Lastly, from the institutional perspective, a particularity of the region is that in most of the countries national accounts are prepared by central banks, whereas in the remainder, statistical institutes are responsible for producing them (with the exception of one country where the responsibility is shared between the central bank and the national statistical office). In the countries of the region that have the largest populations, the national statistical offices prepare the national accounts.

**(b) Factors which may have obstructed the implementation of SNA in the countries of the region**

The main factors which may have limited the full implementation of SNA 1993 in the countries of Latin America and the Caribbean include the shortcomings of basic statistical data, personnel limitations and insufficient technical training.

*(i) Shortcomings of basic statistical data*

Concerning the data sources used in compiling national accounts, insufficient or inappropriate statistical information has been a serious obstacle to the preparation of national accounts and the implementation of SNA 1993.<sup>2</sup>

There are significant differences among the countries of the region in relation to statistical development capacities, meaning that the availability, scope and quality of basic data vary from country to country. As a result, each of the countries of the region presents a different picture in terms of the implementation and scope of the system of national accounts.

*(ii) Limited human resources*

The number of technical staff in the countries' national accounts units (and their fast turnover in some cases) has been another significant limiting factor. Insufficient staff in the national accounts teams of the countries of the region have been an obstacle to the introduction of the new concepts of SNA 1993 and to achieving broader scope in the accounts and tables compiled.

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<sup>2</sup> "Informe de avance de las actividades del grupo de trabajo de cuentas nacionales. Seminario *Estagio de desenvolvimento das contas nacionais na América Latina*" (DDR/13).

*(iii) Insufficient technical training*

Training is essential in the area of national accounts, both to maintain high quality in national accounts and to educate staff and improve their ability to implement the innovations and extensions contained in SNA 1993. Given that the countries of the region generally do not have their own regular training programmes in the area of national accounts, it can be concluded that capacity-building should be a priority issue in the development of national accounts in the countries of Latin America and the Caribbean.

## **2. The Luxembourg Recommendations: a summary of their strategic guidelines**

The strategic framework and the fundamental principles established in the Luxembourg Recommendations for the implementation of the system of national accounts can be described as a worldwide coordination with regional applicability for the achievement of the following general goals:

- To facilitate the application and dissemination of international standards on national accounts and economic statistics in the developing countries, also ensuring that actions at the national, regional and international levels are sustainable and efficient, and
- To improve the quality, production and dissemination of national accounts and basic statistics in a sustainable manner.

Specific goals at the national, regional and international level are:

- To promote international coordination among development partners;
- To implement regional programmes, guidelines and procedures for coordination, monitoring and reporting on performance;
- To strengthen national statistical capacity for the elaboration of national accounts and related basic statistics;
- To advocate the use of national accounts and statistics in general for policy and decision-making purposes.

The application of SNA 2008 is guided by three principles:

- The strategic planning principle;
- The coordination, monitoring and reporting principle; and
- The statistical system improvement principle.

Strategic planning can boost political and financial support for investment in the area of statistics and ensure that countries are able to generate the data necessary for monitoring their own development plans. Strategic planning frameworks provide standardized information according to national objectives and a programme of activities to determine the strengths and weaknesses of economic statistics, human and financial resources, data from basic sources and activities to promote statistics within government and with users.

This principle emphasizes synchronization of requirements for economic statistics on the part of national, regional and international authorities.

Coordination, monitoring and reporting are tools which help to increase the likelihood of success in developing national capacity for the application of the system of national accounts by ensuring that the functions of national and regional executing agencies, international organizations, donors, policy planners and other stakeholders are clear and their actions are coordinated, monitored and compared with the established goals. Also taken into account will be the timetable, as well as the sequence of events and the assessment of technical assistance, and due attention will be paid to the effective and transparent use of resources.

As for the global administrative structure to be established, one possible module is that used in the latest rounds of the International Comparison Programme (ICP), which includes coordination by a global office, regional implementation offices and technical advisory groups.

Improvements to the statistical system are included as another of the guiding principles. For the training of statisticians, it is suggested that common training modules in national accounts and related economic statistics should be developed. It is proposed that existing regional training mechanisms should be used, as well as agreements with academic institutions.

Improvements in statistical systems will be promoted through the adoption of a unified national, regional and international programme for the application of SNA 2008 and the related economic statistics.

This strategy will include the following elements:

- The organization of meetings, seminars and capacity-building workshops;
- The provision of academic and statistical training (including distance learning) in national accounts;
- The provision of technical cooperation through advisory missions and direct collaboration with the staff of national offices;
- The preparation of a series of manuals and handbooks comprising methodological guidance and best practices, as well as common software tools;
- The sponsoring of statistical research in support of the implementation of concepts newly introduced in the updated SNA; and
- Advocacy for the use of national accounts in policymaking.

It is suggested that an international economic statistics network should be set up through recognized “centres of excellence”, to ensure the quality of the main elements of the strategic framework and of its specialized modules.

The Luxembourg Recommendations consider implementation at the regional level to be crucially important. Their proper execution requires regional programmes to coordinate the activities of stakeholders in this area. Of particular importance is the role of the regional commissions of the United Nations and other bodies having experience in statistical work at the regional level.

### **3. Proposed regional plan**

This section will present an initial version of a regional plan to support the implementation of SNA 2008 in Latin America and the Caribbean. In accordance with the Luxembourg Recommendations, the plan will take into account the level of development of statistical systems in the countries of the region.

**(a) Objectives**

The overall objective of this regional plan is to coordinate the activities conducted by national, regional and international bodies in order to create and strengthen national technical capacities in the countries of the region to generate good-quality basic economic statistics and to incorporate the new methodological recommendations of SNA 2008 in the calculation of their national accounts.

This will entail making considerable efforts to strengthen the system of basic economic statistics; this is perhaps the greatest obstacle facing the countries of the region in their efforts to prepare their national accounts and to incorporate recommendations of SNA 2008. Indeed, in many countries it would be inappropriate to dedicate significant resources to introducing the recommendations of SNA 2008 when the statistics involved in the compilation process fail to meet the necessary quality and coverage requirements.

As for the specific objectives, the countries should be differentiated according to the current state of their basic statistics and the methods used in calculating their national accounts; in that regard, and in a preliminary sense, the following three situations can be distinguished:

One group of countries where basic statistics and the methodological procedures used in calculating national accounts need to be strengthened;

A second group, where certain basic statistics and some methodological procedures in the calculation of national accounts need to be adjusted;

A third group, where basic statistics are reasonably acceptable and where internationally-recommended methodological procedures are applied in the preparation of national accounts.

This classification is a simplification, since the current picture is much more diversified; it can however serve as a starting point for discussions of certain strategic aspects mentioned in the present document.

**(b) Coordination and governance**

This section will present some preliminary proposals, bearing in mind that ECLAC has initiated a series of contacts —albeit preliminary— with countries and subregional and international bodies to involve them as active participants in this process.

Pursuant to the strategic guidelines arising out of the Luxembourg Recommendations, it is proposed that the regional plan should be basically a coordination mechanism for activities conducted or promoted by the various bodies, countries and donors for the purpose of strengthening national technical capacities for generating basic economic statistics.

It is desirable that coordination should seek not only to prevent duplication of effort —a very important objective in itself— but also to redefine certain activities planned by the bodies and countries. The regional plan should be conceived, designed and implemented with the greatest possible flexibility in order to benefit from the advantages offered by economies of scale. Another basic characteristic of this proposal is that it will have to endeavour to include all actors, without a priori exclusion of bodies which can and wish to make contributions to achieving the objectives.

The bodies which have been contacted and which may take part in this process include some which are supporting the countries of the region in preparing national accounts or basic statistics; others only fund those activities; and some involved in both funding and execution. Some of those bodies have a worldwide scope like the World Bank and the International Monetary Fund (IMF); others are regional, such as the Inter-American Development Bank (IDB) and the Andean Development Corporation (ADC), and others work at the subregional level, such as the Caribbean Community (CARICOM), the Secretariat for Central American Economic Integration (SIECA), the South American Common Market (MERCOSUR) and the Andean Community (CAN).

Concerning the coordination and governance structure, it is proposed that a "committee for the regional plan" be created, comprising representatives of the various participant organizations and at least two member countries of the Working Group on National Accounts created in the framework of the Statistical Conference of the Americas of the Economic Commission for Latin America and the Caribbean. Lastly, this structure should ensure the participation of all the countries of the region in the development of the project, taking into account the fact that in most of the countries the central banks are responsible for preparing national accounts.

ECLAC would be a member of the committee and would serve as its technical secretariat.

The committee would be responsible for coordinating existing activities and any new ones which may be developed. It would collaborate with bodies and countries in seeking any additional resources which may be obtained specifically in order to carry forward the objectives formulated in this regional plan.

Through its secretariat, the committee would create and update an inventory and a record of all activities conducted or planned in the field of national accounts and economic statistics and implemented by the bodies and countries involved.<sup>3</sup>

The committee's activities are expected to begin in late 2008 or early 2009 at the same time as the second volume of SNA 2008 is adopted by the United Nations Statistical Commission as its latest recommendations for the compilation and communication of information in the field of national accounts.

The committee would comprise representatives of those bodies wishing to take an active part in it from the beginning of the programme, but it may be expanded with the addition of stakeholders who express their wish and willingness to promote and strengthen its functioning.

ECLAC would produce a draft programme based on information on current or planned activities, which would be submitted for consideration by the committee.

### **(c) Coordination, monitoring and reporting**

An initial proposal in this area is that information on the activities conducted should be available from the bodies and countries involved when the activities relate to the national level.

Since many of the activities which could be included at the regional level are being executed or have been planned to take place in a timely manner, information on them should be harmonized and

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<sup>3</sup> This work will be coordinated with that of the work programme of the integrated presentation; see *Preliminary proposal for an integrated presentation of statistical work in Latin America and the Caribbean* (LC/L.2950(CE.8/20)).



classified in light of the interests and needs of the various bodies. It is expected that general consensuses can be reached on procedures, so that coordination, monitoring and reporting on the activities can be conducted in a generalized and homogeneous manner.

It is desirable that the countries involved in the greatest number of activities in the area of statistics and national accounts should designate national coordinators, who will play an important role in data collection and systematization.

As mentioned above, the activities included in the regional plan also involve the national and subregional levels.

**(d) Thematic areas and types of action**

Concerning statistics, the regional plan will seek to implement and coordinate activities to enable the countries to overcome some of the limitations of their ways of generating basic economic statistics. In this regard, the main thematic areas which might be addressed include the following: surveys of establishments, administrative records, estimates of the output of small and medium-sized enterprises, employment and wages. As for national accounts, the scope is much broader, ranging from theoretical and conceptual aspects of the system of national accounts, the main modifications incorporated in SNA 2008 and the methodological processing of national accounts, to the dissemination and use of national accounts as a decision-making tool.

To implement the aims of the programme, a variety of activities will be conducted. So that discussions may be initiated on the specific contents of the regional programme and the types of activity involved, the following table is presented with a preliminary list of activities and thematic areas; these may be added to and prioritized during the discussions.

[illegible]

		Training courses and workshops in the area of national accounts and basic statistics						Meetings and seminars	Technical cooperation			Methodological research and development				Other actions
		Level 1 courses	Level 2 courses	Level 3 courses	Courses in basic statistics	Creation of virtual libraries with methodological manuals and handbooks	Workshops in national accounts		Technical assistance by experts	Technical assistance through horizontal cooperation	Internships	Translation into Spanish of SNA 2008	Preparation of a manual for the implementation and compilation in relation to SNA 2008	Preparation of simplified manuals and other supporting texts	Preparation of manuals with methodological and best-practices handbooks	Promotion of national conferences for users of national accounts and economic statistics
Statistical infrastructure for national accounts	Taking of surveys in businesses, preparation of a directory of businesses and entities, sampling surveys					X	X			X	X					
	Use of administrative sources in obtaining basic data					X	X			X	X					
	Statistics on employment and compensation of employees				X	X	X				X				X	
	Statistics on housing and related areas for estimation of the production account for the housing property sector					X	X				X				X	
	Construction statistics					X	X				X				X	
	Agricultural statistics					X	X				X				X	
	Business services statistics				X	X	X			X					X	
	Public finance statistics					X	X				X					
	Statistics on international transactions					X	X				X					
	Financial statistics					X	X				X					
	Estimation of household final consumption expenditure; household surveys compared using the "flow of goods" method					X				X				X		
	Producer price indices				X	X			X						X	
Other issues specific to SNA	Measurement of informal-sector activities					X	X	X		X	X	X	X		X	
	Estimation of mixed income					X	X	X			X	X	X		X	
	Estimation of household property income. Conceptual aspects, data sources and statistical measurement		X			X		X			X	X	X			

