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**STRATEGIC ISSUES RELATED TO OFFICIAL STATISTICS
IN THE WESTERN ASIA REGION****STRATEGY OF IMPLEMENTATION OF THE SYSTEM
OF NATIONAL ACCOUNTS****Summary**

The implementation programme for the 2008 System of National Accounts (SNA) and supporting statistics represents a global statistical initiative, mandated by the United Nations Statistical Commission at its fortieth session (New York, 24-27 February 2009), following the adoption of the 2008 SNA as the international standard for compilation and dissemination of national accounts.

After a brief overview of the status of national accounts in the ESCWA region, this report reviews the main elements of the implementation strategy, summarizes the steps already taken at the regional and global levels, and proposes for the attention of the Committee a strategy at the regional level and an accompanying architectural structure for its implementation.

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Introduction

1. The implementation programme for the 2008 System of National Accounts (SNA) and supporting statistics represents a global statistical initiative, mandated by the United Nations Statistical Commission at its fortieth session (New York, 24-27 February 2009), following the adoption of the 2008 SNA as the international standard for compilation and dissemination of national accounts.

2. The principal objective of this report (after a brief overview of the status of national accounts in the ESCWA region) is to review the main elements of the implementation strategy, summarize the steps already taken at the regional and global levels, and propose for the attention of the Committee a strategy at the regional level with an accompanying architectural structure for its implementation.

I. ELEMENTS OF THE GLOBAL INITIATIVE FOR 2008 SNA IMPLEMENTATION

3. The implementation programme for the 2008 SNA is a global initiative with the dual objective of assisting countries in developing the statistical and institutional capacity to make the conceptual changeover from the 1993 to the 2008 SNA and improving the scope, detail and quality of national accounts and supporting economic statistics.

4. This global statistical initiative rests on three implementation principles, supported by the Statistical Commission at its fortieth session, namely (a) strategic planning, (b) coordination, monitoring and reporting, and (c) improving statistical systems. The strategy takes as its starting point the varying levels of SNA implementation in different countries, acknowledging the importance of coordinated action and emphasizing the need for close cooperation with the United Nations regional commissions.

5. The first principle – strategic planning – is key to mobilizing political and financial support for investment and capacity-building in statistics. Strategic planning can identify the strengths and weaknesses of statistical capacity in order to produce key economic indicators and basic source data. The second principle – coordination, monitoring and reporting – ensures that regional and international organizations, donors and recipient countries all have clearly-defined roles and that their actions are complementary, efficient and effective. The third principle – improving statistical systems – is undertaken through the strengthening of the national statistical system. Each of the building blocks of the statistical production process is covered, with advocacy playing a major role in encouraging national support for the acquisition and maintenance of viable economic statistics and national accounts programmes, and in communicating the policy relevance of the 2008 SNA.

6. The principles of the implementation strategy are made operative through four elements, namely (a) the use of national strategies for the development of statistics as strategic planning frameworks, (b) the programme information structure, built around the statistical production process and the scope of national accounts and supporting economic statistics, (c) the modalities of statistical capacity-building through training and technical cooperation, publication of manuals and handbooks, research and advocacy, and (d) the stages of implementation leading to the change-over to the 2008 SNA.

7. In the last few years, international organizations have held numerous technical workshops and high-level consultations to familiarize national accounts experts, users and policymakers with the 2008 SNA and to discuss the implementation strategy adopted by the Statistical Commission.

8. At the regional level, events supported by ESCWA have included a regional workshop on national accounts (Cairo, 19-21 December 2006), an expert group meeting on national accounts (Cairo, 12-14 May 2009), a seminar on the implementation of the 2008 SNA in the Western Asia region (Muscat, 23-26 May 2010) and a high-level seminar on the implementation of the 2008 SNA in the countries of the Gulf Cooperation Council (GCC) (Muscat, 27 May 2010).

9. In parallel, the Statistics Division at ESCWA has recently released a monograph on sources and methods used by member countries in the compilation of national accounts.¹ This study sets a baseline for the Statistics Division's plan of action to increase the medium-long term statistical capacity of member countries in the estimation of high-quality national accounts data and compliance with the latest international standards and recommendations of the 2008 SNA. Based on the outcome of a survey conducted in 2009, the study provides useful insights into the operative elements of the implementation strategy outlined above, in particular principles (b) to (d) of paragraph 6. The principal findings of the study are summarized below.

II. OVERVIEW OF THE MAIN OBSTACLES AND CHALLENGES TO IMPLEMENTATION

10. Analysis of the responses to the questionnaire showed that there are a number of shortcomings and conceptual lapses in the compilation of national accounts in the region. As a consequence, a series of actions should be undertaken in the medium term to improve the situation and speed up the 2008 SNA implementation process.

11. An issue which requires particular attention is the incomplete coverage of national accounts in most member countries, in most cases the result of a lack of exhaustiveness of the accounts themselves. In many situations, economic activities carried out in establishments outside the list frame are not covered in the regular economic surveys carried out by statistical offices in the region. This lack of coverage not only relates to informal household units, but also extends to formal activities not adequately captured by traditional statistical survey instruments. The lack of updated business registers is also a common issue which needs to be tackled.

12. Another important challenge is volume data. Constant price estimates of production-side aggregates are mostly based on the consumer price index, owing to the absence of a system of producer and wholesale prices, or on quantity indices of output. The expenditure-side and income-side aggregates at constant prices are frequently not compiled. In many countries in the region, the evaluation at current prices is also weak, given the absence of information on key aggregates, such as changes in inventories and the operating surplus and/or mixed income. In some cases, gross fixed capital formation is not estimated at the level of its component, but as an aggregated item. As a consequence, a true balancing process of the estimations from the different sides is seldom carried out.

13. The analysis also identified a number of problematic areas from the conceptual side which require urgent action. These include the following: (a) the household sector is not always appropriately defined for the compilation of the sequence of accounts; (b) the Central Bank is not always treated as part of general Government; (c) expenditure on oil exploration is not included in capital formation or even in the value of output, although several Gulf countries have major oil reserves and consequently significant exploration activities; (d) the reinvested earnings of foreign direct investment are not included in factor income from the rest of the world; (e) indirectly measured financial intermediation services are in most cases not allocated to the final users; and (f) fixed asset consumption estimates are weak, generating problems in the estimation of gross and net values.

14. Many member countries stressed that there is a need for additional capacity-building action in the field and that such action should be supported at the national level with increased technology and know-how so that, for example, advanced software can be used for the compilation of sequential accounts and supply and use tables. Support for further capacity-building action would also contribute to reducing staff turnover in national statistical offices.

¹ ESCWA, 2009, Study on National Accounts in the ESCWA Region: Sources and Methods (E/ESCWA/SD/2009/16).

15. The responses to the questionnaire revealed that insufficient coverage of national accounts data and the low number of staff working in national accounts departments, frequently coupled with high staff turnover, are the two main obstacles hindering the implementation of 1993 SNA in the ESCWA region. Other obstacles cited included (in order of collective agreement) insufficient training, insufficient data sources, lack of expertise in the field and lack of a legislative mandate to ensure the requisite levels of cooperation and coordination between agencies and ministries. Other barriers to implementation include insufficient promotion of the importance of national accounts in policymaking, lack of understanding of the recommendations, concepts and methodologies of 1993 SNA, and a shortage of manuals and guidelines on the subject. Other reasons cited (by fewer respondents) were the lack of technical assistance provided to countries, technological insufficiency and lack of funds.

16. In the light of the above considerations, certain issues related to national accounts estimation clearly require immediate attention. Complete coverage of economic activities in national accounts statistics requires the regular updating of the list frame, as well as the coverage of units not included in the list of establishments in the regular economic surveys. This in turn requires the adoption of a dual frame survey technique.

17. In this respect, the questionnaires used in economic surveys for the adoption of the definitions of production and capital formation need to be reviewed, bearing in mind both the 1993 and 2008 SNAs and the recommendations contained in the United Nations Statistics Division (UNSD) manuals on International Recommendations for Industrial Statistics (2008)² and the International Recommendations for Distributive Trade Statistics (2008),³ with particular regard to the adoption of new classifications. There is also a need for a rational regrouping of industry and product classifications in a way that is suitable for the compilation and presentation of the final estimates to users, with particular regard to the release of supply and use tables.

18. Improving the overall availability and quality of constant-price estimates (especially on the demand and income sides) and the available data for production-side estimates using double-deflation approaches and other double-indicator methods is another imperative for member countries. This implies strengthening the availability of input and output prices for appropriate deflation and, in particular, the availability of a quality index of wholesale/producer prices, import and export unit values, and wage-rate indices for the service sector.

19. Given the shortcomings outlined above, developing a complete sequence of accounts represents a major challenge for the region. As a consequence, institutional sector accounts are largely incomplete, in most cases covering only the total economy and the rest of the world.

20. The estimation of capital stock and the use of the Perpetual Inventory Method to obtain data on the consumption of fixed capital are particularly weak in the region, and the development of a system of core, short-term economic statistics for the indirect estimation of the principal macroeconomic aggregates of quarterly national accounts remains at a preliminary stage.

21. The above challenges, coupled with the lack of timeliness with which national statistical offices generally release national accounts, the absence of release calendars for data dissemination to users, and unclear revision policies, constitute an additional reason for the limited use of national accounts in the decision-making process at the national and regional levels.

² ST/ESA/STAT/SER.M/90.

³ ST/ESA/STAT/SER.M/89.

III. GOVERNANCE STRUCTURE

22. In order to respond to the challenge of improving the status of national accounts and, more generally, economic statistics in the region, a range of interventions by various stakeholders is required. In the meetings outlined above, ESCWA has therefore proposed to its member countries a regional governance structure for 2008 SNA implementation that closely resembles the organizational structure for other global initiatives in statistics, such as the International Comparison Program.

23. The primary aim of the proposal is to establish a coordinating governance structure which would guide the development, implementation and monitoring of the action plan for 2008 SNA implementation. The suggested governance structure is shown in figure 1.

24. The structure involves both national and regional actors. At the regional level, the ESCWA Statistical Committee, as the intergovernmental forum with responsibility for statistical matters of regional importance, would have ultimate ownership of the proposed programme for the development of economic statistics. Its primary role would be to provide a forum in which the views of stakeholders could be expressed, to confirm or amend the mandate and accountability mechanisms of the programme, and to ensure that it has adequate resources.

25. The Bureau of the Committee would be mandated to undertake intersessional work, including strategic decisions for the successful and timely implementation of the programme within the budgetary resources raised for that purpose.

26. A regional coordinator, who would be a staff member of the ESCWA secretariat, would manage the day to day work of the programme, working closely with the Bureau of the Statistical Committee and national coordinators to ensure the successful processing of the implementation strategy. The regional coordinator would consult with the Chairperson of the Bureau, report to the Bureau, and prepare the annual work programme and budget for approval by the Bureau. The regional coordinator and the Bureau would report to each other. The Committee could establish an advisory group to provide guidance to the Bureau and the Secretariat on methodological and technical issues related to the development and periodic revision of the programme. The Advisory Group would consist of members with a high level of experience and, in such capacity, capable of guiding and providing member countries with substantive support. The Advisory Group would comprise experts drawn from the Expert Group, national statistical offices and regional organizations.

27. At the country level, the regional programme would be carried out by national statistical offices through a national coordinator. Given the strategic nature of the regional and global programmes, and their impact on national statistical plans, it is envisaged that national coordinators would be chief statisticians in national accounts or their representatives.

28. The success of the regional programme will depend on the collective commitment of all national, regional and international partners in mobilizing adequate financial resources, providing technical assistance and ensuring support in terms of statistical capacity-building initiatives. In recognition of the importance to the region of successful implementation, ESCWA will continue to include initiatives to strengthen the skills of national statistical office staff and to promote consultation, the exchange of experience and the sharing of best practice in its regular programme of work, the regular programme for technical cooperation and (whenever feasible) extra-budgetary activities.

IV. PREPARATIONS FOR THE REGIONAL ACTION PLAN

29. The global programme and the regional action plan were extensively discussed and analysed during the seminars held in Oman in 2010 (see paragraph 8). The purpose of the seminars was to initiate the formulation of an implementation programme for the 2008 SNA and supporting economic statistics, with the

objective of developing comparable economic statistics for ESCWA member countries to monitor the integration of their economies.

30. It was expected that this initiative would lead to a multi-year programme to move countries over to the 2008 SNA and establish a minimum common data set of annual and high frequency statistics. The expected outcome of the seminars was that a consensus would be reached on a regional programme for the implementation of the 2008 SNA in the ESCWA region, which would include (a) a comprehensive, region-wide assessment of the current capacity of member countries to produce the basic economic statistics and national accounts needed for policymaking and decision-making; (b) a region-wide roadmap to enhance the scope and quality of basic economic statistics and national accounts for improved policymaking and decision-making; (c) a minimum common data set of annual and high frequency statistics; and (d) a mechanism to coordinate activities and build capacity in economic statistics and national accounts.

31. The seminars discussed the following six topics: (a) the translation of the 2008 SNA into Arabic; (b) the main changes in the 2008 SNA; (c) the need for high frequency statistics; (d) an assessment of the scope, detail and quality of national accounts in the ESCWA region; (e) the 2008 SNA implementation strategy; and (f) an overview of the diagnostic tool to review the current status of the statistical system to support the implementation of the 2008 SNA and supporting statistics.

32. The seminars resulted in concrete proposals for an implementation programme for the 2008 SNA and supporting statistics in the ESCWA region.

33. The participants welcomed the initiative by Kuwait to undertake the translation of the 2008 SNA into Arabic and agreed to form an editorial board, with ESCWA as the secretariat. The aim of the editorial board is to support Kuwait in the peer review of the translated text to ensure consistency in the translation of national accounts terms and definitions. The translation will start with the glossary, followed by Annex III (Changes from the 1993 SNA) and subsequently the remaining chapters.

34. The participants also agreed to use the Implementation Programme for the 2008 SNA and supporting statistics, adopted by the Statistical Commission, as the framework for formulating national implementation programmes. They emphasized that national statistical offices have ultimate responsibility for the formulation and implementation of the programme at the national level.

35. Member countries agreed upon the importance of high frequency indicators for the early detection of changes in economic trends and will therefore ensure that the collection and dissemination of high frequency indicators is included in the implementation programme.

36. Participants welcomed the proposed implementation tools (the Statistical System Information Sheet and the Self-assessment Diagnostic Tool) and agreed to use such tools to assess the suitability of the national statistical production process to produce quality economic statistics to support implementation of the 2008 SNA and supporting statistics.

37. Participants commended the initiative by UNSD to establish a dedicated website to track and support the implementation programme, welcomed the knowledge base platform for economic statistics and macroeconomic standards established by UNSD, and agreed to provide material on country practices to be housed in the platform.

38. Participants also agreed that a vision document is an important step towards establishing a road map for the implementation of the 2008 SNA and supporting statistics. In addition to a vision statement and a road map, the vision document should report on statistical and institutional needs; highlight changes to the statistical agenda; inform about the present, rather than the past; and be both fit for purpose and cost-effective.

39. Member countries supported the establishment of a governance structure, as discussed in Chapter II, consisting of an advisory group and national focal points to support, advise and oversee the implementation, reporting to the ESCWA Statistical Committee and its Bureau.

40. Finally, participants agreed to make available a report on the outcome of the self-assessment diagnostic exercise by the end of September 2010 and complete a vision document by the end of 2011.

V. THE WAY FORWARD

41. ESCWA will provide additional support for the development of national accounts and related economic statistics in the region through its regular budget programme, funds from the regular programme for technical cooperation, and related advisory services.

42. The programme of work in statistics for the biennium 2010-2011 was approved, with minor amendments, by the ESCWA Statistical Committee at its eighth session (Beirut, 14-16 October 2008).⁴ An expert group meeting on national accounts and economic statistics will be held in 2011 as a follow-up to the expert group meeting held from 12-14 May 2009 in Cairo.

43. Other activities with a direct impact on the implementation programme will also be undertaken, including two training regional workshops, one on industrial statistics and classifications (2010) and another on short-term economic statistics and their use for policymaking in (2011).

44. ESCWA will continue to provide regional advisory services, offering support in the main areas of economic statistics, including national accounts, international trade, sectoral and environment statistics and indicators, sampling, classifications and business surveys. Advisory services will be also provided in areas related to the improvement of national institutional frameworks for official statistics.

45. In addition to the annual recurrent publication *Bulletin on National Accounts Studies of the ESCWA Region*,⁵ a non-recurrent publication entitled *Study on Economic Statistics in the ESCWA Region: Sources and Methods* will be finalized, based on an ad-hoc questionnaire sent to member countries.

46. The *Regional Handbook on Data and Metadata Reporting and Dissemination* will be delivered in 2010. Two expert group meetings will also be held during the biennium 2010-2011, one on data and metadata reporting and dissemination, and another on measuring employment and its social and economic implications in ESCWA member countries.

47. Finally, ESCWA will act as regional coordinator for the International Comparison Program (ICP 2011), a global initiative directly linked to national accounts.

48. The work programme for the biennium 2012-2013 will contain important national accounts components, including an expert group meeting on national accounts and economic statistics (2012); a report of progress in economic statistics (2012); a study on economic statistics (2013); a regional handbook on selected methodological issues of economic and sustainable development statistics (2013); and advisory services to member countries upon request to support and improve the production of economic statistics and the adoption of new or revised international statistical standards, including classifications.

49. However, even such significant efforts cannot alone guarantee the success of the initiative at the regional level. The success of the regional programme will depend on the collective commitment of all

⁴ E/ESCWA/SD/2008/IG.1/8, item 10.

⁵ The most recent edition of the Bulletin (no. 29) can be accessed on the ESCWA website at <http://www.escwa.un.org/information/pubdetails.asp>.

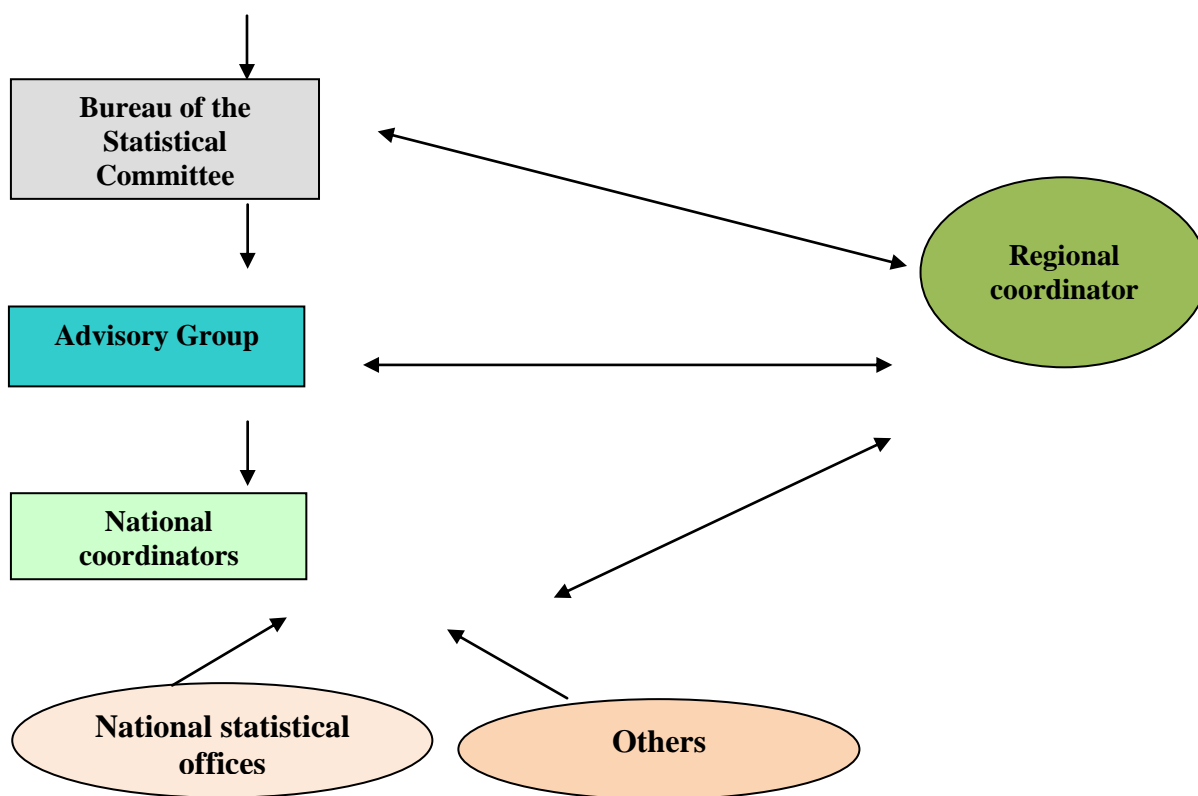
partners in mobilizing adequate resources, both financial and other. Fund-raising efforts will need to be made at the national, regional and global levels.

50. Countries should include funding needs for 2008 SNA implementation in their national budgets and actively seek sources of funding for their plans. International agencies providing technical assistance and financial support should make a case for the importance of their support for the implementation and maximize such support. All agencies involved should build on synergies with other similar programmes, such as the International Comparison Program and donors should be identified to provide financial support for research and implementation of cross-cutting issues and the development of additional tools.

51. The ESCWA A secretariat has prepared a draft action plan, including a minimum set of activities to be implemented by the end of 2015, which is annexed to this document for consideration and discussion by the Committee.

Figure. Governance and coordination structure of the Regional SNA Implementation Plan in the ESCWA region

**Statistical Committee and
Regional Working Group**



Annex

ACTION PLAN FOR 2008 SNA AND RELATED ECONOMIC STATISTICS

Time frame

The time frame envisaged for the project is as follows:

Baseline: 2010

Intermediate assessments: annually 2011-2014

Final assessment: 2015

Objectives

Strengthening national statistical capacity in national accounts and related basic statistics by promoting international coordination between development partners and carrying out regional programmes, guidelines and procedures for implementation.

Relationship to the strategic framework and expected accomplishments of the Statistics Division

The project is related to the main objective of ESCWA 2010-2011 Subprogramme 5 (Statistics for Evidence-based Policymaking), in particular expected accomplishment (b): “Enhanced capacity of national statistical offices to produce and disseminate relevant, timely, reliable and comparable economic and social statistics and indicators, including MDG indicators and gender-disaggregated data, in compliance with international standards and recommendations”.

Expected accomplishments (EA)

EA1: Improved national statistical capacity to produce and disseminate national accounts and related economic statistics;

EA2: Enhanced quality of national accounts and related economic statistics in terms of timeliness, frequency and compliance with international standards and recommendations;

EA3: Strengthened coordination within the ESCWA region between international agencies, regional bodies and NSOs.

Indicators of achievement (IA)

IA11: Increase in the percentage of core national accounts statistics and economic statistics indicators disseminated by ESCWA member countries;

IA21: Increase in the number of new and/or revised international statistical standards and recommendations implemented by national statistical offices;

IA22: Increase in the number of core short-term (quarterly or monthly) national accounts statistics and economic statistics indicators disseminated by national statistical offices;

IA23: Increase in the timeliness with which core national accounts statistics and economic statistics indicators are disseminated by national statistical offices;

IA31: Increase in the percentage of statistical experts who apply knowledge and skills gained through training at the national level.

Activities planned

Some of the following activities are included in the work programme of the ESCWA Statistics Division for the next three bienniums, while others are subject to the availability of external financial resources.

(a) Conducting **regular annual assessments** through questionnaires on national accounts and related economic statistics for the analysis of national statistical capacity and tracking progress made;

- EA linkage: EA1 and EA2
- Involvement: ESCWA
- Time frame: Q4 2010-Q4 2015

(b) Conducting **missions to selected countries** for initial assessment of national statistical capacity in national accounts and related economic statistics in the region;

- EA linkage: EA1 and EA2
- Involvement: ESCWA
- Time frame: Q4 2010-Q1 2011

(c) Organizing **two subregional advocacy workshops** (one for GCC countries and another for non-GCC countries) to develop national strategic frameworks, inform stakeholders of the objectives of the project and raise funds;

- EA linkage: EA3
- Target group: national governments and other users, regional central banks, regional development banks and regional trade or development communities
- Involvement: ESCWA, regional agencies and institutions, academia, national and regional statistical training institutions, international agencies and the international community of donors
- Time frame: Q1 2011-Q2 2011

(d) Conducting **five regional training workshops** during the time frame of the project for officials engaged in the fields covered (three on national accounts and two on related economic statistics);

- EA linkage: EA1 and EA2
- Target group: NSOs and regional central banks
- Involvement: ESCWA, international agencies and regional statistical training institutions
- Time frame: Q1 2011, Q3 2011, Q1 2012, Q3 2012 and Q1 2013

(e) Conducting a **regional training workshop** on quality in national accounts and economic statistics;

- EA linkage: EA2
- Target group: NSOs and regional central banks
- Involvement: ESCWA, international agencies and regional statistical training institutions
- Time frame: Q2 2011

(f) Organizing **three regional expert group meetings** on national accounts and related economic statistics;

- EA linkage: EA1, EA2 and EA3
- Target group: NSOs
- Involvement: ESCWA and international agencies
- Time frame: Q1 2011, Q1 2013 and Q1 2015

(g) Providing financial support for **five fellowships and study-tours** (once per year during the time frame of the project) on national accounts and related economic statistics, with a view to sharing best practice at the regional level;

- EA linkage: EA1, EA2 and EA3
- Target group: NSOs
- Involvement: ESCWA, international agencies, statistical training institutions and South-South cooperation
- Time frame: Annually for the duration of the project

(h) Providing **twenty-eight technical assistance missions** (two to each NSO in the region, each lasting five working days) on selected issues in national accounts and related economic statistics;

- EA linkage: EA1, EA2 and EA3
- Target group: NSOs
- Involvement: ESCWA, and international agencies
- Time frame: Q4 2010-Q4 2015
