

UPDATE OF THE 1993 SNA

Progress Report
by the Project Manager
to the Inter-Secretariat Working Group on National Accounts

October 31, 2006

1. This report, the fourth by the Project Manager, covers developments since March 2006. (The three earlier reports are at <http://unstats.un.org/unsd/nationalaccount/snarev1.asp>.) First, it briefly recalls the background of the Update Project and then traces the progress on recommendations for the Update and the drafting of chapters. Finally, it touches briefly on organization and finance.

Background

2. In 2003, the UN Statistical Commission called for an update of the *System of National Accounts, 1993 (SNA 1993)* to bring the accounts into line with the new economic environment, advances in methodological research, and needs of users. The Commission mandated that the update would not recommend fundamental or comprehensive changes to the 1993 SNA that would impede its implementation, and it identified consistency with related manuals such as the *Balance of Payments Manual* as an important consideration.

3. The Inter-secretariat Working Group on National Accounts (ISWGNA)—comprising Eurostat, International Monetary Fund, Organisation for Economic Co-operation and Development, the United Nations, and the World Bank—was mandated to coordinate and manage the Update Project. The timetable, as agreed to by the Statistical Commission in 2004, calls for a consolidated set of recommendations to be ready for endorsement in March 2007 and the 1993 SNA, Rev. 1 to be ready for endorsement in March 2008.

4. The Statistical Commission emphasized the need for transparency in the Update Project and the broadest possible involvement of the global statistical community. In line with this emphasis, the Advisory Expert Group (AEG), including 20 country experts from all regions of the world, was established in 2003 to take a key role in the update. The AEG considers the proposals for change and expresses its views. Proposals for change, for the most part, come from standing and short-term expert groups. The single most important tool to promote transparency and wide involvement in the update is the Project website at <http://unstats.un.org/unsd/nationalaccount/snarev1.asp>, maintained by the United Nations Statistics Division.

Reaching agreement on recommendations

5. A list of 44 issues, endorsed by the Statistical Commission and posted on the Project website, framed the tasks in the first phase of the Project. By its fourth meeting (January-February 2006), the AEG had agreed on recommendations on almost all points of the issues before it. On the few where it did not reach agreement, a time-bound way forward was identified.

6. The Statistical Commission, at its March 2006 meeting, took note of one issue, the treatment of unfunded government pension schemes. It indicated the need for further consultation and expressed a positive outlook about finding a solution. Intense discussions followed, especially in Europe. A proposed compromise emerged from a meeting of the Eurostat-ECB task force on government pension schemes in September, and this proposed compromise was circulated to the AEG and an expert group for reaction by end October 2006.

7. The fourth AEG meeting marked the transition to the next phase of the Project. The AEG undertook a first round of discussion on the overall consistency and integrity of the updated system. The follow-up on the issues identified was largely conducted electronically. The issues raised and conclusions reached are on a page at the Project website.

8. The AEG discussion of consistency added to the list of issues already identified as outside the scope or timeframe for the update. Steps are being taken to formalize a long-term research agenda. A web page at the Project website provides a brief description of the issues and, when available, one or more contacts where methodological research is underway.

Consultations on the AEG recommendations

9. An important next step after the four AEG meetings was to assemble all the recommendations made by the AEG into one document, along with the descriptions of the issues they are meant to deal with. This document--available first in English in April and subsequently in Spanish, Russian, and French--was posted on the Project website, sent to statistical offices and central banks with an invitation to comment, and discussed in meetings over the period April-September 2006. The document, the Full Set of Provisional Recommendations, provided the basis for review of the internal consistency of the recommendations and consistency of the recommendations with other macroeconomic manuals.

10. The ISWGNA's stocktaking of the four rounds of consultations after the AEG meetings and the consultation on the Full Set of Recommendations showed wide acceptance of a large majority of the AEG's recommendations. Country views were divided on only a few. On one of these, on the treatment of unfunded government pension schemes, as noted above, a compromise appears to be near. The others on which views were divided were on the treatment of research and development, on capital services in the production account, on capital services on assets owned by non-market producers, on military expenditures, and on goods for processing. The ISWGNA is engaged in an in-depth review of country comments on these recommendations. This review will provide input into the preparation of the Full Set of Consolidated Recommendations to go to the Statistical Commission in early 2007.

Drafting and review of the chapters of Rev. 1

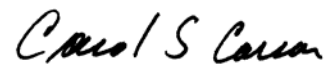
11. Work is moving forward under the plan for the drafting and review phase outlined in the last Progress Report. A page is open on the Project website that makes it possible to monitor progress, and two chapters have been posted for AEG and worldwide comment. The comment period will extend for 60 days after a chapter is posted. The comments received

will provide input to the next AEG meeting, March 19-23, 2007, and will be considered in the revision of the draft chapters.

12. Attention will turn to implementation as the drafting and review moves forward. The ISWGNA is taking first soundings on implementation of the Update recommendations in preparing to develop a strategy to be presented to the Statistical Commission in 2008.

Organization and Resources

13. The governance arrangements for the Project, as updated in December 2004, have continued to prove robust. The budget is being reviewed in light of recent developments and with a view to its adequacy for 2007 as the final year of the work programme.



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