

Towards the
2025 SNA

SNA Update Report

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Progress on guidance notes

65 guidance notes

- 64 have been finalized or are in the process of being finalized
- 1 remains outstanding:
 - WS.7 Treatment of Emission Trading Schemes – a workshop on practical issues is being arranged by the IMF – will take place in January
- In addition to the guidance notes, several **issues notes** have been prepared
 - These have been considered and subsequently endorsed by the AEG
 - Those involving substantive change to the SNA underwent global consultation

The research phase of the SNA update is essentially completed

Consolidated list of changes to the 2008 SNA

- A note on the **Consolidated list of changes to the 2008 SNA** has been prepared
- This note was subject to global consultation, which commenced 16 August and closed 28 September 2023
 - A webinar explaining the changes was conducted, which was very well attended
- 100 responses were received from the global consultation, with a wide geographical spread
- The feedback from the global consultation was discussed at the October AEG meeting
- Following the AEG discussion, the document is being finalized for submission to the UNSC for endorsement at its next meeting in early 2024
 - This will be accompanied by a background document describing the feedback received in the global consultation process and the response to the feedback to ensure transparency

Overview of proposed changes

TABLE 2 Update of the 2008 SNA – Recommendations that impact on the measurement of important national accounts aggregates and/or require the compilation of additional statistics

	Conceptual change					Additional data item/table				Clarification		Guidance		
	Impact on GDP	Impact on NDP	Impact on GG	Impact on net worth	Other	Breakdown	Economic table	Supplementary item/table	Extended table/account	Thematic table/account				
A. Generic issues														
A.4	IE.1 Statistical framework for the informal economy													
B. Further specifications of statistical units and revisions in institutional sectoring														
B.1	WS.2 Distributions of household income, consumption and wealth													
B.1	G.2 Treatment of MNE and intra-MNE flows													
B.1	G.4 Treatment of Special Purpose Entities and residency													
B.1	F.7 Impact of Fintech on macroeconomic statistics													
B.2	X.18 Statistical units													
B.3	G.4 Treatment of Special Purpose Entities and residency													
C. Further specifications of the scope of transactions including the production boundary														
C.1	D2.9 Incorporating digital intermediary platforms into the SNA													
C.3	A1.2 Treatment of rent													
C.3	X.55 Further alignment of the sum-of-costs approach													
C.4	X.3 Treatment of the output of central banks													
C.6	F.15 Debt Concessionality													
C.7	F.2 Asymmetric treatment of reinvested earnings													
C.7	D.17 Identifying superdividends and establishing the borderline between dividends and withdrawal of equity in the context of direct investment													
C.8	A1.2 Treatment of Rent for the "Recording of Data", "Marking Assets" and "Biological Resources"													
C.9	F.12 Covering hybrid insurance and pension products													
D. Extensions and further specifications of the concepts of non-financial assets, capital formation and consumption of fixed capital/depletion, including changes related to other transactions in goods and services														
D.1	D2.6 Recording of data in the national accounts													
D.1	G.9 Payments for "knowledge-based capital" (marketing assets)													
D.2	F.18 The recording of crypto-assets in macroeconomic statistics													
D.4	WS.6 Economic ownership and depletion of natural resources													
D.4	WS.11 Treatment of renewable energy resources as assets													
D.5	WS.8 Accounting for biological resources													
D.10	D2.7 Improving the visibility of artificial intelligence in the national accounts													
D.10	WS.12 Environmental classifications													
E. Further refinement of the treatment and definition of financial corporations, financial instruments and financial assets														
E.1	F.1 More disaggregated institutional sector and financial instruments breakdowns													
E.2	F.18 The recording of crypto assets in macroeconomic statistics													
E.3	F.8 Valuation of debt securities at both market and nominal value													
E.3	B.12 Treatment of equity in international organizations that is in the form of unlisted shares or nonnegotiable equity													
E.6	X.16 Accounting for pensions: supplementary table on household retirement resources													
E.7	F.4 Financial derivatives by type													
E.8	X.59 Clarification note on treatment of securities (and gold bullion) under reverse transactions													
E.9	WS.9 Recording of provisions													
E.10	WS.12 Environmental classification													
G. Broadening the framework of national accounts to capture wellbeing and sustainability														
G	WS.3 Unpaid household service work													
G	WS.4 Labour, education and human capital													
G	WS.5 Indicators of health care in the SNA													
H. Other issues														
H.3	D2.4 Recording and valuing "free" products in an SNA satellite account													
H.3	D2.5 Increasing the visibility of digitalisation in economic statistics through the development of digital supply-use tables													

TABLE 3 Update of the 2008 SNA – Other recommendations for clarification or additional guidance

		Clarification			Guidance			No change		
A. Generic issues										
A.1	CM.4 Use of net measures in the presentation of the National Accounts									
A.2	A1.1 Valuation principles and methodologies									
A.2	X.24 Refocusing 2008 SNA Chapter 20 (Chapter 17 in the 2025 SNA) on capital services and the national accounts									
A.3	IF.1 Islamic finance in the National Accounts and External Sector Statistics – new chapter									
A.4	X.32 Establishing clearer links to ICLS resolutions – Informal economy									
A.5	X.53 Include text on significant differences between the SNA and IPSAS/IAS									
B. Further specifications of statistical units and revisions in institutional sectoring										
B.1	G.7 Global value chains and trade in value-added									
B.3	B.3 Centralised Currency Unions									
B.3	X.4 The delineation of head offices and holding companies in the national accounts									
B.3	X.39 Output of off-shore banks									
B.3	X.54 Draft an issues note on when, and when not, to consider trusts and other types of funds as separate institutional units									
C. Further specifications of the scope of transactions including the production boundary										
C.1	D2.8 Cloud computing									
C.2	G.7 Global value chains and trade in value-added									
C.2	C.4 Merchandising and factory-less producers: clarifying negative exports in merchandising and merchandising of services									
C.4	F.14 Treatment of factoring transactions									
C.4	X.10 FISIM									
C.5	X.44 Recording of deferred or waived rental payments									
C.5	X.45 Recording of deferred delivery of and payments for goods and services									
C.5	X.46 Recording of deferred interest payments									
C.6	IF.1 Islamic finance in the National Accounts and External Sector Statistics – measurement of interest									
C.6	X.6 The statistical treatment of negative interest									
C.7	D.16 Treatment of retained earnings									
C.10	X.5 Recording of flows between a defined benefit pension fund and its sponsor									
C.10	X.8 Confirmation of calculation for the measurement of non-life insurance									
C.10	X.12 Accounting for pensions: treatment of holding gains and losses									
C.10	X.35 Improve consistency in the use of terminology for insurance									
C.10	X.41 Recording of refunded premiums at surrender of insurance policies									
C.11	C.7 Treatment of travel packages, health-related travel, and taxes and fees on passengers' tickets									
C.11	C.8 Recording penalties and fines									
D. Extensions and further specifications of the concepts of non-financial assets, capital formation and consumption of fixed capital/depletion, including changes related to other transactions in goods and services										
D.3	D2.10 Non-fungible tokens (NFTs)									
D.4	WS.10 Valuation of mineral and energy resources									
D.6	WS.7 Treatment of emission trading schemes									
D.7	G.5 Economic ownership of intellectual property products – recording of intra-MNE transactions									
D.7	X.32 Recording of work in progress									
D.8	X.52 Include text on partitioning of work in progress									
D.8	X.56 Add clarification on the treatment of costs of ownership transfers for different types of assets									
D.8	X.57 Add clarification on the distinction between maintenance and capital repairs for intangible assets									
D.8	X.58 Issues note on a possible alternative treatment of the transfer of leased assets at the end of the lease period									
D.9	CM.4 Use of Net measures in the presentation of the National Accounts – use of geometric depreciation									
D.9	X.2 Service fees of military system									
D.9	X.9 Capital services of assets not contributing to production									
D.11	G.1 Valuation of imports and exports of goods									
E. Further refinement of the treatment and definition of financial corporations, financial instruments and financial assets										
E.4	F.9 Valuation of loans (fair value)									
E.5	F.16 Subscription Rights									
E.6	X.14 Accounting for pensions: recognition of pension entitlements relating to social security schemes									
E.7	F.10 Treatment of cash collateral									
E.7	F.10 Treatment of cash collateral									
E.8	F.3 Reverse transactions									
E.8	F.10 Treatment of cash collateral									
E.8	D.18 Cash pooling in direct investment									
E.8	X.37 Recording of central bank swap arrangements									
E.9	X.14 Accounting for pensions: recognition of pension entitlements – contingent liabilities									
F. Further specifications of the scope of transactions concerning government and public sector										
F.1	WS.7 Treatment of emission trading schemes									
F.2	X.11 The recording of stability fees									
F.3	WS.14 Distinction between tax and service transaction and other borderline cases									
F.4	D.8 Public-private partnerships									
F.5	D.5 Eliminating the imputation for an entity owned or controlled by general government that is used for fiscal purposes									
F.6	B.8 Recording citizenship by investment programs									
F.6	B.9 Treatment of external assets and related income declared under tax amnesty									
F.6	X.43 Government support to businesses and households									
G. Broadening the framework of national accounts to capture wellbeing and sustainability										
G	WS.1 A broader SNA framework for wellbeing and sustainability									
G	X.32 Establishing clearer links to ICLS resolutions – labour accounts									
H. Other issues										
H.1	D2.1 Price and volume measurement of goods and services affected by digitalisation									
H.1	X.10 FISIM – price and volume measurement									
H.1	X.21 Adding text on productivity measurement to 2025 SNA Chapter 18									
H.1	X.22 Adding a section, in the 2025 SNA Chapter 18, on the volume and price measurement of specific products									
H.1	X.27 Estimating the volume of non-monetary digital transactions									
H.2	X.42 Accounting for pensions: conditions of high inflation									
H.3	X.2 Treatment of "free" products in the "core" national accounts									
H.4	G.7 Global value chains and trade in value-added									
H.4	X.51 Add text on nationality concept									
H.5	CM.2 Terminology and branding of the Economic Accounting statistical standards									
H.6	CM.3 A taxonomy for communicating Economic Statistics, measures, products and product updates									
H.7	CM.3 An Assessment Framework to measure alignment with the Economic Accounting statistical standards									

Outcome of global consultation

- **Very large majority found the recommendation clear, straightforward and unambiguous (80 out of 97) and consistent (83 out of 97)**
- Some respondents (generally European countries) expressed **conceptual concerns** on accounting for natural resources, marketing assets and sum-of-costs method for non-market producers
- Somewhat more concerns (generally European countries) were expressed about the **feasibility of implementing recommendations, including arriving at internationally comparable data:** natural resources, data and marketing assets – issues regarding modelling and assumptions were raised
- A number of other more minor comments, generally seeking clarification, were made

Outcome of global consultation

- Regarding the **conceptual concerns**, the AEG was of the view that consultation leading up to the recommendations had set a clear direction and emphasized the transparent process and extensive consultation for reaching recommendations
 - However, some adjustments were made to clarify certain recommendations
- Regarding concerns about **feasibility of implementing recommendations**, the importance of the program of early implementation, which includes the development of compilation guidance, was stressed
 - Ensuring internationally comparable estimates is an important component of this work
 - It should be noted that the implementation of the 2025 SNA will probably not take place until around 2029, which gives countries several years to prepare
- Where comments were made seeking clarification, the document was updated to reflect these
- As it is European countries that generally expressed concerns, we are working actively with Eurostat to communicate with countries about their concerns and to seek to ameliorate these in the lead-up to the UNSC Meeting

Glossary

- A key feature of the SNA and BPM update processes has been the development of a **common, harmonized glossary**
- The initial version was developed by the CMTT, and handed over to the SNA and BPM editorial teams in March 2023
- During April – June 2023 there were various converging rounds of discussions between the two editorial teams
 - Some issues were brought to AEG and BOPCOM for guidance
- The glossary was then **reviewed by GFS, MFS and SEEA communities** and comments incorporated
- It has also been subject to AEG and BOPCOM review
- Following the recent AEG and BOPCOM meetings, the glossary will be shortly ‘finalized’ shortly, taking account of the discussions at the meetings
 - It will be made publicly available
 - Further changes may need to be made in due course as a result of the drafting process, etc.
- **Translation work** will commence in the next few months

Preparing the 2025 SNA

- The initial focus of the drafting process is on chapters that are **new or substantially revised**
 - There are 16 chapters in this category
 - 7 of these are ‘joint’ SNA/BPM chapters and are being drafted jointly with the IMF BPM update team
 - As the chapters are drafted, they will be reviewed by key stakeholders, the AEG (and BOPCOM where relevant), and subject to global consultation
- For each of these chapters, an **annotated outline** was produced in 2022/early 2023
 - These annotated outlines were subject to global consultation
- The chapters are being prepared on the basis of the annotated outlines, taking account of comments received from the global consultation on the annotated outlines

Progress on preparing the updated chapters – new or substantially revised

- One chapter has undergone global consultation
- One chapter is currently undergoing global consultation
- Five chapters have been reviewed by AEG (and BOPCOM) and will shortly undergo global consultation
- Two chapters will shortly be reviewed by AEG (and BOPCOM)
- Four chapters are currently being drafted – will likely undergo global consultation in January 2024
- Three chapters will shortly start being drafted – will likely undergo global consultation in February 2024

Preparing the 2025 SNA (continued)

- Updating of the chapters that **are not new or substantially revised** has just started
 - This involves 23 chapters
 - These will be sent to the AEG for review, but will not be subject to global consultation (as individual chapters)
- In May-July 2024 the **complete draft of the 2025 SNA will be circulated for global consultation**
 - The chapters that are not new or substantially revised will be shown in ‘track changes’
- The AEG/ISWGNA will ‘sign off’ on the updated SNA around October 2024 in anticipation of **approval by UNSC in early 2025**
- There are also **5 annexes** that will be prepared:
 - International standards for macro-economic statistics, and the links with the SNA
 - The classification hierarchies of the SNA and associated codes - will be an update of 2008 SNA annex
 - The sequence of accounts – will be an update of the 2008 SNA annex
 - Changes from the 2008 System of National Accounts – the consolidated list of changes will form the basis for this annex
 - Research agenda for the post-2025 SNA – discussions on this have commenced
- **Digital version of the SNA** – work on preparing this will ramp up in 2024

Early implementation

- A key feature of the SNA 2008 update is a program of early implementation
 - This follows a program of feasibility testing for certain guidance notes
- The aim of early implementation is to **assist countries in preparing for the implementation** of the SNA update after its adoption by the UNSC in 2025
- This will be achieved by:
 - Developing ‘best practice’ guidelines to aid in the implementation of recommendations in GNs
 - Encouraging countries in the early implementation of recommendations by developing sources, methods and processes
 - Gaining an understanding of the impact of recommendations on key national accounting aggregates
- Not all GNs are involved in early implementation. Those that are involved tend to be GNs that have an impact on key national accounts aggregates (eg GDP) or GNs that because of their complexity, involve significant methodological challenges in implementation

Early implementation (continued)

- **High priority**
 - Three **task teams** have been established to take forward the early implementation work in high priority areas:
 - Eurostat/IMF task team on **Recording of Data in the National Accounts**
 - IMF task team on **Payments for Non-produced Knowledge-Based Capital (Marketing Assets)**
 - The OECD Expert Group on **Natural Capital**
 - IMF is developing guidance on measuring **crypto assets**, the other high priority area for early implementation
- **Medium priority**
 - DZ.7 Improving the visibility of artificial intelligence in the national accounts
 - DZ.8 Cloud computing
 - DZ.9 Incorporating digital Intermediation platforms into the SNA
 - F.12 Covering Hybrid Insurance and Pension Products
- **Low priority**
 - DZ.4 Recording and valuing “free” products in an SNA satellite account
 - F.2 Asymmetric treatment of retained earnings between direct and portfolio investment and potential extension to domestic relationships
 - IE.1 Statistical Framework for the Informal Economy

Compilation guidance

- The implementation of the 2025 SNA will be supported by **compilation guidance** where it is considered that such guidance will be helpful
- An assessment of the **proposed plans for providing compilation guidance** for changes to the SNA has been undertaken
 - This assessment has considered GNs that involve conceptual change, or additional data items or tables or (b) otherwise involve changes where it is considered that compilation guidance might be helpful
- This assessment shows that in several areas it is **proposed to develop specific compilation guidance**
 - In many cases, particular with regard to early implementation, work has commenced on the development of this guidance
 - In other cases, plans for providing guidance still require development – this will be done in coming months
- In other areas, it is considered that there already exists sufficient guidance to support compilers

Compilation guidance (continued)

- It is hoped that by the time that the UNSC approves the 2025 SNA in early 2025 that there will be a substantial body of guidance available
 - It is expected that the proposed Compilers Hub will be a central repository for guidance materials
 - In some case, work on developing compilation guidance will continue in 2025 and later, particularly to take account experiences in the use of guidance
- While undoubtedly it is better to have more rather than less guidance, preparing guidance materials comes at a cost and requires scarce expertise
 - There needs to be organizations who are willing to to take the lead in preparing the guidance or contributing to its development
 - It is important that work is prioritised, and a balance is struck between what might be considered 'ideal' and what is reasonable in practice

Outreach

- There has already been **significant outreach** regarding the SNA update, for example:
 - Several regional webinars and forums devoted specifically to the update
 - Discussion of the SNA update at key regional meetings, such as the UNECE's Group of National Accounts, the OECD's Conference on National Economic and Financial Accounts and various Eurostat meetings
 - Presentation on the SNA update at the World Statistical Congress
 - The November 2022 Eurostat and UNSD conference on macroeconomic statistics for the future, which focused on the update of SNA.
 - The August 2023 Webinar on the Consolidated list of changes, to support the global consultation
 - The 'Towards SNA 2025' pages on the UNSD website, which provides a wealth of information about the update project
 - The global consultation process on the guidance notes, the annotated outlines, the consolidated list of changes and the updated chapters (ongoing)
 - An article in the SNA News and Notes on the update process
 - Reports to the UNSC

Outreach (continued)

- Going forward, two rounds of regional outreach seminars are planned
 - These will be conducted jointly with the IMF's BPM7 update team
 - The **first round** will be virtual and will cover the proposed changes to to the SNA (and BPM). The target audience will be NA and BOP compilers. There will be a combination of joint sessions and sessions specific to the BPM and SNA.
 - These seminars will take place between December 2023 and mid 2024
 - There will be collaboration with regional institutions and UN regional commissions in conducting the seminars
 - The **second round** is planned to kick-off in 2025 following the endorsement of the 2025 SNA and BPM7
 - The target audience will be comprise senior officials as well as NA and BOP compilers
 - The session will focus on methodological changes and new data breakdowns, and participants will be invited to share their thinking about implementation planning, including timelines and possible capacity development needs
 - The seminars are expected to be in person, although the exact modalities are still under consideration

Implementation strategy

- Initial ideas on the **implementation strategy for the 2025 SNA** were put forward for discussion at the recent AEG meeting
- Following the AEG discussion, the ideas will be fleshed out and a preliminary version of an SNA 2025 implementation strategy will be developed
- The AEG will provide ongoing advice to the ISWGNA on the development of the strategy
- The strategy will also undergo broader **consultation**
- The **finalized implementation** strategy will be presented to the 2025 UNSC meeting
 - By way of comparison, the Implementation Strategy for the 2008 SNA was presented to the 2009 UNSC Meeting

Implementation strategy components

- **Core elements**
 - Strategic approach
 - Advocacy
 - Training
 - Technical assistance
 - Preparing manuals and handbooks
 - Ongoing research
- **Program modalities**
 - Monitoring and evaluation
 - Assessment of country preparedness
 - Implementation stages
 - Timing of implementation
 - Coordination and governance

Key relationships

- Relationships with the **BPM update team** remain excellent and there continues to be strong coordination and cooperation between the two update teams
- **GFS, MFS and SEEA communities** continue to be involved in the update process as appropriate, for example:
 - Involvement in the glossary
 - Development of guidance and issues notes where relevant
 - Review of relevant draft chapters
- The **ILO** has been involved in the drafting and review of chapter 16 (Labour) and the review of chapter 34 (Measuring Wellbeing)
- The **UNSD (Time Use)** has been involved in the drafting and review of chapter 34 (Measuring Wellbeing)
- The **ISIC and CPC update programs** have considered SNA update issues as part of their review processes
- There is coordination between the SNA 2025 update and the **G20 Data Gaps Initiative (DGI)**

**THANK YOU
FOR YOUR
INTEREST**

