#### ANNEX 5:

# Joint sub-Task Team on Compliance framework for the macroeconomic accounting manuals

## **Terms of reference**

# **Background**

- 5.1. The degree of alignment with international standards provides two important signals to users: first, it informs about the quality of cross-country comparisons, and second, it informs that subsequent major revisions are expected in cases where a country remains distant from the international standards.
- 5.2. Currently, alignment with international standards is a binary, self-proposed definition (i.e., each country declares if it is compliant or non-compliant). As a new round of update of the macroeconomic accounting manuals is launched, it is important to move away from this binary definition and develop an internationally adopted and accepted framework which measures a country's alignment to the international standards.
- 5.3. At its 13th Meeting, the Committee of Experts on national accounts, represented by the ISWGNA and AEG stressed the importance of having more objective information on the compliance of countries' national accounts with the international standards (e.g., scoreboard on conceptual adherence). It was noted that it would be useful if similar and consistent information was available for other macroeconomic accounting frameworks.
- 5.4. This Terms of Reference describes the background, objective, main activities, governance, reporting, expected deliverables and timeline of the Joint sub-Task Team working on the **compliance framework for the SNA and related accounting frameworks**.

## **Objective**

- 5.5. The review of the assessment framework to measure alignment with macroeconomic accounting frameworks will seek to create clear measures on the degree of implementation and alignment with the international standards (e.g., charts, tables, quantitative indicators), considering the evolution of macroeconomic accounts since the last round of updates. This review should take into consideration that the priority recommendations differ according to national conditions, and that the implementation of the latest version of the standards is not by itself a measure of accuracy.
- 5.6. The work will build on the tools adopted by the UNSC, the Balance of Payments committee and the Government Finance Statistics Advisory committee for monitoring the

implementation of statistical standards. Examples include the 2008 SNA implementation milestones, required data set (minimum/recommended/desired), and compliance questionnaire, as well as other available frameworks such as the IMF data dissemination frameworks (GDDS/SDDS) and the Data Quality Assessment Framework (DQAF).

#### Main activities of the Joint sub-Task Team

- 5.7. The Joint sub-Task Team is expected to develop the following activities:
  - i. Define how to measure alignment to the latest international standards.
  - ii. Propose clear and transparent measures of alignment with international standards (e.g., charts, tables, quantitative indicators).
- iii. Propose a framework to communicate the alignment of countries with international standards, considering the initiatives that already exist (e.g., MRDS, SDDS and DQAF).

# Possible development

### - Dashboard

For example, the assessment of the degree of alignment with the international standards can be based on a grid to be used by statistical agencies and international organizations, developed around the key components of a given macroeconomic accounting framework, including concepts/definitions, accounting rules, and classifications. Each category can be further broken down into a set of sub-categories that encompass the main features of the system. It is expected that countries would conduct self-assessment using the dashboard and indicating their level of alignment (fully, partially, not aligned, or not applicable) with each sub-category.

# - Aggregate measure

The dashboard can be summarized into a single robust aggregate measure or score that can be consistently measured across countries and through time. While there are several ways to do this, at the very basic level it involves weighting each of the cells in the dashboard and aggregating the weighted scores to arrive at a summary measure. To reduce subjectivity, the weights should be selected in such a way that they can be universally applied and accepted<sup>4</sup>.

<sup>&</sup>lt;sup>4</sup> The World Bank has developed such a dashboard to assess country statistical capacity (in general); see: http://datatopics.worldbank.org/statisticalcapacity/

# Governance and participation

- 5.8. The Joint sub-Task Team is co-chaired by and Sanjiv Mahajan (Office for National Statistics, United Kingdom) and (tbd). Secretariat is composed of Jim Tebrake and Margarida Martins (International Monetary Fund), and Eric Metreau and Bala Bhaskar Kalimili (World Bank). Herman Smith and Jonathan Gessendorfer (both United Nations Statistics Division) assure coordination with other TTs.
- 5.9. The co-chairs, with the support of the secretariat will recruit other members of the TTs, normally including other Committees of Experts like ISWGNA/AEG, BOPCOM, and GFSAC members, experts from international organizations as well as other experts (e.g., from national statistical agencies, central banks, national or local governments, the research community, the media), according to the necessary expertise (e.g., Balance of Payments, Government Finance Statistics, Monetary and Financial Statistics, Environmental Economic Accounting, and Communication), representativeness (range of regions, country sizes, and stage of statistical development) and the need to coordinate with other domains.
- 5.10. The co-chairs and the members of the TTs will work on a voluntary basis.
- 5.11. The working arrangements are expected to consist mainly of electronic communication through the circulation of documentation, web-based data and code hosting services like GitHub, and the collection of comments on specific topics. Face-to-face meetings of the Joint sub-Task Team could be organized if necessary.

## Reporting

5.12. The Joint sub-Task Team reports to the Joint Task Team on Communications.

## **Expected deliverables**

- 5.13. The proposals should take the form of a guidance note which will follow a common structure where the issue and objective are described, the background research is summarized, and a recommended option is presented (the recommended structure is included as an Annex).
- 5.14. Progress on the proposed changes and channels (including completed guidance notes, when available) will be reported in ISWGNA reports to the UN Statistical Commission (UNSC).

#### **Timeline**

**August 2020**: Draft guidance note, for discussion within the Committee of Experts on national accounts, represented by the ISWGNA and AEG.

**October 2020**: Discussion of the guidance note by the Committee of Experts on national accounts, represented by the ISWGNA and AEG.

In the course of **2021**: Finalization of the guidance note.

### **Documentation**

Guidelines for monitoring the 2008 SNA implementation - Extract of the report of the Intersecretariat Working Group on National Accounts to the forty second session (2011) of the United Nations Statistical Commission:

https://unstats.un.org/unsd/nationalaccount/docs/guidelines.pdf

Data Quality Assessment Framework (DQAF) for National Accounts Statistics: <a href="https://dsbb.imf.org/content/pdfs/dqrs\_nag.pdf">https://dsbb.imf.org/content/pdfs/dqrs\_nag.pdf</a> which is part of the IMF Data Quality Reference Site: <a href="https://dsbb.imf.org/dqrs/DQAF">https://dsbb.imf.org/dqrs/DQAF</a>

13th Meeting of the Advisory Expert Group on National Accounts - Agenda item: 4.2 – "A framework for recording and communicating revisions" (Section IV): <a href="https://unstats.un.org/unsd/nationalaccount/aeg/2019/M13\_4\_2\_Framework\_for\_recording\_a\_nd\_communicating\_revisions.pdf">https://unstats.un.org/unsd/nationalaccount/aeg/2019/M13\_4\_2\_Framework\_for\_recording\_a\_nd\_communicating\_revisions.pdf</a>