

Unclassified**English - Or. English****6 October 2021****DIRECTORATE FOR FINANCIAL AND ENTERPRISE AFFAIRS
STATISTICS AND DATA DIRECTORATE****Working Party on Financial Statistics****Draft agenda: Joint meeting of the Working Party on Financial Statistics
(WPFS) and the Working Party on National Accounts (WPNA)**

25-28 October 2021 12h00
Paris, France

The meeting will take place in virtual format, via Zoom. It will start at 12:00 and end at 15:30. Times indicated in the agenda refer to Central European Summer Time (CEST).

Delegates are invited to consult the ONE Community space:
<https://community.oecd.org/community/nationalaccounts> for up to date information; all documents and presentations will be uploaded as they are received.

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Joint meeting of the Working Party on Financial Statistics and the Working Party on National Accounts

Monday 25, Wednesday 27 and Thursday 28 October 2021, 12:00 – 15:30 each day

Monday 25 October 2021, 12:00 – 15:30

Item 1. Opening

Monday 25 October, 12:00 – 12:05

Item 2. The impact of COVID-19 on official statistics

Monday 25 October, 12:05 – 13:30 and 14:00 – 15:00

COVID-19 and the subsequent containment measures implemented in countries around the globe have affected economies in various ways. Several industries have been affected directly by these measures and many countries recorded large drops in their GDP. At the same time, governments tried to mitigate the impact on the economy, amongst others by implementing support measures for businesses and households. This session includes presentations of analyses how the COVID-19 pandemic and subsequent measures have affected various sectors. Furthermore, COVID-19 created several challenges for national statistical agencies and – in response – led to the development of new data sources, new statistical outputs, smart solutions to deal with specific challenges, and further guidance on how to deal with some conceptual and methodological issues. This session also includes presentations on country experiences in dealing with specific issues as encountered during the COVID-19 crisis and lessons learned for the future.

Item 2.a. Policy responses of the Central Bank of Turkey to the Covid-19 pandemic and its outcomes on macroeconomic figures and sectoral financial accounts

Ahmet Tayyar Firat (Central Bank of Turkey)

Shortly after the first Covid-19 case was seen in Turkey in March 2020, CBRT has acted very swiftly to contain the potential impact of the pandemic on the economy and introduced a comprehensive set of policy steps. These policy responses fundamentally aimed to mitigate the adverse effects of the pandemic on the financial, non-financial and household sectors by providing extra liquidity by using the monetary transmission mechanism. In the first part of the presentation, these policy actions and its anticipated targets will be introduced. At the second part, the outcomes of these steps on the macroeconomic figures of Turkey like GDP, inflation, money supply, public debt etc. will be discussed. At the third part, the focus will be taken to the Sectoral Financial Accounts tables and the sectoral positions will be compared for both the pre and post pandemic periods as well as cross – country debt comparisons will be made by using Financial Accounts tables. Financial instrument and from whom-to-whom perspective analysis will be also a part of the presentation.

Item 2.b. The impact of Covid-19 on Italian households and firms

Stefania Cuicchio and Federico Sallusti (Istat)

Covid-19 affect the Italian economy, generating a strong downward trend in both productive activities and households' final consumption. Relying on available data sources, including the Covid Survey carried out by Istat in 2020, the presentation will present the impact of the Covid-19 pandemic on the income of households and gross operating surplus of non-financial corporations in 2020. The analysis grounds on three steps. The first one provides an input-output simulation of the effects of the decrease

in demand (i.e. final consumption, investments and exports) during the crisis on productive activities and, consequently value added. The second step, also using the information provided by the Covid Survey, breaks down the loss in production by institutional sectors, thus supplying specific information on the way in which the pandemic affected household income and gross operating surplus of non-financial corporations, also considering the public policies aimed at supporting income (i.e. wage compensation for employees, turn-over compensation for employers and corporations). Finally, in the third step, a counterfactual exercise is presented aimed at comparing the level of income derived from the simulation carried in the first two steps with the situation of the economic system if the pandemic crisis had not occurred. The counterfactual is obtained by simulating a steady state growth of the economy in the same analytical framework. This allows for obtaining a “potential” loss in income, which includes the “observed” component estimated between 2019 and 2020, and the “theoretical” component, which is connected with the growth in income of households and corporation that would have been in absence of the pandemic.

Item 2.c. Impact of COVID-19 on financial positions in the US Financial Accounts

Matt Hoops (US Federal Reserve)

In response to the impact of COVID-19 on the US economy, the US federal government and central bank implemented numerous measures to mitigate the impact of the crisis by providing support to businesses and households, as well as liquidity to financial markets. These measures and the decisions of households and businesses have led to changes in financial positions that are reflected on sectoral balance sheets. This presentation will highlight several key changes to the balance sheets of household and businesses since the start of the COVID-19 pandemic and discuss challenges in incorporating new programs into the accounts.

Item 2.d. Withdrawals from pension funds in Chile and their impact on the household account

Simón Guerrero (Central Bank of Chile)

In the context of the health emergency produced by the COVID-19 pandemic, a series of exceptional measures were implemented in Chile to deal with the reduction in labour income received by households. Among these, the exceptional withdrawal of a part of the pension savings accumulated in the individual capitalisation accounts stood out. The presentation will focus on how these withdrawals were measured in the Households’ non-financial account, the effect on the results and the challenge that their communication implied.

Item 2.e. Results from a joint ONS/OECD project on the measurement of non-market output during the COVID-19 pandemic

James Lewis (Office for National Statistics, UK) and John Mitchell (OECD)

The coronavirus (COVID-19) pandemic and the measures taken to control its spread have had severe impacts on economies across the world. The effects of COVID-19 have also significantly affected the provision of non-market services, such as healthcare and education. Approaches to measuring non-market services varies between countries and between components of non-market output. The COVID-19 pandemic may have directly affected the comparability of non-market output measures across countries, and indirectly the comparability of GDP measures. The presentation outlines the draft report authored by the OECD and ONS, that informs on the range of approaches currently applied by National Statistical Institutes (NSIs) to measure non-market output, and investigates how different approaches, including temporary methodological changes, may have contributed to differences in the measured growth of non-market output and GDP over the COVID-19 pandemic.

Item 3. Improving vertical consistency

Monday 25 October, 15:00 – 15:30

Vertical consistency between non-financial and financial accounts constitutes a very important quality aspect of the results. As they are often compiled on the basis of different data sources, according to different time schedules, and in some occasions by different institutions, it is not always easy to close any inconsistencies. For that reason, it is relevant to exchange best practices and recommendations on how to bring the results closer together.

Item 3.a. Recommendations to improve the vertical consistency of EU sector accounts

Andreas Hertkorn (ECB) and Orestis Tsigkas (Eurostat)

Vertical consistency across institutional sectors – that is consistency of financial and non-financial transactions – is an important quality aspect for users that requires the cooperation of financial and non-financial accounts compilers. A report with qualitative and quantitative recommendations to improve vertical consistency is being finalised by the European Statistical System and the European System of Central Banks, following joint workshops involving compilers and users. The joint presentation by ECB and Eurostat will explain the draft recommendation and the proposed way forward.

Wednesday 27 October, 12:00 – 15:30

Item 4. Digitalisation

Wednesday 27 October, 12:00 – 13:30

Recent years have seen a rapid emergence of new disruptive technologies with new forms of intermediation, service provision and consumption, with digitalisation being a common characteristic. These include new platforms that facilitate peer-to-peer transactions, new activities such as crowd sourcing, a growing category of “occasional self-employed” and prevalence of “free” media services, funded by advertising and big data. ‘Digitalisation’ is one of the priority areas within the SNA Research Agenda and a lot of work is undertaken by the informal Advisory Group on Measuring GDP in a Digitalised Economy. This session will provide an update on the work of the informal Advisory Group. Furthermore, it presents ongoing work to address some of the challenges put forward by the digital economy.

Item 4.a. Advances in the digital measurement for Mexico

Francisco Guillen (INEGI, Mexico)

The “digital age” is revolutionising the world’s social and economic dynamic, presenting a new stage of globalisation characterised by the outbreak in the use of internet, mobile applications, communication services, and hardware. It is also growing even more accelerated in response to the COVID-19 pandemic disease. With the purpose of tracking the digitalisation, INEGI developed the Gross Value Added of electronic commerce published in 2018. In addition, as part of the experimental statistics, it works together with the IMF to estimate the Gross Value Added of digital products. Both indicators are considered as advances in the Digital Supply and Use Tables proposed at the international level, which are in future plans to collect for the change of base year 2018 to be published in 2023.

Item 4.b. Developments in measuring the value of data at the ABS

Michael Smedes (ABS)

This presentation will describe developments in valuing data as an asset at the ABS. It will cover the range of approaches looked at for measuring: capital formation, price change, and asset lives. Furthermore, it will show the results of sensitivity tests on capital services and productivity from these approaches. Finally, it will describe collaboration undertaken with private sector data aggregators to ‘sense check’ the valuation assumptions and results.

Item 4.c. Update on the work of the informal advisory group on measuring GDP in a digitalised economy

Erich Strassner (US Bureau of Economic Analysis) and John Mitchell (OECD)

The *informal advisory group on measuring GDP in a digitalised economy* was set up in 2017 to focus on advancing the measurement agenda associated with the digital economy. During this time the advisory group has been successful in developing a conceptual framework for Digital Supply-Use Tables as well as developing and sharing, conceptual and practical guidance for other digitalisation issues such as the recording of intermediary platforms, the provision of free digital services, crypto assets, and the measurement of data assets. An important milestone was reached earlier in 2021, when Statistics Canada became the first country to publish experimental estimates consistent with the advisory groups’ Digital SUT framework. This presentation will update the working party on the recent work of the informal advisory group with a particular focus on Digital Supply-Use tables and the measurement of data.

Item 5. Well-being and sustainability

Wednesday 27 October, 14:00 – 15:30

One of the main criticisms regarding the system of national accounts is that GDP-growth falls short of capturing sustainability and broader measures of well-being. The question becomes how the system of national accounts can support research, policy analysis and decision-making on well-being and sustainability. For that reason, ‘well-being and sustainability’ is one of the priority areas within the SNA Research Agenda and a dedicated task team is working on guidance notes that will feed into an update of the 2008 SNA. This amongst others concerns guidance on unpaid household activities; environmental-economic accounting; distribution of household income, consumption, saving and wealth; education and human capital; health and social conditions; and the broader framework. This session will zoom in on two of these issues, i.e. household distributional accounts and environmental-economic accounting, including presentations on ongoing work in these areas.

Item 5.a. Distribution of household income, consumption, saving

Zuzana Ptackova (Czech Statistical Office)

In response to the increased interest of economists, politicians and other experts in the economic well-being of households and its distribution among households, the Czech Statistical Office has decided to compile a satellite account for households focusing on the distributional information on households’ income, consumption and savings in line with national accounts aggregates. Households have been clustered on the basis of equivalised household disposable income and according to subsectors (ESA 2010). The compilation process followed the methodology proposed by the EG DNA group. On the basis of the distributional results some indicators have been derived to show disparities between households in terms of their income, consumption and savings. To arrive at comparable results over time a time series of distributional results has been compiled from 2015 to 2019. In addition to the distributional results, the quality assessment of the results and of the methods used is also available.

Item 5.b. Experimental distributional wealth accounts (DWA) for the euro area*Pierre Sola (ECB)*

The presentation will show examples of DWA results for the euro area, latest methodological improvements and the calculation of quarterly time series based on the available three periods for which household micro survey data are available for the euro area.

Item 5.c. Ecosystem accounts of Mexico*Francisco Guillen (INEGI, Mexico)*

Mexico, as a pilot country of the Natural Capital Accounting and Valuation of Ecosystem Services (NCAVES) project, in collaboration with the United Nations Statistics Division, has been developing Ecosystem Accounting, whose main objective is to measure its assets and services (both in physical and monetary terms), based on the statistical standard System of Environmental-Economic Accounting — Ecosystem Accounting. Through this accounting scheme, it is possible to measure changes in the extension and conditions of ecosystems; carry out an economic valuation of its services and assets; and express this information through indicators of economic activity linked to the environmental frontier. Considering the best international practices, an imputation of the economic valuation of the carbon contained in the soil and in biomass was carried out; ecosystem service to agricultural crops (including pollination); the value of water supply; and tourist and cultural services. The implementation of the project in Mexico is in charge of the INEGI in collaboration with the Ministry of Environment and Natural Resources (SEMARNAT) and other dependencies of the environmental sector and the Academy. The importance of having a multidisciplinary team is highlighted, since the compilation of accounts requires the participation of collegiate groups in the areas of national accounting, geospatial information, ecosystems, biodiversity, environmental economics, and ecological statistics. The results are part of a process of discussion and improvement for use in the design of public policies, both in control panels and in the modelling of environmental scenarios.

Thursday 28 October, 12:00 – 15:30

Item 6. Globalisation

Thursday 28 October, 12:00 – 13:30

Globalisation is an issue that continues to pose various challenges in the recording of national statistics, including the compilation of National Accounts. Guidance has already been developed on how to deal with certain globalisation aspects, but new issues have emerged over the last decade that require additional guidance. This session includes presentations on ongoing initiatives to address some of the challenges in the area of globalisation and how countries have dealt with them.

Item 6.a. Issuance of debt securities via financing conduits - A closer look at the financing of non-financial corporations*Maciej Anacki (ECB)*

This presentation showcases the first results of the ECB's work on a non-standard, satellite presentation of NFC financing including debt securities issued by conduits resident in third (euro area) countries. This work stream of the ESCB medium-term strategy on financial accounts leverages the availability of granular data on entities relationships (using ESCB Register of Institutions and Affiliates Database, RIAD, as well as GLEIF) and securities issuance (ESCB Centralised Securities Database, CSDB).

Item 6.b. Global value chains: New data for the United States

Thomas F. Howells III (BEA)

Globalisation is a defining feature of the modern economy, and understanding the fragmentation of production across global value chains (GVCs) is critical to understanding current economic trends. Trade in Value Added (TiVA) statistics have become a key tool for analysing GVCs, and the Bureau of Economic Analysis (BEA) is engaged in supporting the development of TiVA statistics through a variety of programs and initiatives. This presentation discusses a new effort by BEA, in collaboration with the National Science Foundation, to develop TiVA statistics in a single-country framework. This work will complement international efforts by providing more timely and detailed TiVA statistics for the United States that are better aligned with official US economic statistics.

Item 6.c. Economic Ownership of IPP and recording of marketing assets

Michael Connolly (CSO, Ireland)

Intellectual property (IP) assets are increasingly becoming a driver of company value, as can be seen that the world's most valuable companies are IP and technology driven. The 2008 System of National Accounts (SNA) made progress in measuring intellectual property products such as research and development (R&D) but relegated broadening the fixed asset boundary to other intellectual property assets to the future research agenda (see 2008 SNA annex 4). Furthermore, the complex structures of multinational enterprises (MNEs) and the ease of shifting intellectual property across borders is a statistical challenge that compilers face, especially attributing economic ownership of the IP assets. This presentation covers two guidance notes currently under discussion by the Globalization Task Team (GZTT) as part of the update to the 2008 SNA. The first guidance note discusses the recording of intra-MNE transactions in IP and which unit has economic ownership. The second guidance note looks at the current recording of transactions related to non-produced intellectual property assets, such as marketing assets, and considers the recording and whether these assets should be considered as produced assets.

Item 7. Communication

Thursday 28 October, 14:00 – 15:25

Communication is a very important topic when it comes to presenting statistical information, making sure that users properly understand the results, grab the full extent of their analytical usefulness, and draw the right conclusions. Furthermore, communication is important in sharing best practices amongst compilers and developing guidance on how to best compile statistical results. For these reasons, communication has been identified as another priority area within the SNA Research Agenda. Because of the close links with other statistical domains, a joint task team has been created by the ISWGNA, BOPCOM and GFSAC, consisting of country experts and representatives of international organisations. This task team is looking into the creation of a collaborative hub for compilers; digitalisation of the SNA and related manuals to be included in the hub; reviewing and improving SNA terminology and concepts; developing a taxonomy of the national accounts compilation process; and developing an assessment framework to measure alignment with the SNA. In this session, the ongoing work on these work streams will be presented and discussed. Furthermore, it includes examples of specific communication practices in countries.

Item 7.a. Communication of economic statistics

Sanjiv Mahajan (Office for National Statistics, UK)

Communication is a very important topic when it comes to presenting statistical information, making sure that a wide range of users properly understand the results, grab the full extent of their analytical usefulness, and draw the right conclusions. There is an ever-growing focus on the need, and importance, to improve such communications for a wide range of users.

Although the brand recognition of the System of National Accounts (SNA) is perceived to be strong, it is evident that it is not effectively communicated. There is a need for presenting and communicating the SNA and its outputs in different ways to enhance the full extent of their analytical usefulness, quality, scope, comparability through time and across countries, and policy applications. In addition, the terminology and presentation of the SNA needs to be reviewed and where required updated to better reflect and align with the language of business, governments and citizens. For this purpose, a Communication Task Team was established as a joint task team by the Advisory Expert Group, the ISWGNA and the Committee on Balance of Payments Statistics to contribute to the work related to the updating of the 2008 SNA and BPM6. Guidance notes and recommendations will be completed during 2022.

This session will provide the progress of the Communication Task Team covering five workstreams and development of three Guidance Notes related to improving the communication of economic statistics, changing/good practices and early types of recommendations.

Item 7.b. An image is worth more than a thousand numbers

Francisco D. Conceição (Banco de Portugal)

In this presentation, the Banco de Portugal will share its experience in communicating national financial accounts on a whom-to-whom basis through a flow of funds scheme – an illustration of the inter-sector relationships of the economy and its relation with the rest of the world – and how this has been the starting point for a set of statistical communication initiatives with different target users such as the media, high school teachers and the general public.

Item 7.c. Communication practices for IIP/BOP and financial accounts in Spain

John Orowetz and Esther Martin (Banco de Espana)

This presentation will focus on communication practices for IIP/BOP and Financial Accounts in Spain. These two statistics have so many aspects and points in common, that it is interesting to present communication practices of both in parallel, on the premise that they can inspire and complete each other. Reviewing practices together also helps to show whether they promote their correct understanding, as they are coherent and complementary statistics, benefiting users. More specifically, experiences will be presented with regard to press releases, analytical reports or articles, design of specific web pages and dashboards.

Item 8. Closing of the joint meeting of the OECD WPFS/WPNA

Thursday 28 October, 15:25 – 15:30