



UNITED NATIONS  
ECONOMIC COMMISSION FOR EUROPE  
STATISTICAL DIVISION

**UNECE recommendations for the implementation of  
the 2008 System of National Accounts in the countries of Eastern Europe,  
Caucasus and Central Asia and South East Europe**

**January 2013**

Prepared by the UNECE Statistical Division

## **I. Introduction**

1. This paper presents a set of recommendations, which should assist the countries in Eastern Europe, Caucasus and Central Asia (EECCA) and South East Europe (SEE) in preparing national implementation plans for the 2008 System of National Accounts (2008 SNA) in line with the global recommendations (further referred to as regional recommendations). It outlines activities, priorities and timeframe which countries should consider in the implementation process in order to strengthen the quality and international comparability of their national accounts statistics.

2. At its 40th session, the United Nations Statistical Commission (UNSC) adopted the 2008 SNA and supported the Implementation Strategy proposed by the Intersecretariat Working Group on National Accounts (ISWGNA). The UNSC requested that particular circumstances of countries should be recognized by introducing flexibility in the implementation programme, and emphasized the role of the UN Regional Commissions to facilitate coordination and regional cooperation regarding the implementation. The Implementation Strategy has a dual objective in assisting countries in developing the statistical and institutional capacity:

(a) to carry out the conceptual changeover from the 1968 or 1993 SNA to the 2008 SNA and;

(b) to improve the scope, detail and quality of the national accounts and supporting economic statistics.

3. In response to this request, the United Nations Economic Commission for Europe (UNECE) carried out a number of activities to support the implementation of 2008 SNA in the EECCA and SEE countries. The regional recommendations for preparing of national implementation plans are seen as an important tool in this process. They *are developed* with the help of the Steering Group (SG) on National Accounts, which is the regional advisory body established by the Bureau of the Conference of European Statisticians (CES) to coordinate the activities towards implementation of the 2008 SNA in the UNECE region.

4. The global guidelines developed by the ISWGNA were taken as a starting point and elaborated further to provide recommendations which are more specific to the needs of the EECCA and SEE countries. Section 2 provides a detailed background on the surveys and meetings which were carried out to identify the national accounts challenges and implementation goals for the region. Section 3 details the actions to be considered by the countries throughout the implementation of the 2008 SNA.

5. The recommendations are mainly focussed upon items directly affecting GDP and its main components. This area of work has been highlighted by the countries in the region as first priority for the forthcoming years. Therefore, the statistical offices were able to provide quite detailed information on main outstanding issues and planned activities to improve the estimates.

6. The set of regional recommendations will be revisited in 2014 - 2015 when national statistical offices, having completed the current programmes for improving GDP, would be able to use their resources to tackle issues affecting other parts of the accounts.

## II. Background

7. In 2011 the ISWGNA produced a set of global guidelines for monitoring the implementation of the 2008 SNA, which specify the stages, milestones and dimensions in the development of regional and national strategies. It is underlined, however, that the specific circumstances and priorities of the countries and the regions should be taken into account in the development of more concrete goals. Hence, UNECE undertook a number of activities, involving the 19 countries listed in table 1, in order to collect the necessary information for developing the regional recommendations.

**Table 1. Participating countries<sup>1</sup>**

Albania	Kazakhstan	Tajikistan
Armenia	Kyrgyzstan	The former Yugoslav Republic of Macedonia
Azerbaijan	Mongolia	Turkmenistan
Belarus	Montenegro	Ukraine
Bosnia and Herzegovina	Republic of Moldova	Uzbekistan
Croatia	Russian Federation	
Georgia	Serbia	

8. The regional recommendations were elaborated on the basis of the feedback received through the following surveys and meetings:

- (a) In 2010 the UNECE secretariat conducted a survey of the current status and main challenges in the implementation of the 1993 SNA and their plans for the introduction of the 2008 SNA (the 2010 Survey). This survey provided detailed information about the compilation of GDP and main components, the main accounts and balance sheets, specific problem areas in the implementation of the 1993 SNA, difficulties with primary statistics and plans for the implementation of the 2008 SNA. The questionnaire was developed in consultation with the Steering Group on National Accounts.
- (b) The meeting of Group of Experts in National Accounts (Geneva, April 2010) reviewed the report presenting preliminary results of the 2010 Survey<sup>2</sup>. The report was finalized in the end of 2011 taking into account the comments and updated information received at the meeting and the subsequent written consultation. In addition to the main findings the report also included country profiles, which present structured information for each country in the region.
- (c) The Workshop *Implementation plans for the 2008 SNA in the EECCA and SEE countries* held in Kiev on 29 November – 2 December 2011<sup>3</sup> aimed to support the formulation of implementation strategies for national accounts and related statistics. The paper *Implementation of the 2008 System of National Accounts in the Eastern Europe, Caucasus and Central Asia, South*

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<sup>1</sup> For the purpose of the paper, the group of countries is referred to as “the region”. Some of the countries are candidates of the EU and will follow the ESA implementation programme. However, they were included in UNECE activities as they have encountered similar problems in transforming their statistical system to the new requirements. Their experience proved valuable for the other countries of the region.

<sup>2</sup> “Implementation of the 2008 System of National Accounts in the Eastern Europe, Caucasus and Central Asia, South East Europe and Mongolia, Note by Secretariat” - ECE/CES/GE.20/2010/30 available at: <http://live.unece.org/fileadmin/DAM/stats/documents/ece/ces/ge.20/2010/30.e.pdf>

<sup>3</sup> [www.unece.org/stats/documents/2011.11.sna.html](http://www.unece.org/stats/documents/2011.11.sna.html).

*East Europe and Mongolia (2011 update)*, and the *Country Profiles* were used as the main background documents for the discussions at the workshop.

- (d) As a follow-up to the workshop a second survey was conducted in early 2012 (the 2012 Survey). This survey was forward looking. It collected structured information on the activities planned by the countries to address the challenges identified in the 2010 Survey using a predetermined template for national implementation plans.
- (e) The Group of Experts on National Accounts (Geneva, May 2012) reviewed the results of the 2012 Survey on national implementation plans and a draft set of regional recommendations for the implementation of the 2008 SNA<sup>4</sup>.

9. Taking into account the feedback of the 2012 meeting of the Group of Experts, the UNECE secretariat revised the recommendations. Information from other sources such as the global assessments of the national statistical systems and the discussions at the 7th SPECA Project Working Group on Statistics (27 – 30 August 2012, Issyk-Kul, Kirgizstan) on streamlining statistical production processes in the context of the implementation of the 2008 SNA was also used. The recommendations *will be* finalized in consultation with the CES Steering Group on National Accounts.

### **III. Recommendations on the 2008 SNA implementation**

10. The ISWGNA guidelines for the 2008 SNA implementation recommend three stages of implementation leading to the change over to the 2008 SNA:

Stage I. Review of strategic framework and detailing of national and regional implementation programmes;

Stage II. Adaptation of classification frameworks, business registers and frames, surveys, administrative data sources and information technology infrastructure;

Stage III. Application of adapted frameworks and source data, backcasting and changeover to the 2008 SNA.

11. The regional recommendations suggest a number of activities and a timeframe for each stage in order to support the countries to develop implementation plans, which take into account the statistical and institutional capacity of their statistical systems, the needs of the main users and the required resources (Figure 1). These activities should not be seen as strictly consecutive, most of them could be carried out in parallel and countries should be open to adjustments depending on the feedback from various stakeholders.

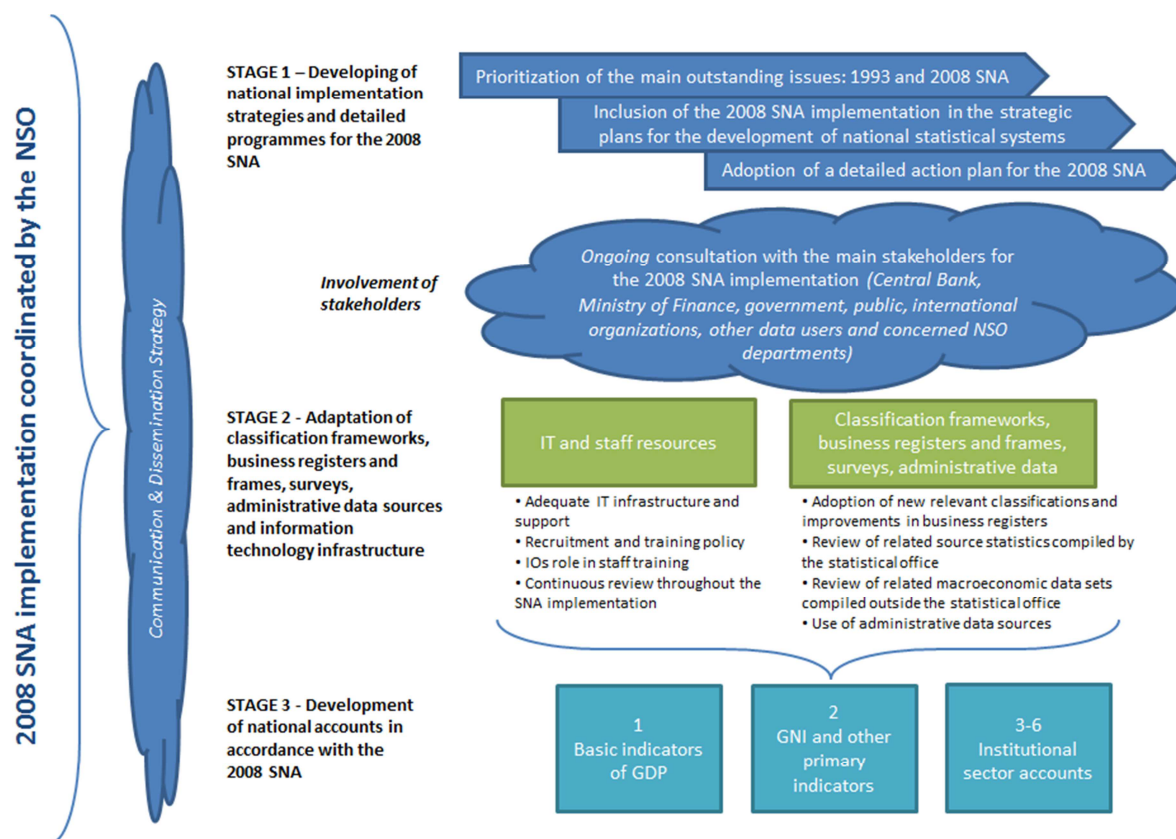
12. The NSOs, which are the primary institutions responsible for the SNA methodology in the countries of the region, should ensure the overall coordination of the process and should seek proper reflection of the SNA implementation in the national strategic papers for development of statistics.

13. The overall process from the planning phase and consultation with main stakeholders to the dissemination of the revised data should be effectively facilitated by clear communication and dissemination strategy involving all the relevant data producers and users in each country.

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<sup>4</sup> <http://www.unece.org/stats/documents/2012.01.sna.html>

**Figure 1: Stages in the implementation of the 2008 SNA**



### **STAGE 1 – Developing of national implementation strategies and detailed programmes for the 2008 SNA**

14. The countries in the region are not yet fully compliant with the 1993 SNA. Therefore the implementation plans for the 2008 SNA should also incorporate the planned activities on outstanding 1993 issues. A major undertaking like the implementation of the 2008 SNA and related statistics should not be left as a sole responsibility of the National Accounts Departments. It should be seen as part of the overall restructuring of the national statistical systems to adapt them to international standards and good practices and should be properly reflected in the national strategies for development of statistics.

15. A careful planning reflecting the needs of the various stakeholders and the national circumstances, such as institutional set up or structure of the economy, will help achieving a workable implementation plan. The prioritization of tasks should be based on in-depth analysis of user needs, statistical capacity, available data sources and resource implications. For many countries, full implementation of the SNA is not feasible in the short or medium term.

16. This first stage of work includes 4 activities as elaborated below in a) to d). These activities should be completed during 2012-2014.

#### **a) Prioritization of the main outstanding issues: 1993 and 2008 SNA**

17. The limited resources call for prioritization of the work related to implementation of the outstanding 1993 SNA issues and the new 2008 recommendations. A starting

point for the prioritisation should be analysis of the most needed national accounts series and identification of the issues which are likely to have greatest impact on these series. The above mentioned 2010 Survey ranked GDP and its basic indicators as the most demanded data in the region, followed by integrated accounts, regional accounts, institutional sector accounts and supply and use tables. It also showed that the majority of the countries have assessed the importance of the outstanding 1993 SNA issues for their countries and have planned work to improve the accounts.

18. In prioritizing the tasks the NSOs should:

- (a) Review the existing programmes on outstanding issues with the 1993 SNA, taking into account the 2008 SNA changes.
- (b) Establish a list of the changes introduced by the 2008 SNA<sup>5</sup>, which are relevant for the country.
- (c) Focus on those issues that are likely to have greatest impact on GDP and its main components. At the same time improvements to the integrated set of accounts and major indicators such as GNI and Gross Saving should be pursued.
- (d) Focus on developments of institutional sector accounts as a secondary priority for the implementation of the 2008 SNA.
- (e) Ensure effective communication and coordination with the main stakeholders (source data providers within and outside the statistical office and national accounts data users) throughout the process.

**b) Consultation with the main stakeholders for the 2008 SNA implementation**

19. In all countries of the region the NSOs are the primary institution responsible for the development and implementation of the SNA. Only in few countries the Central Banks and the Ministries of Finance are also included in the framework as compilers of related economic statistics and providers of source data for national accounts. This is why, producers of economic statistics other than the NSO may not be fully aware of the 2008 SNA recommendations which apply to their respective areas. Their active involvement is crucial for the successful implementation and improvement of the quality of national accounts.

20. The heads of NSOs have an important role to initiate and encourage regular exchanges among the concerned departments within the NSO and with other institutions collecting or producing SNA related data. The NSOs have to present and explain the necessity of the changes and the new data needs to their partner institutions and agree together on action plans for future work. Supporting documents should clarify the actions required from each party.

21. The stakeholders also include data users. The main users of national accounts data in the region are national governments for monitoring the economic and fiscal policy and for national development planning. In this respect, GDP levels - both in current and constant prices - are of greatest interest, complemented by a set of key indicators including value added by activity; final consumption expenditures, capital

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<sup>5</sup> A useful study of the main changes between the 1993 and 2008 SNA is available in the 2008 SNA as Annex 3: Changes from the 1993 System of National Accounts in the System of National Accounts 2008 (available in Russian).

formation and income components; gross national income and gross saving. Regional GDP and value added are also of interest to the policy makers, mainly in the bigger countries from the region.

22. Central Banks, in addition to being data providers, are also important users of national accounts. In addition to the above-mentioned statistics, they are interested in more detailed analytical information by institutional sectors.

23. International organisations use national accounts data mainly for international comparisons and setting up regional development policies. Cross country comparability across countries is of high importance to them. Academics, universities, the media and the public, are interested in the macroeconomic development of countries and especially in the living standards as measured by GDP, GNI and final consumption per capita. Accounts for the household sector and supply-use tables are also often requested.

24. Clear institutional agreements would help engaging the main stakeholders in the process, whether they are data producers or users. SNA implementation could also be included in existing framework agreements, such as memorandums of understanding between NSOs and other institutions. For more challenging tasks, joint Task Forces or work programmes on specific SNA issues with other data producers may prove useful. This is already the case in a number of countries such as Azerbaijan, Belarus, The former Yugoslav Republic of Macedonia and Ukraine. Presenting and discussing the main changes with the users would also help prioritization and enhance awareness for the forthcoming revisions. NSOs could form working groups with representatives of the various users of national accounts to ensure continuous feedback on emerging priorities and to inform the users about forthcoming changes.

25. An important part of the implementation is to assess and ensure the necessary resource for the different tasks. It may be feasible to start with those important tasks which require fewer resources and then assess the need for additional funds. Involving of representatives from the Government and the Ministry of Finance already in the planning phase could help to raise awareness on the resource implications. The necessity of the 2008 SNA revision for the production of relevant, internationally comparable and high quality economic statistics should be explained.

**c) Inclusion of the 2008 SNA implementation in the strategic plans for the development of national statistical systems**

26. UNECE recommends that an important undertaking such as implementation of the 2008 SNA should be clearly noted in the overall strategic plan or the work programme of the national statistical system. The multi-year statistical work programme should include the activities of all producers of official statistics, and is therefore a suitable tool for planning the 2008 SNA implementation. In instances where the multi-year programmes are already in place, work on the 2008 SNA may be included as an amendment.

**d) Adoption of a detailed action plan for the 2008 SNA**

27. To ensure efficient work towards the 2008 SNA, the overall strategy should be detailed into short and medium term action plans.

28. The medium-term plan is aimed to detail the actions which have been selected as a priority in the multi-year programme, i.e. the overall 2008 SNA implementation strategy. It could specify, for example, all activities needed up to the publication of GDP

in accordance with the 2008 SNA. The medium-term plan should allocate responsibilities for the main tasks and set a time table.

29. The annual or short-term plan, on the other hand, breaks down the medium-term plan into the practical actions required during the calendar or accounting year, specifying concrete outputs and resource requirements. It relates the implementation plan to the annual statistical programme.

## **STAGE 2 - Adaptation of classification frameworks, business registers and frames, surveys, administrative data sources and information technology infrastructure**

30. The second step in the 2008 SNA implementation is to review the supporting work needed outside the National Accounts Departments. The 2008 SNA introduces changes which have a wide-reaching impact in the statistical system, e.g. changes related to statistical units and institutional sectoring; scope of transactions and production boundary; concepts of assets, capital formation and consumption of fixed capital; treatment of financial instruments and assets; transactions concerning government and public sector; and goods for processing and merchanting. The NSOs should take the opportunity to review and strengthen the overall quality and scope of source data for national accounts. The second stage of work includes five activities as elaborated below in a) to e). These activities should be undertaken preferably by 2014-2015.

### **a) Adoption of new relevant classifications and improvements in business registers**

31. The current version of the International Standard Industrial Classification of All Economic Activities, ISIC Rev. 4, takes into account the new concepts introduced in the 2008 SNA. Strong links also exist between ISIC, Rev. 4 and the current Central Product Classification (CPC 2), which were drafted simultaneously. Work on introduction of ISIC, Rev. 4 (or NACE 2) and CPC 2 in economic and other relevant source statistics is already completed or underway in many countries of the region. In a few countries the ISIC classification is still not in use or the implementation of ISIC Rev. 3 is in early stages. In such cases it is recommended to focus directly on the introduction of the new version of ISIC Rev.4.

32. The national accounts departments should actively participate in the work on adoption of the new classifications together with the departments responsible for statistical registers and business statistics in order to ensure that the specific 2008 SNA requirements are taken into account. For instance, the coverage of statistical units in the statistical business registers and structural business statistics is an important area for improvement, mainly in respect to the coverage of small enterprises and non-profit organisations and availability of data on kind-of-activity-units.

33. With the help of the business register the agreed classifications should be applied in business statistics, including any relevant data collection schemes and dissemination formats. Furthermore, the where appropriate the 2008 SNA definitions of statistical units should be used consistently in respective economic, financial and social statistics.

34. The 2008 SNA also introduced changes to the classification of institutional sectors, especially for financial corporations. Therefore, central banks should be involved in the work on economic classifications to ensure consistent coverage of the respective units. This is particularly true for the countries, where central banks are responsible for the financial accounts or provide most of the source data for the financial sector.



35. Regular meetings or other coordination mechanisms between the departments in charge of national accounts, business registers and the relevant departments of central banks or ministries of finance are recommended. Activities (e.g. workshops, training materials) should focus on the practical implementation of SNA recommendations in business registers, other primary statistics and national accounts. The activities should also address time series issues, such as linking and back-casting.

**b) Review of related source statistics compiled by the statistical office**

36. The changes needed in business statistics to meet the 2008 SNA requirements should be included in the implementation plan and follow the overall priorities and time table. The UNECE survey identified the following common problems with source statistics in the region:

- Development of sampling techniques and proper coverage of private businesses, particularly in short-term business surveys
- Coverage of service activities in structural business statistics: development of methodology and identification of new data sources
- Development of new short-term indicators for services
- Development of price indices needed for the double deflation method, particularly better producer price indices for industry and services branches (including industrial services), and exports and imports price indices.

37. A specific challenge for the production of short-term business statistics in some EECCA countries are the bookkeeping standards and respective enterprise surveys, which are yet not fully harmonised with the international accounting standards. As a result, the corresponding short-term business statistics is not consistent with international guidelines e.g. data are not on an accrual basis or are presented as cumulative series. The deriving of quarterly national accounts from cumulative data results in lack of temporal and international comparability. Therefore, the production of short-term statistics allowing compilation of discrete chain linked on previous year national accounts series should be addressed with priority in the implementation strategies. The revision of the accounting standards in the countries is not the responsibility of national statistical offices. However, they should try to influence the process by active cooperation with the respective authorities or develop statistical surveys collecting discrete data.

38. Along with the above-mentioned general issues, countries should review the statistical questionnaires in view of the new 2008 SNA requirements, for example, inclusion of data on R&D in enterprise surveys or adjusting the merchandise trade statistics for data on goods for processing.

**c) Review of related macroeconomic data sets compiled outside the statistical office**

39. The source statistics coming from outside the statistical office, namely the Central Banks and Ministries of Finance, should also be reviewed. The 2008 SNA and the sixth edition of the Balance of Payments Manual (BPM6) are fully consistent between each other. It is essential to ensure good coordination with the Central Banks and achieve coherent implementation of the updated standards. For example, harmonization of concepts with BPM6 would influence the measurement of output in terms of how to treat goods for processing, research and development and merchanting.

The improved measures of financial services and the introduction of 2008 SNA sector accounts will not be possible without the close involvement of the monetary and financial statistics departments of the Central Banks. Memoranda of understanding and special working groups should foster the process.

40. Work towards implementation of the 2001 Government Finance Statistics Manual (GFSM 2001) is underway in some countries of the region. But in the majority of them GFSM 2001 is not yet implemented and the corresponding statistics provided by Ministries of Finance are not compliant with SNA recommendations. The lack of accrual data, the breakdown of government expenditures and the aggregated presentation of the data for the so called extra-budgetary accounts are among the main problems. It has to be kept in mind that the GFSM 2001 is also under revision to reflect the 2008 SNA changes. Thus close cooperation with the Ministry of Finance on Government sector accounts should be pursued and lead to improved overall quality of both datasets.

#### **d) Use of administrative data sources**

41. A variety of administrative registers exist in the countries from the region. However, these are often not suited for statistical purposes and not used in practice. Administrative data sources are becoming more and more central in statistical production. The NSOs may either adjust the compilation methods or try to influence administrative data providers directly (at least for issues that have impact on the GDP).

42. As a first step an inventory of administrative data and assessment of their coverage, quality and usability for national accounts should be undertaken. Establishing Task Forces and institutional agreements with administrative data providers can help to facilitate the work. The NSOs should be involved in negotiations regarding the content of administrative registers, bearing in mind the overall response burden. In part, increasing the use of administrative data sources may help to improve efficiency of production and quality of statistics.

#### **e) IT and staff resources**

43. The successful implementation of the 2008 SNA depends on the available financial resources and statistical capacity in terms of staff skills and adequate IT support. It also depends on the ability of the NSO to cooperate with other involved institutions and to organize the work in the statistical office so as to make efficient use of the available resources.

44. The necessary changes in IT should be planned according to the priorities set out in the 2008 SNA implementation strategy and the general IT strategy of the NSO, keeping in mind the existing infrastructure for the source data within the NSO and other data providing institutions.

45. The development of staff resources should be part of the human resource policy of the NSOs. The formulation of concrete priorities and tasks for the 2008 SNA implementations would help the national accounts and human resource departments to define their recruitment and training policy. International organizations also have an important role to play in the training of staff via the involvement of national experts in workshops, seminars and expert meetings.

46. The required IT and staff capacity should be reviewed continuously throughout the SNA implementation process and documented in the annual and multi-year programmes to ensure appropriate and sufficient resources.

### **STAGE 3 - Development of national accounts in accordance with the 2008 SNA**

47. The third stage refers to the final changeover to the 2008 SNA. It includes both resolving outstanding issues with the 1993 SNA and the new recommendations of the 2008 SNA. The recommendations are grouped in accordance with the six milestones developed by the ISWGNA, which are also in line with the priorities set up by countries in their implementation programmes. They include a list of issues in relation to GDP and its main components (milestone 1), gross national income and other primary indicators (milestone 2), and institutional sector accounts (milestones 3-6).

#### **a) Basic indicators of GDP - Milestone 1**

48. GDP and its components are the most frequently compiled data set in the region. These are also the series that attract most attention by the users. Therefore, the first priority for the countries would be to improve existing methods and implement the 2008 changes that affect GDP and its components.

49. The countries are still executing programmes on implementation of the 1993 SNA recommendations in respect to annual and quarterly measures of GDP. At present, current price annual estimates of GDP by the production and expenditure side are compiled by all 19 countries, but in some of them the constant price expenditure data are missing or considered unreliable. Similarly quarterly GDP and output components are available in 16 countries, while expenditure aggregates are published in 12 countries.

50. The common challenges for the region are presented into two groups: (i) General problem areas for GDP estimates and (ii) Changes arising from the 2008 SNA. To the extent possible countries should try to incorporate work on the 2008 changes into the existing programmes for development of national accounts.

#### ***General problem areas in respect to GDP estimates***

51. The most important areas, which the countries in the region have to address in order to improve GDP figures are:

- a) Measurement of financial services
- b) Estimates at constant prices: development of suitable deflators; implementation of double deflation method; chain linking procedure on annual basis
- c) Exhaustiveness of GDP (non-observed economy, informal, illegal and underground activities) and estimates of owner occupied dwellings
- d) Measurements of the government sector: accruals, coverage (linked to the implementation of the revised GFS)
- e) Balancing in a supply and use framework and combining information coming from different data sources
- f) Improved measures of gross fixed capital formation and consumption of fixed capital
- g) Seasonal adjustments methods for quarterly national accounts.

#### ***Changes arising from the 2008 SNA***

52. The list below presents the 2008 changes, which are considered as most essential by the countries in the region. Since these changes will have an impact on the broader areas identified in paragraph 51 they should be taken into account in the corresponding statistical programmes:

- a) Measurement of financial services: FISIM, Output of the Central Bank, insurance services, etc.

- b) Expenditure on research and development (R&D)
- c) Military expenditure
- d) Other issues related to fixed assets: mineral exploration, databases and software, etc.
- e) Issues concerning informal and illegal activities
- f) Introduction of ISIC Rev4/NACE Rev. 2
- g) Goods for processing
- h) Back-casting

53. The majority of countries recognize the need to improve the output and value added measures of financial intermediaries. Allocation of FISIM to user a sector is seen as one of the priority areas for future work, which will impact the level of GDP. It will also enhance the comparability of GDP estimates with the other countries in the UNECE region (EU and OECD members). The current programmes for improving the measures of financial services should take into account the 2008 SNA clarifications on measuring FISIM, the output of central banks and recording of output of insurance services.

54. Double deflation still remains an issue for many countries. Combined with the relatively high inflation in the region this affects the quality of growth rates. The lack of appropriate producer price indices and the generally poor coverage of services are the main obstacles. The lack of suitable price indexes is the reason that some countries do not produce quarterly constant price estimates and therefore could not respond to the user's interest in quarterly growth rates. In five countries, work in this area is on-going and results are expected in the short-term.

55. In the last few years, the majority of the countries have developed estimates for non-observed economy (NOE). There are large implications for the coverage and quality of GDP due to the high proportion of units within the informal sector and the scope of the other non-observed economic activities. Therefore inclusion of the NOE estimates in GDP should be considered a high priority. More than half of the countries have indicated work on NOE estimates as on-going or planned to take place in the short term. The 2008 SNA provides more detailed guidance on measuring the non-observed economy and the informal sector, which should strengthen the national programmes on improving the quality and exhaustiveness of the accounts.

56. Production of detailed supply-use or input-output tables is resource intensive and countries may not be able to include it in their short or medium term programmes. However using the supply-use framework to balance and crosscheck information coming from different data sources is a powerful tool for ensuring consistency and quality of the accounts. In many countries of the region enterprise surveys are the main data source for national accounts. The leading role of these data is not questioned, however, the countries are advised to complement and cross check the estimates with additional information coming from household budget surveys, labour force surveys and/or administrative sources.

57. The estimates of gross fixed capital formation and consumption of fixed capital are considered as one of the main challenges for the countries in the region. For example, estimates of consumption of fixed capital are often based on bookkeeping data and only a few countries have plans to introduce the perpetual inventory methods (PIM). Here too, a number of changes in the 2008 SNA would affect the capital formation estimates (R&D capitalization, military expenditures, mineral exploration, etc.) and have to be addressed with priority by countries.

58. The effect of the listed issues may vary from country to country. Countries are therefore advised to evaluate the importance of the different issues and prioritize their implementation according to their importance for GDP. A brief overview of the main new issues introduced by the 2008 SNA is provided in the *Guidelines for monitoring the 2008 SNA implementation* (<http://unstats.un.org/unsd/nationalaccount/docs/guidelines.pdf>).

59. In developing their implementation plans countries should bear in mind that similar data sources may not be available for annual and quarterly data. Therefore specific methods to consistently reflect the changes in quarterly GDP estimates should be considered. Development of regional accounts is not included as first priority in the global guidelines. Yet, in some EECCA countries these data are of specific policy interest. Similarly to quarterly GDP countries need to reflect on developing methods for consistent recording of the changes in the regional accounts.

60. A few EECCA countries compile monthly GDP and some even regional monthly GDP estimates, often on cumulative basis. The programmes for improvement of the quality of national accounts and introduction of the 2008 SNA changes would require significant mobilization of resources. Therefore the decision to continue the production and to develop methods to carry the 2008 changes into these series should be made after careful consideration of the necessary resources versus the usability of the data.

61. The recommended timeframe for implementing changes affecting GDP and related statistics is 2014-15 (for reference year 2014).

#### **b) GNI and other primary indicators - Milestone 2**

62. The work on integrated economic accounts and major indicators, such as GNI and saving is also a high priority for the region. According to the 2010 UNECE survey these data sets are compiled in 16 countries and are ranked second in users' needs. GNI and other primary indicators present the second milestone in the global recommendations and together with basic components of GDP form part of the minimum required data set developed by the ISWGNA.

63. The changeover to the 2008 SNA methodology should be linked to the work on implementation of the Balance of Payments and International Investment Position Manual, 6th edition (BPM6) and focus on improved estimates of reinvested earnings, remittances, etc.

64. Many countries will work on strengthening the quality of integrated economic accounts in parallel with the improvements to the GDP estimates. The changes should be consistently carried on through all the existing accounts and indicators. Countries also expect to have BPM6 implemented by 2014-2015. The recommended timeframe for having GNI and other primary aggregates in line with the 2008 SNA is therefore 2015 (for reference year 2014).

#### **c) Institutional sector accounts: first, intermediate and final steps - Milestones 3 to 6**

65. The 2008 SNA implementation for the institutional sector accounts is divided into four milestones presented in order of increasing complexity. As the main priority lies with the changes affecting GDP, GNI and main aggregates, the work on institutional sector accounts and balance sheets have second priority for the countries in the region. Yet in view of the increasing users' interest and the recommendations emerging from the

G20 Data Gaps initiative it is expected that countries address the production of sectoral data in their statistical programmes over the next few years.

66. With respect to the availability and quality of institutional sector accounts the countries in the region differ to a greater extent. Fourteen countries compile institutional sector accounts up to net lending, but few of them have addressed quality issues or changeover to the 2008 SNA in their statistical programmes. Only four countries publish estimates of financial accounts by institutional sector. The countries that compile sector accounts should make sure that the changes focusing on improvement of GDP and other basic indicators are consistently reflected in the full sequence of existing accounts.

67. A general difficulty is the allocation of institutional units to sectors. The distinction of public entities into public corporations and general government sector is one example. The sub-sectoring of financial corporations is seen as a very challenging task, but it has to be kept in mind that certain types of financial intermediaries may not exist or not important for the economies of the countries in the region and grouping of some sub-sectors may be feasible. As far as the transactions are concerned, the allocation of property income by sectors is considered an area where improvements are necessary.

68. The statistical programmes on the implementation or improvement of institutional sector accounts should take as a starting point the 2008 SNA institutional sector classification and the revised recommendations on recording of specific units such as holding companies and special purpose entities. The decision to focus efforts or to group certain sub-sectors together should be done in close cooperation with central banks, ministries of finance and other interested stakeholders.

69. The implementation of changes related the institutional sector accounts are expected gradually after 2015.

#### **IV. Conclusions**

70. These recommendations aim to outline common challenges and issues that the countries should consider in their programmes for implementation of the 2008 SNA. They could also provide information to international organizations and other donors planning technical assistance projects in the region. This said, the list may not be representative of the specific problems and data needs in each country of the region. National circumstances should also be taken into account when developing the implementation strategies.

71. The recommendations have been revised to reflect the comments of the EECCA and SEE countries made at the special session for transition economies at the 2012 meeting of the Group of Experts on National Accounts. After consultation with the Steering Group on National Accounts they will be finalized and circulated to the SEE and EECCA countries and posted on the devoted UNECE website on SNA implementation in the region.

72. UNECE would follow up with the countries on the progress with the issues identified as main priority. In 2014 the recommendations would be reviewed taking into account emerging data needs and the experience gained during the implementation of the 2008 SNA in the next two years.