



NACIONES UNIDAS

CEPAL

# SUMMARY FOR THE NATIONAL ACCOUNTS SPECIALISTS

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# GDP at the end of the sixties ... (Robert Kennedy)

*University of Kansas, March 18, 1968*

... Our Gross National Product ... counts napalm and counts nuclear warheads and armoured cars for the police to fight the riots in our cities ...

... The gross national product does not allow for the health of our children, the quality of their education or the joy of their play ...

... It does not include the beauty of our poetry or the strength of our marriages, the intelligence of our public debate or the integrity of our public officials ...

*... It measures neither our wit nor our courage, neither our wisdom nor our learning, neither our compassion nor our devotion to our country, it measures everything in short, except that which makes life worthwhile ...*



***... and GNP it can tell us everything about America, except why we are proud that we are Americans ...***

# Background



- ▣ The commitment of Latin American and Caribbean countries with the International Comparison Program begins at the 1970s.
- ▣ The maximum participation was achieved in 2011, with 39 countries
- ▣ At global level, the program has been increasing the number of participants, reaching 199 in 2011

# Background

Región \ Año	1970	1973	1975	1980	1985	1993	2005	2011
América Latina	1	1	4	16	1	10	10	17
Caribbean	0	0	0	1	7	11	0	22
Global	10	16	34	60	64	117	146	199

Fuente: Banco Mundial. Oficina Global

- ❑ In 2005, South American countries participation was coordinated by the Statistics Office of Canada. ECLAC acted as a collaborator.
- ❑ ECLAC assumes the role of regional coordinator for Latin America and Caribbean for the first time

# To Round 2017

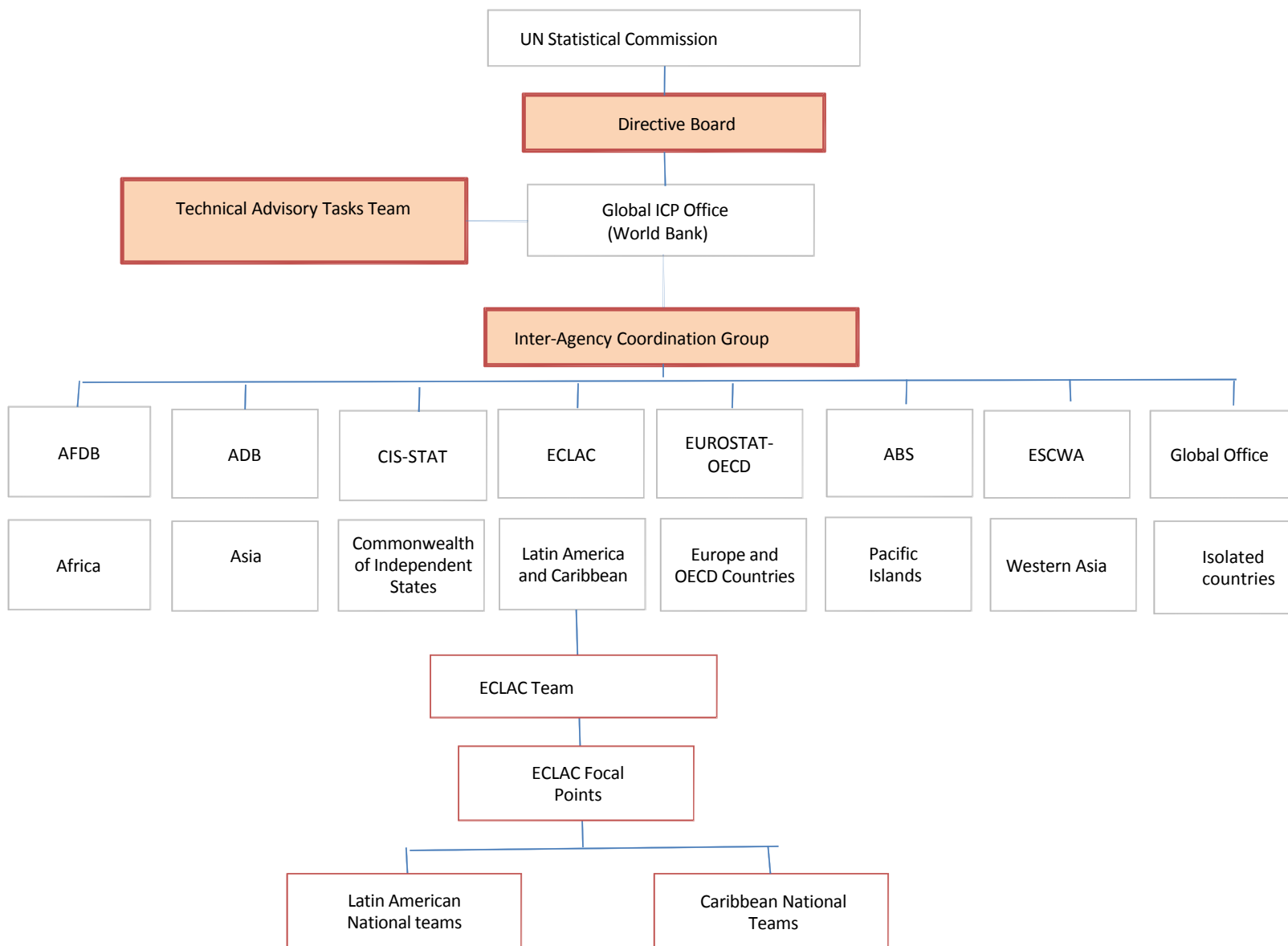


- ▣ The 47th Session of the UN Statistical Commission recommended a new process, having 2017 as reference year.
- ▣ The final report of The Friends of the Chair Group considers the 6-years interval between cycles too large because...
- ▣ ... the acceptance and pertinence of the ICP results depend on its frequent availability (desirable, every 2-3 years, with extrapolations between them, like Eurostat and OECD)

# To Round 2017

- ❑ The Statistical Commission defined:
  - ❑ Define the interval between ICP cycles, suggesting that the next process had 2017 as reference year
  - ❑ Ensure that ICP is a **permanent element** of the global statistical program
  - ❑ **Integrate ICP** in the regular statistical workplan, at international, regional, and national level.
- ❑ Changes in the governance of the program were suggested, especially regarding the regional coordination
- ❑ It was recommend to change the methodology to the rolling benchmark approach, like the OECD and Eurostat

# Changes in the ICP governance



# Workplan for future rounds

	Survey Cycle Rolling Benchmark, year T			
	Year T-1	Year T	Year T+1	Year t+2
Household Consumption 01	X = >			PUBLICATION
Household Consumption 02	X = >			
Household Consumption 03		X		
Household Consumption 04		X		
Household Consumption 05			<= X	
Household Consumption 06			<= X	
Dwellings – Rents and Volume		X		
Government Compensation		X		
Machinery and Equipment		X		
Contruction and Civil Engineering		X		
CPI and deflactors	X	X	X	
National Accounts, expenditure side		X		



# Latin American and Caribbean Status



- ❑ This cycle includes 37 countries: 23 in Caribbean and 14 in Latin America
- ❑ Colombia and Costa Rica decided to work with the OECD, that already included Chile and México
- ❑ It was agreed with the OEC to share the data to integrate with the regional results and keep comparability

# Latin American and Caribbean Status



- ❑ Cuba has informed, through formal letter, their non participation in this round
- ❑ Venezuela has not responded to the invitation to participate in this round

# Latin American and Caribbean Status



- ❑ ECLAC started the activities in June 2017 with the first technical meeting for Household Consumption Prices
- ❑ Second Technical Meeting in Panama, Household Consumption Prices and Special Surveys

# Latin American and Caribbean Status



- ❑ Countries requested ECLAC a letter protecting the statistical secrecy of the basic information
- ❑ The letter was sent in October 2017 to the directors of the national institutions.
- ❑ The World Bank was informed that ECLAC will only send average prices at the product level.

# Latin American and Caribbean Status



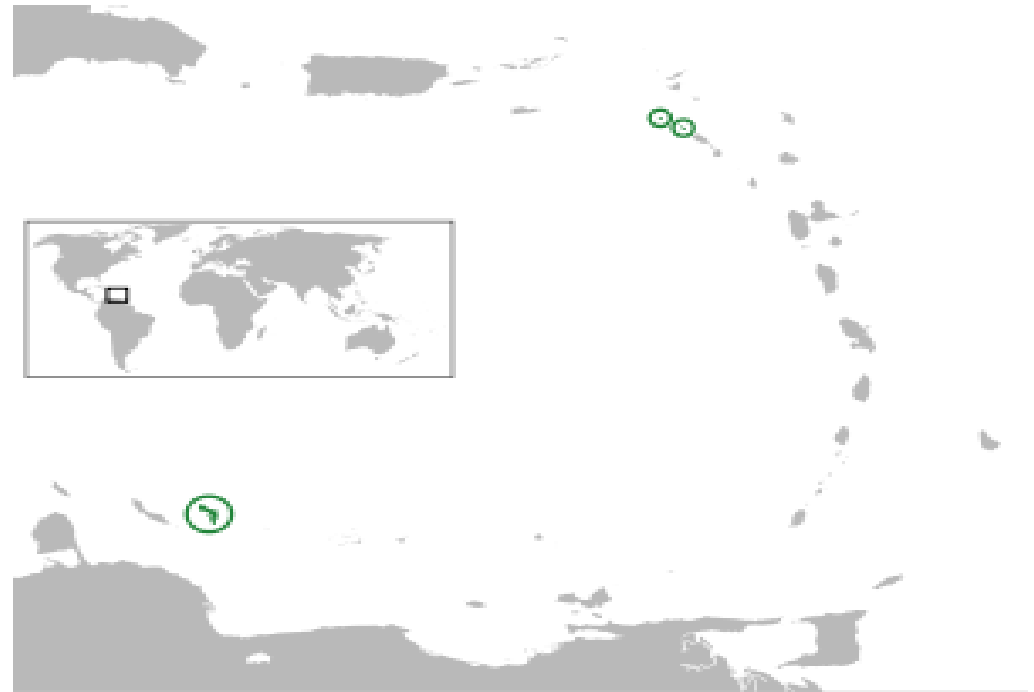
- ❑ There are some countries where:
  - ICP was not incorporated to regular activities;
  - There is no budget for the ICP activities;
  - No staff was assigned to ICP activities.
  
- ❑ What is needed to have ICP as a permanent program?
  - Financing for 2 travels a year to participate in technical meetings
  - 2 professionals that work in the subjects (one for costumer prices, one for national accounts)
  - Some additional pollsters to collect prices for the surveys

**Concrete applications of PPPs - None should be left behind**

**In an era of Data Revolution, where  
*none should be left behind,*  
knowledge of **granular** PPPs  
represents an incredible opportunity  
for policy-making**

# Bonaire and The Netherlands

- The Caribbean Netherlands (Bonaire, Sint Eustatius and Saba, BES) are three special municipalities of The Netherlands
- The islands are currently classified as **public bodies** in The Netherlands, and **overseas countries and territories of the EU**



*Bonaire is one of the Leeward Antilles and is located close to the coast of Venezuela. Sint Eustatius and Saba are in the main Lesser Antilles group, located south of Sint Maarten and northwest of Saint Kitts and Nevis*

# Bonaire and The Netherlands

- **Is the PPP of Bonaire significantly different from The Netherlands?** Indeed, salary are the same for same levels and categories
- In 2011, estimated PPPs for Household Consumption in Bonaire and The Netherlands were as follows, which leads to solution of the policy issue:

PPP in Bonaire  **0.919**

PPP in The Netherlands  **0.869**



# Galápagos and the continent - Ecuador

- In 2015, the president of Ecuador wanted a more solid statistics evaluation of differential salaries paid to public and private employees in the island
- Some magic numbers: **2.0** for public, and **1.75** for private employees, were historically applied



- Estimation of PPP was **1.803**

# Regional Challenges

- ❑ Strengthen the national statistical capacities
  - Adopt the international classifications
  - Advance in the integration of the national price indexes (consumer, producer, etc) and the ICP
  - Intensify the adoption of the SNA 2008 in the countries
  
- ❑ Look for new sources of information: websites, web scraping, among others
  
- ❑ Guarantee that OECD countries participate in both sub regions, so that comparability of results and estimations of regional PPPs is preserved.