

**Recommendations
To Meet ICP National Accounts Expenditure Data
Requirements
During the COVID-19 Pandemic**

**Latin America and the Caribbean
National Accounts Annual Webinar**

National Accounts for International Comparison Program (ICP)

National accounts expenditure data for ICP

- Expenditure approach, consistent with price data
- Weights to aggregate Purchasing Power Parities (PPPs) through the various aggregation levels up to GDP
- Real expenditures in a common currency (deflated by PPPs) for cross-country comparisons

Guiding principles

- System of National Accounts (SNA) 2008

ICP 2021 Cycle: Data Requirements for National Accounts

Data requirements

- Disaggregated GDP expenditures following ICP Classification
GDP | 6 main aggregates | 28 expenditure categories | 63 expenditure groups | 126 expenditure classes | 155 basic headings
- ICP 2021 cycle: annual expenditure data for 2017-2021

Unprecedented expenditure shifts during the COVID-19 period

- 2017-2019: pre-pandemic expenditure patterns ← ! → 2020-2021: patterns under the pandemic situation
- **IMPORTANT:** the actual expenditure patterns for each year need to be reflected to measure PPPs and real GDP expenditures accurately

Standard ICP Approaches for Expenditure Breakdown Estimates

Identifying data sources

- Depending on the statistical system in place and the specific estimation methods underlying the accounts

GDP splitting approaches to detailed levels

- Direct estimation | Extrapolation* | Borrowing a per capita quantity or volume | Borrowing a structure | Using expert opinion

*extrapolation approach is not valid for pandemic-affected headings unless adjusted to factors in elements to reflect actual changes in expenditure patterns

Model Report on Expenditure Statistics (MORES)

- Tool for estimating and validating detailed GDP expenditure breakdown
- Repository of estimation metadata

[Reference: ICP Operational Guide](#)

Challenges Posed by the COVID-19 Pandemic (1)

Resource constraints

- Re-allocation of public sector financial and human resources

Availability/completeness of source data

- Delayed, postponed, or canceled statistical activities
- Constrained availability of government and other administrative data

Reliability/consistency of source data

- Limitations/changes in data collection and processing procedures
- Deteriorating response rates
- Introduction of new data sources
- Impact of governments' exceptional economic and social measures

Challenges Posed by the COVID-19 Pandemic (2)

Relevance of standard extrapolation in GDP splitting exercises

- 2017-2019 ← ! → 2020-2021
- Significant temporal changes or permanent alteration highly possible
- Standard application of the extrapolation approach not relevant

Difficulties in validating anomalous changes

- Difficulties in validating anomalous movements in data series

Consistency between prices and expenditures

- Possible changes in selection of survey outlets, data collection period, etc.
- Parallel monitoring of prices and expenditures needed

Guidelines: Estimation of GDP Expenditure Breakdown (1)

Start early

- 2021 expenditure data become available in 2022, or later
- Compile expenditures for pre-pandemic years 2017 to 2019 before estimating 2020 and 2021

Identify areas that are heavily impacted by the pandemic

- Economic activities | Goods and services | Geographical areas | Populations | Statistical activities | Years/months/quarters

Guidelines: Estimation of GDP Expenditure Breakdown (2)

Refer to available guidance

- Guidance notes by international organizations, regional and other organizations
- Advice from experts from other national authorities, academia, the private sector, or other research institutions
- ICP operational materials ([MORES](#) | [ICP National Account Country Practice Questionnaire](#) | ICP Intra- and Inter-Country Validation Modules)

Compile and validate data utilizing new approaches

- Non-direct GDP splitting approaches to be enhanced
- Alternative data sources: credit card transactions, website activities, mobile transactions, administrative records, merchandise sales statistics, and so forth

Guidelines: Estimation of GDP Expenditure Breakdown (3)

Adjust impacted components

- Utilization of new data sources and expert opinion
- Comparison of the trends sub-nationally
- Cross-checking data, sources, and practices across countries (Regional coordination and cooperation more crucial !!)

Integrate ICP into related activities

- Coordination for ICP purposes between national accountants and price statisticians
- Regular estimation of GDP from the expenditure approach, and systematic integration of ICP national accounts activities into regular national accounts compilation to reduce the burden

Guidelines: Country Specific Metadata

Record country-specific metadata on any special data treatments for the pandemic period

- Areas heavily impacted [economic activities | goods and services | geographical areas | populations | statistical activities | years/months/quarters]
- Mitigation actions/adjustments in terms of data sources and the compilation process
- Implemented adjustments/revisions and their methods in the estimation
- Imputed data (for missing data)
- Expected or observed data quality issues
- Any other difficulties faced during ICP-related national accounts activities

Guidelines: Global and Regional Coordination | Results Dissemination

Global and regional coordination

- Regional coordination by regional implementing agencies (workshops to share best practices across countries)
- Global coordination (ICP Inter-Agency Coordination Group)

Dissemination of results (transparency and communication to users)

- Release notes that highlights limitations and potential issues in the ICP 2021 results
- More frequent updates/revisions (as estimates are improved with further analysis)

ICP COVID-19 Guidance Note on National Accounts Expenditure Data

REFERENCE:

Guidance Note: Meeting ICP National Accounts Expenditure Data Requirements During the COVID-19 Pandemic



THANK YOU