



PROPOSED 2017 GDP EXPENDITURES VALIDATION PROCESS

**6th Meeting of the ICP Inter-Agency Coordination Group
September 24-26, 2018
Washington, DC**

Outline

- **Objective**
- **Timetable**
- **Background**
- **National Accounts Compilation (MORES)**
- **National Accounts Intra-Country Validation**
- **National Accounts Inter-Country Validation**
- **Discussion**

Objective

- Review suggested national and regional validation steps for expenditures
- Review proposed global validation steps/tools for expenditures
- Discuss regional plans for expenditures compilation and validation
- Discuss how the Global ICP Unit (GIU) can assist countries and regions, where needed

Timetable

Activity	2017				2018				2019			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
National Accounts Expenditures												
Africa												
Asia												
CIS												
LAC												
Western Asia												
Eurostat-OECD												
Submission to GIU							PS: Jul		PS: Jan		FS: Jul	
Global validation												
CPQ Submission to GIU							PS: Jul		PS: Jan		FS: Jul	

Global ICP Unit (GIU); National Accounts Country Practice Questionnaire (CPQ); Preliminary Submission (PS)

- No preliminary data submitted to GIU as of today
- When would regions be able to submit preliminary data to GIU?

Background

Levels

1. National

2. Regional

3. Global

Types of Validation

Intra-Country Validation

National implementing agencies (i) review and evaluate expenditures and relevant metadata, and (ii) validate against SNA requirements vis-à-vis previous data

Inter-Country Validation

Regional implementing agencies review the expenditure values across countries & regions

Global Validation

GIU reviews expenditure values of all countries across regions and combine them into a global dataset

Validation at National Level - Suggested

SNA Compliance

- Completeness checks (non-zero values)
- Check that the correct sign (+ or -) has been assigned
- Arithmetic basic checks

Economic likelihood

- Verify per capita Basic Heading (BH) expenditures
- Verify BH shares of GDP
- Verify extreme cases

Validation at Regional Level - Suggested

Clustering similar Economies

Identifying clusters of economies according to similar economies or neighboring countries and comparing them

1. Share of GDP

- Compare shares of GDP contributed by each BH (nominal and real expenditures)

2. Per Capita Real Expenditures

- Compare per capita real expenditures for each BH
- Variations in per capita real expenditures for each basic heading between economies in each cluster

Compilation & Validation tool: MORES 2017

MORES (Model Report on Expenditure Statistics)

Purpose

- To assist countries to **estimate and compile** detailed GDP expenditure
- To help countries **understand ICP Classification** and compile 'hard-to-estimate' BH expenditures
- To initiate **validation** process

Several regions found it very useful in ICP 2011 and continue to use it for ICP 2017

Updated to reflect ICP 2017 classification

MORES: Years

LY

- **Latest Year** available that a country has completed national accounts expenditures to Basic Heading level

CY

- **Current Year** that PPP exercised is conducted
- Referred to as Reference Year
- For this cycle : 2017

Completed MORES

1. Fill in much detail (Year : Western Calendar Year)

Step 1		Completing Expanded Form 1			Year	Country	Currency Unit
(1)	(2)	(3)	(4)	(5)			
ICP Code	Heading	Initial Expenditure Value	Estimated Expenditure Values	Discrepancies			
100000	GROSS DOMESTIC PRODUCT	345234.00	4151525.79	-3806291.792			
110000	INDIVIDUAL CONSUMPTION EXPENDITURE BY HOUSEHOLDS	31023.00	4151525.79	-4120502.792			
110100	FOOD AND NON-ALCOHOLIC BEVERAGES	2341.00	4151525.79	-4149184.792			
110110	FOOD	2356.00	4151525.79	-4149169.792			
110111	<u>Bread and cereals</u>	234323.00	4151525.79	-3917202.792			
1101111	Rice	345.00	4199.79	-3854.792388			
1101112	Other cereals, flour and other products	346.00	4147326.00	-4146980			
1101113	Bread	44.00	0.00	44			
1101114	Other bakery products	31.00	0.00	31			
1101115	Pasta products	2.00	0.00	2			

2. Fill in much detail

Transferred from Tab 2

Automatically calculated

Completed MORES

4. If formula is written & calculated then "OK" -> transferred to tab 1

1. Fill as much data as possible

Transferred from Tab 1

Step 2

Estimation of Basic Heading Expenditures [Form 2]

MORES TEMPLATE

Indicator1	Source1	Year1	Value1	Unit1	Defined Name
			Year		
			Country		
			Currency Unit		

Code	Name	Indicator Name	Source Name	Year	Value	Unit	OK
1101111	Rice	1 Total Expenditure in Rice	ICP 2005	2005	2452	Currency	
		2 Population of 2005	UNFPA report	2005	2890	ppl	
		3 Projected Population of 2009	NSO	2009	450000%	%	
		4 Price index	NSO	2009	0.1		
		5					
		6					
		7					
		8					
		9					
		10					
		Estimated expenditure	1101111		4199.79		

Splitting Approach

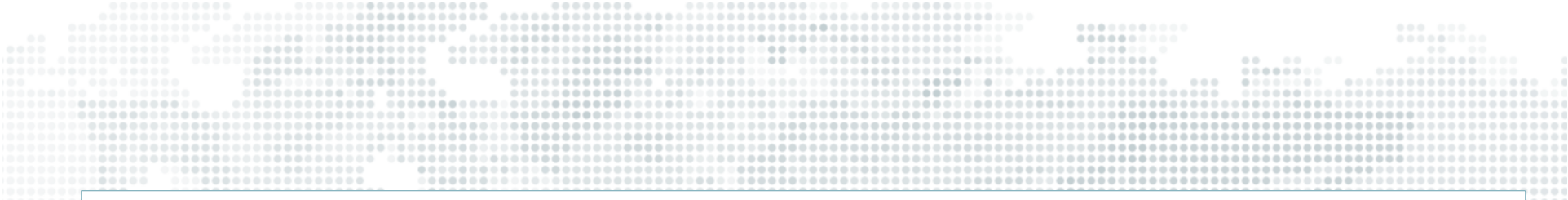
Please indicate all the approaches used in calculation of expenditure for this basic heading. Enter a number (1-5).

→	2	Extrapolation
→		
→		
→		
→		

2. See Tab 7 for Approach Codes (Can enter more than one)

3. Write formula for expenditure calculation (to use above indicators)

MORES



If MORES is being used to compile national accounts, please also submit individual country's MORES to GIU for validation purpose.

2011 Intra-Country Validation Tool

SNA Compliance

- Additivity Check (Up to aggregates = GDP)
- Should be Non-Zero (Basic Headings)
- Should be Negative (Basic Headings)
- Should be Positive (Basic Headings)

Structure

- Shares above 5% GDP (Basic Headings)

Temporal

- Shares above 5% GDP (Basic Headings)
- Per capita skewedness

2017 Intra-Country Validation Tool: Updated

SNA Compliance

- Additivity Check (Up to aggregates = GDP)
- Should be Non-Zero (Basic Headings)
- Should be Negative (Basic Headings)
- Should be Positive (Basic Headings)

Structure

- Shares above **variable** 5% of **ANY aggregate level** ~~GDP~~ (Basic Headings)

Temporal

- Shares above **variable** 5% of **ANY aggregate level** ~~GDP~~ (Basic Headings)
- ~~Per capita skewedness~~

Enhanced Validation

- **Added Price – Expenditure reporting consistency analysis**

Updated Classification

- **Updated to be used with ICP 2017 classification**
- **Harmonized data input tabs**

Intra-Country Validation Tool



Open Intra-Country Validation Tool (excel) for demonstration

Intra-Country Validation Tool

- National/Regional implementing agencies are welcome to suggest and use their own validation approaches and tools
- Global validation will be conducted once data is submitted to the GIU and findings will be shared with regional implementing agencies
- Upon request, Intra-Country Validation Tool can be provided to regions as early as November 2018 to be used in various workshops

2017 Inter-Country Validation Tool

One Inter-country (region-level) validation for each region or sub-region

Per Capita

- Compares per capita nominal expenditures (USD)
- All aggregate levels

Correlation

- Reviews correlation between countries
- Based on per capita nominal expenditures (USD)
- Three aggregate levels: GDP, Individual Consumption Expenditure by Households and Food and Non-alcoholic beverages

Temporal

- Measures temporal changes of correlation between countries
- Based on per capita nominal expenditures (USD)
- Basic Heading levels; Between time (LY to 2017)
- For each BH and each year, regional quintile groups are calculated and the temporal changes are computed

Updated Classification

- Updated to be used with ICP 2017 classification
- Harmonized data input tabs

Inter-Country Validation Tool



Open Inter-Country Validation Tool (excel) for demonstration

Inter-Country Validation Tool

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Discussion

- **Discuss regional plans for national accounts compilation and validation**
- **Discuss how GIU can assist countries and regions, where needed**



THANK YOU