Regional Course on SNA 2008: Improving Exhaustiveness
of GDP Coverage, Daejeon, Republic of Korea,
31 August – 4 September 2015

MONGOLIA:

IMPLEMENTATION OF THE 2008 SNA

31 August – 4 September 2015

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I. Methodologies

Adopted methodologies on 2008 SNA:

- "The methodology for estimation of GDP and GNI", 2013 (compliance with SNA 2008);

- "The methodology for estimation of quarterly GDP", 2013 (IMF "Quarterly National Accounts Manual");

- "The methodology for compilation of goods and services accounts", 2013 (SNA 2008);

- "The methodology for compilation of sequence of accounts", 2013 (SNA 2008);

I. Methodologies

Adopted methodologies on 2008 SNA:

- "The manual for compilation of SUT and IOT", 2013 (Eurostat Manual of Supply, Use and Input-Output Tables);

- "The methodology for compilation of balance of payments of Mongolia", 2012 (IMF "Balance of Payments and International Investment Position Manual" BPM6)

II. Classifications

Classifications are adopted and applied:

- "Classification of all economic activities, rev.4", 2011 (UN ISIC rev4);
- "Central product classification", 2011 (UN Central Product Classification Version 2.0);
- "Classifications of the functions, revenue and expenditure of the Government", 2009 (UN Classifications of the Functions of Governments)
- "Classifications of goods and services of individual consumption by purpose", 2008 (UN Classifications of Individual Consumption by Purpose);

II. Classifications

Classifications are adopted and applied:
- "Classification of economic sector", 2015 (SNA 2008);
- "Classification of the purposes of non-governmental organizations", 2011 (UN Classification of the Purposes of Non-Profit Institutions Serving Households);
- "Classification of financial and non-financial assets", 2013 (SNA 2008);

Compilation of GDP

ACCOUNTS	NATIONAL		REG'L
	Q	A	
GDP by Production approach	✓	✓	✓
GDP by Expenditure approach	✓	✓	
GDP by Income approach		✓	
***Consolidated Accounts*:**			
I: Production Account		✓	
II: Generation of Income Account		✓	
III: Allocation of Primary Income Account		✓	
IV: Secondary Distribution of Income Account		✓	
V: Use of Disposable Income Account		✓	
VI: Capital Account		✓	
VII: Rest of World Account		✓	

III. 1. Financial services

Subsectors of Financial corporations

1993 SNA Financial corporation subsectors			2008 SNA Financial corporation subsectors
Central Bank	S.121	S.121	Central Bank
Other Monetary and Financial Institutions - *commercial banks, savings and credit cooperations*	S.122	S.122	Other Monetary and Financial Institutions
		S.123	Money market funds
Other financial intermediaries- *non-banking financial organizations, foreign exchange bureau, money lenders*	S.123	S.124	Non-Money-Market Investment Funds
		S.125	Other financial intermediaries
Financial auxiliaries - *Mongolian stock exchange, securities brokers, agricultural commodity brokers*	S.124	S.126	Financial auxiliaries
		S.127	Captive financial institutions
Insurance corporations and pension funds *– life and non-life insurance companies*	S.125	S.128	Insurance corporations
		S.129	Pension Funds

III. 1. Financial services

Current estimation method calculation of output of financial corporations

Financial activities	Calculation methods
Central bank (S121)	Non-market output: cost approach (IC + COE + CFC + net taxes on production)
Deposit-taking corporations, except the central bank (S122)	Output = explicit charges + FISIM (L,D)+ acquisition and disposal of financial assets and liabilities in financial markets + revenue from non-principal activities
Other financial intermediaries, except insurance corp. (S123)	Output = explicit charges + FISIM (L)+ revenue from non-principal activities
Financial auxiliaries (S124)	Output = explicit charges + revenue from non-principal activities
Insurance corporations (S125)	**Non-life insurance** : accounting approach Output = actual premiums earned + premium supplements - adjusted claims incurred **Life insurance** output = actual premiums earned + premium supplements - benefits due - increases (plus decreases) in actuarial reserves and reserves for with-profits insurance and explicit fees

III. 1. Financial services

Estimation of FISIM

			Stocks			Interest	Accrued	FISIM
			t-1	t	Average	rate	interest	
LOANS								
	S11	Non-financial corporations	1,736,683	1,871,848	1,804,266	17.10%	308,605	64,670
	S124	Financial auxiliaries	4,711	14,068	9,389	17.10%	1,606	337
	S13	General government				17.10%	0	0
	S14	Households	904,892	1,369,232	1,137,062	17.10%	194,485	40,755
		as consumers	405,252	658,832	532,042	17.10%	91,001	19,070
		as owners of dwellings	244,003	362,856	303,429	17.10%	51,899	10,876
		as owners of unincorporated enterprises	255,637	347,544	301,591	17.10%	51,585	10,810
	S15	NPISHs	8,714	9,629	9,172	17.10%	1,569	329
TOTAL FISIM on loans to residents			2,655,000	3,264,778	2,959,889	17.10%	506,264	106,090
DEPOSITS								
	S11	Non-financial corporations	163,462	431,127	297,294	9.94%	29,538	10,656
	S13	General government				9.94%	0	0
	S14	Households	1,692,961	2,325,089	2,009,025	9.94%	199,610	72,009
	S15	NPISHs				9.94%	0	0
TOTAL FISIM on deposits from residents			1,856,423	2,756,216	2,306,320	9.94%	229,148	82,664
		TOTAL FISIM						188,754

III. 1. Financial services

Allocation of FISIM

	IC	FC
S11 Non-financial corporations	+	
S124 Financial auxiliaries	+	
S13 General government	+	+
S14 Households		
– *as consumers*		+
– *as owners of dwellings*	+	
– *as owners of unincorporated enterprises*	+	
S15 NPISHs	+	+

III. 2. Imputed rent for owner-occupied dwellings

Current estimation
- Imputed rent estimation was made for total number of HHs
- For the GDP estimation by production and expenditure approach estimation should include both actual and imputed rent

Data source of estimation

Rentals by tenants - HIES

Imputed value of housing services
- Benchmark year –*Population and Housing Census (every 10 year), NSO*
- Cost estimation – *Consumer prices on housing services, NSO*

III. 2. Imputed rent for owner-occupied dwellings

Method of estimation of actual rent

Actual rent value

- Rental value by tenants from HIES
  - Houses
  - Apartments
  - Traditional ger
- Distributed Rental value by tenants to total HHs by type of living conditions

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III. 2. Imputed rent for owner-occupied dwellings

Method of estimation of Imputed rent

Coverage: Houses, Apartments, Single family house, Traditional ger

Estimation of imputed rent:

I step

    No. of HHs living in own houses

    - No. of HHs rented out the houses from HIES

    = Total No. of HHs living in the owner occupied houses

II step

    Total No. of HHs living in the owner occupied houses

    * Value of the Rent (ICP-2010) * CPI

    = Total imputed rent, mln. tog

III step

    Maintenance (*small repaires -from HIES*)

    * purchases of construction materials (bedroom apartments cons-n service)

    = **Intermediate consumption, mln. tog**

III. 3. Non-observed economy

The N1-N7 framework of the Non-observed economy

CLASSIFICATION OF NOE	FRAMEWORK
1. Underground production	N6 - Producers deliberately misreporting
2. Illegal production (drugs, prostitution etc)	N2 - Producers deliberately not registering – illegal
3. Informal sector production	N1 - Producers deliberately not registering – underground
	N5 - Registered entrepreneurs not surveyed
4. Household production for own final use	N3 - Producers not required to register
5. Other missed productive activities	N4 - Legal persons not surveyed
	N7 - Other statistical deficiencies

III. 3. Non-observed economy

Survey and measurement

The NSO conducted the following surveys in accordance with the framework (N1-N7) of the NOE.

1. HUEMs (N1, N3, N5)

   • Survey of HUEM cover non-agricultural and non-mining
   • Survey of artisanal mining

2. Survey on Experts opinion of intentional distortion of business accounting (N6)

3. Estimation of illegal production (N2)

4. Establishment census, 2011 (N4)

VI. Challenges

1. FISIM estimated only for domestic economy, not included rest of world. Question is how to estimate FISIM on import and export.

IV. FUTURE ACTIVITIES

- Calculation of FISIM on imports and exports
- Revise backward estimation of GDP;
- Ensure implementation of 2008 SNA;
- Compile annual SUT at constant prices;
- Improve Government Finance Statistics;
- To transfer/use Chain index;
- Compile financial and other changes of volume accounts and balance sheets

THANK YOU FOR YOUR ATTENTION

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