DISTRIBUTIONAL NATIONAL ACCOUNTS IN COSTA RICA

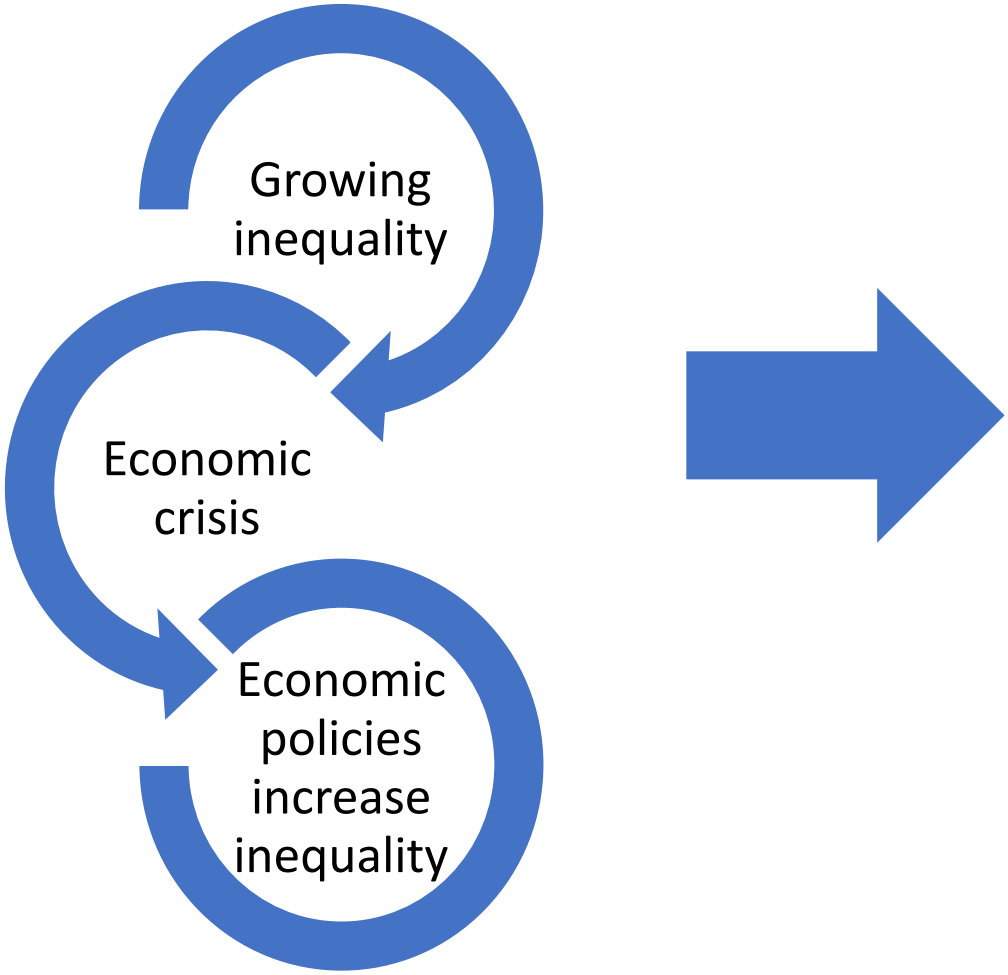
WORLD BANK GROUP

Jose Pablo Valdes Martinez
Senior Economist
World Bank

Outline of the presentation

1. Introduction
2. Project development objectives
3. Outline of the methodology and data sources used
4. Proposed work plan
5. Main results
6. Difficulties found, lessons learned and next steps

1. Introduction



Distributional measures are needed to assess the degree of inequality

1. Introduction

World Bank Poverty Commission

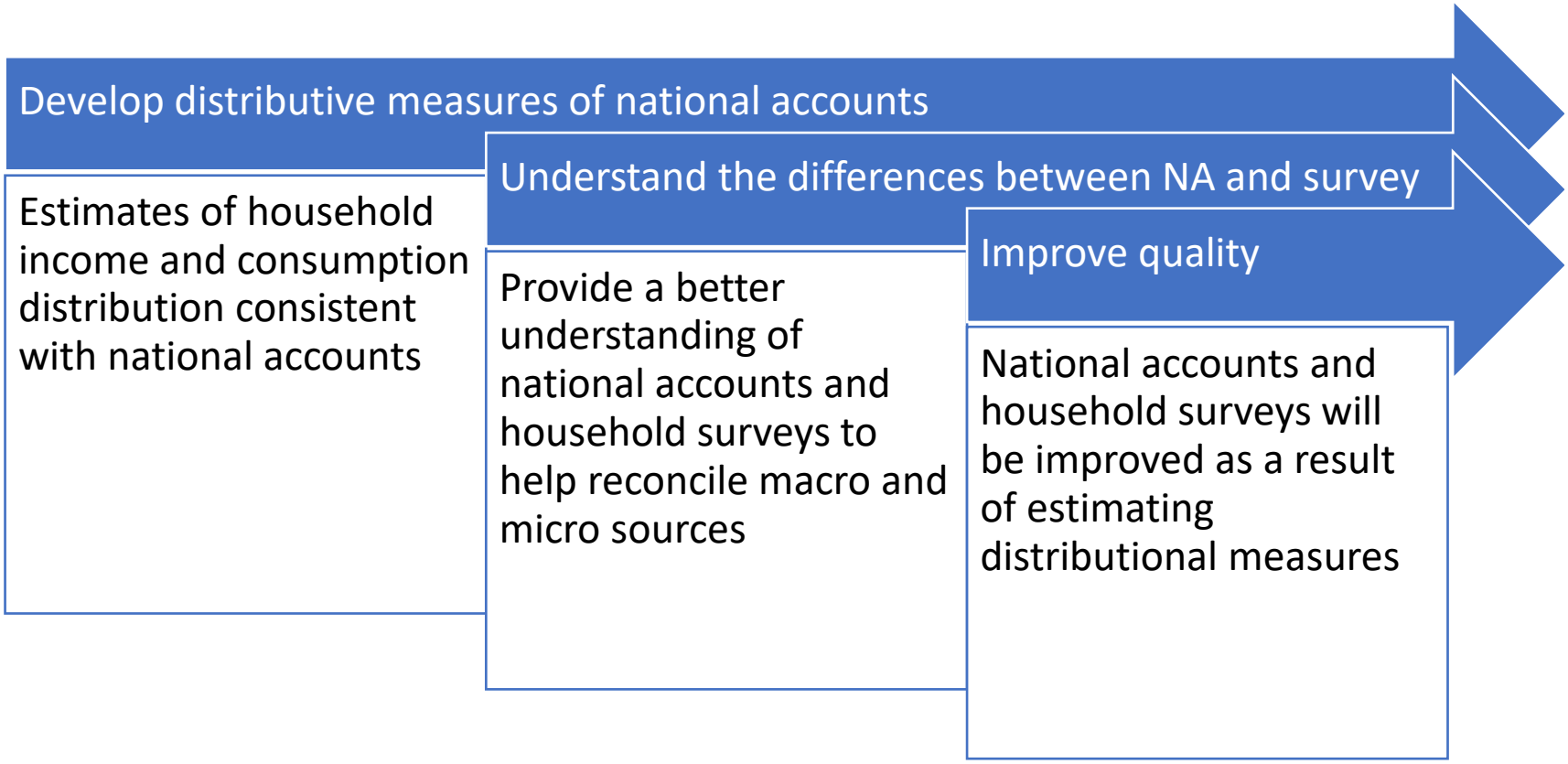
Recommendation 4

The World Bank should take the lead in a Joint Statistical Working Group for Household Consumption Statistics, mandated to establish guidelines for the measurement of household consumption, examine the relationship between consumption and income, and investigate the relationship between the household survey, national accounts and other data sources

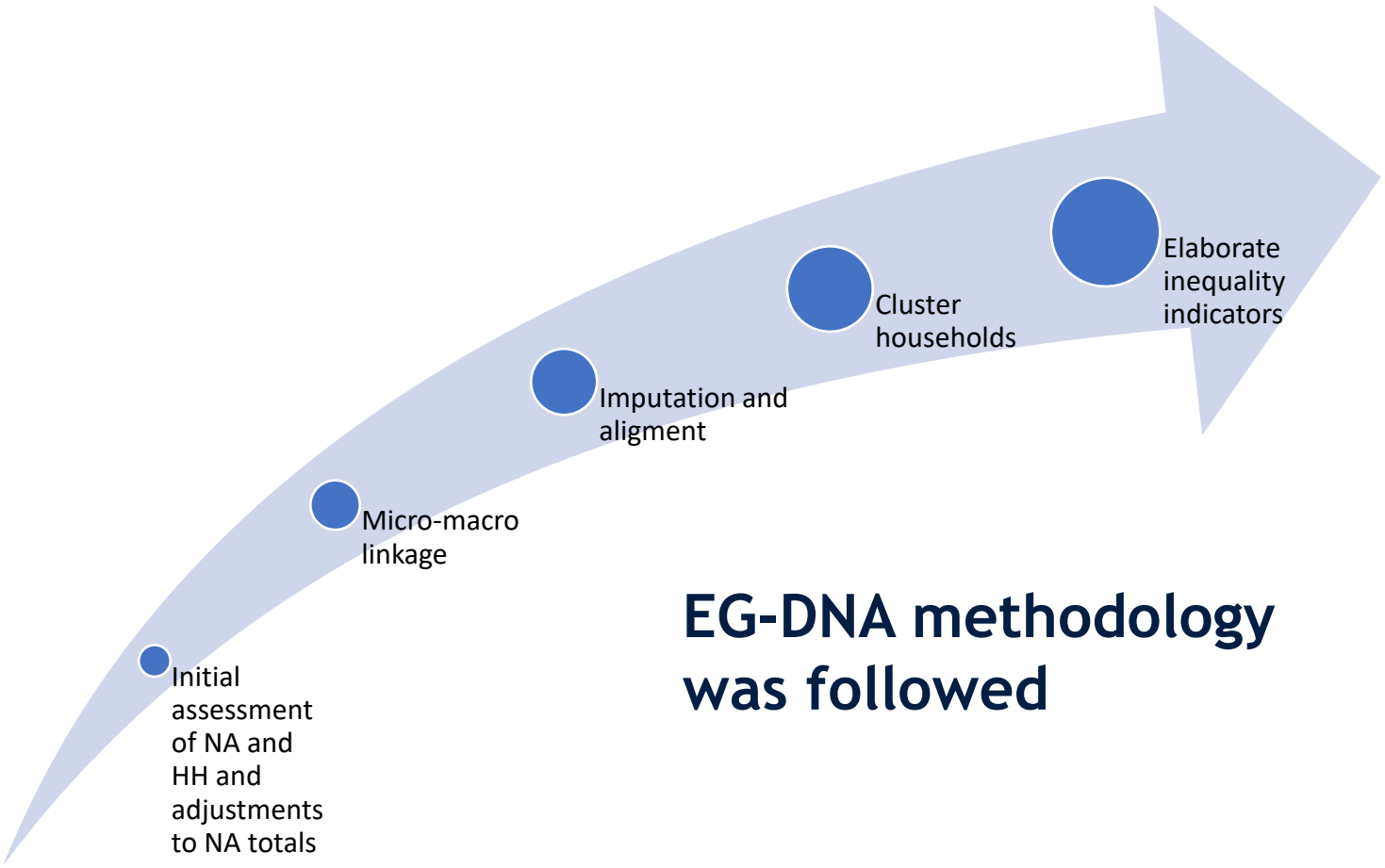
Recommendation 7

The World Bank, together with national statistical institutes and other statistical agencies, should explore the construction of an annual indicator of the standard of living of households based on national accounts measured by consumption, defined in a way that matches the measure as possible with household surveys

2. Project development objectives



3. Outline of the methodology and data sources used



EG-DNA methodology was followed

3. Outline of the methodology and data sources used

Data sources

Source	Type of survey	Objective	Population under study	Domains	Frequency	Main topics covered
National Survey of Household Income and Expenditure (Enigh)	Survey to households and individuals	Produce statistical information on spending patterns and the structure of household income in Costa Rica, to update consumption and financial situation indicators.	Individual dwellings, the households that inhabit these dwellings and the habitual residents of the households.	1. National level. 2. Zone: urban and rural. 3. Planning region: Central, Chorotega, Central Pacific, Brunca, Huetar Caribe and Huetar Norte.	Five-year (2018)	Household final consumption expenditure, non-consumption expenditure, capital expenditure and household income and savings structures
National Survey of Households' Microenterprises (Enameh)	Household survey (informal sector)	Provide society with statistical information related to the economic activity of businesses created in households, in order to generate and update statistics necessary for the formulation, monitoring and evaluation of public policies and private actions for the informal sector.	Micro-enterprises of households or productive activities of goods or services directed to the market, either in whole or in part.	1. National level. 2. Zone: urban and rural. 3. Planning region: Central, Chorotega, Central Pacific, Brunca, Huetar Caribe and Huetar Norte.	Annual	Characteristics of the activity, sales and services, institutional support, information and communication technologies, expenses of the activity, income of the activity, assets and inventories of the activity, financing, expectations and balance of income and expenses.

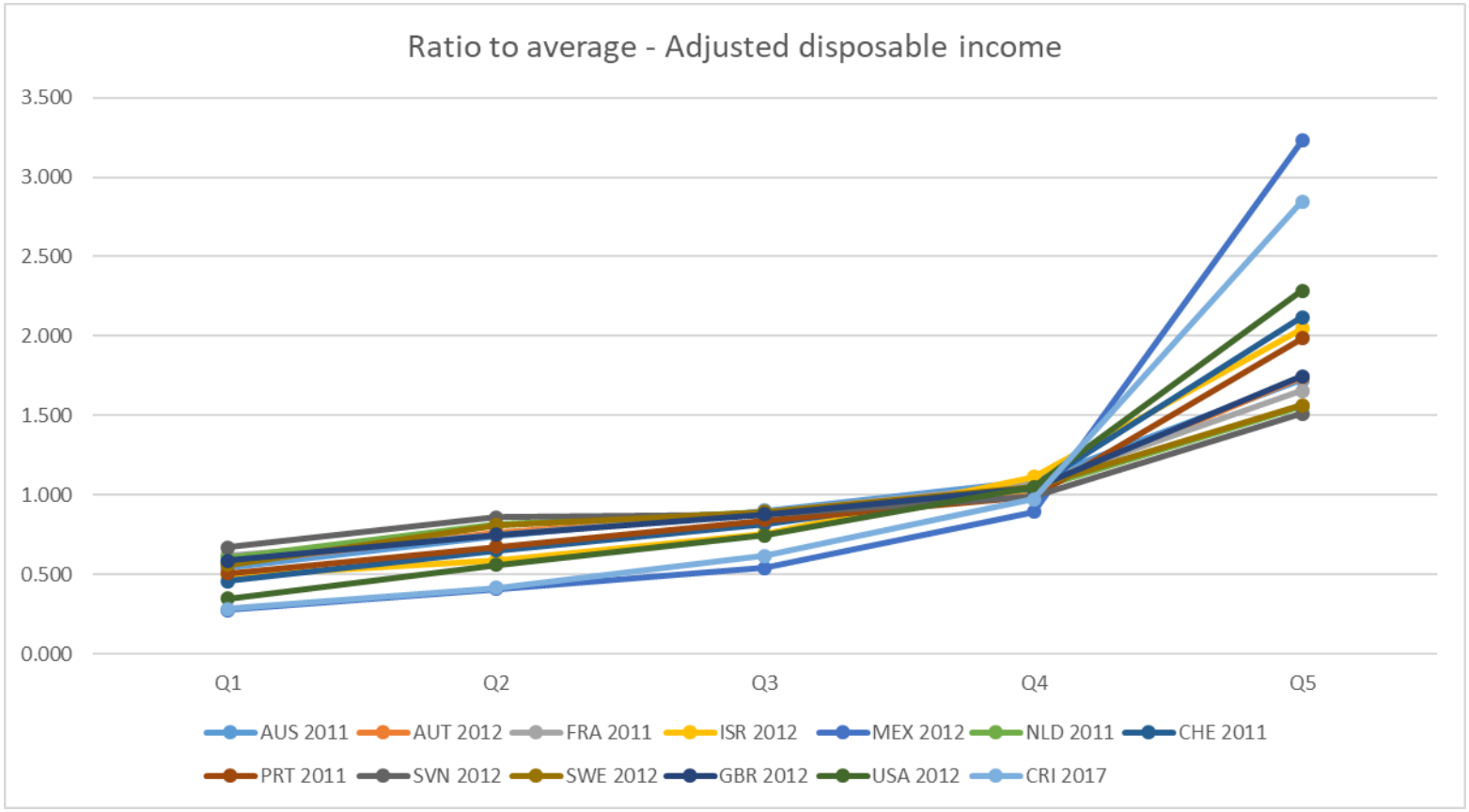
4. Proposed work plan

Pilot study for the introduction of distributional measures for households consistent with national accounts				
Activity	**Description**	**Outcomes**	**Indicators**	**Activity**
Pilot 1	Pilot implementation of distributional measures in Costa Rica	Distributional measures completed and disseminated	A methodology adapted to the particularities of Costa Rica is designed, tested and applied to obtain distributional measures of income, consumption and household savings in a manner consistent with the national accounts. The staff of the Central Bank of Costa Rica has acquired the ability to replicate the methodology for compiling distributional measures for compilation and publication on a regular basis. Distributional measures of national accounts are available for the reference year of the last household survey	(iii) Impute for missing elements and scale the HS data to the adjusted national accounts totals (iv) Clustering households (v) Derive relevant indicators for the household groups (vi) 3 TA/CD missions on the different components of the project **between July 2020 and September 2020** (vii) Conduct a seminar in San José, Costa Rica to present the results obtained with the participation of representatives from both national institutions and countries in the CAPDR region, the World Bank and CAPTAC-DR (to be confirmed)

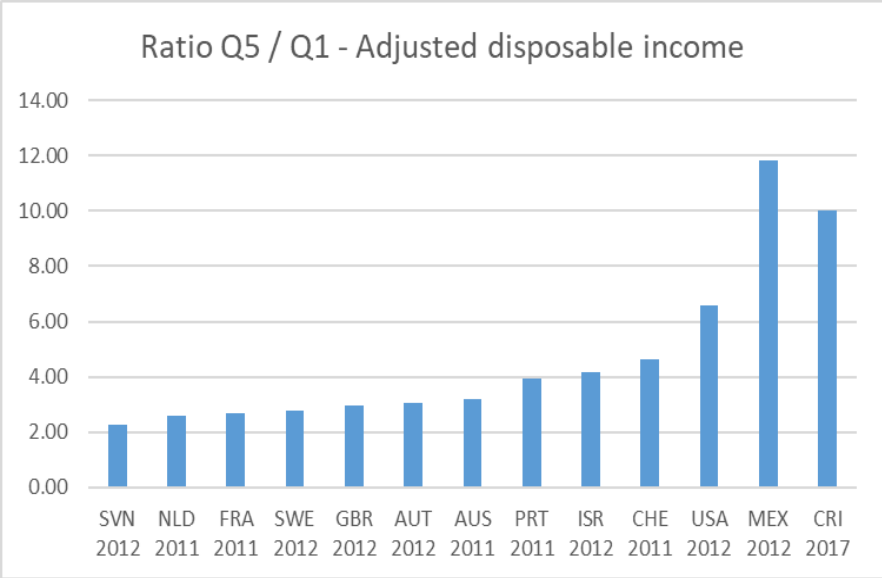
5. Main results

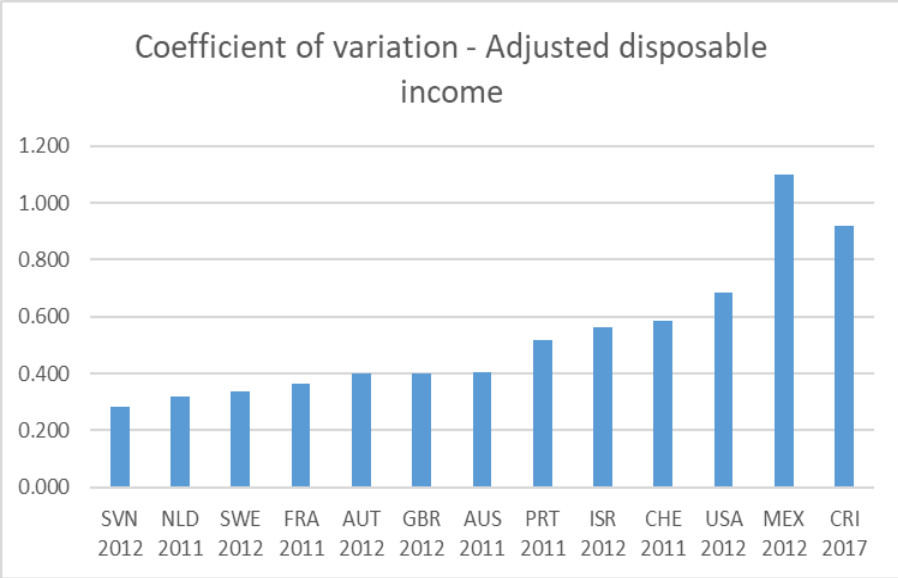
- Preliminary results up to household saving
- Household groups:
  - Income quintiles
  - Gender
  - Economic activity
- Usual inequality indicators
- Impact analysis

5. Main results

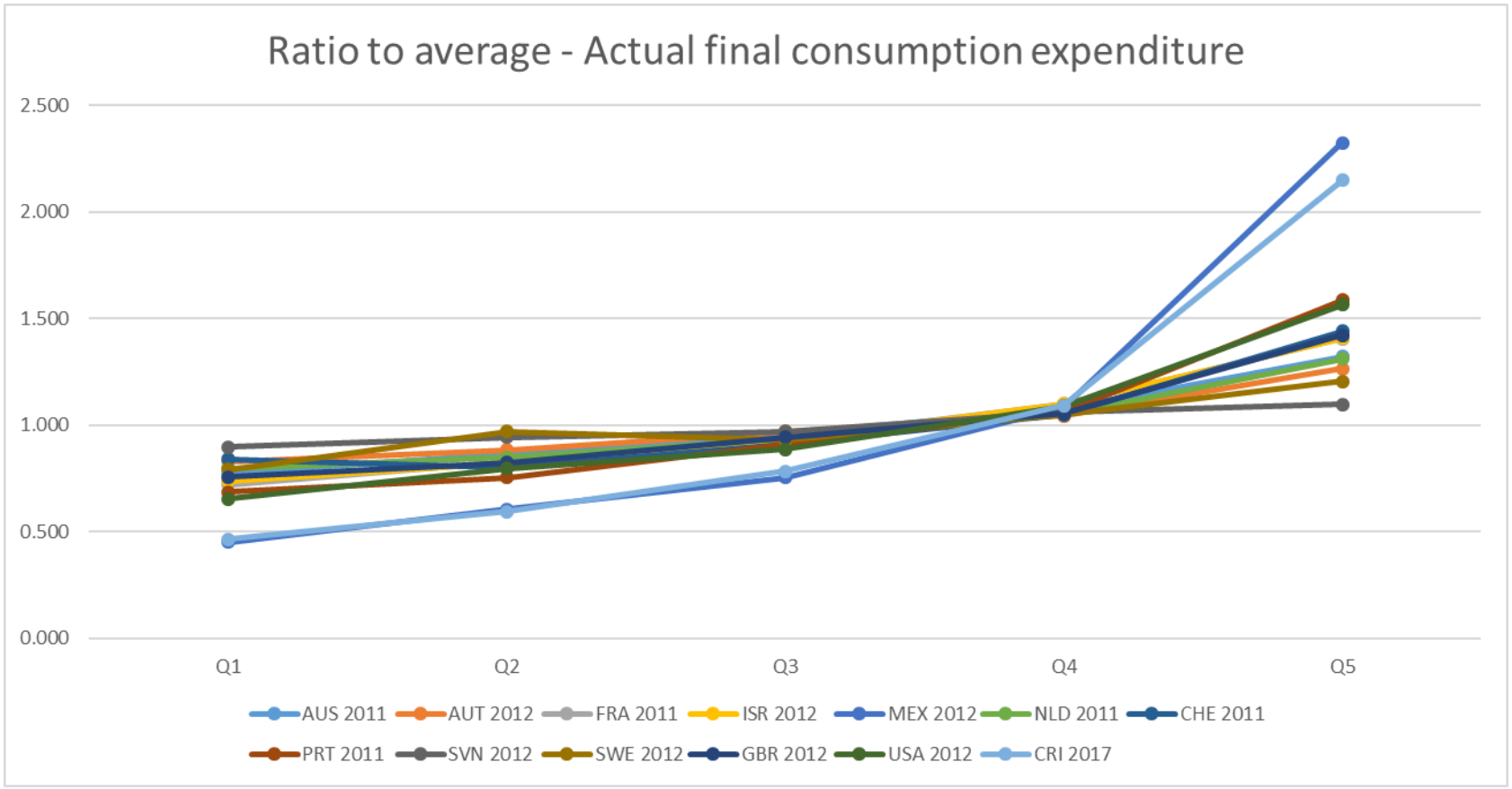


5. Main results

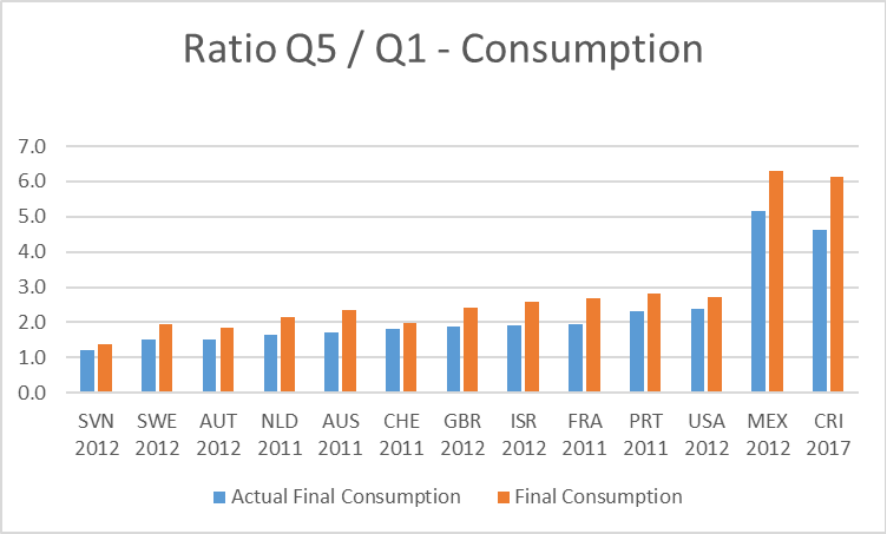


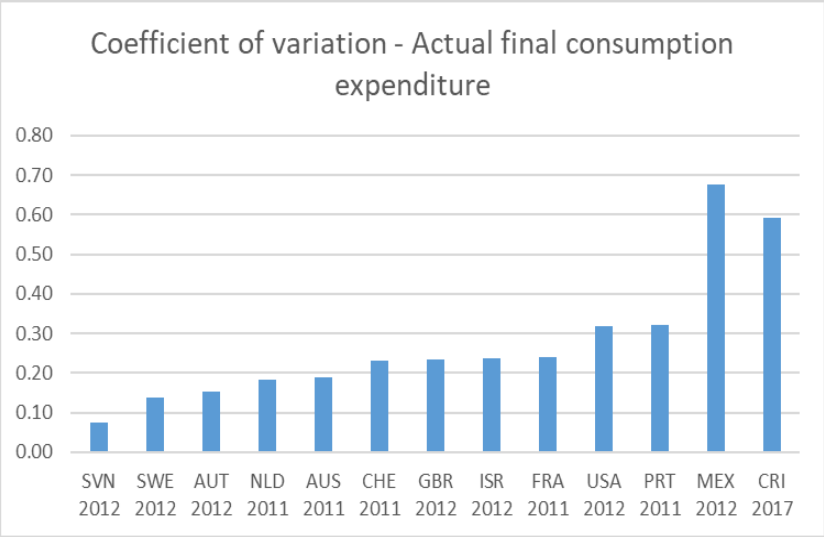


5. Main results



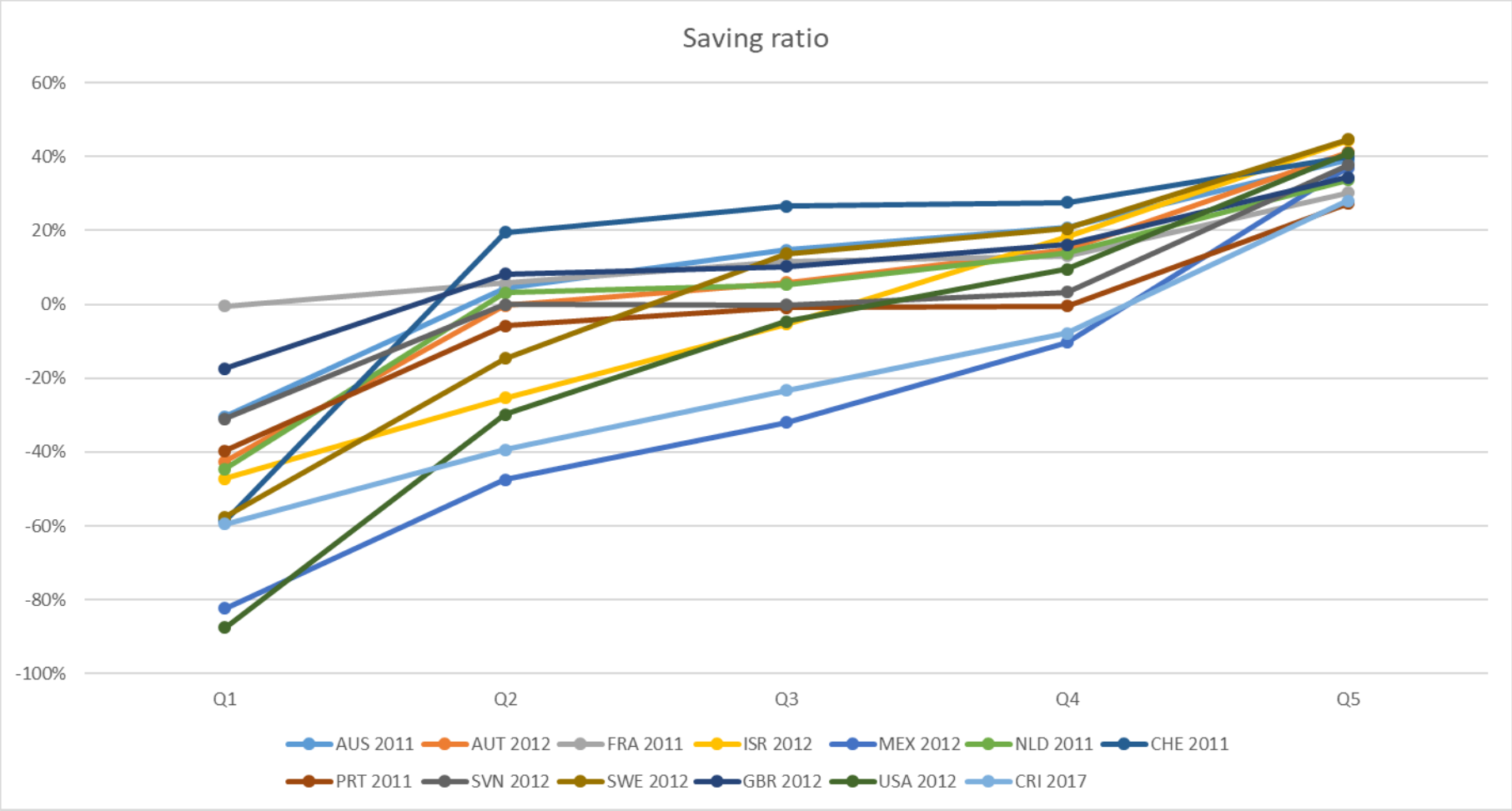
5. Main results





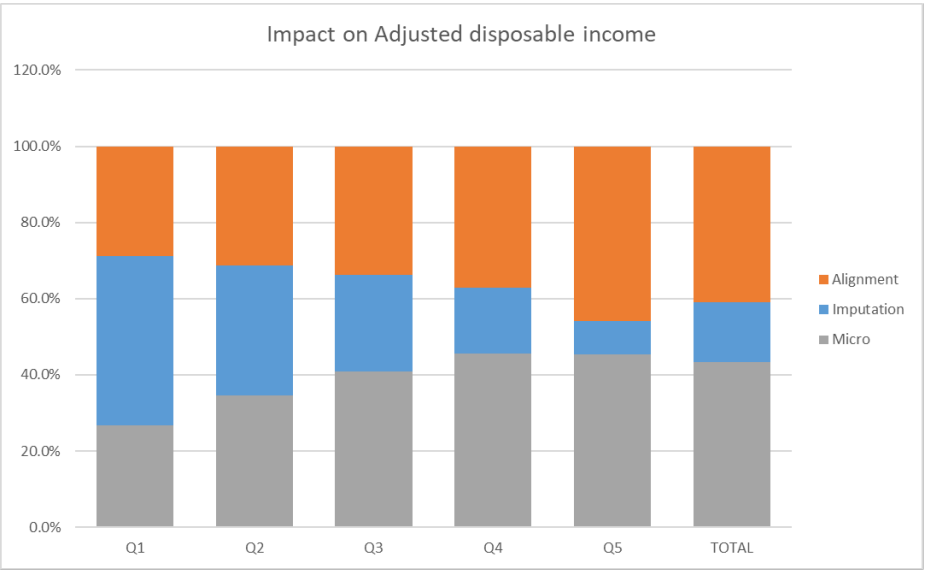
WORLD BANK GROUP

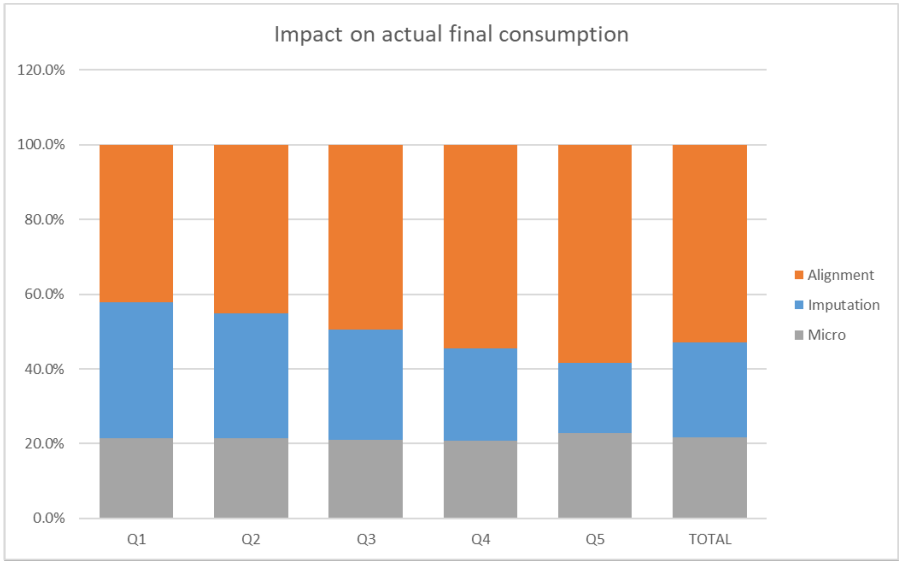
5. Main results

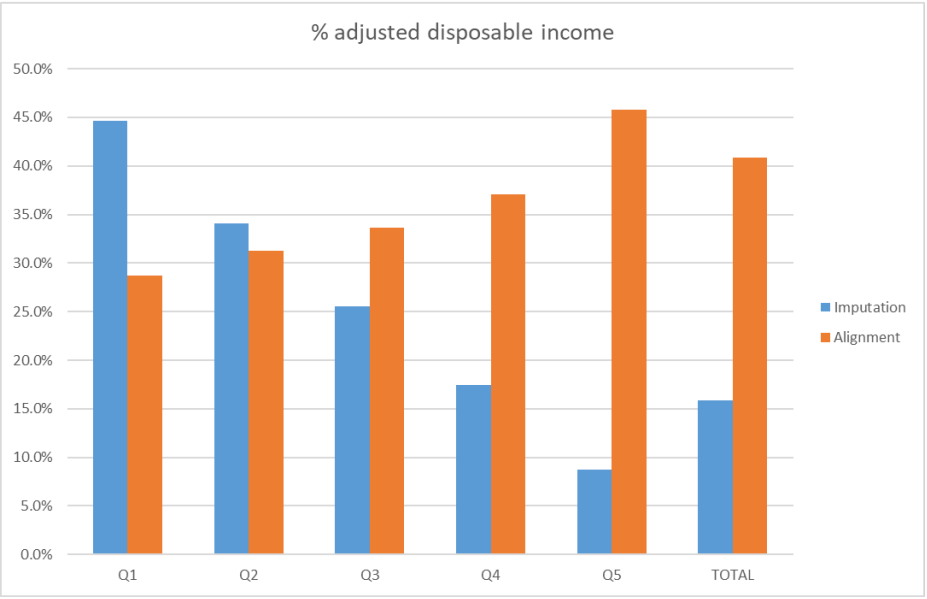


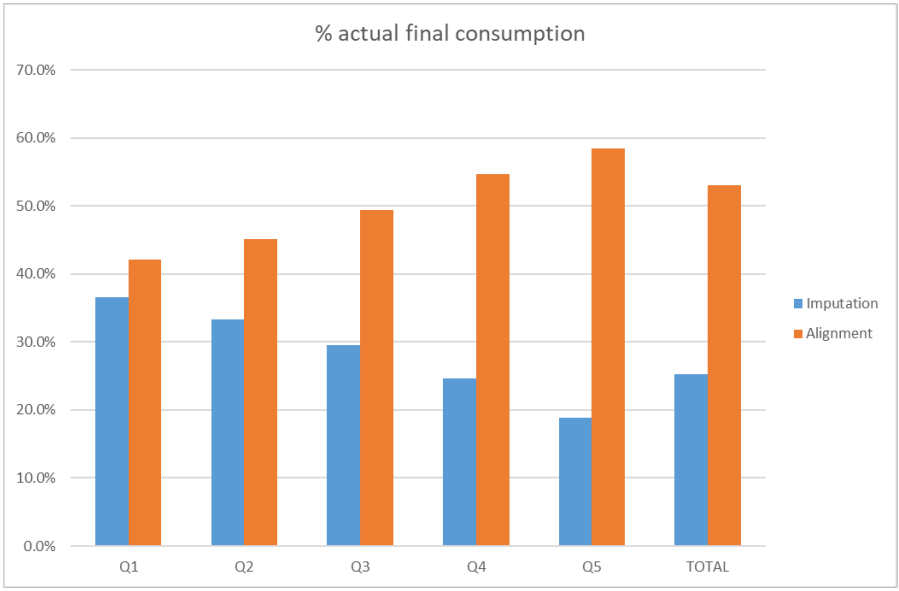
WORLD BANK GROUP

5. Main results



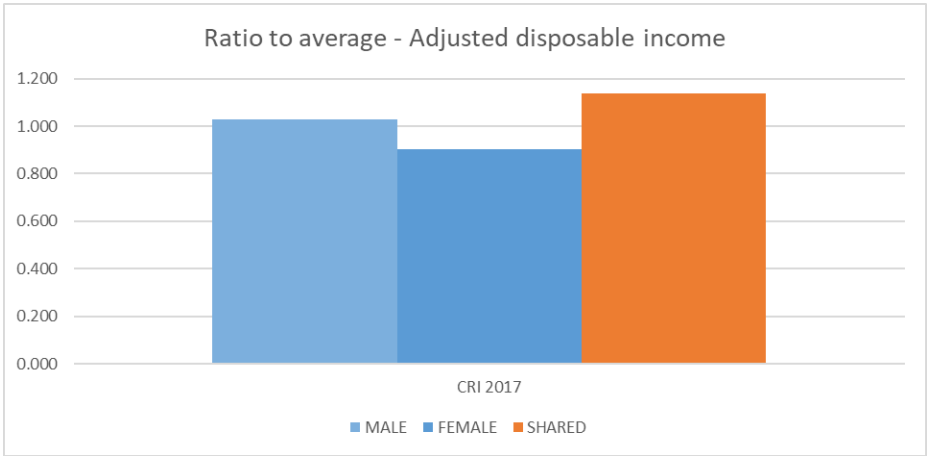


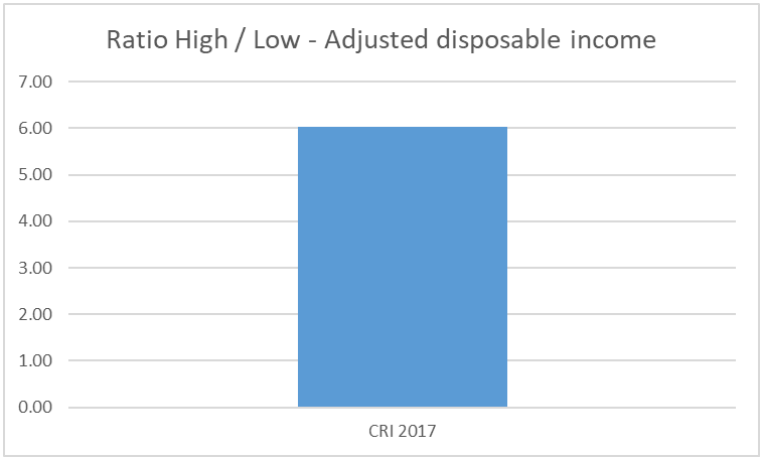


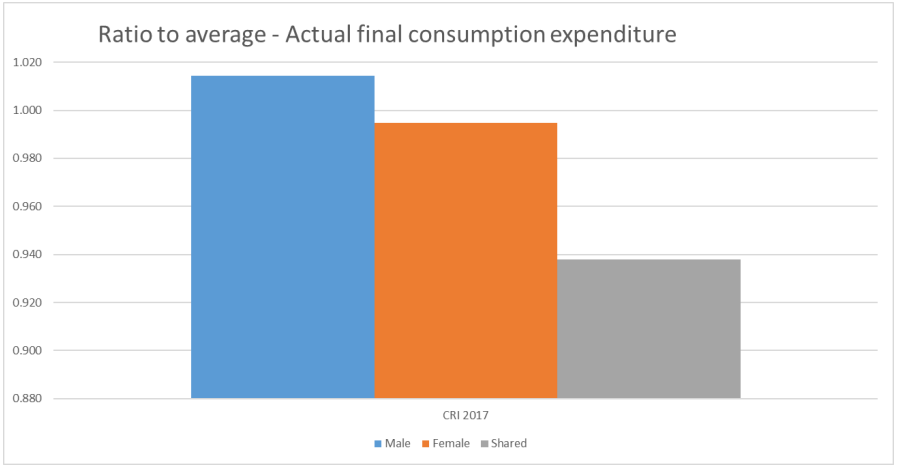


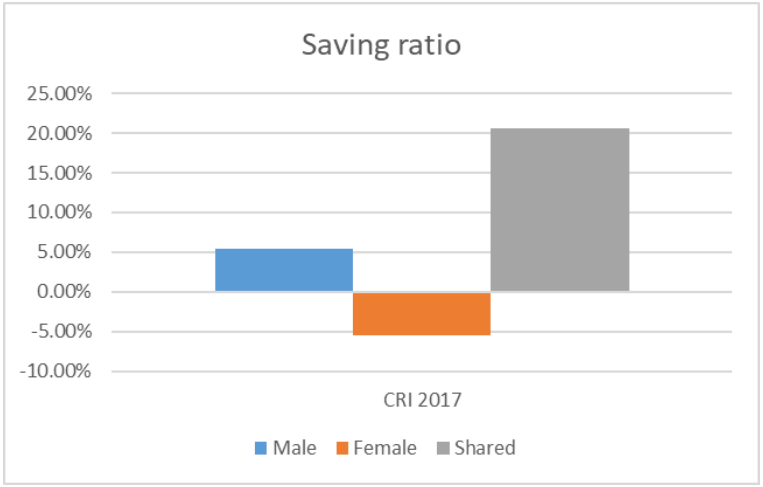
WORLD BANK GROUP

5. Main results



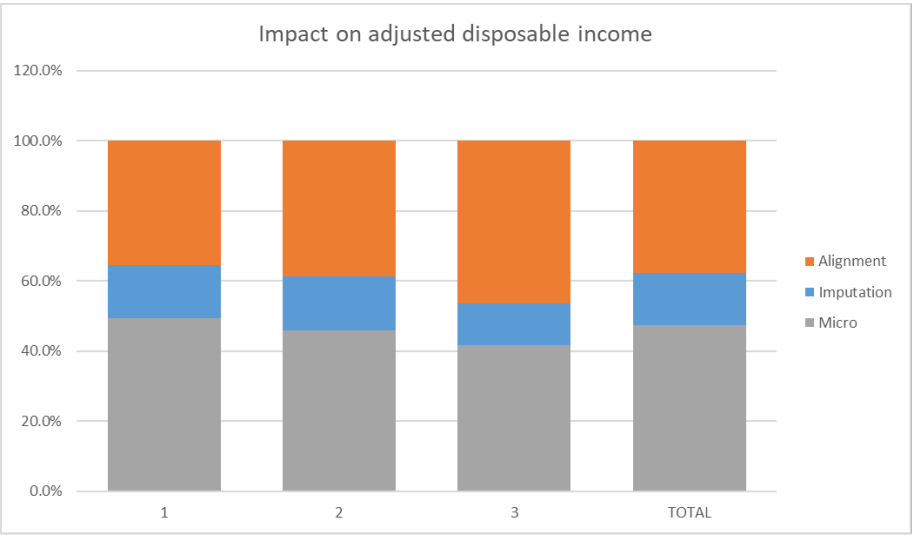


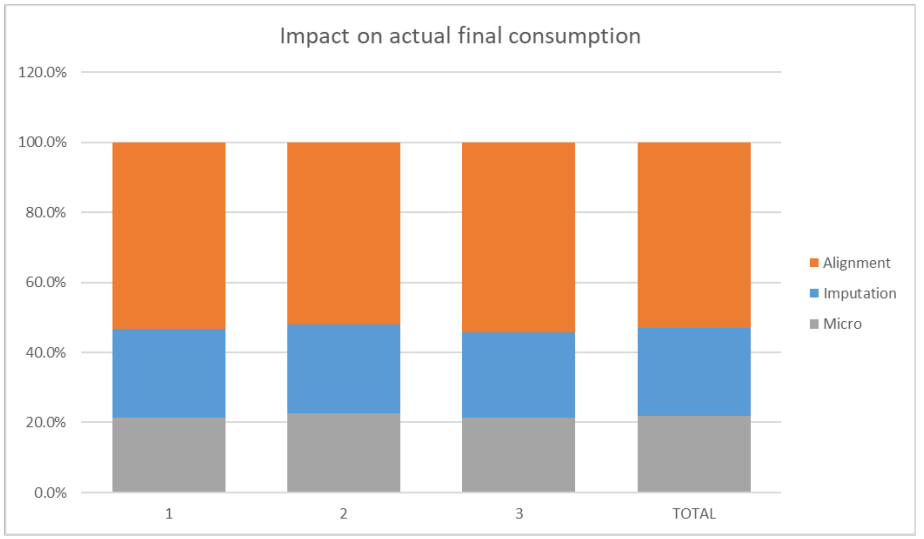


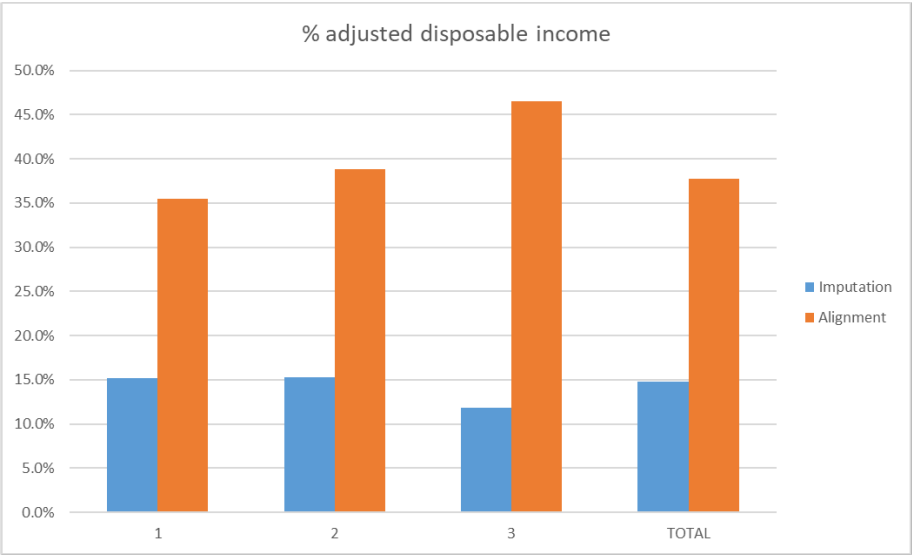


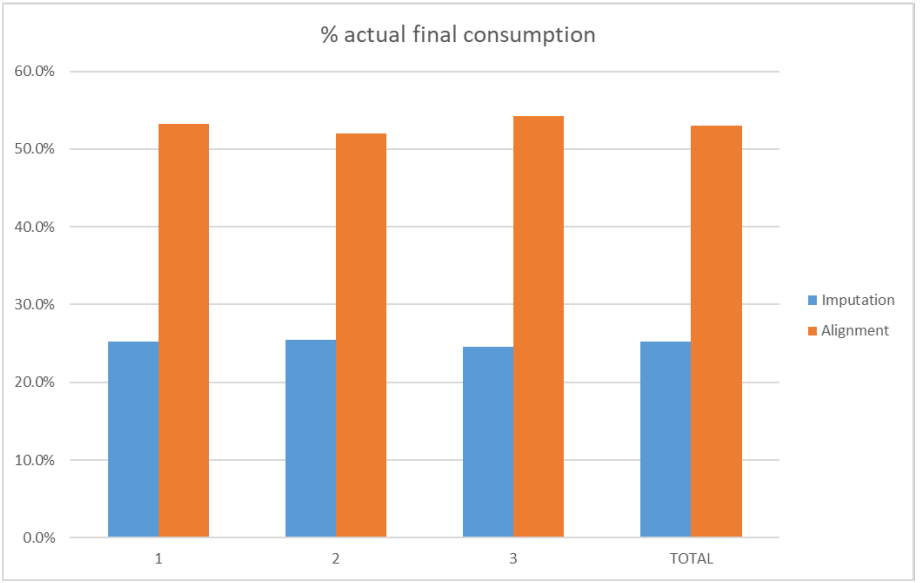
WORLD BANK GROUP

5. Main results





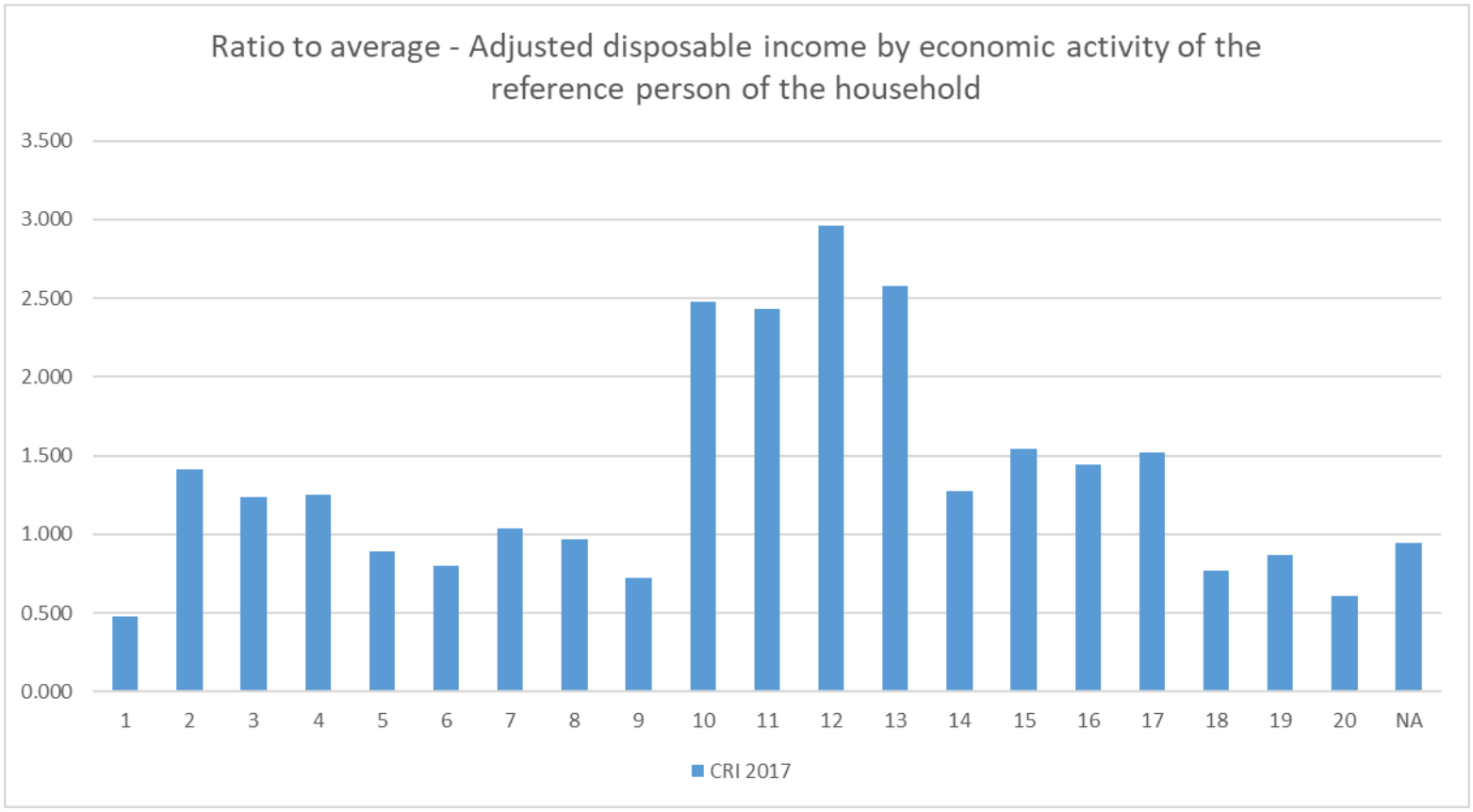




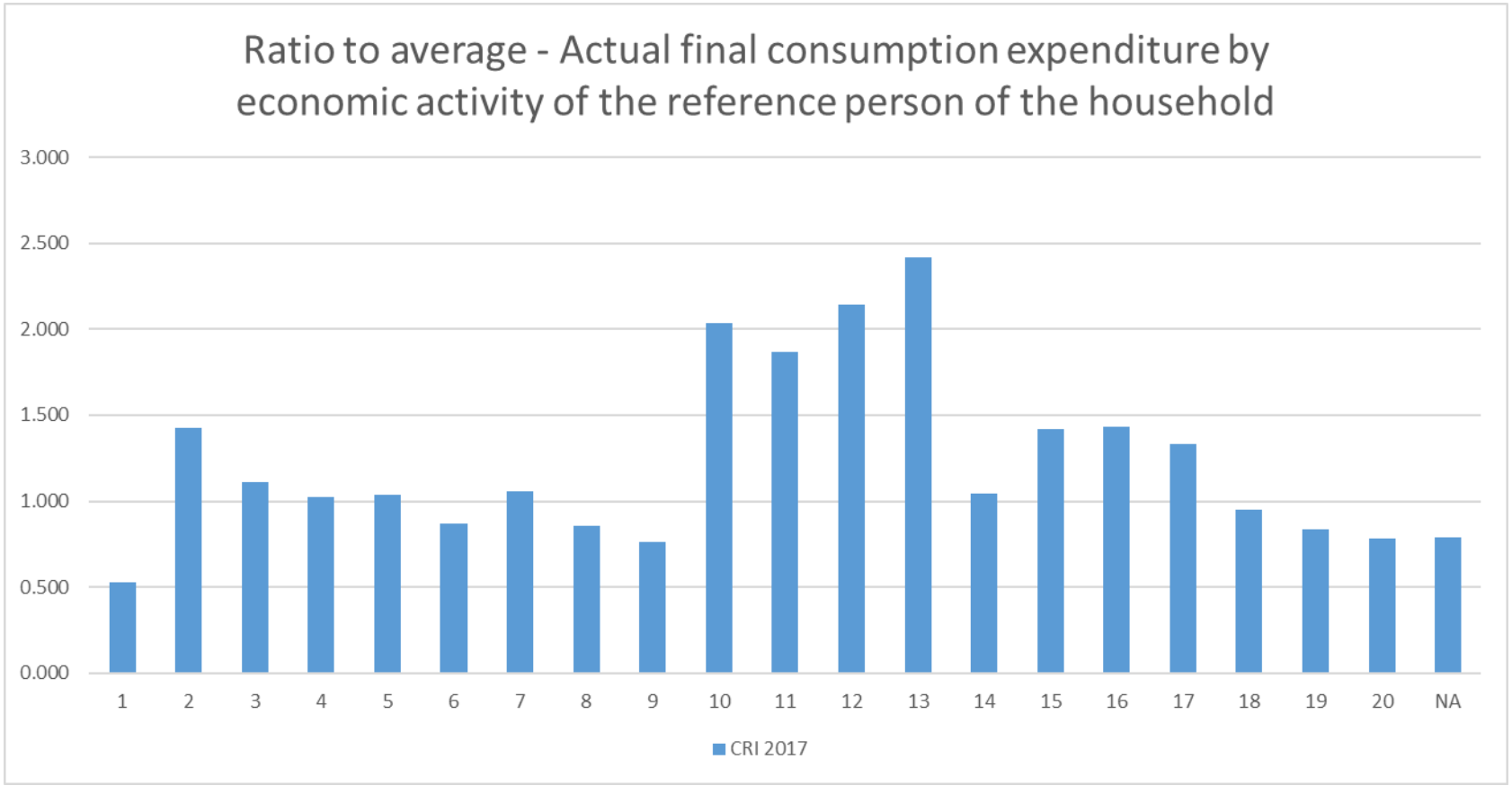
5. Main results

#	Economic activities
1	Agriculture, Livestock, Forestry and Fishing
2	Mining and quarrying
3	Manufacturing Industries
4	Supply of electricity, gas, steam and air conditioning
5	Water supply; sewage evacuation, management waste and decontamination
6	Construction
7	Wholesale and retail trade; vehicle repair of motor vehicles and motorcycles
8	Transportation and storage
9	Accommodation and food service activities
10	Information and communications
11	Financial and insurance activities
12	Real estate activities
13	Professional, scientific and technical activities
14	Administrative and support service activities
15	Public administration and defense; social security plans mandatory membership
16	Teaching
17	Human health care and social assistance activities
18	Artistic, entertainment and recreational activities
19	Other service activities
20	Activities of households as employers; undifferentiated activities of the households as the production of goods and services for their own use

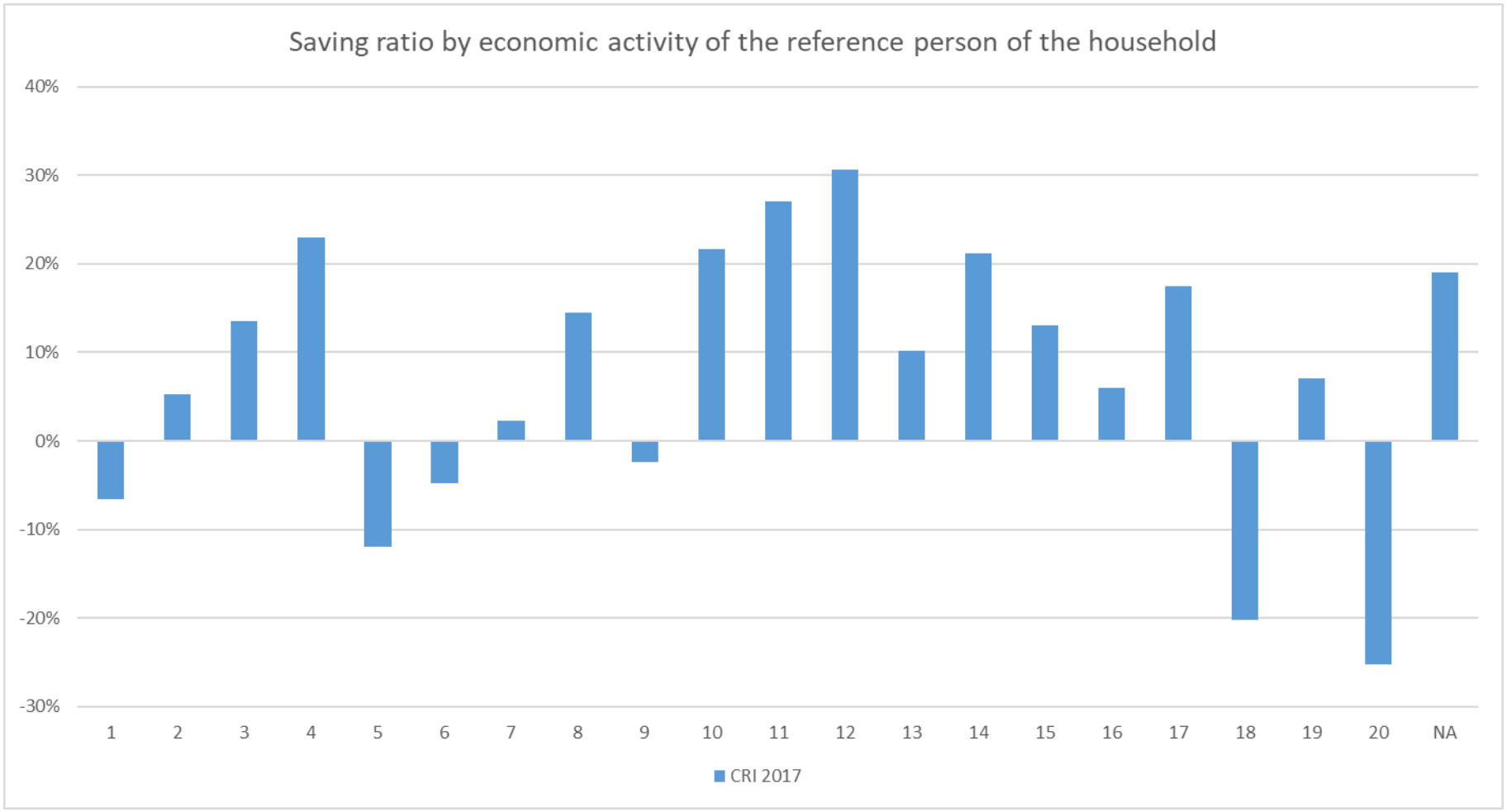
5. Main results



5. Main results

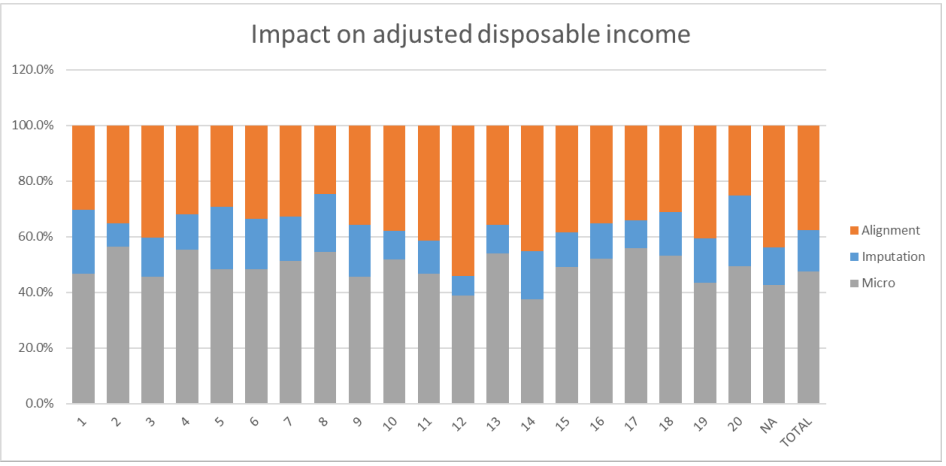


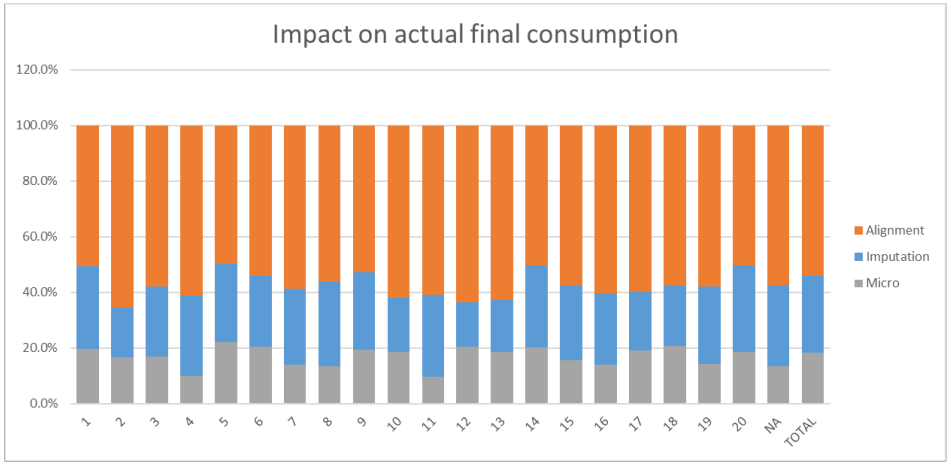
5. Main results

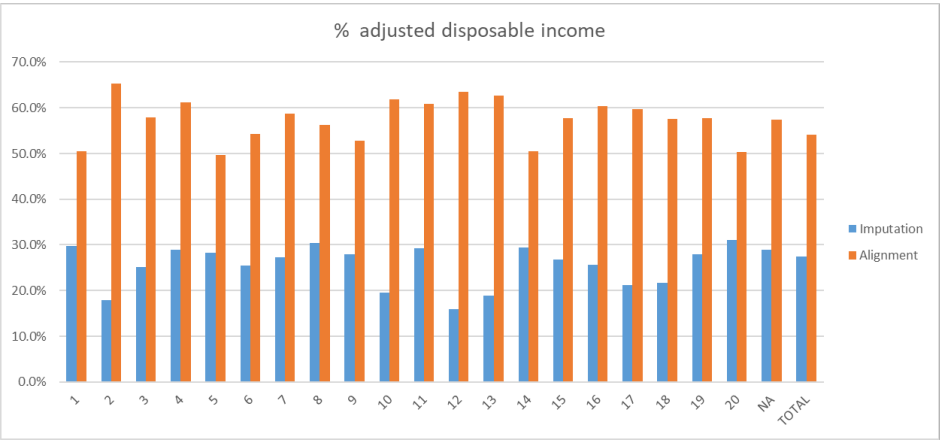


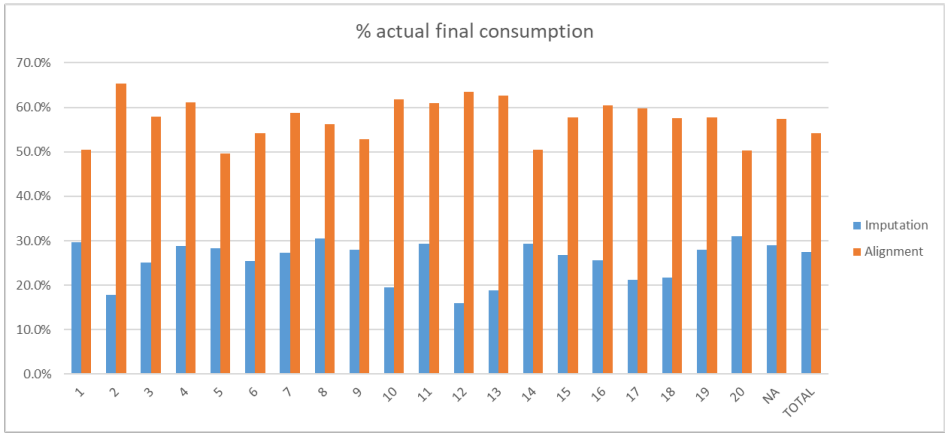
WORLD BANK GROUP

5. Main results









WORLD BANK GROUP

6. Difficulties found, lessons learned and next steps

- **Sectoral accounts and ENIGH refer to different year**
  - Reference year for the accounts was 2017 (latest available year) while ENIGH reference period was 2018
  - We believed it was better to use data from 2018 rather than 2013
  - Easy to update results once the accounts for 2018 are available
- **Tried to avoid using the structure of the aggregates** when data on components is missing
  - Favored the use of a combination of survey variables
  - Better results in terms of micro-macro gaps
- **Adjustments needed on both micro and macro sides**
  - Outlier households were sistematically eliminated from the study (significant impact on final resutls)
  - Additional adjustments needed at a distributional accounts level (income taxes, imputed rent)
- **Standardized working files** will facilitate the compilation of distributional results in the future
  - Collaboration from NSI and Central Bank's side was critical
  - Better results in terms of micro-macro gaps
- **Regional seminar** conducted on December 1-3 as closing event
  - Participants from CRI, GTM, SLV, HND, NIC, PAN, DOM, alongside OECD, IMF, ECLAC and WB
  - Possibility to replicate this exercise at a regional level
- **SNA update**
  - Experience valid in terms of testing strategy for distributions

Thank you for your attention!

WORLD BANK GROUP

25 June, 2021

WORLD BANK GROUP