

The distributive national accounts of households for Costa Rica

Group of Experts on National Accounts 2024

April 24, 2024

Henry Vargas

Outline

1. Introduction
2. Objectives
3. Methodology
4. Data sources
5. Main results
6. Challenges, lessons learned and next steps

1

Introduction



Distributional measures are needed to assess the degree of inequality

2

Project objectives

Develop distributive measures of national accounts

Develop and test a simplified methodology to promote measures of household income and consumption distribution consistent with national accounts.

Understand the differences between NA and survey

Better understanding of national accounts and household surveys to help reconcile micro and macro sources.

Improve quality

The estimation methodology is improved as necessary in terms of international best practices in the compilation of national accounts and household surveys.

Project Outcomes

- Increased capacity in Costa Rica to compile national accounts distributional measures.
- Increased capacity of the World Bank to assist its client countries.

3

Methodology



Adjustments
to NA totals



Micro-macro
linkage



Imputation
and
alignment



Cluster
households



Elaborate
indicators

EG-DNA methodology followed

4 Data sources

In addition to the Institutional sectorial accounts, the following surveys were used:

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	Five year	Household final consumption expenditure, non-consumption expenditure, capital expenditure and household income and savings.
				2. Zone urban and rural		
				3. Planning region: Central, Chorotega, and the others.		
National Survey of Households Microenterprises	Household survey (informal sector)	Provide statistical information related to the economic activity of businesses created in households, in order to generate statistics necessary for the informal sector.	Micro-enterprises of households of productive activities of goods or services directed to the market, in whole or in part.	1. National level	Annual	Characteristics of the activity, sales, expenses, assets and financing.
				2. Zone urban and rural		
				3. Planning region: Central, Chorotega, and the others		



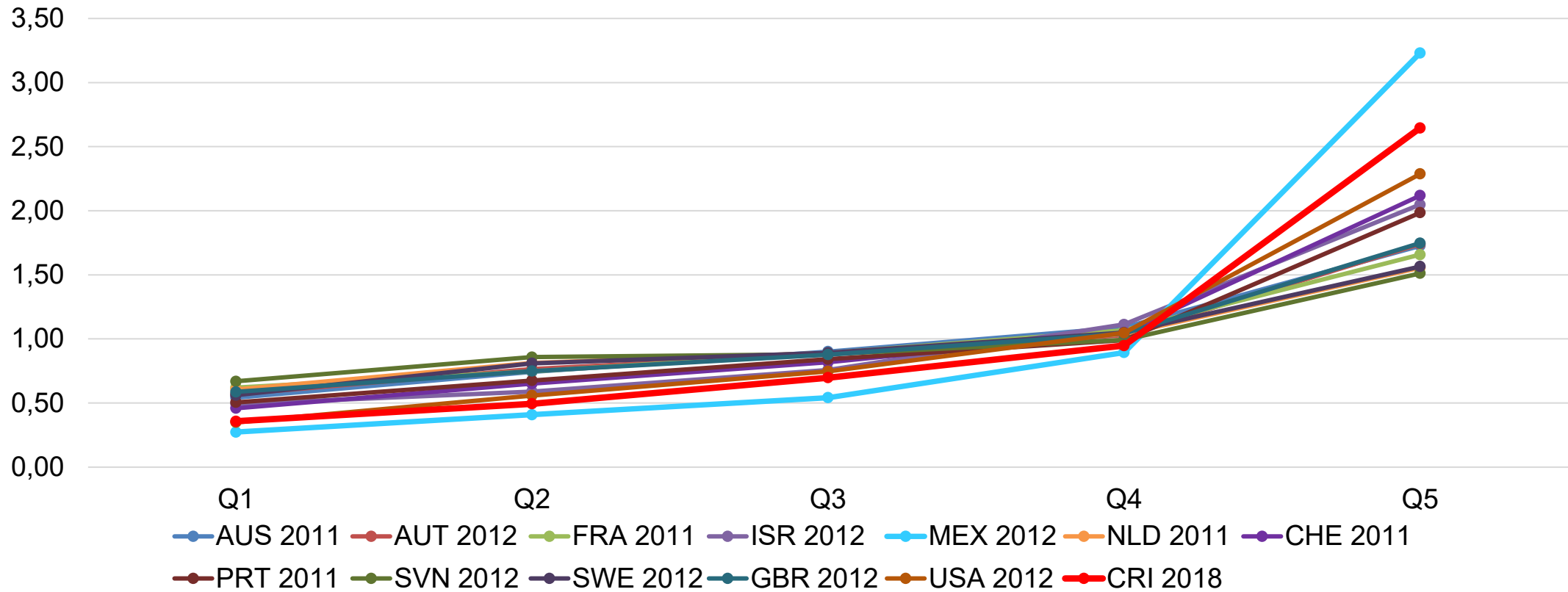
5 Main results

- **Compilation of sequence of household accounts from production, disposable income, final consumption and saving for year 2018.**
- **Households are grouped: income quintiles, reference person's gender, reference person's economic activity.**
- **Inequality indicators obtained.**
 1. Variables by household and by consumption unit.
 2. Disparity measures.
 - Ratio of each group with respect to the mean.
 - Max/Min Ratio.
 - Variation coefficient.
- **Distribution of each element of consumption and income by household group.**

5

Main results by income quintile

Ratio to average, adjusted disposable income

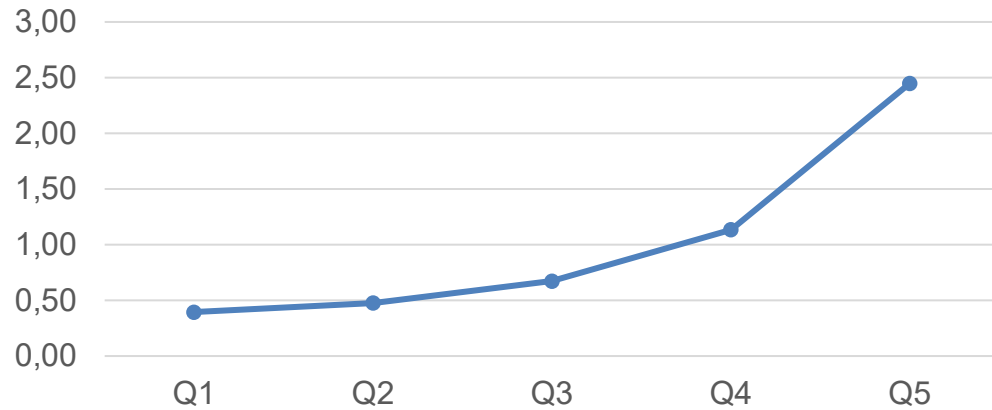


5

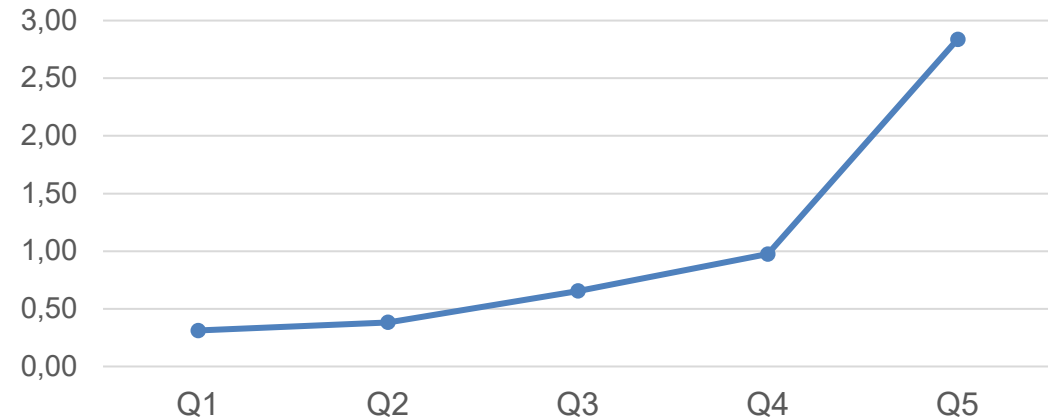
Main results by income quintile

Ratio to average, income elements 2018

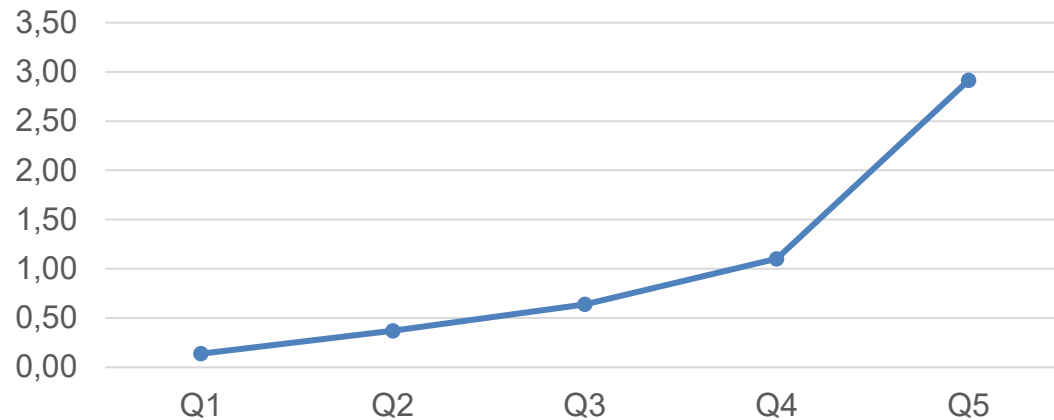
Gross operating surplus



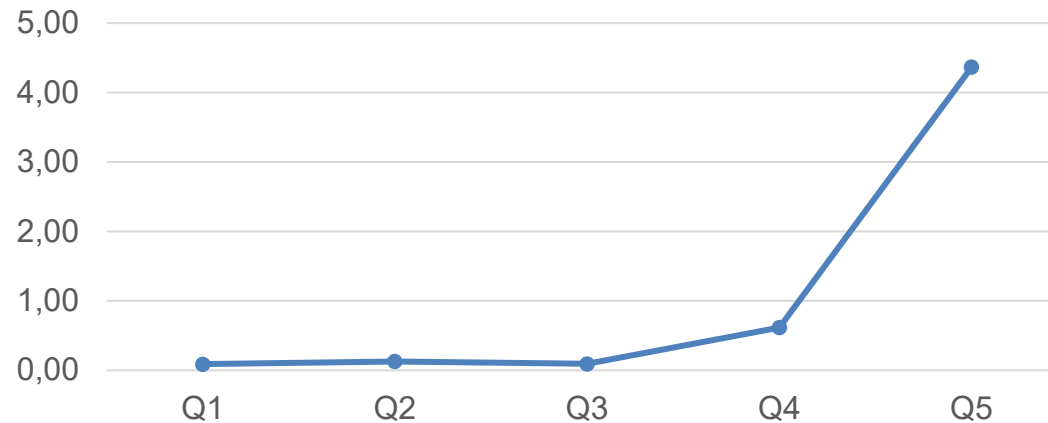
Mixed income



Compensation of employees



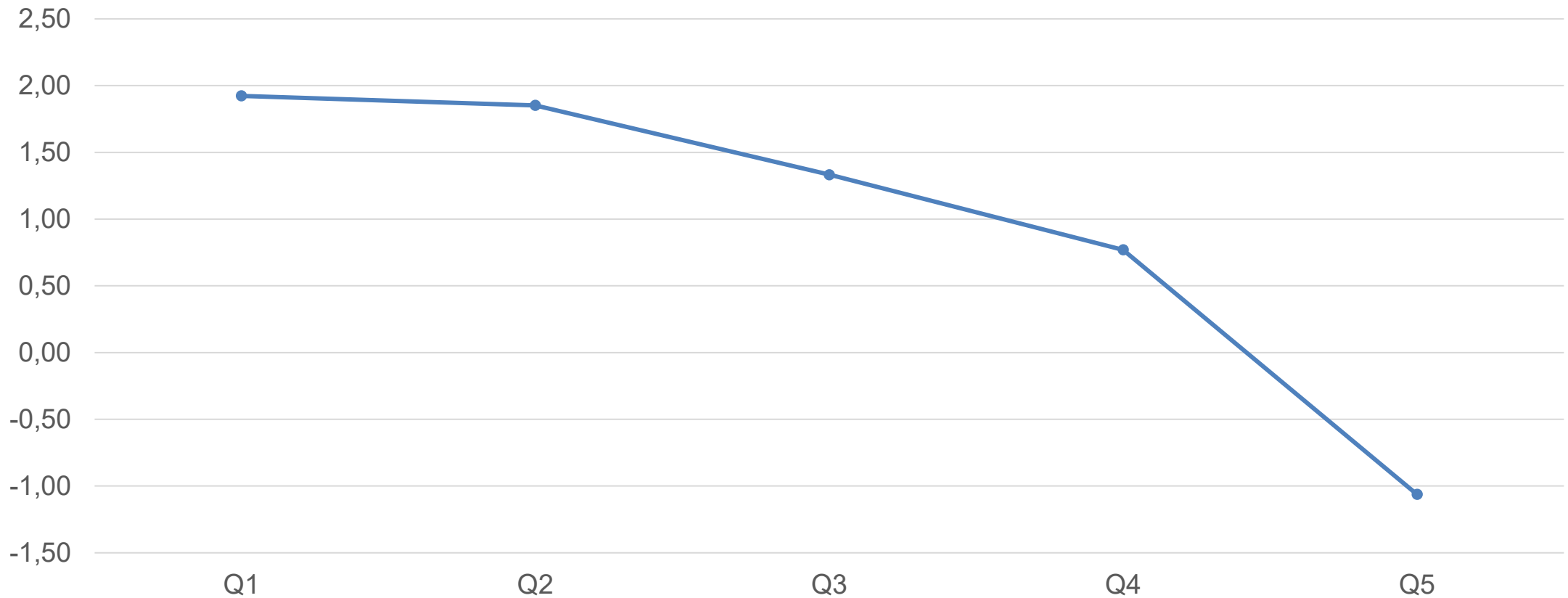
Interest (not adjusted by FISIM)



5

Main results by income quintile

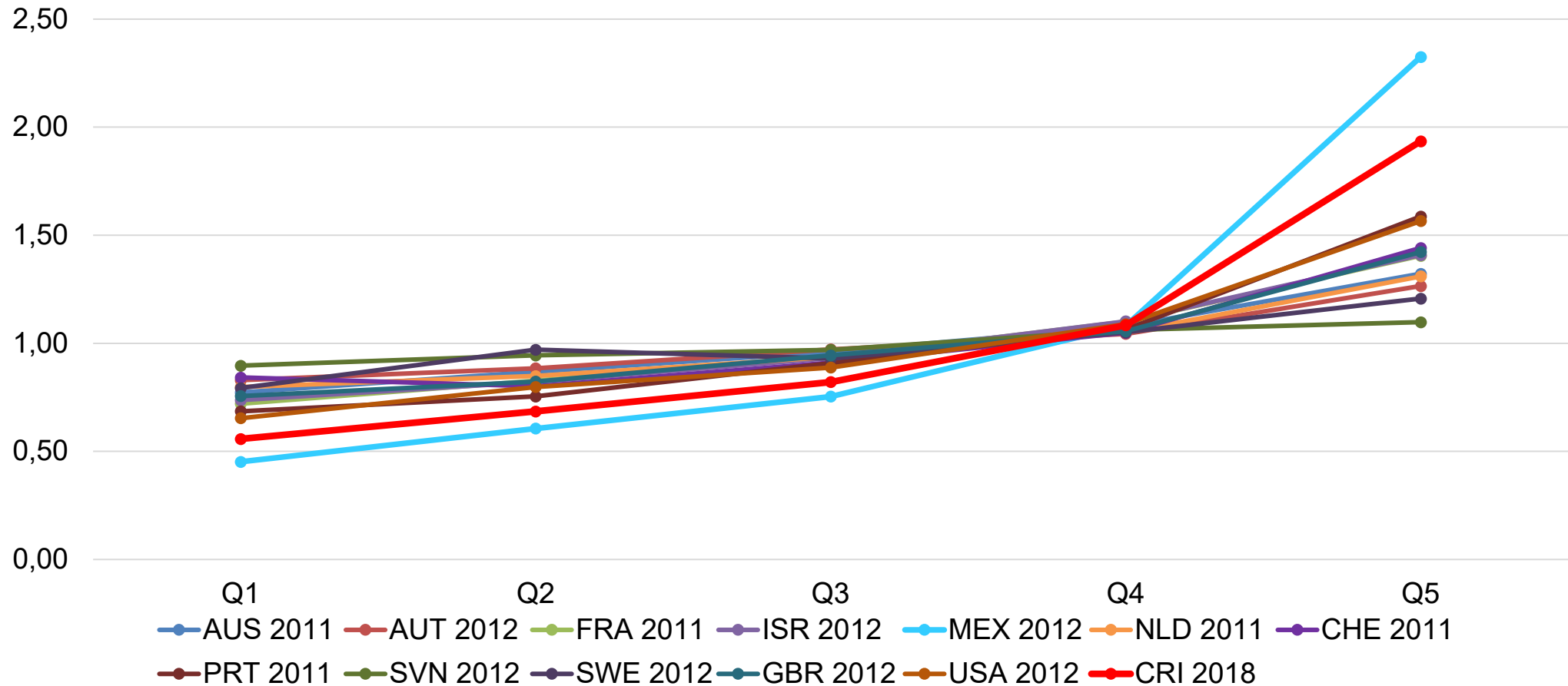
Ratio to average, impact of net current transfers 2018



5

Main results by income quintile

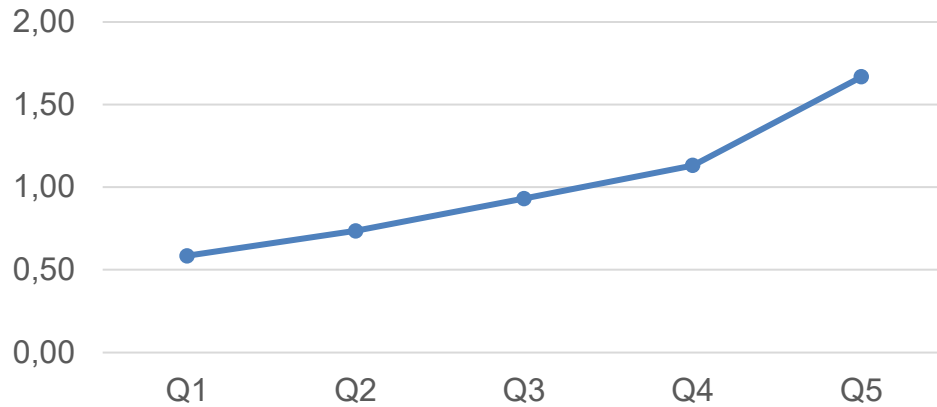
Ratio to average, actual final consumption expenditure



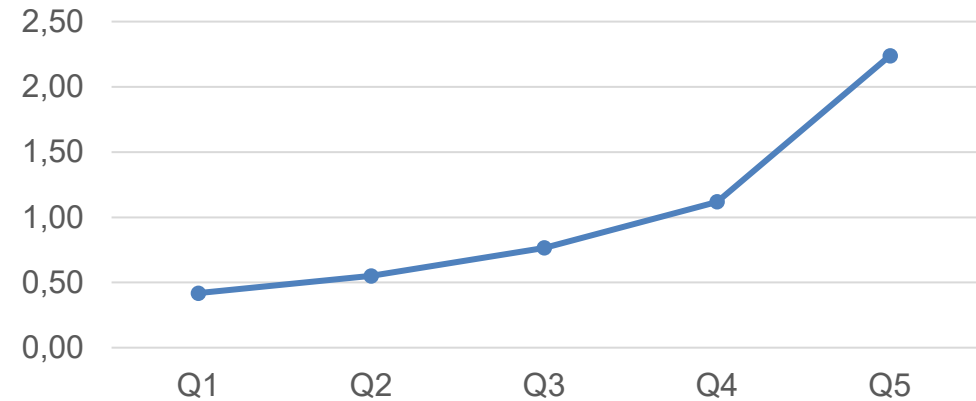
5 Main results by income quintile

Ratio to average, consumption elements 2018

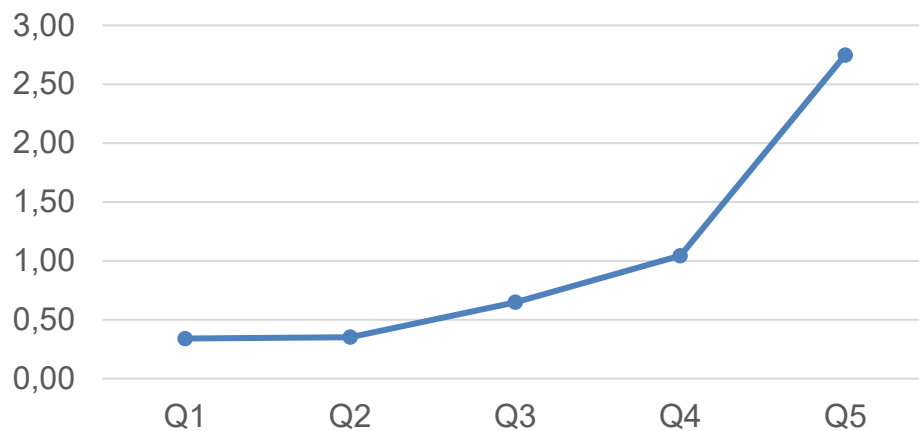
Food and non-alcoholic beverages



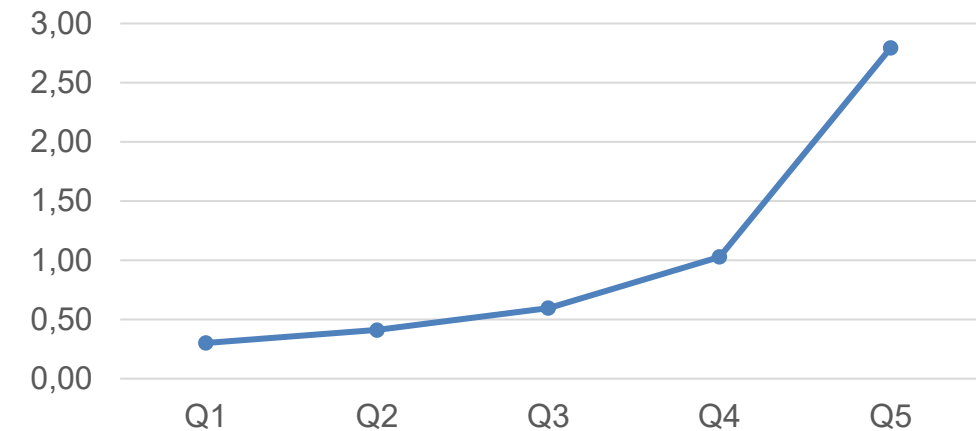
Housing, water, electricity, gas and other fuels



Health



Transport

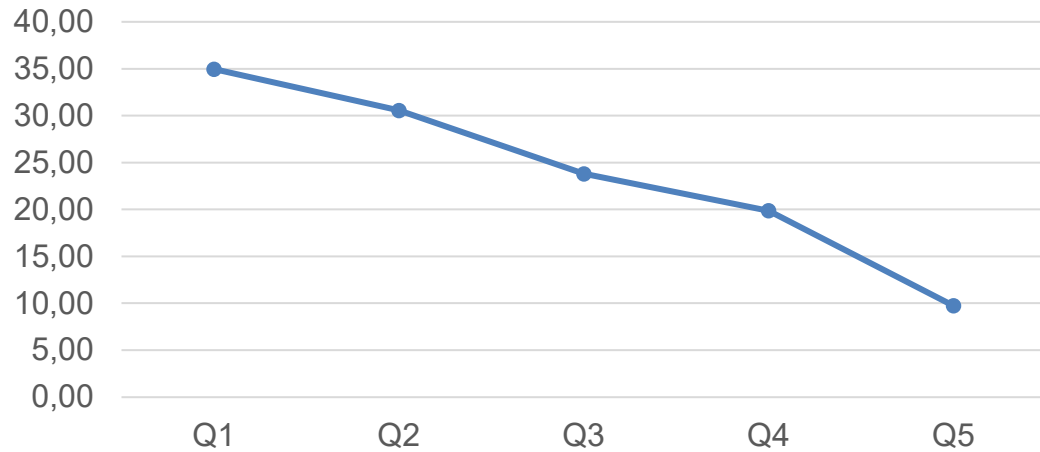


5

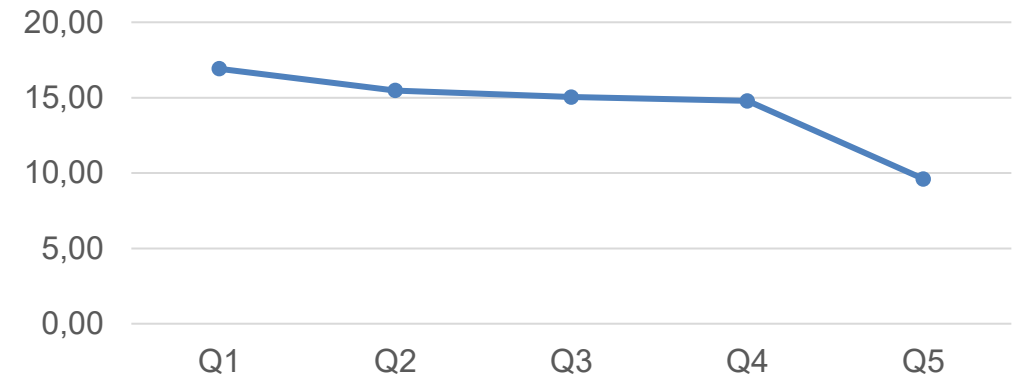
Main results by income quintile

Average propensity to consume (%), consumption elements 2018

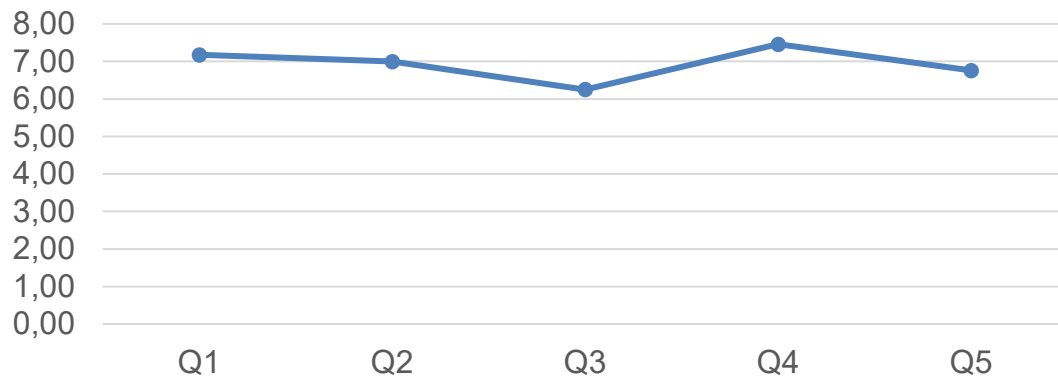
Food and non-alcoholic beverages



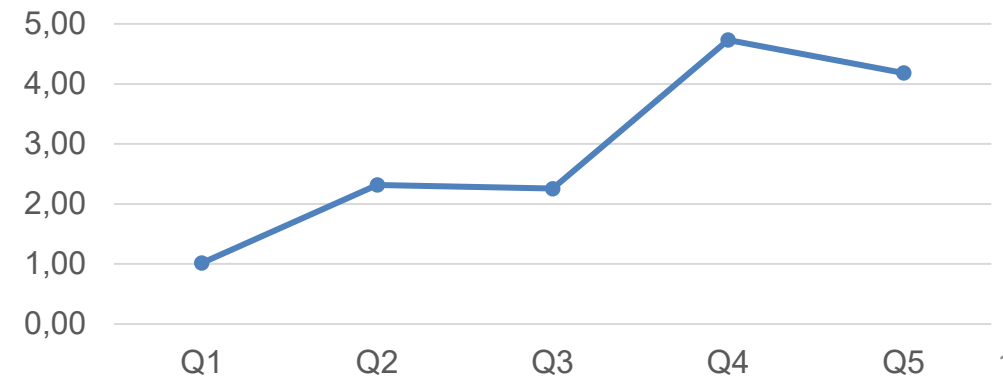
Housing, water, electricity, gas and other fuels



Leisure and culture

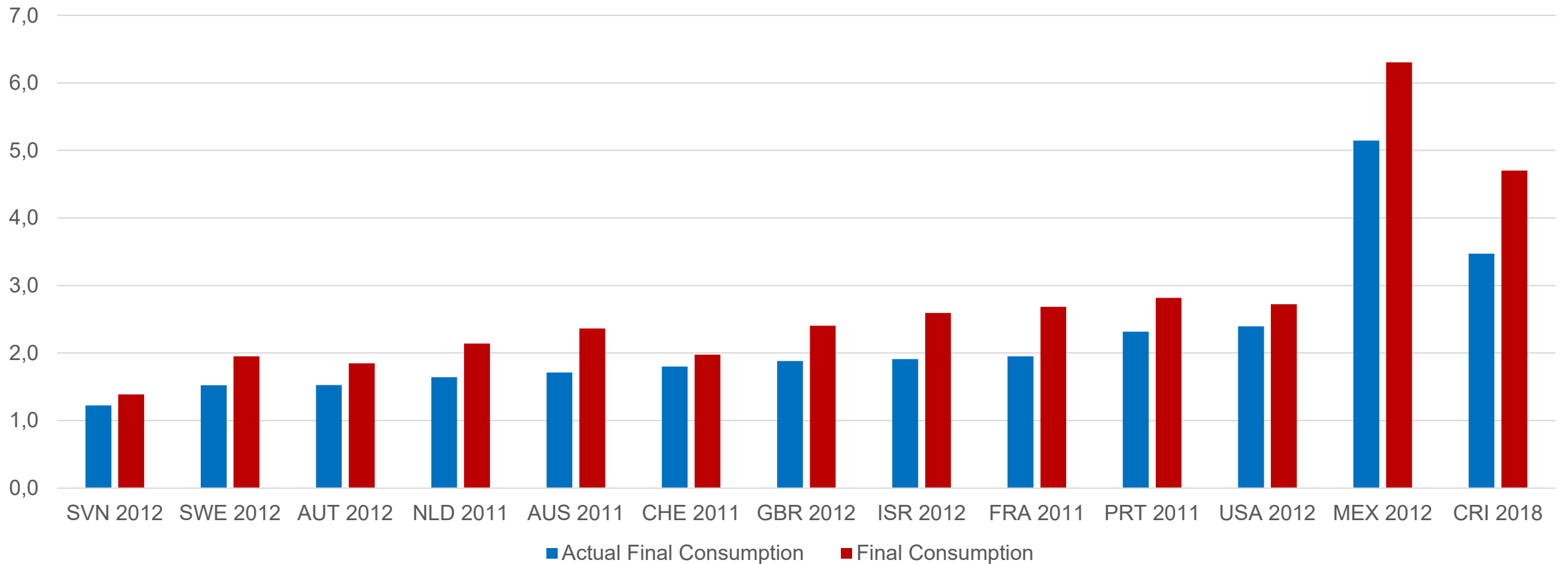


Education



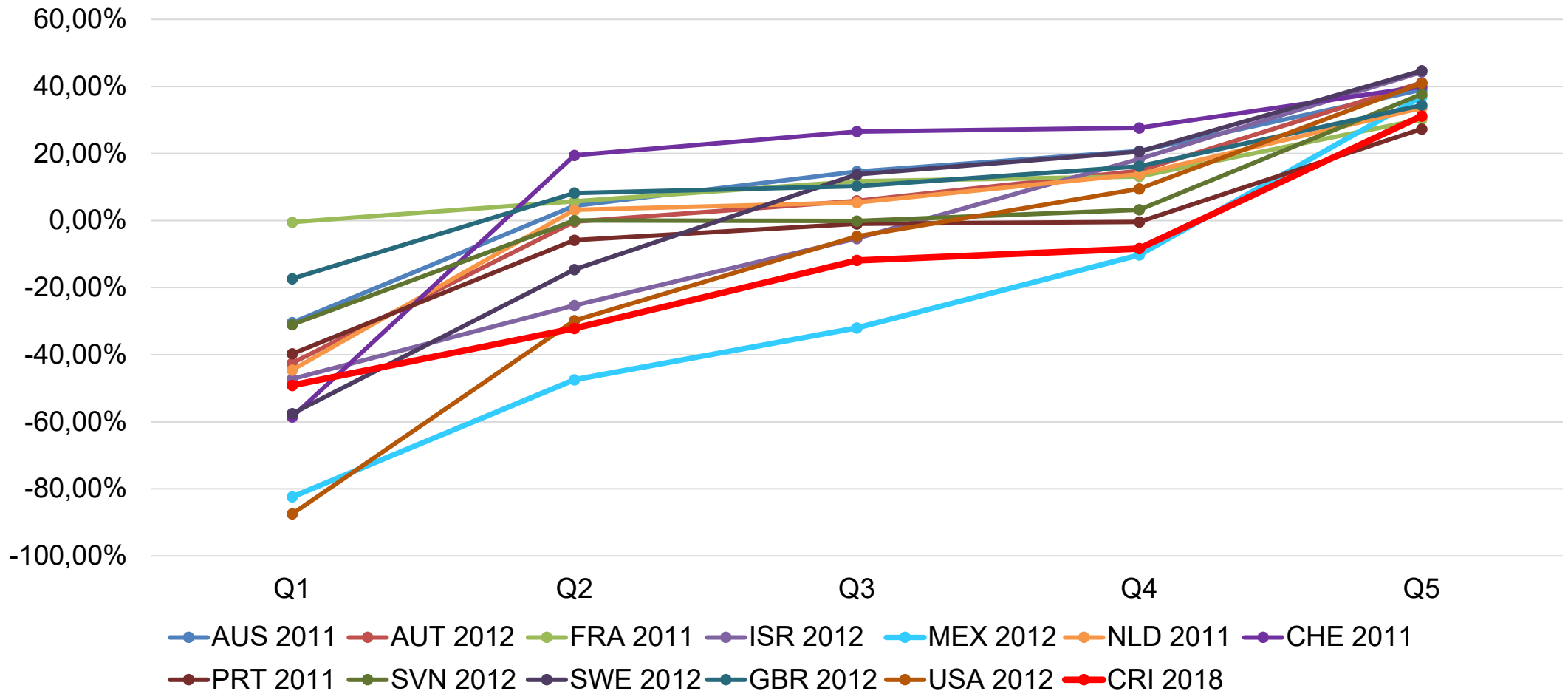
5

Main results by income quintile. Ratio Q5 / Q1 Actual final consumption vs. Final consumption expenditure



5 Main results by income quintile

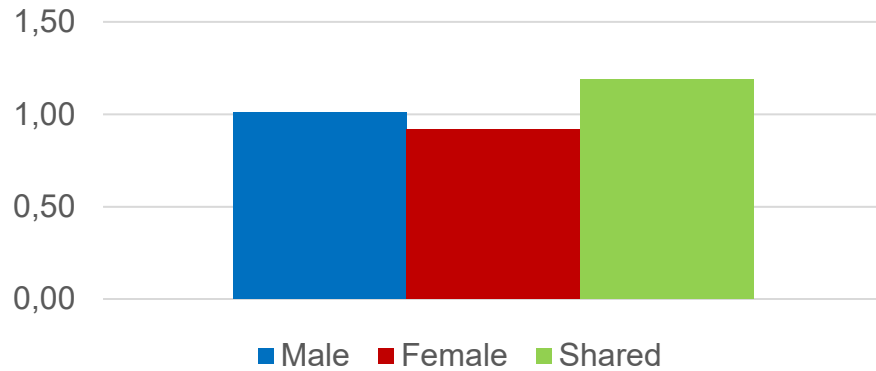
Saving ratio



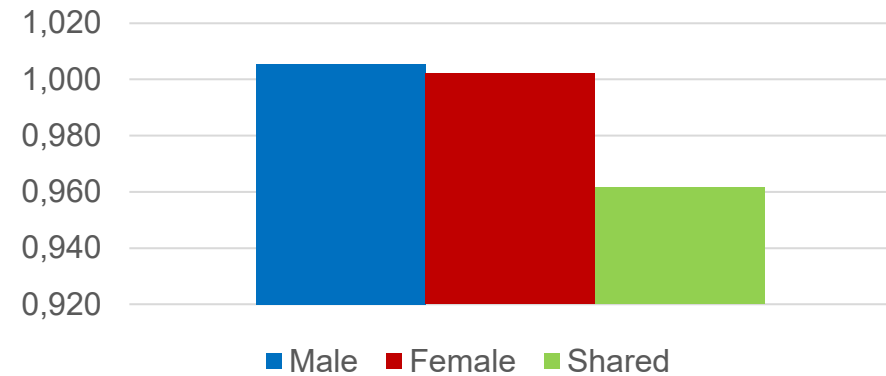
5

Main results by gender of the reference person 2018

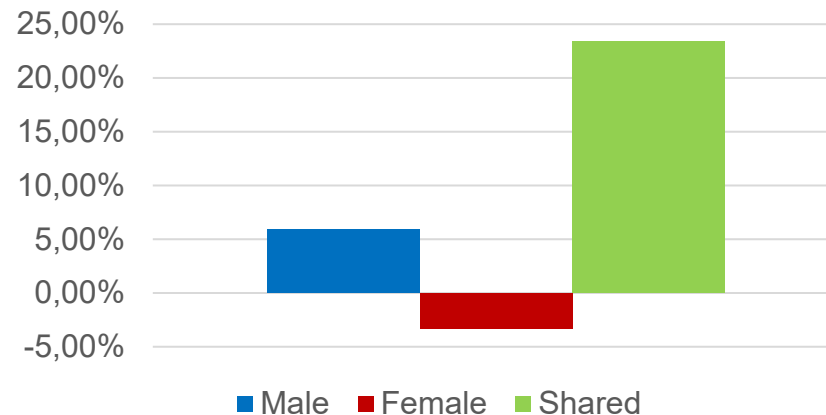
Ratio to average - Adjusted disposable income



Ratio to average - Actual final consumption expenditure



Saving ratio




5 Main results by economic activity of reference person


Economic activities considered

 Agriculture, Livestock, Forestry and Fishing


 Mining and quarrying

 Manufacturing industries

 Supply of electricity, gas, steam and air conditioning.

 Water supply, sewage evacuation, management waste and decontamination

 Construction

 Wholesale and retail trade; vehicle repair of motor vehicles and motorcycles

 Transportation and storage

 Accommodation and food service activities


 Information and communications


 Financial and insurance activities


 Real estate activities

 Professional, scientific and technical activities

 Administrative and support service activities

 Public administration and defense; social security plans mandatory membership

 Teaching

 Human health care and social assistance activities

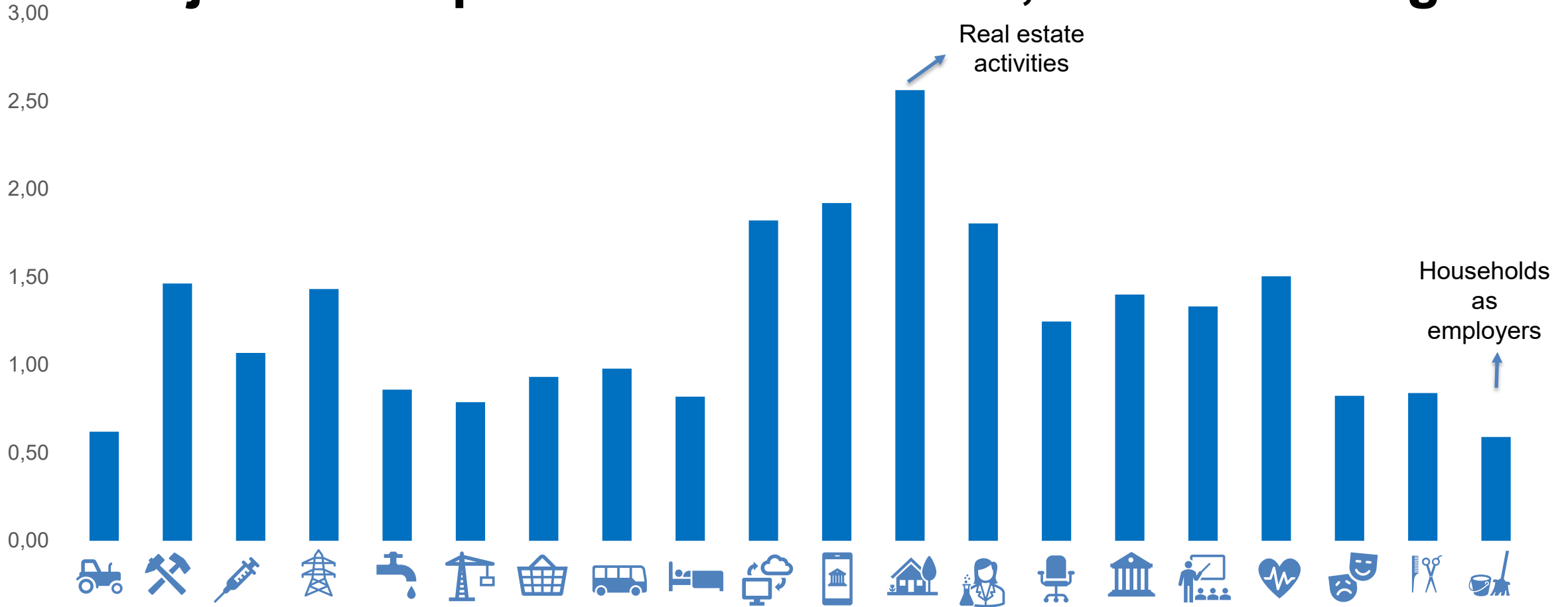
 Artistic, entertainment and recreational activities

 Other service activities

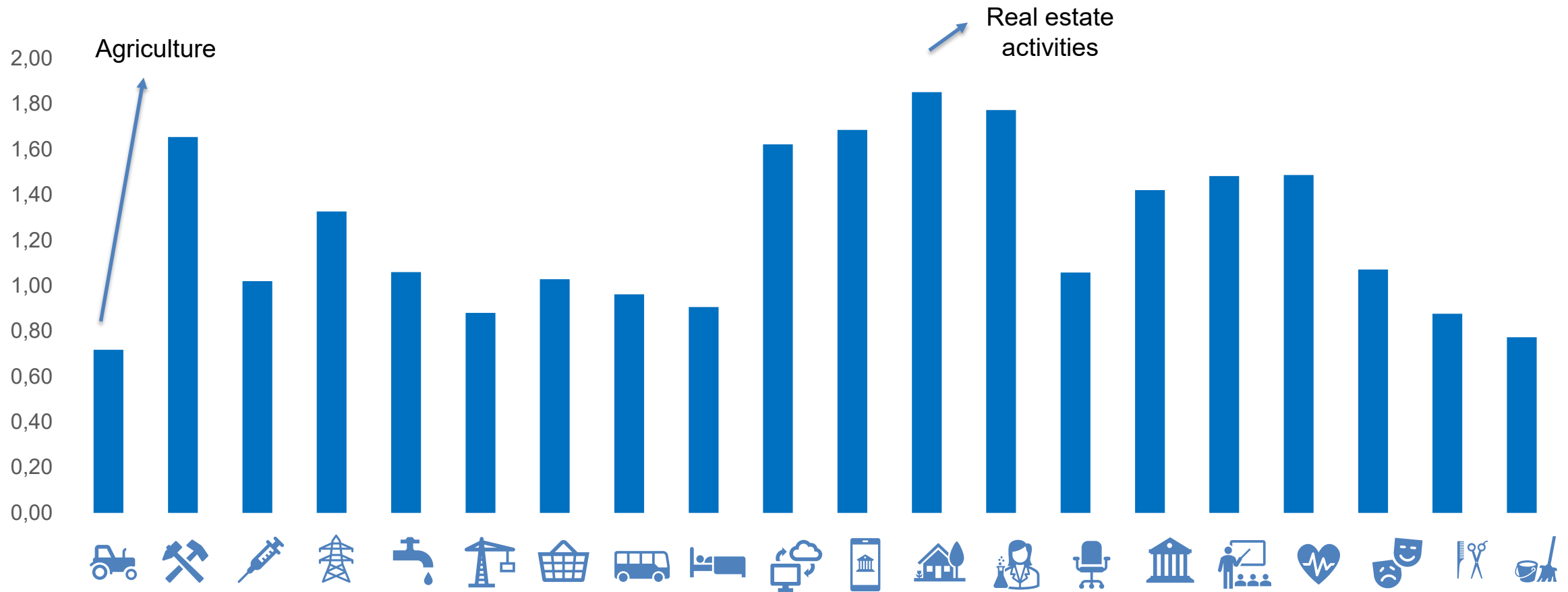
 Activities of households as employers

5

Main results by economic activity of reference person Adjusted disposable income 2018, ratio to average.



5 Main results by economic activity of reference person Actual final consumption 2018, ratio to average.



6 Challenges, lessons learned and next steps

- **Tried to avoid using structure of 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 in certain variables such as dividends were eliminated from the study due to their impact.

6 Challenges, lessons learned and next steps

- **Working file structure facilitates the compilation of distributional results.**
 - ❖ Collaboration from NSI and Central Bank's side was critical.
 - ❖ Better results in terms of micro-macro gaps.
- **Update the results of the exercise to 2023 with alternative sources of information that allow the exercise to be prepared each year.**
- **Advance the development of distributive measures of household financial wealth.**

The distributive national accounts of households for Costa Rica

Group of Experts on National Accounts 2024

April 24, 2024

Henry Vargas