

GROSS SAVING		
Economic development	Macroeconomic Performance	

### 1. INDICATOR

- (a) **Name:** Gross saving
- (b) **Brief Definition:** Gross saving is disposable income less consumption. It can be calculated for each institutional sector and the total economy.
- (c) **Unit of Measurement:** \$US or local currency.
- (d) **Placement in the CSD Indicator Set:** Economic development/ Macroeconomic performance.

### 2. POLICY RELEVANCE

- (a) **Purpose:** The indicator is a basic economic indicator and measures the level and extent of resources available for investment in capital assets.
- (b) **Relevance to Sustainable/Unsustainable Development (theme/sub-theme):** Saving is closely related to investment. By not using income to buy consumer goods and services, it is possible for resources to instead be invested in productive capital, such as factories and machinery. Saving can therefore be vital to increase the amount of capital available, contributing to sustainable future economic growth.
- (c) **International Conventions and Agreements:** None.
- (d) **International Targets/Recommended Standards:** National targets are generally included in government policy.
- (e) **Linkages to Other Indicators:** This indicator is closely linked with other measures of economic development, in particular gross capital formation and saving as percentage of GDP.

### 3. METHODOLOGICAL DESCRIPTION

- (a) **Underlying Definitions and Concepts:** Gross saving as described in the 1993 SNA can be derived in three ways: Firstly, it is the gross disposable income less consumption. It is also equal to the sum of gross capital formation, net capital inflows from the rest of the world and changes in foreign reserves. Finally, it can be derived from net lending/borrowing to/from the rest of the world by adding gross capital formation and net capital transfers to the rest of the world. Net lending/borrowing to/from the rest of the world, in turn, can be obtained from the rest of the world account as, the current external balance plus net capital transfers from the rest of the world or, the financial account as, the net acquisition of financial assets less net disposal of financial liabilities.

- (b) **Measurement Methods:** Gross saving is available only in current prices
- (c) **Limitations of the Indicator:** Gross saving does not account for social and environmental conditions.
- (d) **Status of Methodology:** The 1993 System of National Accounts (SNA) provides international standards for national accounts. A considered basic limitation is related to the conversion of saving into a common denomination as a result of current misalignments in exchange rates for some countries vis-a-vis the comparator currency (US dollar) particularly for those countries in transition whose market exchange rates produce unrealistic levels of saving, making any meaningful inter-country interpretation difficult.
- (e) **Alternative Definitions/Indicators:** An alternative indicator would be net saving (gross saving less consumption of fixed capital) or gross or net saving as per cent of GDP.

#### 4. ASSESSMENT OF DATA

- (a) **Data Needed to Compile the Indicator:** The conversion rates used by the UN Statistics Division (UNSD) are normally the market or blended rates of exchange obtained from the International Monetary Fund (IMF). In some cases, use is made of UN operational rates that are established primarily for the settlement of administrative transactions between host countries and the UN. In very unique circumstances the use of purchasing power parities (PPP) or price-adjusted rates of exchange (PARE) is necessary.
- (b) **National and International Data Availability and Sources:** The indicator is not generally available for all countries. However, annual saving data in current prices are generally reported by national statistical offices or central banks through the United Nations National Accounts Questionnaire (UN NAQ) and supplemented by estimates prepared by the UN as well as other international organizations such as the World Bank and the IMF.
- (c) **Data References:** Comprehensive national accounts statistics are published by the UN in the series *National Accounts Statistics: Main Aggregates and Detailed Tables*. A historical series of saving is available from the national accounts database of the UN Statistics Division.

#### 5. AGENCIES INVOLVED IN THE DEVELOPMENT OF THE INDICATOR

- (a) **Lead Agency:** The lead agency is the United Nations Department of Economic and Social Affairs (DESA). The contact point is the Director, Statistics Division, DESA; fax no. (1 212) 963 9851.
- (b) **Other Contributing Organizations:** None.

#### 6. REFERENCES

(a) **Readings:** The 1993 SNA provides international standards on national accounts and is the product of collaborative efforts between EUROSTAT, IMF, OECD, UN and the World Bank.

(b) **Internet site:** United Nations Statistics Division:  
<http://www.un.org/Depts/unsd>