

# The Statistics Newsletter

for the extended OECD Statistical Network

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## **Metagora: First Significant Lessons**

By Raul Suarez de Miguel, OECD/PARIS21

The feasibility and relevance of “measuring” human rights, democracy and governance have long been controversial both in the human rights community and in the international statistical family. The potential of statistical analysis for enhancing rigor and reliability of reporting on human rights was evidenced by pioneer work undertaken since the 80s by American statisticians. Nevertheless, it was only in 2000 that the issue was broadly debated on the occasion of the Montreux Conference on Statistics, Development and Human Rights. As a consequence of that conference several institutions and experts – including policy analysts, human rights practitioners and professional statisticians – established a North/South network and designed a project, Metagora, which received generous support from the European Union, France, Sweden and Switzerland.

Metagora, launched in February 2004 within OECD-PARIS21, focuses on selected pilot experiences aimed at measuring democracy, human rights and governance. Its strategic goal is to enhance evidence-based assessment in these fields. Its main objective is to develop tools based on well-established statistical survey to obtain data and create indicators upon which policies can be formulated and evaluated. Metagora works on crucial monitoring issues, such as proper matching of quantitative and qualitative data. Metagora acts as a catalyst of expertise: it identifies and documents national and local initiatives aimed at measuring human rights, democracy, and governance, and develops a network of experts involved in these initiatives. Metagora should deliver relevant guidelines and training materials adapted to the needs of a large spectrum of beneficiaries, including not only statisticians and data analysts, but also decision makers, policy actors and civil society members who need to understand how indicators and statistics are created and how these can be properly used.

Metagora’s method of work is based on a bottom-up approach consisting of: 1) identifying in pilot countries, together with the stakeholders, issues in human rights, democracy and governance for which evidence-based assessment is highly relevant; 2) applying statistical methods and tools to that particular context; 3) assessing these methods for their capacity to provide policy-relevant results; 4) providing stakeholders with a shared knowledge on the policy issues at stake; and 5) drawing “universal” lessons from the “local” experiences and formulating recommendations for further application of the tested methods elsewhere.

### **A Strong Partnership for Taking up the Challenge**

Metagora is managed and co-ordinated by a team of five persons based in the OECD-PARIS21 secretariat; however its effective implementation relies on a multi-disciplinary and inclusive community of organizations and individuals. OECD signed partnership agreements with six organizations that are leading

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## **OECD FORUM**

The **OECD Forum** was held in Paris in May 2005 and was attended by over 1200 participants.

High level panels discussed the topics of: energy; climate change; role of nuclear energy; Millennium Development Goals; globalisation and; structural adjustment. More detail at:

<http://www.oecd.org/forum2005>

pilot activities at national or regional levels: DIAL (Paris); Fundar, Research and Analysis Centre (Mexico City); the Human Science Research Council of South Africa (Pretoria); the Palestinian Central Bureau of Statistics (Ramallah); the Commission on Human Rights of the Philippines (Manila); and the General Secretariat of the Andean Community (Lima). A partnership agreement will also be signed soon with the American Association for the Advancement of Science (AAAS, Washington). These Partner Implementing Organizations (PIOs) not only ensure proper and timely implementation of field operations, but also co-ordinate interventions of other national organizations and conduct regular policy-oriented consultations with local stakeholders. Several international experts provide PIOs with scientific and technical assistance. Moreover, European organizations such as Statistics Sweden, the National Statistical Institute of Italy (ISTAT), ADETEF (France) or the Danish Centre for Human Rights, provide strong support to the project's implementation. All these actors come together in the Metagora Partners' Group that constitutes the true engine of the project.

Metagora works and grows through cross-fertilization, as project partners regularly share experiences, review work in progress and provide each other with mutual support. Cross-fertilization materialises both at local level, among experts and practitioners from academic, governmental and non-governmental organizations involved in the pilot activities, and at global level, among all partners and experts contributing to the implementation and assessment of the different phases of the project. Metagora is therefore a process of mutual learning, common growth and product-oriented commitment.

<b>Francophone Africa: Support for Democracy Across Social Classes</b>					
<i>Sources : Enquêtes 1-2-3, modules Démocratie, 2001/2003, Instituts Nationaux de la Statistique, AFRISTAT, DIAL, own calculations</i>					
Assessment of the different political regimes :	ALL	Quartiles of revenue per capita			
		1 <sup>er</sup> quartile	2 <sup>ème</sup> quartile	3 <sup>ème</sup> quartile	4 <sup>ème</sup> quartile
A. Having a strong leader	18	20	19	18	16
B. That the army runs the country	14	14	16	15	12
C. That experts decide on what is good for the country	35	36	34	36	33
D. To have a democratic political regime	86	88	86	86	87

### First Results and Significant Lessons

Metagora is the first international project on measuring democracy, human rights and governance to undertake several pilot experiences in different regions of the world simultaneously and in an interactive fashion. The project succeeded within a year to design, organize and implement all planned field operations, thus producing and delivering preliminary results for:

- three pilot surveys on human rights/governance issues carried out in Mexico (on ill-treatment), in the Philippines (on indigenous people's rights) and in South-Africa (on redressing rights through land reform);
- two regional surveys on democracy and governance issues implemented by official statistical agencies in 8 countries of francophone Africa and in 3 countries of the Andean Community;
- the development of a pilot database matching official and non-official data on the right to education in Palestine;
- the establishment of a controlled vocabulary and harmonized procedures allowing local NGOs to collect and analyze data on human rights violations in Sri Lanka;
- the realization of a worldwide survey on initiatives aimed at measuring democracy, human rights and governance;
- the production of training materials and their

dissemination through an on-line tool.

These activities were designed and implemented as parts of a coherent whole; their first tangible outcomes therefore converge into common achievements with regard to the project's objectives. First results and lessons were presented and discussed with stakeholders in the Metagora Forum held in Paris on 24-25 May 2005. These results show that statistical data on human rights, democracy, and governance can be collected and indicators produced are central for policy makers' decisions. The pilot activities evidenced that quantitative and qualitative data must interrelate to properly inform assessment of democracy, human rights and governance.

The Forum allowed stakeholders to comment on significant lessons, such as the complementary role of statistical methods in the work of Human Rights Institutions as well as the empowerment impact of these methods in the research and advocacy work of civil society's organizations. Attendants to the Forum commented on promising outcomes from a tentative assessment of national governance indicators compiled by different institutions in the same countries. Finally the debates of the Forum showed that the bottom-up approach to national indicators merits enhancement in order to complement and enrich the top-down approach that underlies the production of international aggregate governance indicators.

## Involvement of National Statistical Agencies

Contrary to a prejudice, still broadly shared within the official statistical community, Metagora proves that national statistical agencies (NSAs) can be efficiently involved in measuring human rights, democracy and governance. As factual evidence of this, to date questionnaires on democracy and governance issues have been attached as a supplement to regular official household surveys conducted by eleven NSAs in francophone Africa and in the Andean region. This experience is delivering a promising tool, as using well-established official surveys presents obvious advantages: the size, the quality of sampling frames, proper data collection, the analytical potential of the data collected, as well as the moderate additional costs incurred by adding a specific questionnaire to existing surveys. Analysis of the resulting data is

enriched with information on respondents collected from both the regular and supplement questionnaires, making it possible to focus on governance in relation to major social and development issues such as poverty and exclusion. The more advanced pilot experience, the survey on "*participación ciudadana*" in Peru, is today at its fourth round, thus establishing a routine measurement tool that allows undertaking analysis over time. This shows that, under certain conditions, NSAs can contribute to substantial enhancements of democracy, human rights and governance assessment - and in doing so they reinforce their role and their capacity to interact as qualified partners with other public institutions and with the civil society as well.

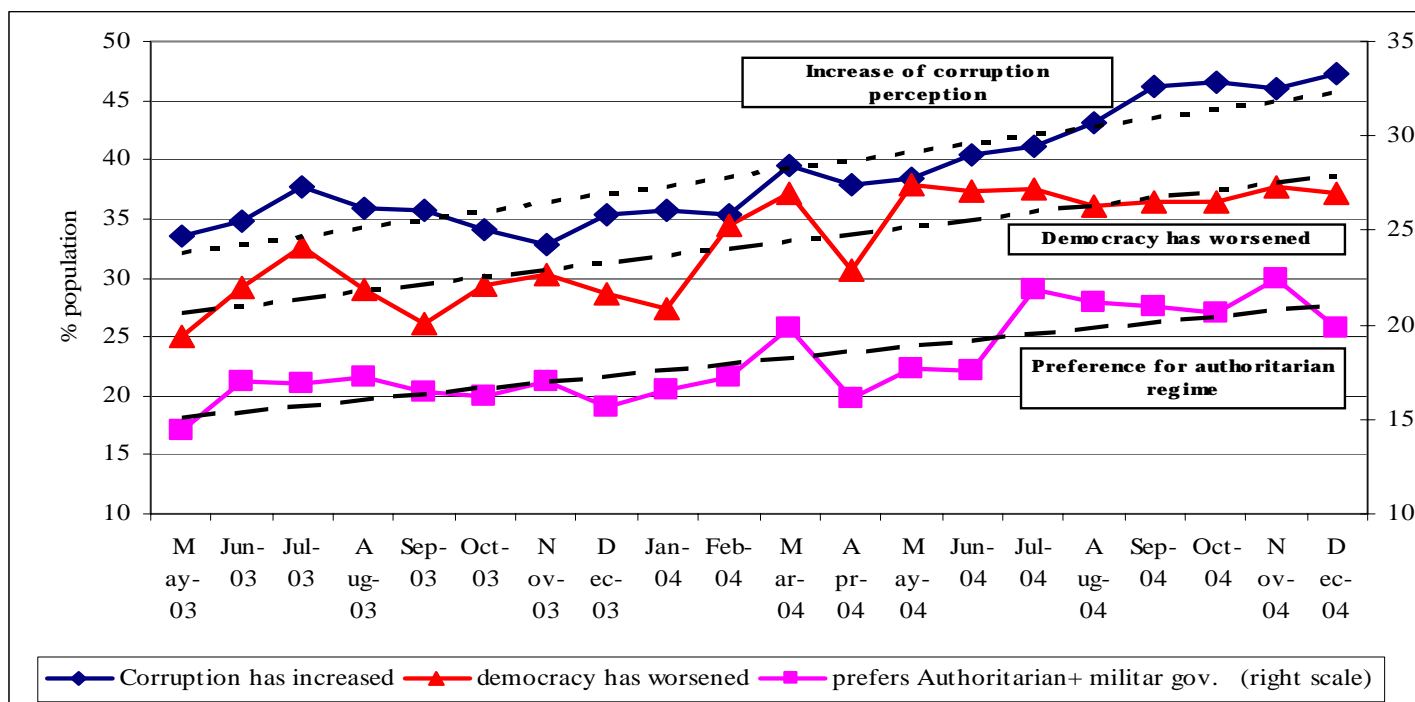
For more information on the Metagora project, please see <http://www.metagora.org>

## International Trade Statistics Newsletter

The United National Statistical Division has recently commenced production of a newsletter on developments in International Trade Statistics. This short newsletter of 4 pages allows interested parties to stay up to date with developments in this important field of statistics. The newsletter series can be accessed at: <http://unstats.un.org/unsd/trade/newsletter.htm>

## Peruvian Opinions on Corruption, Democracy and Authoritarian Rule

Source: DIAL, based on ENAHO may 2003-december 2004.



***Advances in Benchmarking and Temporal Disaggregation Techniques***  
*By Richard McKenzie, OECD*

National Statistical Offices (NSOs) are frequently faced with the situation of having low frequency data (annual or less frequent) that are comprehensive but not very timely, and related high frequency data (quarterly and monthly) that are more timely but may have lower accuracy, less detail and reduced scope. A worthwhile challenge for NSOs is therefore to identify and use appropriate statistical techniques to combine these two sets of data to produce timely, high frequency estimates with the highest degree of reliability and detail as possible.

Benchmarking and temporal disaggregation techniques, which optimally combine two or more sources of measurement in order to obtain reliable high frequency estimates of the series under investigation, can therefore play a central role in meeting this challenge and thus help to improve key dimensions of data quality such as timeliness, accuracy and coherence. Such techniques have been used widely by statistical organisations for many years, although they are generally concentrated in the areas of national accounts and reconciliation of censuses with demographic data.

Over the past 5-10 years significant developments have occurred in the field of benchmarking in both theory and practical applications, including the development of freely available software. Indeed, the OECD and Eurostat have regarded the issue of benchmarking and temporal disaggregation as a high priority in their work with national statistical organisations over the last 5 years. For the OECD this focused initially on OECD non-member countries – to establish systems for benchmarking quarterly national accounts to annual national

accounts. More recently the OECD has been promoting discussion of the advantages and possible applications for using benchmarking techniques in the production of short-term economic statistics (e.g. Industrial Production, Retail Trade, and Employment) under the auspices of the OECD Short-Term Economic Statistics Expert Group – known as STESEG.

**OECD/Eurostat Workshop: Application of Benchmarking Techniques to Official Statistics**

Given all this activity and interest, the OECD and Eurostat considered that a major international workshop to bring together experts and those wishing to learn more in this field would be a good initiative. Such a workshop would also provide an opportunity to establish a contemporary state of the art set of reference material on this topic in a single location which would be easily accessible. These were the primary objectives which lay the foundation for the joint OECD-Eurostat workshop on “Frontiers in Benchmarking Techniques and Their Application to Official Statistics” held in Luxembourg on 7-8 April 2005.

The workshop, which was attended by over 150 participants, was an overwhelming success. The initial call for contributed papers was heavily over subscribed, allowing the Scientific Committee to make a careful selection of high quality papers which covered the most relevant areas of theoretical developments and practical applications. These were presented together with carefully chosen invited papers from leading academics, researchers and NSO statisticians. Presentations were split by themes covering: the use of dynamic & state-space models and model based approaches; balancing techniques and back-recalculation of time series; comparisons of alternative methods of benchmarking and recent applications to official statistics;

and, recent development of freely available tools and user friendly software for benchmarking and temporal disaggregation. The conference was also a truly global affair, with papers and presentations coming from a balanced mix of European, non-European OECD and OECD non-member countries.

**Progressing the Work on Benchmarking**

A clear outcome from the presentations and related discussions at the workshop was the collective realisation that the broader application of benchmarking techniques has a key role to play in improving the quality of official statistics in the years to come. This is not surprising given the fundamental characteristics of benchmarking relate closely to accepted quality dimensions for official statistics such as accuracy, timeliness and coherence. In the short-to-medium term, when resources are fixed and the capacity of national and international statistical systems to expand data collection is limited, these techniques often succeed in filling gaps and solving shortcomings. In the longer term, where data quality to a large degree depends on the availability and quality of basic data sources, benchmarking techniques can play an important role in optimising the use of available data.

The reference material provided by this workshop contains many examples of the techniques that can be applied to a wide range of official statistics to improve their quality as outlined above. In addition, the emergence of freely available user friendly software provides the opportunity for NSOs to trial these methods at relatively low levels of investment both in human resources and infrastructure. Consequently, NSOs are encouraged to carefully review their current use of benchmarking techniques in comparison to the methodologies and applications presented at the workshop. This

could provide a basis for NSOs to make improvements in many aspects of their statistical programs.

All reference material from the workshop, including access to freely available software or descriptions of how to obtain it, is attached to the workshop program available at: [http://epp.eurostat.cec.eu.int/portal/page?\\_pageid=1853,19167133,1853\\_41880052&dad=portal&schemata=PORTAL](http://epp.eurostat.cec.eu.int/portal/page?_pageid=1853,19167133,1853_41880052&dad=portal&schemata=PORTAL).

It is also the intention of Eurostat to officially publish the proceedings of this workshop; although the publication source has yet to be decided. Further reference material on benchmarking is also available from the proceedings of a one day joint OECD-Eurostat workshop held in Paris in November 2003 at: [http://www.oecd.org/document/47/0,2340,en\\_2649\\_34257\\_21785775\\_1\\_1\\_1,00.html](http://www.oecd.org/document/47/0,2340,en_2649_34257_21785775_1_1_1,00.html)

### **OECD Priorities for Benchmarking**

The OECD, in conjunction with Eurostat, is committed to continue promoting the use of benchmarking and temporal disaggregation techniques. Our intentions in this field have two main objectives:

- to discuss, promote and encourage the use (or experimentation) of benchmarking techniques for short-term economic statistics (other than national accounts) in OECD member and non-member countries;
- to raise awareness of recent theoretical developments in the field of benchmarking and temporal disaggregation and the availability of software to implement these new methods.

The second initiative is particularly targeted at areas where NSOs already use benchmarking, such as the quarterly national accounts, as it could provide opportunities to implement more sophisticated methods which may lead to improvements in data quality. The

OECD Short-Term Economic Statistics Expert Group (STESEG) and the OECD Expert Group on National Accounts are the two main groups where these objectives will be pursued. The reference base formed by the proceedings from the recent workshop will be used as the primary source for making recommendations to NSOs on methodologies and applications that can be applied to improve their official statistics.

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### ***OECD Health Data and Health Accounts***

*By Gaétan Lafortune, Marie-Clémence Canaud, David Morgan and Eva Orosz, OECD Health Division*

Health expenditure now accounts for an average of almost 9% of GDP in OECD countries, up from just 5% in 1970; and more than 70% of this spending is paid out of public sources.

At the first-ever meeting of OECD Health Ministers in May 2004, there was general agreement that all OECD countries are facing challenges with the financial sustainability and efficiency of their health systems and with how to provide high-quality health care for all. Ministers also recognised that countries can only benefit from further experimentation, combined with conscientious performance measurement, benchmarking and sharing of information.

With respect to work on health statistics, the meeting of OECD Health Ministers concluded with a renewed mandate for the OECD to work with national administrations to ensure that the OECD health database is both timely and accurate. Ministers also supported the continued implementation of health accounts, with the goal being to ensure that data supplied to all international organisations are based on a consistent health accounts framework.

Since May 2004, the newly-created OECD Health Division in the Directorate for Employment, Labour and Social Affairs has been very active in following-up on the mandates received from Health Ministers to continue to improve the policy relevancy and quality of health statistics.

### **OECD Health Data 2005**

For more than a decade now, *OECD Health Data* has offered the most comprehensive source of comparable statistics on health and health systems among developed countries. The 2005 version of *OECD Health Data* was released on 8 June 2005. Some of the main achievements with *OECD Health Data 2005* include:

- improving the comparability of data, particularly for the “core” group of indicators which will be highlighted in the associated publication *Health at a Glance – OECD Indicators 2005*, to be released in October 2005;
- increasing the number of countries that are reporting their health expenditure and financing data according to the OECD Manual *A System of Health Accounts* (SHA), thereby enhancing the completeness and comparability of these data;
- including expenditure indicators to cover the enlarged European Union. Using data from the WHO for those EU countries which are not currently members of the OECD, average total and public expenditures for the EU-25 as well as for the individual countries are presented under the “Get more data” section of *OECD Health Data 2005*;
- renewing the data collection and data reporting on the remuneration of certain categories of health professionals, along with appropriate metadata information to signal comparability limitations;

- improving the dissemination of *OECD Health Data* by adding to the usual CD-ROM a new online version of the database, which will be made available initially to subscribers of SourceOECD (the main OECD Publications dissemination system).

*OECD Health Data 2005* covers a wide range of statistics (more than 1,000 data series), ranging from measures of health status (mortality and morbidity) and health risks (e.g., smoking and obesity), to the costs, inputs and outputs of health care systems. It typically provides data up to 2003, with some time series going back as far as 1960.

### Health Accounts

*OECD Health Data* is increasingly relying on the OECD Manual, *A System of Health Accounts* (SHA) for its data collection on health expenditure and financing sources. The SHA proposes a comprehensive framework, basic accounting rules and a set of standard tables for reporting health expenditure data. It provides a consistent functional approach in order to define the boundaries of the health system.

The collection of data based on the SHA classification system is not only resulting in more comparable health expenditure data, it is also opening up new opportunities to do more in-depth analyses of how much is spent on different types of

health services (in-patient care, out-patient care, pharmaceuticals) and how these health services are paid for by different sources (public funding, private health insurance or out-of-pocket spending). The first results from the implementation of the SHA were published last year in the OECD Health Working Paper No.16, "SHA-based National Health Accounts in Thirteen OECD Countries: A Comparative Analysis" (<http://www.oecd.org/els/health/workingpapers>).

One of the main priorities for OECD work on Health Accounts in 2005 is to pursue, in co-ordination with other international organisations, the systematic implementation of the SHA. Since the publication of the SHA Manual in 2000, nearly all OECD countries have at least started a pilot implementation of the SHA framework, with the exception of Italy and New Zealand. However, considerable improvements in the conditions of implementation are required in several countries in order to fulfil the expectations of more comparable health expenditure data. The implementation and institutionalisation of SHA requires in particular sustained political commitment, clear institutional responsibility, co-operation between institutions with relevant data sources and at least one full time expert in charge of health accounts in each country.

### Strengthening Co-operation with Other International Organisations

Strengthening the co-ordination of data collections of health statistics among international organisations is very important to achieve steady progress in SHA implementation and in the implementation of other international standards, while at the same time reducing the data collection burden on national correspondents.

With a view to strengthening the cooperation between the OECD and Eurostat in the collection of health statistics, the Chief Statistician and Director of the OECD Statistics Directorate and the Director-General of Eurostat agreed in principle, through a formal exchange of letters during the Summer of 2004, to move further towards a joint data collection on certain health statistics. As a follow-up to this initial exchange of letters, officials from the Eurostat's Health and Food Safety Unit, the OECD Health Division and the WHO met in November 2004 to start discussing the best ways to implement this common objective. This first meeting agreed among other things on the need to harmonize data collections based on the OECD System of Health Accounts, in order to ensure consistency of data collected at the national and international level. A second meeting to pursue discussions on practical arrangements and other potential areas for coordinated data collection between OECD, Eurostat and WHO is scheduled for 15 June 2005.

### Quality Review

In addition to these activities, *OECD Health Data* will undergo a quality review during the summer and fall 2005, to assess the different dimensions of statistical activities outlined in the OECD Quality Framework. This quality review will incorporate the views of OECD Health Data National Correspondents and Health

Status of implementation of the OECD System of Health Accounts, as of May 2005		
SHA-based accounts regularly produced / or a pilot undertaken	SHA study currently underway	No immediate plans for SHA
Australia, Canada, Germany, Hungary, Japan, Korea, Mexico, Netherlands, Norway, Spain, Switzerland, Denmark, Finland, Poland, Portugal, Turkey, United Kingdom, United States	Austria, Belgium, Czech Republic, France, Greece, Iceland, Ireland, Luxembourg, Slovak Republic, Sweden	Italy, New Zealand

Accounts Experts, in their dual role of data providers and data users. This review is expected to help the Secretariat identify ways to further improve the data collection process and dissemination, thereby ensuring that *OECD Health Data* remains the leading international database on health and health systems.

More information on *OECD Health Data 2005* is available at <http://www.oecd.org/health/healthdata>. More information on SHA implementation can be found at <http://www.oecd.org/health/sha>

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### ***Development of Composite Leading Indicators for Major OECD Non-Member Economies***

*By Ronny Nilsson, OECD*

The use of statistics from business and consumer opinion surveys for analysing international business cycles has a long tradition at the OECD. Cyclical indicators were first developed in 1974 and appear regularly in the OECD's monthly "Main Economic Indicators". In constructing these indicators, qualitative data has played an important role from the start.

Traditionally cyclical analysis systems were based exclusively on quantitative data, reflecting perhaps the early development of this kind of analysis in the United States and the fact that the U.S. statistical system provides a vast range of quantitative statistics. In the OECD systems of cyclical indicators both traditional quantitative statistical series and qualitative data from business and consumer surveys have been used in different proportions over time. This approach was supported by research in several European countries, which showed that qualitative data from business surveys were a good source for tracking business cycles and predicting turning points.

In 1978, the OECD set up a working group on "Cyclical Analysis and Leading Indicators". The aim was to develop a system of leading indicators for Member countries and a set of indicators made its first appearance in the OECD *Economic Outlook* in July 1981. It has since been a feature of the *Main Economic Indicators* publication from December of that year. The OECD System of Leading Indicators differs in two respects from other international systems of cyclical indicators.

First, it does not use a standard set of indicators as is done for the system of sentiment indicators developed by the European Commission. In developing the OECD system it was found that cyclical indicators which performed well in one country did not work well in another. This could be explained by important differences in economic structures or statistical systems. For example, a country which is very export dependent, will have different leading indicators than a country whose economy is primarily affected by domestic factors.

Second, the OECD system uses a mix of qualitative survey data and quantitative statistics. Other systems depend mainly on one or the other type of data. The American leading indicators rely exclusively on quantitative statistics. The European Union's system relies exclusively on qualitative data.

Today, the OECD compiles CLIs for 23 of its 30 Member countries and because of wide user interest envisages expansion of country coverage to include all Member countries and the major six OECD non-member economies (NMEs) monitored by the organization. To this end, a meeting was organised by the OECD on 25-26 April 2005 to discuss and exchange experience in the area of cyclical analysis and construction of composite leading indicators with statistical and research institutions in Brazil, China, India, Indonesia, Russian

Federation and South Africa. The Russian Federation, which was unable to attend the meeting, still contributed a paper outlining their work in this area.

The experience in most of the OECD NMEs that attended the meeting is at present largely restricted to academic research and/or ad hoc experimental work. Only China and South Africa reported on regularly calculated and published composite leading indicators. The cyclical approach in the countries differs, both with regard to the target cycle monitored and the reference series used for the composite leading indicator. However, the growth cycle or growth rate cycle approach is adopted in countries where composite leading indicators are regularly calculated and published. A composite coincident indicator is used as reference series in two of the indicator systems in regular production, while single reference indicators such as GDP or industrial production is used in several academic studies.

The OECD system of leading indicators is based on the growth cycle approach and uses industrial production as the target reference series supported by GDP for the establishment of the reference chronology of turning point dates. The application of this approach to OECD NMEs was discussed and some preliminary results prepared by the OECD were also presented and discussed. National delegates found the OECD approach interesting and supported further collaborative work on the OECD initiative to develop composite leading indicators for their countries.

The initial OECD selection of potential leading indicators for NMEs was presented and their cyclical characteristics and problems were discussed in detail. Specific problems concerned the short time period of available data, frequency and timeliness, smoothness, cyclical performance

and the current availability of indicators in OECD databases. National suggestions for alternative and/or additional potential leading indicators for calculation of country specific composite leading indicators were presented and discussed in contributed papers submitted prior to the meeting by all invited countries.

To progress the development and construction of composite leading indicators for the major six OECD NMEs, the meeting discussed the following activities and tasks to be undertaken by the OECD in co-operation with participating national agencies:

*Evaluation of country suggested potential leading indicators –* Country participants agreed to advise the OECD on where to find historical data for the suggested potential indicators presented in their papers at the meeting. The OECD will forward the latest version of the OECD Cyclical Analysis and Composite Indicators System software and user guide to institutes attending the meeting, which will allow them to experiment with the OECD methodology and, in particular, assist in the evaluation of the suggested potential indicators for their countries.

*Agreement on final set of leading indicators –* The OECD would like to commence publication of composite leading indicators for the major OECD Non-Member economies in its monthly *Main Economic Indicators* (MEI) publication by the end of 2005. To accomplish this, the final set of leading indicators to be used for the calculation of the composite leading indicators for each country needs to be agreed between the OECD and participating institutions.

*Establishment of timely transmission of required data and metadata –* The publication of composite leading indicators for a country is very much dependent on the availability of timely data for all

or most of the leading indicators used for the calculation of the composite indicator every month. The OECD will negotiate a process for the regular collection of this data with each institute. In addition, improvements to the current collection arrangements of other relevant economic variables required for the monthly OECD *Main Economic Indicators* publication will be pursued. Metadata collection for the data series is also of high importance. This is also required to assess the suitability of potential component indicators in the compilation of a composite leading indicator, and to improve their interpretability with regard to issues such as definition, coverage, collection, revisions, breaks etc.

*Creation of a modality to continue monitoring the quality of the selected leading indicators and to adjust as required –* Structural and other changes affecting an economy over time means that no composite leading indicator is valid indefinitely. The set of leading indicators used to calculate the composite indicator must therefore be evaluated at regular intervals. The quality of individual leading indicators may also change due to emerging statistical problems. For this reason, the OECD proposes to hold further ad-hoc meetings in future to monitor the quality of the selected indicators and exchange information in the field of cyclical analysis.

More information on the development of CLIs for China, Brazil, South Africa, Russia, Indonesia and India can be found at [http://www.oecd.org/document/12/0,2340,en\\_2649\\_34249\\_34906252\\_1\\_1\\_1\\_1,00.html](http://www.oecd.org/document/12/0,2340,en_2649_34249_34906252_1_1_1_1,00.html) or by contacting Ronny Nilsson [ronny.nilsson@oecd.org](mailto:ronny.nilsson@oecd.org)

## ***Progress on the Update of the 1993 SNA***

*By Charles Aspden, OECD*

In 2003, the UN Statistical Commission called for an update of the *System of National Accounts, 1993 (SNA 1993)* to bring the accounts into line with the new economic environment, advances in methodological research, and needs of users. The Commission mandated that the update would not recommend fundamental or comprehensive changes to the 1993 SNA that would impede its implementation, and it identified consistency with related manuals such as the *Balance of Payments Manual*, fifth edition, as an important consideration.

The Inter-secretariat Working Group on National Accounts (ISWGNA)—comprising Eurostat, International Monetary Fund, Organisation for Economic Co-operation and Development, the United Nations, and the World Bank—was mandated to coordinate and manage the Update Project. The timetable, as agreed to by the Statistical Commission in 2004, calls for *1993 SNA, Rev. 1* to be ready for its endorsement in March 2008.

The Statistical Commission emphasized the need for transparency in the Update Project and the broadest possible involvement of the global statistical community. In line with this emphasis, the Advisory Expert Group (AEG), comprising 20 country experts from all regions of the world, was positioned to take a key role in the update. The Group considers the proposals for change and expresses its views, both in meetings and in written consultations.

The single most important tool to promote transparency and wide involvement is the Project website, “Toward 1993 SNA, Rev. 1,” which is maintained by the United Nations at <http://unstats.un.org/unsd/nationalac>

[count/snarev1.asp](http://count/snarev1.asp). This website provides comprehensive and timely information related to the Update, including the five-year Work Programme, the list of update issues, related papers, commenting mechanism, meetings and recommendations of the AEG, links to related sites, and agreed recommendations as they become available. Further, in 2004, the Statistical Commission suggested strengthening the consultation through additional regional workshops.

### The Update Process

At its first meeting in February 2004, the AEG reached agreement on an initial list of candidate issues to be considered for the update, principally comprising issues related to non-financial assets, public sector, financial sector accounts, and the balance of payments. After some consolidation by the ISWGNA, this list contained forty-four issues. The list is posted on the Project website.

The remainder of the AEG meeting in February 2004 and the meeting in December 2004 were largely devoted to discussing particular issues. This will also be the case for the meetings scheduled for July 2005 and January 2006. The recommendations of the AEG are posted on the UNSD website, and those wishing to make comments are asked to do so within sixty days of the recommendations being posted. Reports summarising the comments on the recommendations of the latest AEG meeting are discussed at the following meeting of the AEG. A meeting of the AEG to be held in mid-2006 will discuss the recommendations made in their totality, with a view to ensuring they are coherent and consistent. In 2007, the final meeting of the AEG will discuss a draft of the revised manual.

In addition to the use of the UNSD website to foster a global consultative process, regional meetings of national accountants

and others are being held to discuss the issues. For example, the annual OECD National Accounts Working Party held in October is being largely devoted to SNA revision issues and its membership broadened to include the remaining ECE countries in 2004 and 2005. Eurostat has set up task forces to consider the issues. The UNSD and IMF ran a workshop on the 1993 SNA Update for national accountants from developing countries in the ESCAP region in April, 2005. A similar workshop is planned for the ECLAC region in October 2005.

### Issues Being Considered in the Update

Descriptions of all the issues for potential change can be found on the UNSD website. Some of the more notable ones are:

- Military expenditures – should expenditures on military assets that can only be used for military purposes be recorded as capital formation?
- Non-performing loans – should they be recorded at their fair value or their nominal value, as at present?
- Government-owned assets – when measuring government output by summing costs, should the cost of using non-financial assets include a return to capital as well as depreciation?
- Super dividend, capital injections and reinvested earnings (government transactions with public corporations (earnings and funding)) – how should transactions of this kind be recorded?
- Employer retirement pension schemes – should promises to pay future pension benefits be recognized as liabilities of unfunded employer schemes and social security schemes?
- Research and development – should expenditure on R&D be recorded as capital formation?

The AEG at its December 2004 meeting considered information items, including an initial list of clarifications to be incorporated in *1993 SNA, Rev. 1*. The list of issues for clarification currently includes:

- A chapter and annex on the public sector, with a special focus on the general government sector, clarifying things such as the identification of institutional units, the meaning of control, the meaning of economically significant prices, the definition of the public sector and its various possible sub-sectors, accounting rules peculiar to the public sector and propose an alternative set of accounts useful for fiscal analysis (similar to the accounts in the GFS Manual).
- Improvements to the relevance of the chapter on satellite accounts.
- Improvements to the text on the measurement of labour inputs, and clarification of the concepts of jobs and persons.
- An update to the text on measurement of non-market output.
- A new chapter on summary presentations of the SNA.

Additional suggestions for clarification may be submitted until the end of 2005. For more information, consult the UN website at

<http://unstats.un.org/unsd/nationalaccount/snarev1.asp> or contact [charles.aspden@oecd.org](mailto:charles.aspden@oecd.org)

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## **NEWS IN BRIEF**

### **Improved Timeliness for Korean GDP**

The Bank of Korea, the official institution for compiling national accounts in Korea, announced in May that it plans to release early estimates of quarterly real GDP for the first time from the second quarter of this year. The early estimates (named “advance estimates”) will be published around the 25<sup>th</sup> day after closing of every quarter. The Bank have studied several methodologies and pilot-tested their results since 2001. The early estimates of the Bank are derived from the actual source data for the first two months and forecasted data for the last month of each quarter. The figures will comprise those of the production and expenditure side with rates and amounts.

Like those countries who already publish early estimates of GDP, Korea intends to revise these “advance estimates” one or two times in subsequent releases of preliminary GDP. Currently, the Bank releases the preliminary data on quarterly real GDP around the 50<sup>th</sup> day after the closing of each quarter, and the preliminary data on quarterly nominal GDP around the 70<sup>th</sup> day after the closing of each quarter. However, with the introduction of the release plan for the new early estimates, there will be some change in the publishing days for the preliminary GDP figures. The preliminary quarterly figures of both the real and nominal GDP are to be released together around the 65<sup>th</sup> day after the closing of each quarter, beginning with the June quarter 2005.

### **OECD Improves Comparability for Hourly Earnings Statistics**

For the May 2005 edition of the OECD’s Main Economic Indicators (MEI) publication, a number of improvements were introduced to the Hourly earnings in manufacturing subject table. This table now provides the most comparable series possible for Hourly earnings in manufacturing across OECD countries, together with an improved methodology for OECD area totals or ‘zones’. In summary, the following enhancements were made:

- The target series was changed to seasonally adjusted average hourly total earnings in manufacturing paid per employed person;
- As with the Consumer price indices and the Producer price indices, area totals are now annually chain-linked Laspeyres indices;
- Weights used to compile area totals are now based on compensation of employees in industry excluding construction adjusted for differences in purchasing power parities, rather than civilian employment in manufacturing;
- Weights will be recalculated every year for the purpose of chain-linking instead of every 5 years;
- The length of time series for area totals (except for Major seven) has been increased;
- Series for Mexico and Portugal have been added;
- Japan will now be taken into account in the compilation of area totals. Previously, its non-seasonally adjusted monthly earnings in manufacturing were extremely volatile and were consequently excluded from the compilation of area totals;
- The series used for Australia will be the average weekly earnings of full-time adult employees in manufacturing.

An article explaining the rationale for these changes in more detail is available at <http://www.oecd.org/std/mei/articles>. The data published each month for Hourly earnings in manufacturing is freely available at <http://www.oecd.org/dataoecd/55/15/18628067.pdf>.

### **Conclusions from the Second Meeting of the OECD Expert Group on Statistical Data and Metadata Exchange**

The meeting was held in Bratislava 20-21 April 2005, back-to-back with the UNECE/Eurostat/OECD meeting on Management of Statistical Information Systems (MSIS)

The purpose of the Expert Group is to identify ways of improving OECD’s data collection and data sharing activities with member countries, and to promote the development and use of SDMX standards for data exchange and sharing (now also known as ISO 17369, see <http://www.sdmx.org>).

Participants reaffirmed the need for internationally agreed standards for data and metadata exchange, and recognised the potential of SDMX for addressing this need. There was a need for further work on presenting SDMX in a more understandable way, as well as presenting a clear and sound business case for investment in SDMX by national statistical agencies.

Several countries and international organisations expressed their willingness to work with OECD on small-scale practical implementations of SDMX standards for data exchange. This work is now getting underway, with a view to providing “how to” examples of implementing SDMX that others could emulate, and helping establish confidence in the ability of the standards to respond to “real world” needs. Experience gained will be shared with the SDMX team with a view to further enriching the standards.

The experts are called upon to give input to SDMX version 2.0 which is underway. Important extensions include hierarchical data structures, standard for reference metadata, standard for classification of

statistical themes and, registries. Version 2.0 will be backward compatible with Version 1.0 standards.

Agenda, conclusions, papers, presentations and list of participants are available at <http://www.oecd.org/std/research/exchangeexpertgroup/2005>

## RECENT PUBLICATIONS

All OECD publications can be ordered on line at: <http://www.oecdbookshop.org>

### □ **OECD Health Data 2005: Statistics and Indicators for 30 Countries: 2005 Edition**

*OECD Health Data 2005* offers the most comprehensive source of comparable statistics on health and health care systems of the OECD economies. It is an essential tool, enabling health researchers and policy advisors in governments, the private sector and the academic community to carry out comparative analyses and draw lessons from cross-country comparisons of national health care systems.

Already in its fourteenth edition, *OECD Health Data* is a unique, interactive database covering over 1 200 indicators and offering sophisticated query modules. The most recent data are for 2002/2003, with many time series going back as far as 1960.

Main fields covered are: Health Status, Health Care Resources, Health Care Utilisation, Expenditure on Health, Health Care Financing, Social Protection, Pharmaceutical Market, Non-medical Determinants of Health, Demographic References, Economic References.

### □ **African Economic Outlook 2004/2005**

The *African Economic Outlook* is an annual review of the recent economic situation and the likely short-term evolution of selected African countries. It is drawn from a country-by-country analysis based on a unique analytical design. This common framework includes a forecasting exercise for the current and the two following years using a simple macroeconomic model, together with an analysis of the social and political context. It also contains a comparative synthesis of African country prospects, placing the evolution of African economies in the world economic context. A statistical appendix completes the volume.

The *African Economic Outlook* is a joint project of the African Development Bank and the OECD Development Centre. This volume will be of significant interest to decision makers in African and OECD countries, in both the public and private sectors, such as aid agencies, investors, and government officials of aid recipient countries.

## Forthcoming OECD Statistics Meetings

*N.B. Unless otherwise indicated attendance at OECD meetings and Working Parties is by invitation only*

### 21 June

Bureau Meeting – 10<sup>th</sup> Session of the Working Party on Territorial Indicators, *Public Governance and Territorial Development Directorate* (GOV), Paris

### 23-24 June

Intersecretariat Working Group on Price Statistics, *Statistics Directorate* (STD), Paris

### 27-28 June

OECD Short-term Economic Statistics Expert Group (STESEG), *Statistics Directorate* (STD), Paris

### 12-15 September

6<sup>th</sup> International Trade Statistics Experts meeting & OECD-EUROSTAT meeting of Experts in Trade and Services Statistics, *Statistics Directorate* (STD), Paris

### 16 September

Interagency Task Force on Statistics of International Trade in Services, *Statistics Directorate* (STD), Paris

### 10-14 October

Working Party on National Accounts & Working Party on Financial Statistics, *Statistics Directorate* (STD), Paris

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# ***Database of the Month***

## ***The Structural Analysis (STAN) Family of Databases***

### **Presentation**

The **STAN Family** consists of *five related data sets* which present a wide range of annual measures and derived indicators by industrial activity to provide researchers with a comprehensive tool for undertaking analyses in areas such as productivity growth, competitiveness, industrial performance and general structural change:

- STAN Industry - focusing on output, investment and employment by industry;
- STAN R&D (ANBERD) - business expenditures in Research & Development;
- STAN Bilateral Trade Database (BTD) – bilateral trade in goods by industry;
- STAN I-O – Standardized Input-Output tables for mid-1990s for selected countries;
- STAN Indicators – a set of derived industry indicators combining elements of above data sets.

The data sets are linked by compatible industry lists based upon the *International Standard Industrial Classification* Revision 3 (ISIC Rev.3). The lists cover manufacturing and non-manufacturing industries and provide sufficient detail to enable users to highlight *high-technology sectors, manufacturers of ICT* and various service sectors. The use of standard industry lists allows comparisons to be made across countries.

### **Coverage**

**STAN** presents, from 1970 onwards, 20 annual measures of output, labor input, investment and international trade for 28 OECD countries and 88 industrial activities and assorted aggregates. It is primarily based on Member countries' annual National Accounts by activity tables and draws on data from other sources, such as national industrial surveys/censuses to estimate missing detail - where this is considered sufficiently reliable. STAN is updated on a regular basis. (go to <http://www.oecd.org/sti/stan> for latest documentation, data coverage details and sample tables)

**ANBERD** provides annual estimates of industrial R&D expenditures from 1987 to 2002 for 19 of the largest R&D performing countries as well as for the EU zone and covers 59 industrial activities. ANBERD is updated on an annual basis.

**BTD** consists of estimates of exports and imports of goods for OECD countries, broken down by 61 partner countries (or geographical areas) and 42 industrial activities. The time-period covered is 1988 to 2003, except for a few declaring countries whose data start later than 1988. Exports and imports are presented in thousands of US dollars at current prices and can be converted to national currencies using an exchange rate matrix included with BTD. BTD is updated about every two years. (<http://www.oecd.org/sti/btd>)

The latest set of **OECD Input-Output tables** consists of matrices of inter-industrial transaction flows of goods and services (domestically produced and imported) in current prices, for 18 OECD countries and two non-member OECD countries (Brazil and China) covering 41 ISIC Rev.3 industries and focusing on one or more years around the mid-1990s. (<http://www.oecd.org/std/io-tables>)

**STAN Indicators** combines STAN industry, ANBERD and BTD and presents 30 annual measures related to international trade, industrial composition, business enterprise R&D, employment and productivity; they highlight trends in industrial structure and performance for OECD countries as well as for selected geographical zones such as OECD, G7, EU, NAFTA etc. Series are from 1980 onwards and cover 65 industrial activities. STAN Indicators are updated about twice a year and complement the biennial "*Science, Technology and Industry Scoreboard*" publication [www.oecd.org/sti/stan/indicators](http://www.oecd.org/sti/stan/indicators)

### **Dissemination**

The latest versions of STAN-Industry, ANBERD, BTD and STAN Indicators are available on line via SourceOECD (OECD's commercial online service - <http://new.sourceoecd.org/>) using the query based tool Beyond 20/20. (Beyond 20/20™ browser (version 6.2) under licence from Ivation Datasystems) Excel versions of OECD Input-Output tables and earlier editions of BTD are available free of charge on request (details on respective web pages). All STAN databases are available on OlisNet (OECD secure extranet for Government Officials and related agencies.) as sets of Excel tables as well as in Beyond 20/20.

STAN-Industry, ANBERD, BTD and STAN Indicators as of May 2004 are also available on a **CD-ROM** together with a PDF version of the 2003 edition of OECD *Science, Technology and Industry Scoreboard*. Further information regarding this CD-ROM is available at the OECD online bookshop. An updated version of the CD-ROM is planned for Autumn 2005 after the publication of the 2005 edition of the STI Scoreboard (<http://www.oecd.org/sti/scoreboard>)