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The OECD Quality Framework

By Enrico Giovannini, Chief Statistician OECD

Improvement in the quality of OECD statistics is one of the main objectives of the Statistics Strategy. For an international organisation, the quality of statistics disseminated depends on two dimensions: the quality of national statistics it receives and the quality of its internal processes for collection, processing, analysis and dissemination of data and metadata.

OECD statisticians have always devoted a significant part of their effort to quality improvement at an individual level. On the other hand, projects launched during the last two years tried to improve quality of OECD statistics in several respects, even though the absence of a framework within which the OECD could systematically assess, compare and improve statistics was a weakness in its statistical system. The potential benefits of a common quality framework are considerable. First, it will provide a systematic mechanism for ongoing identification and resolution of quality problems; second, it will give greatly increased transparency of the processes used by the OECD to assure quality; and third, it will reinforce the political role of the OECD in the context of an information society. Therefore, at the beginning of 2002, the project of developing an "OECD Quality Framework" was launched and a task-force established. In July 2002, the Statistical Policy Group agreed on the Framework, which will be implemented for the first time in 2003.

A lot of work has been done in recent years to apply the concept of quality to statistical data. For example, the IMF, Eurostat, Statistics Canada and other NSOs have identified various sets of data quality components and have adopted quality frameworks to improve their organisations and the quality of data produced. The OECD Quality Framework benefited from this work, adapting existing definitions and approaches to the OECD context, and developed internal procedures for assuring the quality of new activities and to improve the quality of already existing activities.

The framework focuses on improving the quality of data collected, compiled and disseminated by the OECD through an improvement of the Organisation's processes and management. A positive spill over effect on the quality of data compiled at national level is also expected. The Framework is envisaged as having four elements:

- a definition of quality and its dimensions;
- a procedure for assuring the quality of proposed new statistical activities;
- a procedure for evaluating the quality of existing statistical activities on a regular basis; and
- internal quality guidelines covering all phases of the statistical production process.

The OECD views quality in terms of eight dimensions: relevance, accuracy, credibility, timeliness, punctuality, accessibility, interpretability and coherence. Another factor is that of cost-efficiency, which, although not strictly speaking a quality dimension, is still an important consideration in the possible application of one or more of the eight dimensions cited previously to OECD statistical output.

In this Issue

Procedures for assuring the quality of proposed new statistical activities and for reviewing the quality of the output of existing statistical activities have been established. The procedure for assuring the quality of new activities takes into account the main phases of typical activity: definition of the data requirements in general terms; evaluation of other data currently available; planning and design of the statistical activity; extraction of data and metadata from databases within and external to OECD; implementation of specific data and metadata collection mechanisms; data and metadata verification, analysis and evaluation; and data and metadata dissemination. For each step, the quality concerns and instruments available to help in addressing them were identified. In particular, a set of guidelines and concrete procedures have been prepared on all phases, taking into account already existing good practices within the OECD and in other statistical agencies. In order to minimise the burden on activity managers, a simplified version of the procedure would be appropriate for one-off statistical activities. The procedure for reviewing the quality of existing statistical activities takes into account the fact that the review will be carried out on a rotational basis. The stages envisaged are as follows:

A. identification by the Statistical Policy Group (SPG) of the statistical activities for review during the course of the year;
B. self-assessment by the statistical activity manager and staff, resulting in a report that includes a summary of quality problems and a prioritised list of possible improvements together with an assessment of additional resources required for their implementation;
C. review of and comments on the self-assessment report by major users;
D. review of and comments on the self-assessment by statistical, information technology and dissemination staff, co-ordinated by an expert designated by the SPG;
E. preparation of the final quality report, combining all the comments, jointly by the activity manager and designated expert, and tabling of the report with the SPG;
F. discussion and resolution of any concerns about the report by the SPG, and transmission of the report to the relevant director;
G. assignment of resources for selected quality improvement initiatives by the directors and through the Central Priorities Fund;
H. feedback by the Chief Statistician to stakeholders on the quality improvement initiatives proposed and on the plans for their implementation.

Stages B, C, D, and E are the core of the procedure. They involve the production of a quality self-assessment by the activity manager, its review by users and experts, and the blending of all comments into a final report. Given that there are about 70 statistical activities potentially subject to review, it is vital that the procedure is flexible. Thus, it is recognised that:

- the scale of the reviews and resources invested in them should be commensurate with the benefits that can be envisaged (in particular, a simplified process may be appropriate for small scale/ low profile activities);
- the review schedule over a four year period has been provisionally planned, allowing activity managers to express their wishes regarding the most appropriate year and time of year for the reviews;
- there will be an initial round of reviews to test the procedure, which should be reviewed and fine-tuned each year.

In 2003, a first set of reviews will include the following activities: annual labour force statistics; quarterly national accounts; education statistics; migration statistics; external debt statistics; foreign direct investment statistics; the Economic Department analytical database and the STAN database for industrial analysis.

OECD/JRC WORKSHOP ON COMPOSITE INDICATORS OF COUNTRY PERFORMANCE

12 May 2003, 9:15-18:00, EC Joint Research Centre, Ispra, Italy

Both the European Commission (EC) and the Organisation for Economic Co-operation and Development (OECD) are assessing methodologies for constructing composite indicators of country performance in different policy areas (e.g. innovation, competitiveness, globalisation). This workshop will review approaches to developing such composites with a view to developing "quality guidelines" for their construction.

For further information please contact: Jane.Warren-Peachey@oecd.org

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Capturing Nonprofit Institutions in National Accounts

By Lester M. Salamon and Helen Stone Tice, Johns Hopkins University

Recent years have witnessed a significant growth of interest in organizations that are neither market firms nor state agencies. Known variously as "nonprofit," "voluntary," "civil society," or "non-governmental" organizations, these institutions have attracted the interest of policymakers eager to improve the quality of public services or reduce the size of the state. Major initiatives have consequently been launched to promote such nonprofit institutions (NPIs) or otherwise change government's relations with them. This has increased the need for better information on this set of institutions and the role that they play.

Unfortunately, the System of National Accounts (SNA) is not well equipped to provide this information. The SNA calls for the separate identification in data collection and reporting of only a subset of all NPIs—those that primarily serve households *and* are financed primarily by private donations, so-called Nonprofit Institutions Serving Households, or NPISHs. But recent research shows that most NPI revenue actually originates in fees and charges or public-sector payments. Consequently, the NPIs included within the NPISH sector turn out to represent only a very small fraction of all NPI economic activity.

The NPI Handbook and Satellite Account

To address this problem, the United Nations Statistics Division and the Johns Hopkins Center for Civil Society Studies jointly developed a *Handbook on Nonprofit Institutions in the System of National Accounts*. This handbook builds on the SNA structure, information sources, and concepts but calls for the creation of a *satellite account* that breaks out and aggregates the full range of NPIs—both those now reported in NPISH and those assigned to other sectors.

In the process, the *Handbook* clarifies the definition of a nonprofit institution found in SNA 1993 by emphasizing that NPIs are not only economic units that cannot distribute any surplus to shareholders or officers. They also are: "institutionally separate from government" (regardless of the source of their income), "self-governing," and "non-compulsory." In addition, the handbook proposes extensions of existing classification systems to differentiate more fully the various types of nonprofit institutions. Finally, it extends the production boundary, first, to capture the contribution of volunteer labor utilized by NPIs; and second, to include the "non-market" output of market NPIs whose sales cover most, but not all, of their costs. The *Handbook* also offers suggestions to improve the coverage of NPIs in national data-gathering.

Major Findings from Field Tests

In developing the *Handbook*, field tests were conducted in eleven countries (reports from the test countries and a paper analyzing the data are available on http://www.jhu.edu/~gnisp). Though highly preliminary, these tests confirmed the practical workability of this new *Handbook* for bringing this increasingly important segment of social and economic life into far better empirical focus. In addition, they generated some important substantive findings, four of which deserve mention here.

First, the preliminary test data suggest quite strongly that when the full NPI sector is gathered together, it constitutes a quite substantial economic presence in widely divergent countries. Thus, for example, as shown in Chart 1, even with volunteers excluded, the NPI share of gross value added ranges from 1.3% in Sweden to 13-14% in the Netherlands and Israel.

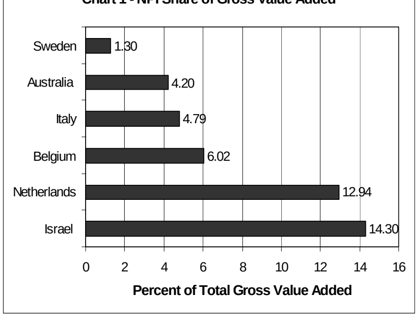

Chart 1 - NPI Share of Gross Value Added

In the fields in which it operates, moreover, the sector's contribution to value added exceeds these amounts. In Italy, for example, NPIs not only account for 5% of overall value added, but also for 14% of value added in education; 19% in other community, social, and personal services; and 66% in heath and social services.

A second finding is that NPISH really does constitute only a small fragment of the NPI sector, as Chart 2 shows. In the Netherlands, for example, NPISH accounts for less than 3% of the substantial NPI contribution to value added. This is so because many NPIs receive significant market receipts or public funds and are consequently allocated to non-financial corporations or the general government sector in national accounts. Even where NPISH represents a larger component of the full NPI sector, as in Sweden and Australia, it still understates the economic contribution of NPIs to a significant extent.

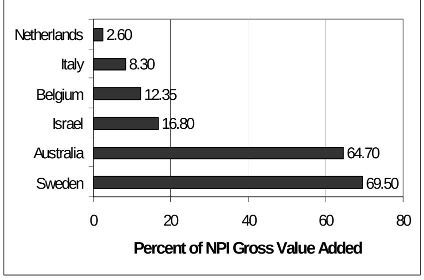

Chart 2 - NPISH Share of Aggregate NPI Gross Value Added

A third finding from the field tests is that the allocation of important NPIs to the corporate or government sectors under SNA guidelines also introduces significant distortion into the picture of these other sectors because the cost structure of the NPI sector differs markedly from that of the other (non-NPI) sectors with which NPIs are now combined. Thus, for example, employee compensation plays a far more important part in the cost structure of NPIs than it does of corporations, and similar differences exist with respect to the composition of disposable income and the activity fields in which NPIs operate.

Finally, the field tests showed that the inclusion of volunteer inputs makes a

Table 1—Effect of Imputation for Volunteer Labor on Selected Measures of Aggregate NPI Sector Activity
[Index, SNA Basis = 100]

	Australia	Israel	Italy	Belgium
Output	117.4	106.0	103.4	113.4
Value added, gross	131.5	112.4	105.0	110.0
Compensation of employees	134.0	113.9	106.0	111.2
Receipts from private philanthropy	522.5	159.8	171.4	–
Employment	145.0	118.9	107.9	113.7

substantial difference in estimates of the economic impact of NPIs. Thus, in the four countries for which volunteer data were available (Australia, Israel, Italy, and Belgium), the inclusion of volunteers boosts NPI employment by anywhere from 8% (Italy) to 46% (Australia), and boosts NPI philanthropic receipts by anywhere from 60% (Israel) to 423% (Australia) (see Table 1). This highlights the importance of including a measure of volunteer effort in the satellite account treatment of the non profit sector.

Next Steps

On the strength of this field test, six countries (Australia, Israel, Canada, Italy, Belgium, and the United States) are now at work implementing the *Handbook* or some version of it. In addition, Eurostat convened a special workshop on the *Handbook* for European Union member and accession countries in December 2002. A technical assistance unit has been established at the Johns Hopkins Center for Civil Society Studies to disseminate the *Handbook,* to work with national statistical agencies on its implementation, and to assemble and analyze the resulting data. Persons interested in this process are encouraged to contact Helen Tice or Lester Salamon at cnp@jhu.edu for further information.

Measuring Statistical Capacity

By Willem F.M. de Vries, UN Statistical Division

In the international statistical community, *statistical capacity* has become a household word. But what does it mean? And can it be measured? And why measure statistical capacity?

These are some of the issues that have been addressed by a Paris 21 taskforce. The PARIS21 Consortium is a partnership of national, regional, and international statisticians, policymakers, development professionals, and other users of statistics. It is a global forum and network whose purpose is to promote, influence, and facilitate statistical capacity-building activities and the better use of statistics. Its founding organizers are the UN, OECD, World Bank, IMF, and EC.

A broad definition of statistical capacity is: 'The ability of a national statistical system to routinely produce statistics that are relevant, accurate, timely and consistent.'

There are several reasons why measuring and monitoring statistical capacity is useful. For data producers, indicators of statistical capacity can serve as a management tool for decision-making, by providing a systematic view of strengths and weakness to assist in setting priorities. Applying the indicators at various intervals facilitates the monitoring and evaluation of statistical conditions.

In developing the indicators of statistical capacity, a goal was for the international (donor) community to accept a common set of indicators for the statistical conditions of countries. This led to a number of requirements. Indicators must provide a bird's eye view of the situation and this means limiting their number. At the same time, they must portray an adequate picture of the statistical conditions of countries to permit comparison across countries, while also providing a reading that could track changes in conditions over time.

With these considerations in mind, the Paris 21 taskforce has developed a questionnaire. It comprises 16 quantitative and 18 qualitative indicators. The quantitative indicators cover resources domestically and externally funded annual budget, staff, equipment, inputs (surveys and administrative sources) and statistical products. The qualitative set covers relevant aspects of the statistical environment (legal, institutional and organizational), of core statistical processes, and of statistical products.

The next intended step is for the United Nations Statistics Division, in cooperation with others (including the UN Regional Commissions) to execute a worldwide survey of statistical capacity. This may at the same time serve as an exercise in evaluating the implementation of the Fundamental Principles of Official Statistics, which were adopted by the United Nations Statistical Commission almost 10 years ago (1994).

Concordances between National and International Industrial Classification

John Murphy, U.S Bureau of the Census

Over the past twenty-four months, a working group including Eurostat, *Instituto Nacional de Estadística, Geografía e Informática* (INEGI), Statistics Canada, the United Nations Statistics Division (UNSD), and the United States Economic Classification Policy Committee (ECPC), developed concordances between the North American Industry Classification System (NAICS United States 2002), the Statistical Classification of Economic Activities in the European Union (NACE Rev. 1.1), and the International Standard Industrial Classification of All Economic Activities (ISIC Rev. 3.1). New versions of these classifications were introduced in 2002 and this work represents the first comprehensive review of their similarities and differences.

There is significant interest in being able to compare industrial statistics presented using a variety of international, regional, and national classifications. Concordances provide a valuable tool for comparing North American industrial statistics with the industrial statistics of a large number of nations whose systems are based on ISIC or NACE.

New Japan Standard Industrial Classification Now Available in English

Attention all users of Japan's industry or activity-based statistics! Following the announcement of the new revised Japan Standard Industrial Classification (Rev. 11, March 2002) (JSIC), which was publicised in the February 2002 OECD Statistics Newsletter, the full English version of the revised JSIC has now been updated and enriched. It can be found at Japan's National Statistics website at: http://www.stat.go.jp/english/info/seido/sangyo/index.htm.

These concordances were developed as part of a larger study on improving the comparability of industrial classifications in Europe and North America. This project, often referred to as the convergence study, began in June 2000. At the UN Statistical Commission meeting in 2002, the terms of reference for the project were modified to expand its scope. In addition to being an exercise between North America and Europe, it was agreed the project would provide input to the scheduled revision of ISIC in 2007. The concordances were a necessary first step in comparing and contrasting ISIC, NACE, and NAICS in order to assess the feasibility of achieving greater comparability among these classifications.

This effort is unique in that the custodians of each of the classifications were directly involved with the assignment of codes for their systems. The result is concordances that have been validated by their custodians.

A variety of tools and reference materials were used to develop the concordances. Primary were the detailed industrial classification manuals, index item or activity lists, interpretations and rulings, and other descriptive materials. The United States ECPC generated the initial working comparisons between NAICS and NACE. The results were refined and validated through a series of face-to-face meetings, e-mails, phone calls, and a considerable amount of research. When the working concordance between NAICS and NACE was complete, in draft, the Statistical Classifications Section of UNSD applied ISIC codes to the concordance. This required some additional modifications to ensure that a unique link existed when all three classifications were considered.

The concordances are dynamic and will be updated for new interpretations and other changes arising through broader use.

The United States will post the concordances on the NAICS website at: http://www.census.gov/naics. Questions on the NAICS United States' versions of the concordances can be directed to John Murphy, Chair, Economic Classification Policy Committee, by e-mail at John.Burns.Murphy@census.gov.

Eurostat will post the concordances on the Ramon classifications server at http://europa.eu.int/comm/eurostat/ramon/. Questions on NACE can be directed to Mr. Niels Langkjaer by e-mail at Niels.Langkjaer@cec.eu.int.

The United Nations Statistics Division will post the concordances on their website at: http://unstats.un.org/unsd/class. Questions on ISIC can be directed to Ralf Becker, Chief, Statistical Classifications Section, through the Classifications Hotline e-mail at CHL@un.org.

Canada and Mexico are nearing completion of their national NAICS concordances and will be posting them as well. Reports of the convergence working group and links to the other participants are available at: http://www.census.gov/epcd/naics/internatworkgrp/index.html

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IMF Publishes 2001 Global Portfolio Investment Survey

Cross-border holdings of equity and debt securities in 2001 reached US$12.5 trillion in the 67 economies that participated in the International Monetary Fund's (IMF) latest *Coordinated Portfolio Investment Survey (CPIS)*. Of the total cross-border holdings reflected in the survey, US$5.1 trillion was in equity securities and US$7.4 trillion in debt securities. The CPIS results include securities held by portfolio investors (including monetary authorities) but exclude securities held by direct investors--those which hold a minimum of 10% of the shares of the entity that issues the securities.

The 2001 CPIS is the second survey of global portfolio investment holdings by the IMF. The first survey was undertaken with 29 economies, including major investing countries and Bermuda for the period ending December 31, 1997 and showed portfolio holdings of equity and long-term debt securities of nearly US$ 5.2 trillion. See http://www.imf.org/external/np/sec/nb/2000/nb0008.htm). The 2001 CPIS covered industrial countries, transition economies, emerging market economies, and small economies with international financial centers. Middle East oil exporting countries were the only group not well represented in the 2001 survey.

The preliminary results of the 2001 CPIS are available on the Fund's website (Portfolio Investment: CPIS Data Results are available at: http://www.imf.org/external/np/sta/pi/datarsl.htm). Starting with the 2001 survey, the CPIS will be an annual survey. The results of the 2002 CPIS are expected to be published on the Fund's website by the end of 2003. An annual CPIS database will help facilitate study of the volatility of capital flows over time, improve estimation of statistics on portfolio investment and associated income flows, and promote analysis of the links between portfolio investment flows and changes in the price of securities.

The CPIS seeks to provide comprehensive global information on cross-border ownership of securities. The objectives of the survey are (i) to collect comprehensive information on

PORTFOLIO INVESTMENT ASSETS: TOP TEN ECONOMIES BY SIZE OF HOLDINGS, YEAR-END 2001

(in millions of U.S. dollars)

		Equity Securities	Long-term Debt Securities	Short-term Debt Securities	TOTAL
1	United States	1,599,368	505,884	105,898	2,211,151
2	United Kingdom	558,379	667,303	78,362	1,304,044
3	Japan	227,351	1,004,878	57,525	1,289,754
4	Luxembourg	319,093	414,491	87,030	820,614
5	Germany	381,184	401,582	8,850	791,616
6	France	185,244	438,042	51,672	674,958
7	Italy	239,472	307,580	4,970	552,022
8	Switzerland	247,408	233,711	14,684	495,804
9	Netherlands	235,023	244,746	5,900	485,669
10	Ireland	135,982	188,674	116,547	441,204
11	Others	1,005,991	1,966,549	506,859	3,479,399
Total value of investment		5,134,498	6,373,440	1,038,297	12,546,235

the geographical distribution of cross-border holdings of securities for use in the compilation and/or improvement of international investment position statistics; and (ii) to exchange, with the IMF's assistance, the bilateral data collected in national surveys. Because the bilateral data provide a creditor-source for non residents' holdings of debt securities, they are a useful addition to national data sources for the compilation of external debt statistics. The CPIS database serves as a complement to the Bank of International Settlements (BIS) International Banking Statistics and the Joint BIS-IMF-Organization for Economic Co-operation and Development (OECD)-World Bank statistics on external debt.

The CPIS is conducted in accordance with standardized definitions and methodologies and draws on best practices in survey design as identified in the IMF's *Coordinated Portfolio Investment Survey Guide (Second Edition)*. Considerable synergies were released by conducting national surveys for the same reference period and using common definitions and methodologies, and through the organization of regional CPIS workshops for national compilers. However, there are gaps in coverage for the household sector as most economies had difficulty including securities held with non resident custodians by their household sector. For some economies this was a significant omission.

Eight economies were both among the top ten issuers and among the top ten holders of securities that were traded internationally, according to the 2001 CPIS. They were the United States, the United Kingdom, Japan, Luxembourg, Germany, France, Italy, and the Netherlands. These economies accounted for about 65% of cross-border holdings of equity and debt securities, and about 68% of cross-border liabilities to non-residents in the form of non-residents' holdings of equities and debt securities as reported by partner countries.

The U.S., the U.K., and Japan were the largest investing countries, accounting for 38% of total cross-border holdings of securities. The European Monetary Union accounted for 35% of the cross-border holdings (about 20% was accounted for by Luxembourg, Germany, France, and Italy). The U.S. and the U.K. predominantly held equity securities (72% and 48%, respectively) while Japan predominantly held debt securities. Japan was the top investor in fixed income instruments, holding more than 82% of its cross-border holdings as debt securities, which accounts for about 8% of the total reported by all countries.

The U.S., the U.K., and Germany accounted for some 40% of cross-border financing through securities issues as reported by partner countries. The U.S., the U.K., France, and Luxembourg accounted for some 48% of funds raised from non-residents through equity issues. Some 28% and 12%, respectively, of funds raised from non-residents through debt securities was by the U.S. and Germany. Based on a comparison of the data for equity securities with other sources on the value of publicly-issued equities, the survey indicates that at least 20% of total equity securities on issue are held by non-residents of the issuing economy.

Governance Indicators for Forging Development Partnerships

By Massimo Tommasoli, OECD

Governance matters for human development. How do we measure governance trends in partner countries in a way that is likely to lead to constructive change? This key question is at the core of donors' efforts aimed at identifying indicators to help policy makers, both from donor and partner countries, make strategic choices for creating and enabling a governance environment for sustainable poverty reduction. The challenge lies in the political acceptability of the proposed governance indicators, their policy relevance coupled with their statistical robustness in predicting governmental performance, as well as assessing trends in key areas, like the respect for human rights, democratisation processes, and the rule of law.

Two generations of indicators

The Development Assistance Committee (DAC) has addressed these issues in its work on governance since the approval of the *Shaping the 21st Century Strategy* in 1996. This influential policy statement contributed to the subsequent endorsement of the Millennium Development Goals (MDGs).

The MDGs are clear and measurable goals for international development by 2015 selected from the numerous commitments given at major UN conferences during the 1990s and at the 2000 Millennium Summit. The eight MDGs, articulated into 18 targets, are: (i) eradicate extreme poverty and hunger; (ii) achieve universal primary education; (iii) promote gender equality and empower women; (iv) reduce child mortality; (v) improve maternal health; (vi) combat HIV/AIDS, malaria and other diseases; (vii) ensure environmental sustainability; (viii) develop a global partnership for development. Donor and partner countries rely upon a set of 48 indicators for monitoring progress on the achievement of individual goals and targets.

Various DAC meetings of experts, including from partner countries, discussed whether any suitable governance indicators existed or could be devised. A key conclusion was to be clear about the purpose and level at which indicators of governance might be used. There are three levels of indicators: (i) *Global indicators for general use*; (ii) *In-country processes*, necessary for promoting ownership and partnership in the democratic governance agenda; (iii) *Donor-driven indicators and processes*, used for aid allocation decisions.

The joint OECD/UN/World Bank/IMF Forum on Development Progress in March 2000 attempted to select appropriate governance indicators for monitoring progress at a global level. However, the criteria needed for global indicators did not match well the reality of data available for the processes that donors aimed at measuring. Such indicators, known as "first generation governance indicators", had helped to draw attention to the right issues, but their proliferation had not been accompanied by improved insight into practical reforms or any greater traction on reform targets.

The "second generation governance indicators" were introduced with a Department for International Development (DfID)-funded World Bank project. The criteria for such indicators were: political acceptability (due to transparency); availability across many countries and over time; institutional specificity, therefore operational; high quality and accuracy; and simplicity.

The nexus between governance assessments and indicators

Building on the conclusions of such projects, in 2002 the DAC Network on Good Governance and Capacity Development (GOVNET) decided to explore the feasibility of further work on this topic. It focused on Members' experience with the use of governance indicators and governance assessment. The GOVNET agreed to organise a workshop to review current work and challenges in this domain, and assess whether Members can work more for common approaches based on local ownership.

In October 2002 the workshop reviewed some Members' experience, as well as partner efforts (notably by the NEPAD) and ongoing work by independent policy research institutes, and reached the following conclusions:

(i) Governance indicators and assessments serve a number of purposes:

- To support country-led efforts at governance reform;
- To chart progress against MDG Goal 8 which includes reference to better governance;
- To contribute, together with assessments, to dialogue with partner governments.

(ii) Recent work on governance indicators had increased the choice although few indicators met all the requested criteria. The quality of indicators was much improved.

(iii) Different purposes and tasks required different indicators and some purposes were more appropriate for assessment processes.

(iv) Rather than aiming at a short list of indicators that could serve all purposes, it was suggested to develop a menu of objectives matched with indicators from which choices could be made depending on the purpose.

(v) In the menu, all aspects of governance should be covered including political governance, democracy, the rule of law, economic governance, service delivery and human rights.

OECD FORUM 2003

28- 29 April 2003

The OECD Forum is an international public conference offering business, labour and civil society the opportunity to discuss key issues of the 21st century with government ministers and leaders of international organisations. What is unique about the OECD Forum is that it allows participants to shape the outcome of the OECD annual ministerial summit to be held on 29-30 April 2003.

Hot topics on Forum 2003 agenda

- Ensuring integrity and transparency in the international economy.
- Kick-starting the recovery following financial market turbulence and lapses in corporate governance.
- Making the WTO trade negotiations a success, and preparing for the 2003 WTO ministerial meeting in Cancun (Mexico).
- Moving from words to action – sustainable development and the Johannesburg Plan of Implementation.

And on **Monday 28 April (2.30 – 16.00):**

Economic Growth – What The Statistics Do and Do Not Tell Us?

For further information, contact: Forum Director, John West: Email: john.west@oecd.org Tel: +33(0)1.45.24.80.25;

The Agenda can be viewed at:

http://www1.oecd.org/forum2003/programme

New work: a matrix of options

The key outcome of the October 2002 meeting was broad support for further work, namely:

1) The development of a matrix of options for governance indicators and assessment processes for the following purposes:

(a) Monitoring of global progress related to achievement of MDGs;

(b) Cross-regional comparison (also in relation to aid allocation processes);

(c) Support to in-country dialogue processes including nationally-led processes for governance reform.

2) Advance work on the building blocks of such a matrix by:

(a) Developing a long menu of governance indicators that would serve as a "collective box" from which donors and governments could select an appropriate mix for their purposes.

(b) Amongst other sources, building on the lessons of past efforts (including work on two generations of governance indicators) to assess the feasibility of identifying a core sub-set of indicators that were sufficiently representative of governance to be used to assess countries' progress overall and to make cross-country comparisons.

(c) Assess the feasibility of selecting a single composite indicator (or small set of composite indicators) for possible use for tracking progress in governance.

3) Explore the feasibility of developing a common approach to governance assessments so as to reduce transaction costs for governments and donors and to produce common agendas, as well as further address the issue of local ownership of the assessment process, which is key to build its legitimacy.

The GOVNET will establish an informal indicator team to take forward this work and to follow progress of similar work programmes, such as the Partnership in Statistics for Development in the 21st century (PARIS21).

NEWS IN BRIEF

22nd CEIES Seminar "Statistics and Economic Globalisation" Copenhagen, 2-3 June 2003

The European Advisory Committee on Statistical Information in the Economic and Social Spheres (CEIES) extends an open invitation to all interested parties to attend their forthcoming seminar on *Statistics and Economic Globalisation*, in Copenhagen, 2-3 June 2003. The aims of the seminar are to:

- identify the needs of different users: the scientific community; the socio-economic world; EU policy makers and; international institutions.
- consider the theoretical framework currently being prepared by Eurostat and the OECD;
- study the impact of globalisation on the validity of existing statistics;
- comment on the way existing globalisation statistics are currently used by different organisations (WTO, UNCTAD, IMF, NSIs, etc.).

Places for the seminar will be limited to approximately 80, and registration closes on 16 May. Please contact debora.evans@cec.eu.int for information concerning registration. All information and working documents related to the seminar will be available at: http://forum.europa.eu.int/Public/irc/dsis/ceies/library

Statistics Finland's Guidelines on Professional Ethics

Questions of ethics have attracted growing attention in recent years primarily because of the changes that have happened not only in people's values and attitudes, but also in the environment in which companies and organisations go about their daily business. In response to this, Statistics Finland have recently revised their Profession Ethics handbook.

The most important changes include those following from the adoption of the UN fundamental principles of official statistics, Finland's membership of the EU and changes to national legislation.

Profession ethics have traditionally had special importance for official statistics, and the handbook explains the general principles governing Statistics Finland's activities and how these can help resolve ethical problems. This is particularly important in an environment where statisticians have obligations to many clients, often with competing priorities.

The handbook can be found at:
http://www.tilastokeskus.fi/tk/tp/tkesittely_etiikkaopas_en.pdf

Measurement of Working Time

Working time statistics are key short-term indicators, both in their own right, and for their use in the compilation of other key statistics such as average hourly earnings and productivity measures. For this reason there is strong interest at the national level to review and improve methodologies currently used to compile such data. In the international context, there is interest in ensuring that methodologies adopted by national agencies facilitate comparisons between countries.

For these reasons, the measurement of working time will be the sole topic for the next meeting of the Paris Group on Labour and Compensation Statistics on 4-5 September 2003. The meeting will be hosted by the United Kingdom Office for National Statistics at a venue in London.

Work on developing the agenda for the September meeting has commenced and at this stage it is proposed to organize meeting sessions around three broad areas, namely:

- working time arrangements;
- measurement of hours worked;
- use of hours worked statistics in so-called "derived products" such as productivity measures, hourly labour costs, average weekly/monthly/annual earnings, etc.

The issues that could be covered for each of these areas comprise: user needs; measurement issues; cross-classifications of data required; reconciliation and confrontation of related statistics available at the national level; best solutions and recommendations for improvement. The intention is to cover the areas outlined above highlighting, for example, changes in user needs and the impact of changes in the working environment at the national and international levels over the last couple of decades. The adequacy of existing international standards/terminology could also be examined, and recommendations on changes proposed.

There has been strong interest in the meeting and national statistical institutes and other agencies from around 20 countries have so far confirmed their attendance. It is intended that papers prepared by participants for the London meeting will provide valuable input to working group discussions on working time measurement at the 17th International Conference of Labour Statisticians (ICLS) organised by the ILO in Geneva over the period 24 November to 3 December 2003.

Further information about the next meeting of the Paris Group may be obtained from any of the following members of the Group's Bureau secretariat: Denis Ward, OECD (denis.ward@oecd.org); Richard Laux, ONS (richard.laux@ons.gsi.gov.uk); Didier Blanchet, INSEE (Didier.blanchet@insee.fr).

June 2003 Meeting of the OECD Short-term Economic Statistics Expert Group

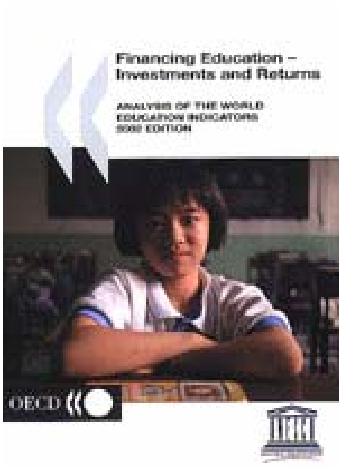
The next meeting of the OECD Short-term Economic Statistics Expert Group (STESEG) will be held in Paris on 26-27 June 2003. The focus of the meeting will be discussion of the outputs and recommendations of the three task forces created at the June 2002 STESEG, namely: short-term indicators for services; data presentation and seasonal adjustment; and timeliness and benchmarking. The meeting will also discuss issues/topics for future work by the Expert Group (and task forces). Countries attending the meeting will also be asked to provide a brief paper outlining practical specific examples of initiatives that worked (and did not work) in reducing the costs and reporting burden to respondents and statistical agencies. These will be discussed as an agenda item at the meeting and placed in an electronic discussion group (EDG) that has been created for this purpose.

The provisional agenda for the June 2003 meeting, which will be firmed up over the next few weeks is provided on the OECD website at www.oecd.org/std/meeting-papers, together with background information regarding STESEG; information about the work of the three task forces; guidelines for the preparation of papers; and practical information on meetings at the OECD.

Enquiries about any aspect of STESEG work, including the possible participation of your organisation, should be referred to Denis Ward (denis.ward@oecd.org).

RECENT PUBLICATIONS

❐ Financing Education – Investments and returns



As individuals and nations increasingly recognize that high levels of knowledge and skills are essential to their success, spending on education is increasingly considered an investment in the collective as well as individual future. Investment in human capital has thus moved to centre stage in the strategies of WEI (World Education Indicators) countries to promote economic prosperity, better-skilled labour forces, social cohesion and other positive individual and social benefits. However, investment in education competes with other public and private demands and often faces severe constraints. The challenge of expanding education systems while maintaining education quality and equity-related aims seems inextricably linked to questions of education finance.

This volume is the third in a series of publications that seeks to analyse the education indicators developed through the OECD/UNESCO (WEI) programme. The volume examines both the investments and returns to education and human capital. It begins by looking at the results of a specially commissioned study of the impact of human capital on economic growth in WEI countries which shows new findings relative to those found in studies of OECD Member states. It also sets out the context for trends in educational attainment as well as current levels of educational participation and expenditure in WEI countries. The report addresses the financing of education systems by examining spending and investment strategies in WEI countries from both public and private perspectives. It looks at the rationale for public spending, how public resources are distributed across levels of education and the role of the private sector both as a provider of educational services and a source of educational expenditure. A national statistical profile that sets out selected contextual and finance indicators against both OECD and WEI benchmarks, together with a comprehensive statistical annex covering both WEI and OECD countries, complements the analysis.

The countries participating in the OECD/UNESCO WEI programme are: Argentina, Brazil, Chile, China, Egypt, India, Indonesia, Jamaica, Jordan, Malaysia, Paraguay, Peru, the Philippines, the Russian Federation, Sri Lanka, Thailand, Tunisia, Uruguay and Zimbabwe.

❐ Bank Profitability: Methodological Country Notes – 2002 Edition

Trends in bank profitability and factors affecting it are major indicators of changes in the state of health of national banking systems. OECD statistics, published annually under the title *Bank Profitability: Financial Statements of Banks*, provide a unique tool for analysing developments in bank profitability in thirty Member countries.

This publication complements *Bank Profitability: Financial Statements of Banks*. The methodological country notes included in this volume were prepared to facilitate the comprehension and the interpretation of the statistics and to provide a brief description of the activities of banks in each country. See:
http://publications.oecd.org/acrobatebook/2103013E.PDF

❐ Business Tendency Surveys: A Handbook

Business tendency surveys – also called business opinion or business climate surveys – ask company managers about the current situation of their business and about their plans and expectations for the near future.

Business Tendency Surveys: A Handbook is a practical manual on the design and implementation of business tendency surveys, on the interpretation of the results from such surveys and on their use for economic analysis and forecasting. It draws on over 20 years of experience by the OECD Secretariat in using business tendency surveys for economic analysis and in helping non-member economies to implement such surveys.

The European Commission and the OECD Secretariat have developed a set of “harmonised” business tendency surveys to collect qualitative information from business managers in the manufacturing, construction, trade and service sectors. This harmonised system is described in detail in the manual.

This manual is part of the OECD’s ongoing co-operation with non-member economies around the world. Further information at: http://publications.oecd.org/acrobatebook/3003011E.PDF

❐ Manual on Statistics of International Trade in Services

The Manual on Statistics of International Trade in Services is a joint publication of six agencies: the UN, EC, IMF, OECD, UNCTAD, and WTO. It is a benchmark reference work that addresses a growing demand for more relevant, detailed and internationally comparable statistics on services trade. Special emphasis is given to the statistical information needs of international trade negotiations and agreements.

The Manual provides a coherent internationally-agreed conceptual framework within which countries can structure the statistics they compile and report on international services trade. It builds on and links to existing standards, in particular the fifth edition of the International Monetary Fund's Balance of Payments Manual and the 1993 System of National Accounts. It categorises the services that are traded internationally, and how they are traded in practice, taking into account the modes of supply of services. For any inquiries about the Manual please contact: STD.Servstat@oecd.org. The electronic version is available free from OECD at: http://www.oecd.org/pdf/M00037000/M00037097.pdf and from other publishing partner agencies.

PRESS RELEASES

OECD Standardised Unemployment Rate remains at 7.0% in February 2003

The standardised unemployment rate for the OECD area remained at 7.0% in February 2003, 0.2 percentage point higher than a year earlier.

In the Euro area, the standardised unemployment rate was 8.7% in February 2003, 0.1 percentage point higher than the previous month and 0.6 percentage point higher than a year earlier. For the United States, the standardised unemployment rate was 5.8% in February 2003, 0.1 percentage point higher than the previous month and 0.2 percentage point higher than a year earlier. For Japan, the standardised unemployment rate was 5.2% in February 2003, 0.3 percentage point lower than the previous month and 0.1 percentage point lower than a year earlier.

Over the twelve months to February 2003, the standardised unemployment rate rose in France from 8.6% to 9.1% and in Germany from 8.0% to 8.7%. Conversely, the standardised unemployment rate in Canada fell from 7.8% to 7.4%. In January 2003, the standardised unemployment rate in Italy was 9.0%, the same rate as a year earlier. Over the twelve months to December 2002, the standardised unemployment rate in the United Kingdom fell from 5.1 to 4.9%.

The standardised unemployment rates for the other OECD countries are available at www.oecd.org/statistics/data (Frequently Asked Statistical Tables).

OECD Standardised Unemployment Rates - percentage of civilian labour force

	2002											2003	
	feb	mar	apr	may	jun	jul	aug	sep	oct	nov	dec	jan	feb
OECD-Total	6.8	6.8	6.9	6.9	6.9	6.9	6.9	6.9	7.0	7.0	7.0	7.0	7.0
EU15	7.4	7.5	7.5	7.6	7.6	7.6	7.6	7.7	7.7	7.7	7.8	7.9	7.9
Euro area	8.1	8.2	8.2	8.2	8.3	8.3	8.3	8.4	8.4	8.5	8.5	8.6	8.7
Major seven	6.3	6.4	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.6	6.5	6.5
Canada	7.8	7.7	7.6	7.7	7.5	7.6	7.5	7.7	7.6	7.5	7.5	7.4	7.4
Germany	8.0	8.0	8.0	8.2	8.3	8.2	8.3	8.3	8.4	8.4	8.5	8.6	8.7
France	8.6	8.6	8.7	8.7	8.7	8.7	8.8	8.8	8.8	8.9	8.9	9.0	9.1
Italy	9.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0	8.9	8.9	8.9	9.0	
Japan	5.3	5.3	5.3	5.4	5.4	5.4	5.5	5.4	5.5	5.3	5.3	5.5	5.2
United Kingdom	5.1	5.1	5.2	5.1	5.1	5.2	5.2	5.2	5.1	5.1	4.9		
United States	5.6	5.7	5.9	5.8	5.8	5.8	5.8	5.7	5.8	5.9	6.0	5.7	5.8

The OECD Composite Leading Indicator falls in February 2003

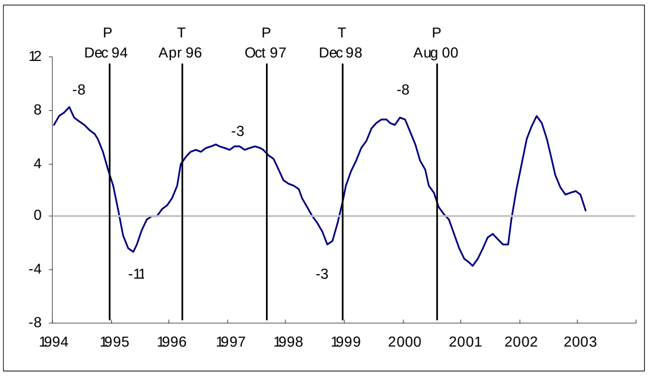
The Composite Leading Indicator (CLI) for the OECD area fell by 0.5 point in February 2003 to 120.4 from 120.9 in January. Its six-month rate of change continued the downward trend evident since May 2002.

The CLI for the United States dropped by 1.5 point in February. Its six-month rate of change was down for the second month in a row after two months of increases following falls for six consecutive months. The Euro area's CLI rose by 0.2 point in February but its six-month rate of change has fallen for nine consecutive months. In February, the CLI for Japan was unchanged and its six-month rate of change has been relatively stable since September 2002.

The CLI for the United Kingdom fell by 1.0 point in February and its six-month rate of change has fallen since June 2002. The CLI for Canada was down by 0.5 point in February. Its six-month rate of change has shown a downward trend since May 2002. The CLI for France decreased sharply in February, as did its six-month rate of change. The CLI for Germany fell in February after five consecutive months of increases. Its six-month rate of change has, however, fallen for nine consecutive months. Finally, the CLI for Italy rose in February, as did its six-month rate of change.

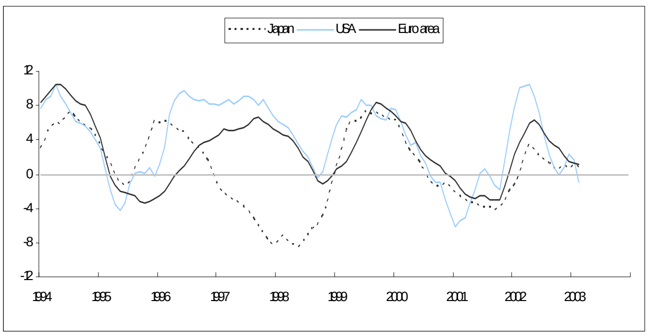
CLI data for all the countries and detailed information on the OECD methodology for CLIs can be found on the OECD website at http://www.oecd.org/std/cli

Trend restored CLI (annualised 6-month rate of change). Percentage change: total OECD



Early signals of the CLI for turning points (P: peak, T: trough) in the reference series, e.g. a peak for December 1994 was predicted by the CLI, 8 months in advance (i.e. -8).

Percentage change: Japan, USA and Euro area



Forthcoming OECD Statistics Meetings

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

2003

7-9 April Expert meeting on International Trade Statistics, *Statistics Directorate* (STD), OECD Paris

9-10 April OECD-Eurostat Expert meeting on Statistics of International Trade in Services, *Statistics Directorate* (STD), OECD Paris

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

14-15-16 April OECD Workshop on National Accounts for Balkan Countries, *Statistics Directorate* (STD), OECD Paris

15-17 April Canberra Group on the Measurement of Non-Financial Assets, *Statistics Directorate* (STD), Voorburg

14-16 May Workshop on Accounting Frameworks to Measure Sustainable Development, *Statistics Directorate* (STD) OECD Paris

2-5 June Meeting of the Working Party on National Experts on Science and Technology Indicators – NESTI, *Directorate for Science, Technology and Industry* (STI), OECD Paris

3 June Steering Group on Revenue Statistics, *Directorate for Financial, Fiscal, And Enterprise Affairs* (DAFFE), OECD Paris

13 June High Level Group Meeting of Statisticians, *Statistics Directorate* (STD), Geneva

Other International Statistical Meetings

10-11 April 21st CEIES Seminar: Innovation Statistics - more than R&D Indicators, Athens. For more information go to http://forum.europa.eu.int/Public/irc/dsis/ceies/library

12 May OECD/JRC Workshop on Composite Indicators of Country Performance, Joint Research Centre of the European Commission, Ispra (Italy) This workshop will review the advantages and disadvantages of composite indicators with a view to developing “quality guidelines” for their construction, contact: stefano.tarantola@jrc.it

OLISnet

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- Increasing the effectiveness of business communications and information exchange amongst national administrations, their Permanent Delegations, and the Secretariat; and
- Enhancing the productivity of OECD Committees and subsidiary bodies.

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OLISnet provides authorised officials with one-step access to documents, publications, statistical products, Committee Discussion Groups, other key information, and to public information on the OECD Web site. Officials can access information as and when they require, and delegates are better prepared for meetings and can contribute to the debate more effectively. Overall, there is better and more efficient circulation of OECD information in capitals.

If you have a Windows PC and can access the Internet from your desktop PC, access to OLISnet will be simple and easy, as shown by the increasing number of officials who connect directly from their Ministry network - more information on this fast and cost effective way of connecting to OLISnet can be obtained by contacting:

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