STATISTICS, KNOWLEDGE AND POLICY

OECD World Forum on Key Indicators

10 – 13 November 2004
Teatro Massimo, Palermo, Italia

SCIENTIFIC PROGRAMME

ABSTRACTS

www.oecd.org/oecdworldforum
PLENARY SESSIONS
PLENARY ROOM

Wednesday, 10th November 2004
18:30 - 19:00

Opening Session

Diego Cammarata
Mayor of Palermo,
Italy

Gianfranco Micciché
Deputy Minister
for Economy and Finance,
Italy

Herwig Schögli
Deputy Secretary-General,
OECD
PLENARY ROOM
Thursday, 11th November 2004
9:00 – 10:15

United States: Informing Public Discourse through an Indicators System

An evaluation project is underway in the US for a future system of key national indicators, in addition to those already developed in several states. What are the findings so far? Given the important role played by the private sector in US society, how can such an institutional initiative establish its credibility?

Invited paper:
“Developing Key National Indicators for the United States”
by Katherine Wallman, Kenneth Prewitt and Susan Schechter

Speakers

Kenneth Prewitt
Carnegie Professor of Public Affairs, Columbia University, United States

Katherine Wallmann
Chief Statistician, Office of Management and Budget, United States

Chairperson

Discussants

Enrico Giovannini
Chief Statistician, OECD

John Barber
Senior Economist, Innovation Group, Department of Trade and Industry, United Kingdom

Edmond Malinvaud
Professor, INSEE-CREST, Research Center for Economy and Statistics, France
Abstract

DEVELOPING KEY NATIONAL INDICATORS FOR THE UNITED STATES

Katherine Wallman, Kenneth Prewitt, and Susan Schechter

A wide array of information is needed to make effective individual and collective choices. Indicators that provide easily accessible, high quality information about how a nation, state, or community is faring on a variety of dimensions are especially crucial to ensuring that decision-making is simultaneously responsive, responsible, and sound. There are many examples, such as the United States’ principal economic indicators, that are renowned for their quality and utility. As successful as these efforts have been, they are generally limited in scope, focusing either on a specific topic, such as health, or a particular geographic area, such as a city or state. As a result, the U.S. is now planning for a new, more comprehensive national indicator system, under the working title, “Key National Indicators Initiative” (KNII). This paper first presents a brief background on indicator systems currently operating in the U.S., and then focuses on the conceptual and practical development of a framework for a comprehensive national indicator system. The paper concludes with a discussion of some challenges still to be addressed and issues yet to be resolved.

Initial work on this effort began in 2003 with a review of various sector-specific indicators used by the federal government as well as by various cities and states. This review provided important information on issues that need early resolution (such as establishing the criteria for selecting indicators) and led to the development of a comprehensive framework encompassing all major sectors. Topic areas covered by the KNII would fall into one of three overarching categories – the economy, the people, and the environment. This tripartite framework was selected both for its simplicity and for its wide use by a majority of developed nations, especially in Europe. The framework also maps well to ongoing indicator initiatives at the local, state, and national levels in the U.S. Within each of the three broad areas, more specific topics – each with its own set of indicators – could be explored.

The heart of the KNII would be a highly visible, web-based information source that would provide easily understood, objective indicators of the state of the U.S. Available 24 hours a day, 7 days a week, the KNII website would give citizens, journalists, researchers, and business, civic, and political leaders access to the highest quality, most well-organized, most up-to-date information on the status of communities, states, regions, and the nation.

Clearly, the U.S. federal statistical system has the opportunity and the ability to meet many of the KNII demands, but the evolving indicators initiative is being designed to allow as well for the use of private sector data that meet agreed upon quality criteria. From the start, there has been broad and deep involvement from stakeholders – businesses, governments, non-profit organizations, advocacy groups, and citizens – as well as experts in data collection, management, and dissemination. Thus, the KNII, when fully realized, will represent an unprecedented private-public collaboration by more than 200 diverse individuals and organizations committed to a single goal: enhancing the quality of information-based public discourse in the United States and, in so doing, strengthening democracy and improving the quality of life. Work on the KNII will proceed rapidly in the coming year with efforts to populate the framework with the initial set of key indicators and develop the first web-based prototype.
PLENARY ROOM
Thursday, 11th November 2004
10:45 – 12:00

Italy: Assessing National and Regional Performance

Although Italy does not have a national system of key indicators, the Italian Statistical Institute, ISTAT, has been publishing since 1993 an annual report on the situation of the country. How effective has this approach been and how have indicators been used to allocate funds to Italian regions?

Invited papers:

“Measuring for Decision Making: the Development and Use of Indicators in Regional Development Policies”
by Fabrizio Barca

by Luigi Biggeri

Speakers

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<th>Fabrizio Barca</th>
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<tr>
<td>Head of Department for Development Policies, Ministry of Economy and Finance, Italy</td>
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<td>President, National Institute of Statistics, Italy</td>
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Chairperson

Dermot McCarthy
Secretary General, Department of the Taoiseach, Ireland

Discussants

Len Cook
National Statistician, Office for National Statistics, United Kingdom

Rodrigo Morales Elcoro
Chief Economist, Office of the President of Mexico
Abstract

MEASURING FOR DECISION MAKING:
THE DEVELOPMENT AND USE OF INDICATORS IN REGIONAL DEVELOPMENT POLICIES

Fabrizio Barca

Objectives/policy instruments/data is the recursive sequence of policy making. While the claim that indicators are fundamental for decision making is an obvious statement in macroeconomic policy, it is not at all obvious for the so-called “structural policies”. This is strongly the case for regional development policies, where the lack of comparable, reliable, timely and easy-to-interpret information has often produced - or been an alibi for - fuzziness of the sequence.

In this area, therefore, EU regional policy and Italy’s implementation of such policy offer an interesting ground for analysis: institutions for developing comprehensive information systems were established and different sets of indicators were used to evaluate the territorial dimension of phenomena and assess the quality of policy action, allowing to re-introduce the recursive sequence in regional policy.

This paper analyses the Italian initiative to build comparable information sets at territorial level and implement new instruments and methods for tackling two main interrelated problems in the use of indicators for decision making: 1) in an “incomplete information framework”, policy objectives - whether intermediate or final ones - are difficult to translate into quantitative and verifiable measures (where for verifiability we intend the possibility of evaluating ex post the achievement of objectives) since the knowledge needed to do so is partly held by the agents implementing the policy, and is partly produced through policy implementation; 2) the causality link between actions and objectives is very hard to be established, since many variables and noise influence the realisation of objectives.

In the Italian Community Support Framework 2000-2006, two different approaches have been used according to the relevance of these two problems and the methods to tackle them.

On the one hand, a set of territorial indicators was chosen that describes final objectives (e.g. in terms of well-being, desired characteristics of regional economic systems, quality of services, etc.). Different aspects of the same phenomenon (e.g. social exclusion) are captured by a variety of indicators (e.g. financial poverty, accessibility to services, quality of housing, etc.). These indicators, denominated “context indicators” are aimed at a “soft use”: better targeting of policy actions and broadly assessing their effectiveness. The choice of a soft use is explained by the fact that problems 1 and 2 were very relevant and no tool was truly available to reduce them.

On the other hand, indicators that describe intermediate process objectives were chosen to capture policy targets in terms of institution building. While easier to monitor, these “process indicators” are strongly affected by problem 1 since what is a good measure of effectiveness of institution building depends on the institutional context itself and it is often revealed only in the very process of implementation. In order to make a “hard use” of these indicators a “knowledge revealing mechanism” had to be established by which initially open-ended indicators were more clearly specified during the monitoring process. Sanctions and rewards could then be attached to these indicators and citizens could judge their local governments with relatively homogenous standards.

This paper examines the two sets of territorial indicators, analyses their building and selection process, the dissemination of information and the different uses of key indicators for policy making. Problems and limits in establishing agreed indicator systems to guide decision making are discussed and possible solutions identified.
Abstract

MEASURING FOR DECISION MAKING:
OFFICIAL STATISTICS FOR DECISION MAKING AND EVALUATION:
TERRITORIAL INDICATORS

Luigi Biggeri

Mutual dealings and synergy are even more frequent among producers of official statistics and those expressing qualified and clearly outlined demand of statistical information to be used for planning, monitoring and evaluating the activities of the policy. It is even more intense with reference to the needs of technical and methodological support in analysing socio-economical phenomena which is necessary to affect.

The demand for information from those designed to plan and implement interventions at local levels is increasingly aimed at a “micro” knowledge of the territory and very often refers to parts of the territory that go beyond and/or overlap their administrative boundaries.

In this general framework, the urge coming from institutional bodies to greater and more detailed statistical information on the sectors in which they operate is a driving force for the strengthening of the virtuous circle: new demand-new supply.

The paper focus on the role of official statistics in the commitment to these topics, especially items related to actions for Structural Funds, is growing and seems to be heedful to the statistical information needs of public decision-makers towards indicators for assessing the effectiveness of the interventions and, especially, for an in-depth knowledge of the territory. In particular it describes the role of Istat, as the main provider of official information, thus meeting the requirements of reliability, transparency, impartiality, and furthermore being one of the National Statistical System (SISTAN) actors, has always positively met such stimuli, launching cooperation activities with national, regional and local administrations.

The attention to official statistics as a valid support to the actions of policy makers, through a more organic planning for production of statistics, indicators and adequate technical tools, has recently turned into a further concrete cooperation project between Istat and the Ministry of Economy, Finance, Department for Development and Cohesion Policies (DPS). The project title is "Territorial and sectorial statistical information for structural policy 2001-2008".

The increased request gave a strong impulse to the overall supply for statistics, starting up a time where available information are positively exploited and new production tools are used.

The effects of the increase in supply do not go only to the benefit of a policy maker or the subject that has demanded for information, but all the people take advantage from them, including scientific community.

Official statistics has to support assessment and monitoring of the actions, but above all has to maintain the culture of assessment that is still not developed very much in Italy. Official statistics can rely on many tools to improve the availability of statistical information: as an example, the use and exploitation of administrative archives (data mining, record linkage e statistical matching) or the use of statistical models (models for the estimates in small areas), the exploitation and the widening of current surveys.

Greater efforts need to be made in order to have policy-makers put forward the demand in a more organic way and, at the same time, to implement resources for the development of official statistics.

The experience made so far is the basis for the development of a dynamic communication system between those who express needs for statistical knowledge, mainly at the territorial level, and those who have to produce statistical information.
PLENARY ROOM
Thursday, 11th November 2004
12:00 - 13:00

“Visionary” Speech

Speaker
Jean-Claude Trichet
President,
European Central Bank

Chairperson
Donald J. Johnston
Secretary-General,
OECD
PARALLEL SESSIONS
New indicators are needed to evaluate labour, pension and other structural policies and to measure public sector performance. The results will influence citizens' views on the effectiveness of public policy. How should they be designed?

**Invited papers:**

“OECD’s Role in Global Governance: the Contribution of Structural Indicators and Benchmarking” by Jean-Philippe Cotis


“The Role of Internationally Comparable Microdata for Economic Analysis” by Gert G. Wagner

**Speakers**

<table>
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<tr>
<th>Jean-Philippe Cotis</th>
<th>Joe Grice</th>
<th>Gert G. Wagner</th>
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<tr>
<td>Chief Economist, OECD</td>
<td>Executive Director, Atkinson Review and Deputy Head, Government Economic Service, Office for National Statistics, United Kingdom</td>
<td>Professor of Economics, Council on Social and Economic Data, Germany</td>
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**Chairperson**

Augusto Mateus
Professor, Superior Institute of Economy and Management, Portugal

**Discussant**

Luigi Spaventa
Professor, University of Rome “Tor Vergata”, Italy
Abstract

OECD’S ROLE IN GLOBAL GOVERNANCE: THE CONTRIBUTION OF STRUCTURAL INDICATORS AND BENCHMARKING

Jean-Philippe Cotis

It is possible to distinguish tentatively between two broad types of global governance:

• “direct governance”, which applies to international entities dealing with global phenomena by means of instruments which are global in scope; the Kyoto Protocol should it succeed would well illustrate this sort of governance;

• “indirect governance”, which tries to influence phenomena which are undoubtedly global in origin but can only be dealt with at national level. The list of global phenomena which are undoubtedly global in origin but can only be managed nationally includes: population ageing, financial pressures on health systems, adapting education systems to scientific and technical progress, etc.

Benchmarking, i.e. international comparisons based on well researched indicators, is a crucial tool for indirect governance. To be successful, however, benchmarking must avoid a number of pitfalls, chief among them the application of stereotyped solutions not well tailored to local societal choices. When gauging an economy’s performance by means of international comparisons, it is thus important to distinguish between what stems from legitimate social choices and what reflects real policy failings.

The OECD has become a major player in the field of benchmarking and uses it extensively to provide policy advice.

To illustrate the potential of benchmarking for policy analysis and advice, this method will be applied to the burning issue of the low rate of labour utilization in Continental Europe and how to deal with it.

Questions that could be debated:

• How widespread and effective is the use of benchmarking for policy purposes?
• What improvements may be needed?
• What areas may be investigated more thoroughly?
Abstract

THE ROLE OF INTERNATIONALLY COMPARABLE MICRodata FOR ECONOMIC ANALYSIS

Gert G. Wagner

Economic analysis is no longer a matter of analyzing time-series data only. Reanalyses of microdata are being used more and more often to examine economic and social dynamics – but most of this kind of analysis is done in a national context or as a comparison between two countries (or a small number of countries). It is obvious that large-scale international comparisons can enhance the power of microanalysis. But up to now, there have been very few international microdatabases available that allow easy handling of microdata for a large number of countries.

The paper gives a few examples of the advantages of flexible reanalysis of microdata. The main part of the paper discusses problems of setting up internationally comparable microdata sets. Not only is funding a problem, but the harmonization of data is as well. And at the end, there can be difficulties in creating possibilities for free access. Whereas the Luxembourg Income Study (LIS) can be regarded as a role model of a user-friendly high-quality database that is easy to analyze, the European Community Household Panel (ECHP) is an example of a microdatabase that calls for improvement. Finally, the potential role of OECD is discussed.
Role of Civil Society

Non-governmental organisations (NGOs) and other representatives of civil society help to improve public awareness of social trends by bringing statistics to their attention. Sometimes they challenge official figures. How can governments and NGOs work more constructively together?

Invited papers:

“Collaborating with Civil Society: Reflections from Australia”
by Jon Hall, David Yencken, Chris Carswell and René Jones

“Measuring and Monitoring Social Progress: Some Caveats from a Labour Perspective”
by Andrew Jackson

“Using Indicators to Engage Citizens: the Oregon Experience” by Jeffrey Tryens

Speakers

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<th>Jon Hall</th>
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<tr>
<td>Project Leader, Measures of Australia’s Progress, Australian Bureau of Statistics</td>
<td>Senior Economist, Canadian Labour Congress</td>
<td>Executive Director, Oregon Progress Board, United States</td>
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Chairperson

Hallgrimur Snorrason
Director General, Statistics Iceland

Discussant

Sean Healy
Director, CORI Justice Commission, Ireland
There are many reasons why those working on indicator initiatives have an interest in civil society. But two reasons stand out as particularly important. First, representatives from civil society can play a key role in shaping an initiative and are often important users of the indicators themselves. Second, the health of a country's civil society can impact on the progress a nation makes in many areas of economic, social and environmental concern. This paper discusses both aspects, though we focus on the former.

We begin by discussing the role civil society has played in developing three significant, but rather different, indicator initiatives in Australia: the Australian Bureau of Statistic’s Measures of Australia’s Progress; the Victorian State Government’s Growing Victoria Together; and the Tasmanian State Government’s Tasmania Together. As well as discussing why governments and civil society collaborate, we reflect on the styles of collaboration that work best from both parties’ perspectives.

We go on to present material that highlights Australian thinking around indicators of progress in the areas of social cohesion and governance, democracy and citizenship: areas that are intimately related to the health of our civil society.

Participants in the forum might like to discuss the appropriate level of engagement for civil society organisations in an indicator initiative and how best to ensure that engagement is achieved. They might also like to consider what styles of collaboration are most productive.
Abstract

MEASURING AND MONITORING SOCIAL PROGRESS: SOME CAVEATS FROM A LABOUR PERSPECTIVE

Andrew Jackson

It is now very widely recognized that GDP is a highly incomplete indicator of economic let alone social well-being, that summary labour market statistics such as the unemployment rate must be enriched through a wider range of indicators of labour market performance, and that social indicators are an important tool for analysis and policy-making. Accordingly, the OECD and some national statistical agencies have begun to make widely available a very wide range of indicators of economic and social well-being and progress.

Richer indicators have enriched policy analysis and debate, and some innovative and welcome attempts have been made (mainly by civil society organizations) to develop new aggregative indexes of well-being. However, beyond inherent conceptual and technical difficulties, wider reception of such efforts has been bedevilled by the absence of an underlying consensus on what constitutes social progress. We have a plethora of indicators, but little agreement on which ones deserve the closest attention and which ones should drive economic and social policy. At root, this is because the selection and privileging of social indicators is inevitably a political process, informed by interests and values.

It is argued that existing indicator systems developed by national and international statistical agencies are improving but tend to relatively discount some key issues which are highly relevant in measuring well-being and social progress from the material perspective of working people, and from the values perspective of democratic social citizenship. For example:

Societal averages and medians tend to be stressed in national reporting and international comparisons, as opposed to comparisons of distributions of outcomes. This is commonplace in comparisons of economic performance as between Canada and the US, and the US and the social market and social democratic countries of continental Europe, even though we know that the relative degree of inequality of income and wealth shapes a range of important social outcomes.

Issues of security and subjective well-being, especially with respect to the quality of working life, tend to be underplayed in monitoring and assessing labour market performance, helping privilege issues of job creation over issues of job quality. This is particularly the case in North America.

Issues of poverty and social exclusion tend to be stressed over issues of social inclusion, and we have largely failed to develop good indicators of social inclusion (eg weak connection of life-chances to social class origins; use and development of skills and capacities at work; active citizenship; spatial sorting and social distance by social class.)

From a gender equity perspective, there is a tension over use of individual versus family-level data, and underreporting of what happens in households and communities, as opposed to outcomes from labour markets and social programs.
Abstract

USING INDICATORS TO ENGAGE CITIZENS: THE OREGON EXPERIENCE

Jeffrey Tryens

In May 1989 Oregon's then-Governor Neil Goldschmidt unveiled Oregon Shines: An Economic Strategy for the Pacific Century. This strategic vision contained various initiatives meant to transform the state's economy and alter the way its citizens perceived themselves in the world. In 1991, the state legislature created the Oregon Progress Board (Board) to track progress toward achieving that vision. One of the Board's tasks was to create a set of societal-level indicators, called Oregon Benchmarks.

Chair by the governor, the Progress Board is made up of business, community and political leaders representing the "ethnic, cultural, social and economic diversity of the people of the state." The Board has little statutory authority over state agencies and none over other sectors of society. The Board's influence comes primarily from its association with the governor and its members' standing in their respective communities.

Engaging civil society in the Oregon Shines planning process has been a key ingredient since its inception. In its third biennial report, the Board declared "Never before has a state brought together so many public, private and non-profit organizations to pursue a shared vision and measure progress toward that vision." The Progress Board has used Oregon Benchmarks to engage civil society in five ways: 1) articulate a vision for a better future; 2) identify what matters; 3) encourage collaboration among disparate partners; 4) assess progress; and 5) improve state government performance.

In the early years, the benchmarks were primarily used to describe a preferred future. Visionary leaders and citizens thought big thoughts and honed in on a list of key indicators that would describe that vision. By developing future targets for the many indicators that emerged, the Board painted a vivid, optimistic picture of the state's future. Settling on a set of indicators that identified what matters most in creating that bright future took over five years. Civic leaders and interested Oregonians were deeply involved in both processes.

In phase two of the benchmarks' evolution, the Board put into motion a system that could drive change. Benchmarks became known as "magnets for collaboration" with numerous joint efforts launched. These processes usually involved public-private partnerships where leaders of civic organizations played a key role. More and more community leaders took notice of the benchmarks, realizing that the indicators could be used to focus disparate interests. A case study tells a cautionary tale about correlating collaborative activities with changes in indicator trends. This was also a period in which the Board modified many of the benchmarks targets to adhere to a criterion of "ambitious but realistic," downgrading many of the transformational targets that had been set originally.

Civil society is the recipient of benchmark analysis when the Board assesses progress. In biennial benchmark performance reports, the Board tells the citizens of Oregon how the state is doing in achieving the targets set out in the Oregon Shines planning process. Periodic reporting is the Board's "bread and butter" activity and the one it is most well known for in civil society. These reports are designed to remind Oregonians of that original, albeit dramatically toned down, optimistic vision for the future.

In 2001 the Board entered a third phase, focusing on implementing a performance measure system for state government that is linked to the Oregon Benchmarks. Again, civil society is a recipient of the information generated by the system which is designed to increase state government performance and accountability. Recently, the Board engaged a group of citizens to provide advice on how performance information can be made more "citizen-friendly." The author notes that without this ever more practical focus, the Board would not have survived in today's political and budgetary climate.

Over the past 14 years, Oregon's key indicators have evolved from the numerical manifestation of an idealistic future to tools for improving strategic alignment, especially for state government. Putting a set of
indicators in motion that can be both inspirational and practical is a challenge that every key indicator project must address when engaging civil society.
Advocacy and Numeracy: Helping the Public to Use Statistics

To be useful, information must be transformed into knowledge. What tools and methods are needed to improve the public’s ability to interpret data?

Invited papers:

“The Growing Demand for Statistical Information: Challenges and Opportunities” by Pilar Martín Guzmán

“Social Indicators and Indicator Systems: Tools for Social Monitoring and Reporting” by Heinz-Herbert Noll

“New Software Brings Statistics Beyond the Eye” by Hans Rosling, Anna Rosling Rönnlund, and Ola Rosling

Speakers

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<thead>
<tr>
<th>Pilar Martín Guzmán</th>
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<tr>
<td>Vice President, International Statistical Institute, Spain</td>
<td>Director, Social Indicators Department, Centre for Survey Research and Methodology - ZUMA, Germany</td>
<td>Professor of International Health, Karolinska Institute, Sweden</td>
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Chairperson

Marilyn Waring
Professor of Public Policy, Massey University, New Zealand

Discussant

Richard Denniss
Deputy Director, The Australian Institute
Abstract

THE GROWING DEMAND FOR STATISTICS: CHALLENGES AND OPPORTUNITIES

Pilar Martin-guzman

The last years have witnessed a dramatic increase in the demand for statistical information. As more and more decisions at supranational, national, local or even personal level are based on figures the use of statistics extends to most aspects of human life and organisation.

This sets a number of challenges that the statisticians have to face. The new demands that they have to satisfy can be attributable to a number of facts, mainly:

a) The traditional segments of users grow and extend, including new fields of interest

b) At the same time, new segments of users arise, and generate demands of a different kind and scope.

c) The social and economic changes induced by globalisation have to be accurately measured. That not only means new statistics to be produced, but also new difficulties in the process of data collection.

d) The users are becoming increasingly concerned about quality issues. This is a crucial point, as the credibility of statistics depends, to a great extent, on the image of quality as perceived by the users. But then, quality does not necessarily mean the same thing to users and to producers. It might even happen that different segments of users do not exactly agree on the meaning of quality.

e) Massive dissemination of the information in a friendly way is now a must for every organisation producing statistics.

Producers of statistics are now under the obligation to cover all these new demands in order to satisfy the different segments of users. But satisfaction is to a great extent a subjective issue. In order to generate a positive perception of the users, it is necessary to make them understand the correct use of statistics, and also its possibilities and limitations. Improving the statistical literacy of users at all levels is an additional challenge, but it is also an excellent opportunity to promote statistics as a tool for decision making.
Abstract

SOCIAL INDICATORS AND INDICATOR SYSTEMS: TOOLS FOR SOCIAL MONITORING AND REPORTING

Heinz-Herbert Noll

Starting from some general considerations on numeracy and the use of empirical evidence in policy making, the presentation will focus on social indicators and indicator systems as instruments for social monitoring and social reporting. In the initial section the functions, properties and possible uses of social indicators will be discussed more generally. The second and central part of the presentation will be focused on systems of social indicators as tools for comprehensive, systematic, and continuous societal monitoring in terms of living conditions, quality of life and structural change. The German System of Social Indicators, maintained by ZUMA’s Social Indicators Department, is one example for such indicator systems, which is in use for several decades now. The presentation will discuss principles and options of constructing indicator systems in more detail by referring to the ‘European System of Social Indicators’, which is currently being implemented by ZUMA’s Social Indicators Department. The “European System of Social Indicators” is considered as an instrument to continuously monitor the ‘social situation’ and societal changes in Europe. The conceptual framework and systems’ architecture have been developed as part of the EuReporting-Project funded by the European Commission. The indicator system covers altogether 13 life domains. Within each life domain, measurement dimensions and indicators are related to various aspects of the individual quality of life, as well as dimensions of social cohesion and sustainability as two mayor components of the “quality of societies”. Basic dimensions of the social structure are being covered, too. The indicator system currently includes more than 20 European countries, but also the U.S. and Japan as two important reference societies. At present there are time-series data available for around 500 indicators from 6 out of the projected 13 life domains. The final part of the presentation will discuss possible uses and applications as well as the limitations of making use of respective information in the policy making processes and beyond.
Abstract

**NEW SOFTWARE BRINGS STATISTICS BEYOND THE EYE**

Hans Rosling, Anna Rosling Rönnlund, and Ola Rosling

Swedish medical students were found to know less than the Chimpanzee about World Health. When ranking countries according to child mortality they scored below random. The reason was that they have preconceived ideas reflecting the State of the World 30 years ago. Students never had access to updated development statistic in a visual formate that could challenge their preconceived ideas. Starting from users need we therefore developed software for interactive visualisation of development statistics with moving graphics.

The aim is to enable broad target groups of computer users to acquire an evidence based world view using MDG and other basic socio-economic indicators for all countries. The representation of time by movement in scattergrams with carefully designed interfaces has proven to bring statistics beyond the eye to hit the brain. Using latest versions of program compilators for visual formate (FlashMX2004) we will provide the software in free modules. These can be used for interactive visualisation of large databases on websites with aha-effects and for making thematic animated presentations with considerable wow-effects. Free prototypes are available www.gapminder.org. The ultimate aim is to contribute to Internet search mechanisms for digital time series in standardised format. As happened with other digital information a standard formate for powerful visualisation can drive the process of standardised XML format for time series.
Indicators and Benchmarking

Key indicators provide “benchmarks” – examples of good performance against which policies can be measured and compared. How should benchmarks be developed and used? How reliable are they and what are the risks involved?

Invited papers:

“Indicators and Benchmarking as a Support to the Decision-Making Process: The Italian Experience in Active Employment Policies” by Aviana Bulgarelli

“New Public Management and the Legacy of Developmental State in Korea” by Chonghee Han

“Composite Indicators. The Controversy and the Way Forward. Joint OECD-JRC Handbook for Composite Indicators Quality” by Andrea Saltelli, Michela Nardo, Michela Saisana, Stefano Tarantola

Speakers

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<tr>
<td>Aviana Bulgarelli</td>
<td>Director General, Vocational Training and Guidance, Ministry of Labour and Social Policies, Italy</td>
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<tr>
<td>Chonghee Han</td>
<td>Senior Researcher, Policy Evaluation Center, Institute of Public Administration, Korea</td>
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<tr>
<td>Andrea Saltelli</td>
<td>Acting Head of Econometrics and Statistical Support to Antifraud Unit, Head of the Applied Statistics Group, Joint Research Centre of the European Commission</td>
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Chairperson

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<td>Carlo Andrea Bollino</td>
<td>Chairman, Independent System Operator (GRIN), Italy</td>
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Discussant

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<tr>
<td>Kei Takeuchi</td>
<td>Chairman, Statistics Council, Japan</td>
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Abstract

INDICATORS AND BENCHMARKING AS A SUPPORT TO THE DECISION-MAKING PROCESS: THE ITALIAN EXPERIENCE IN ACTIVE EMPLOYMENT POLICIES

Aviana Bulgarelli

Benchmarking can be helpful in at least two ways in the decision-making process. It can be used for a coordinated, consistent and systemic analysis of performance, possibly tied to a system of targets. It can also be used to identify the most effective intervention policies, models and instruments for achieving the targets and enabling good/best practices to be pinpointed and transferred in the various scenarios.

The adoption of the benchmarking tool in the European experience inevitably enhances the role of statistical information, not only for monitoring and evaluating interventions, but also for constructing and implementing the policy process. The European Employment Strategy, for example, is conceived as a "guided convergence" process towards quantitive targets and, at the same time, as a reference framework for a complex benchmarking exercise based on the open coordination method.

The paper analyses, first of all, the impact of this approach on the Italian experience in recent years. Reference is made not only to the social and labour policy programming model, reorganised for the first time into a global model, but also to the identification and the orientation of priorities for policies. As a result, the identification of a relevant – and feasible – common system of statistical indicators constitutes a strategic goal that has only been partly achieved to date.

The need to dispose of a vaster and better information capital – in terms of timeliness, comparability, pertinence, etc. – is not the only critical point to be dealt with. How can we obtain information that is really capable of guiding policy choices? How can we overcome the ex-post nature of benchmarking? How can we ensure a system consistent with the relevant level of the decision-making process? Basically, our attempt is to open a debate on how – and to what extent – it would be possible to raise the benchmarking system from a simple tool for comparing and analysing policy performance (performance gap) to an input – if not an authentic surrogate – of the evaluation process capable of guiding the decision-making process.
With doubt of generalized applicability of the NPM, the critics argue that the usefulness of NPM reforms in developing countries is slight at best. (Farazmand et al., 2001). In a bid to support this argument a case of NPM reform efforts in Korea, especially for the central government during the Kim, Dae Jung administration (1997-2001), is employed to critically assess the suitability of international benchmarking originated in developed countries. In explaining the limited applicability of NPM reforms in the Korean government an emphasis is on the legacy of the developmental state within the bureaucratic elite, where active state intervention guided the economy or society according to the state goal. The legacy is distinct from that of developed countries where liberal democracies, based on market economy featuring free competition, have been consolidated.

There is an underlying logic to the trajectory of administrative reforms towards the principles of market and business management, and there are strong pressures giving voice to this logic from such supra-national organizations as the IMF and WTO. At the same time, the reformers in the Korean government have pursued their aims within a framework of the government officials' embedded beliefs and institutional arrangements. Their battles are with a set of oppositional forces within the Korean administrative reform state and the way in which the government carries out the reform initiatives. Such battles are the primary explanation of the limited applicability of the NPM reforms in Korea. Put it generally, this suggests that administrative reform in a country should take account of his own distinct factors domestically in shaping his program of reform.

From this perspective, this article first outlines the character of the different settings where the NPM reform efforts have been made by contrasting them with those of developed countries. Second, it turns to the major reform measures: administrative reorganization, executive agency system, open personnel system, and performance-based pay system. The conclusions draw on this survey of the reform issues to critically assess the current achievements and their consequent problems, with a final word on strategies for successful NPM reforms in Korea.
Abstract

COMPOSITE INDICATORS: THE CONTROVERSY AND THE WAY FORWARD. 
JOINT OECD-JRC HANDBOOK FOR COMPOSITE INDICATORS QUALITY

Andrea Saltelli, Michela Nardo, Michaela Saisana, Stefano Tarantola

This presentation is inspired by a paper to appear on the journal of the Royal Statistical Society–A in 2005 [1],
to the handbook entitled ‘Handbook of recommended practices for composite indicators building’ being
jointly prepared by OECD and JRC staff, and a series of ongoing co-operations between the JRC and the
services of the European Commission (Economic and Financial Affairs, Internal Market, Enterprise, Research,
Information Society) on composite indicators and, last but not least, the Yale and Columbia Universities for
the World Economic Forum’s Environmental Sustainability Index.

After presenting an example of how Composite Indicators ‘naturally’ emerge in a context where country
performance is being benchmarked, we discuss some salient aspect of the Composite Indicators
Controversy, pitting “Aggregators” and “Non-Aggregators against one another, as well as known Pros and
Cons to the use of composite indicators (CI). We offer next some example of JRC experience in the quest for
a methodology for ensuring quality of CI, with worked examples such as the Internal Market Scoreboard and
CI, the CI on performance and progresses for the knowledge-based economy, the e-Business Readiness CI,
and the Environmental Sustainability Index already mentioned.

We discuss the equivalence between composite (as well as non composite, for that matter) indicators and
models, taking inspiration from the work of Robert Rosen, and analyse some current issues in CI building such
as the desirability (or otherwise) of correlation among sub-indicators. We review briefly the chapters of the
ongoing work on the handbook of recommended practices for CI building, thus illustrating aspects such as
normalisation, aggregation strategies and weighting. Robustness analysis, as part of CI quality, is tackled next,
based on quantitative uncertainty and sensitivity analysis methods [2].

[1] Saisana M., Saltelli A., Tarantola S., 2005, Uncertainty and Sensitivity analysis techniques as tools for the

Assessing Scientific Models, John Wiley & Sons publishers.
The interplay between the environment and economic and social policies has become better understood over recent years but no consensus exists as to how to measure it. How can governments improve environmental assessments and integrate policies more effectively?

**Invited papers:**

- “Composite Indicators of Environmental Sustainability” by Bedrich Moldan
- “The Reduction of Complexity by Means of Indicators - Case Studies in the Environmental Domain” by Walter Radermacher
- “Development of Environmental Performance and Sustainable Development Indicators: The Experience of Mexico” by Salvador Sánchez Colón

**Speakers**

- **Bedrich Moldan**
  Director, Charles University Environment Center, Czech Republic
- **Walter Radermacher**
  Vice President, Federal Statistical Office, Germany
- **Salvador Sánchez Colón**
  Director General for Statistics and Environment Information, Ministry of Environment and Natural Resources, Mexico

**Chairperson and Discussant**

- **Paolo Soprano**
  Director, Directorate General for Environmental Research and Development, Ministry for the Environment and Territory
- **Kenneth G. Ruffing**
  Deputy Director, Chief economist, Environment Directorate, OECD
Abstract

COMPOSITE INDICATORS OF ENVIRONMENTAL SUSTAINABILITY

Bedrich Moldan

Environmental indicators have been regularly and widely used for a long period of time by many intergovernmental and international institutions e.g. OECD, UN and its organizations and programs, EU, World Resources Institute. With the emergence of the idea of sustainable development since the Brundtland Report in 1987 the concept of the environment and inevitably the need for environmental indicators is changing. I propose to use the term environmental sustainability to stress the view of environment as one of the three pillars of sustainable development. In this respect specific requests arise for indicators of environmental sustainability in order to capture the relationship between environmental and other dimensions of sustainability. Indicators such as decoupling indicators are an example of this. There is also a growing demand for composite indicators able to cover the whole environmental pillar in some way. The rationale behind this request is obvious: Decision-makers as well the public at large would like to see at one glance “How we are doing in respect to environment”.

A successful indicator must satisfy three criteria: salience, credibility and legitimacy (ICSU, 2002). Salience means that the indicator is interesting, useful and relevant for the user. It must show something “that really matters”. The most important question then is: What is really important in respect to environmental sustainability? This question is the most important one and the paper focuses on this issue. The presented analysis is based on the scrutiny of the frameworks such as the Driving Force-Pressure-State-Impact-Response framework used by the European Environment Agency. As the user is mostly a decision-maker it implies a request for policy relevance. Policy implications should be obvious and unambiguous. Among other things the indicator should be able to serve as a benchmarking instrument, to show trends in time and set targets. Credibility deals with the scientific validity of the indicator i.e. quality of data used for its construction, the methodology of aggregation and other transformations, adequacy of presentation and similar issues. The third aspect is legitimacy which is the most difficult feature to define. It touches the perception of the indicator, its methods of construction and the competence of the producer itself as seen from the point of view of a wide range of potential users and stakeholders whose interests, values, or beliefs might be affected by the indicator. The most important stakeholder are national governments, businesses and civil society organizations. Recent history of the development of the “agreed set of indicators” by OECD or by the EU (the fourteen Structural indicators) shows that the issue of legitimacy is a crucial one.

So far several attempts were made to develop a usable composite indicator. A brief analysis of six such indicators is presented in this paper together with respective scores for G-7 countries: Environmental Sustainability Index (World Economic Forum), Well-being Index (IUCN), Ecological Footprint (Wackernagel&Rees), Living Planet Index (WWF), Total Material Requirement (Eurostat), and Dashboard of Sustainability (The Consultative Group). The salience, credibility and legitimacy aspects are compared with well-known composite indicators from other fields namely Human Development Index and Gross Domestic Product. As the analysis in the paper shows none of the analyzed indicators is a suitable candidate for a universally acceptable composite indicator. Our own proposal for a composite indicator based primarily on the concept of the pressure on environment called Geo-Biosphere Load (GBLoad) is presented. GBLoad is an aggregate of three components: indicator of material flow, indicator of energy use and indicator of the use of land. The resulting indicator tries to encompass not purely environmental phenomena but to capture also a crucial linkage to human activities.
Abstract

THE REDUCTION OF COMPLEXITY BY MEANS OF INDICATORS -
CASE STUDIES IN THE ENVIRONMENTAL DOMAIN

Walter Rademacher

The paper sheds light on the process of indicator-building and on the actors involved. It shows that the model of indicator-building presented is based on co-operation between the actors, that is politics, science, and statistics and that it enhances discussion with the general public - provided that the information is successfully transmitted.

Indicators should be scientifically consistent, empirically measurable and politically relevant. This triangle of objectives defines a quality benchmark for well balanced indicator sets. Since there is a trade-off between the three objectives it is however not surprising that indicator work in real life has normally produced results that are not satisfying with regard to at least one of the three objectives. Typical processes and shortcomings are the following:

- The policy driven process: Based on clear requirements of political users a selection and construction of specific indicators is done. The advantage is high relevance (for the respective decision process). The shortcomings are a lack of consistency / coherence and (consequently) missing sustainability of the indicator set.
- The scientifically driven process: This approach leads to the best indicators in theory. Since there are often problems in statistical measurements, it suffers however from not being helpful for real life decision processes.
- The statistically driven process: Here we have concrete figures as an advantage. But the other side of the coin is the great number of scattered and partial data which are (without further treatment) not adequate for decision makers.

To overcome the respective shortcomings, an approach is needed in which all three parties deliver their contributions for an indicator construction process. The paper presents such an approach and exemplifies the procedure in terms of case studies in the field of environmental indicators. Concepts of theory, data from statistics and values from politics are composed in order to achieve relevant indicators.
PLENARY ROOM
Thursday, 11th November 2004
16:30 - 18:15

Making Governments Accountable (Round Table)
Statistics are vital to improving public accountability. How can public auditors and others in society use indicators to increase the transparency of government policies?

Invited papers:
“Indicators and Public Accountability in India” by Vijayendra N. Kaul
“China’s Economic Indicator System and Government Auditing” by Li Jinhua
“Enhancing Public Accountability - National Performance Indicators and the Role of the Board of Audit of Japan” by Muneharu Otsuka

Speakers

Vijayendra N. Kaul, Comptroller and Auditor General, Government of India
Li Jinhua, Auditor General, National Audit Office, China
Muneharu Otsuka, Commissioner, Board of Audit, Japan

Chairperson

Arturo González-de Aragón, Superiior Auditor, Superior Audit Institution of Mexico
Abstract

INDICATORS AND PUBLIC ACCOUNTABILITY IN INDIA

Vijayendra N. Kaul

Use of indicators and the establishment of an infrastructure for gathering statistical information has been integral to the process of planned development in India. Ad hoc indicators have been developed and used for planning and evaluating public interventions. A major initiative was taken towards developing a comprehensive set of 70 indicators and three composite indices in the Human Development Report of 2001. Despite its contextual significance in aptly capturing the concerns of our people this effort was not able to address the growing importance of environmental issues and sustainability. The Government of India is now working on a comprehensive set of sustainable development indicators which will address the specific circumstances of the Indian reality.

In deference to stakeholder interests, SAI India has progressively been devoting greater attention to performance auditing which also evaluates the effectiveness of government programmes and schemes in relation to their objectives. Presence of a widely accepted system of indicators in economic, social and environmental areas would provide a uniform set of criteria for such performance audits. This will reduce the possibility of divergence of conclusions regarding efficacy of the success of government interventions, thereby enhancing the usefulness of performance audits.

Indicators play a more critical role in organizations which have progressed to result based budgeting. Since the key identifying feature in such a context is the emphasis on the outputs to be produced and the consequent outcomes, clarity and consensus on indicators becomes extremely necessary. Furthermore, since indicators become integral to stakeholder reporting, their independent external verification becomes essential. In its external audit assignments of UN agencies, SAI India regularly reviews indicators and their underlying assumptions and statistics.

Once a comprehensive set of indicators is adopted in India, we see a distinct role for SAI India in enhancing their reliability and usefulness. The indicators can themselves be subjected to audit scrutiny to seek an assurance on their policy relevance, analytical soundness, measurability, ability to aggregate information and capture the context and process, sensitivity, reliability and manageability. If targets and associated indicators are found to be technically sound then audit can examine achievements, reasons for delays and their consequences, costs and efficiencies of the policies used and forecast whether targets are likely to be met if current trends continue.

SAIs will need to address competence and capacity building issues vis a vis indicators and decide whether they should get involved in the process of their formulation.
Abstract

CHINA’S ECONOMIC INDICATOR SYSTEM AND GOVERNMENT AUDITING

Li Jinhua

Every year, over one thousand economic indicators are published in China of which GDP (gross national product) is the one most often referred to. Other major indicators in China include “registered urban unemployment rate”, “citizen’s consuming price index”, “fixed assets investment”, “residents income” and “international revenues and expenditures” et al.

The government must ensure the accuracy and effectiveness of national economic indicators and the development of the economy depends heavily on the reliability of these indicators. Auditing institutions, though not directly involved in making economic indicators, play an important role in ensuring the accuracy and usefulness of the indicators. This can be achieved first through ensuring the reliability of the indicators by disclosing any untruthful economic operations. Secondly, audit institutions can bring those indicators incompatible with each other to the attention of the government so that timely measures may be taken for the health of the economy. Moreover, auditing institutions can detect such problems in terms of the quality of economic development as unsustainable development and highly risky monetary operations and promote the adoption of more scientific and reasonable development concepts.

The practices of the National Audit Office of China (CNAO) in the past years have made audit institutions’ role in the above areas widely recognized by both the government and the general public.
Abstract

**ENHANCING PUBLIC ACCOUNTABILITY - NATIONAL PERFORMANCE INDICATORS AND THE ROLE OF THE BOARD OF AUDIT OF JAPAN**

Muneharu Otsuka

In recent years, public accountability to evaluation of public policy achievement and performance has been playing an increasingly important role due to the shift of emphasis from input toward output and outcome in the public sector management. This past development of public accountability implies that indicators have increasingly added its value. Recently, indicators have expanded its coverage and now play a bigger role than ever. In some countries indicators measure nationwide socio-economic progress, stimulate public debates, and help Government decide on important issues. Here, I tentatively call this National Performance Indicators.

In Japan, the Government has established its major indicators such as “People’s Life Indicators”. These are living standard indicators other than economic indicators like GDP. And recently the Japanese Government has developed “Life Reform Index” to evaluate the results of the incumbent cabinet’s Structural Reform Program directly influencing Japanese people’s living condition. However, so far there has been no move to establish holistic National Performance Indicators in Japan.

Like other countries, Japan has a possibility to develop National Performance Indicators. If they are developed, the Board of Audit of Japan would take much interest in the processes of the Japanese Government’s indicators development because it would much contribute to upgrading quality of Government activities and eventually enhance people’s living standards.

SAI should shift priorities in viewpoints of audit, audited bodies, audit areas, as the country’s socio-economic conditions change. The SAI audit of National Performance Indicators I believe will be sooner or later one of the top priority areas in future not only in Japan but also in many other countries in the world.
The development of the information society changed several paradigms. How can we measure the economic and social aspects of the information society? How is policy making affected by the existence of the information society?

**Invited papers:**

“Information Society, from Statistical Measurement to Policy Assessment” by Tony Clayton

“The Use and Abuse of Real-Time and Anecdotal Information in Monetary Policy Making” by Evan F. Koenig

**Speakers**

**Tony Clayton**
Head, New Economy Measurement, Office for National Statistics, United Kingdom

**Kaija Hovi**
Director of Business Structures, Statistics Finland

**Evan F. Koenig**
Senior Economist and Vice President, Federal Reserve Bank of Dallas, United States

**Chairperson**

**Jan Fischer**
President, Czech Statistical Office

**Discussant**

**Luc Soete**
Professor of International Economics, Maastricht University and Director of the Research Institute MERIT, The Netherlands
Almost a decade on from the start of widespread official statistical interest in information society measurement, our understanding of social and economic changes associated with the field is still developing. In some areas technology development is still outstripping our ability to change organisational and legal frameworks to use the information it provides. In most, its effects on behaviour and economic performance are still working themselves out.

The range of statistical measurement issues posed by the Information Society range from the macro economic challenge of the 'new economy', through understanding sector and firm level effects on behaviour and economic performance, to the results for lifestyle and income of households. In each area, the impact of information and knowledge has continued to grow. However, for many countries the most difficult area to enumerate and analyse has been the one closest to policymakers and managers - the world of electronic government.

UK attempts to measure the effectiveness of policy in this changing environment have set out to combine hard statistics on outcomes at micro and macro levels with more case based evidence on the impact of policy. ONS has worked with other areas of government, with international bodies and with the private sector, to develop frameworks for benchmarking UK progress comparing best practice for citizens, for enterprise and in government, and using the results to redefine policy priorities.
Abstract

MEASUREMENTS IN SUPPORT OF POLICY DECISIONS

Kaija Hovi

In Finland, the information society is seen as a central issue in the reforming of the economy and public administration. Keen to monitor progress, in its first national information society strategy, given as far back as in 1995, the Government charged Statistics Finland with the responsibility to provide reports at regular intervals and conduct occasional studies on the programme's impacts on society. There must be a link between policy and the measurement of its efficiency - in other words, statistics. Giving out a strategy means that we should also be able to measure the development towards the targets set in it.

The aim of the current Government Information Society Programme, launched in 2003, is to improve competitiveness and productivity, promote social and regional equality, and improve citizens' well-being and quality of life through effective use of information and communications technologies. The impact indicators are clearly expressed and include several statistical indicators for the measurement of the development. Statistics Finland has been able to provide policy makers with a considerable volume of statistics on the realisation of the development of the information society.
Abstract

THE USE AND ABUSE OF REAL-TIME AND ANECDOTAL INFORMATION
IN MONETARY POLICY MAKING

Evan F. Koenig

The main message of this paper is that policymakers should not necessarily take official government statistics at face value, and should be open to alternative sources of information, including anecdotal reports and surveys. Specific instances are cited where official statistics have been misleading and where anecdotal or survey information has provided early warning of important changes in the economy.

Policymakers know not to put their faith in data series that are subject to large revisions. However, they often fail to recognize the extent to which the forecasts and policy advice they receive comes from models that are estimated and evaluated ignoring revisions, and whose performance, therefore, is at once sub-optimal and overstated. In much the same vein, policy rules that seem to perform well in after-the-fact evaluations often perform poorly in real time.

Recent research has shed light on how forecasting relationships are properly estimated when data are subject to revision, and has demonstrated that the payoff to correct estimation is often substantial. Archival requirements are not as onerous as might be expected, and historical vintage data sets have become more readily available.

The extent to which anecdotal reports and qualitative surveys are useful supplements to official statistical releases is underappreciated. Such reports and surveys are often more timely than official statistics. Moreover, respondents seem to filter out some of the short-term noise that makes economic turning points difficult to recognize in real time. Of course, skill and care are required when interpreting qualitative information just as much as when interpreting quantitative data. It helps if the qualitative information is collected from a large number and variety of sources, and if continuity of sources is maintained over an extended period. A geographically decentralized institutional structure, like that of the Federal Reserve, facilitates the flow of anecdotal information to policymakers.

Financial asset markets are forward-looking. Financial asset prices are available almost continuously and are not subject to revision. Consequently, these prices might seem to be ideal forecasting tools. Unfortunately, however, the links between asset prices and the real economy are not always straightforward, and the policy expectations implicit in asset prices are sometimes unrealistic.
Regional Indicators and Fund Allocation

Regional Indicators and Fund Allocation

Indicators are often used to allocate regional funds and conduct local policies. But using national indicators as a basis for regional policy can create problems. Important local particularities are sometimes overlooked. How can potential conflicts of interest be identified between national and local initiatives in developing statistics?

Invited papers:

“International Benchmarking as a Tool for Regional Policy Making: Experiences and Challenges”
by Christoph Koellreuter

“The Spatial Monitoring System of the German Federal Office for Building and Regional Planning (BBR) as a Tool for Political Counselling - From the Measurement of the Equality of Living Conditions to the Measurement of Sustainable Development” by Wendelin Strubelt

Speakers

Christoph Koellreuter
Managing Director and Chief Economist, BAK Basel Economics, Switzerland

Wendelin Strubelt
Vice President and Professor, Federal Office for Building and Regional Planning, Germany

Chairperson

Giandomenico Magliano
Director General for Multilateral Economic and Financial Co-operation, Ministry of Foreign Affairs, Italy

Discussant

Bernard Morel
Director, Territorial Development Delegation, France
Globalisation of markets and economic activities represent challenges that companies and governments can meet only through continuous adaptation and innovation. When it comes to the latter, the regional level is particularly important, because it is there where new knowledge is primarily commercialised into innovative products and production processes. Thus the creation and maintenance of innovation friendly framework conditions have become an important policy issue at the regional level.

This paper shows the principles of regional benchmarking and its role in regional policy making. First, the origins of benchmarking are discussed and how it finally arrived in the sphere of regions. Second, the specific requirements international regional benchmarking has to meet are elaborated before an example of international regional benchmarking – the IBC BAK International Benchmark Club1 – is presented. The paper concludes with a discussion of the main uses of international benchmarking by regional policy makers and members of the regional civil society.

International regional benchmarking is an attractive tool for dealing with the effects of political fragmentation and/or overcentralisation, in developing a coherent vision for the region, for regional consensus building and last but not least for the development, implementation and controlling of policies having an impact at the regional level. Prime policy areas for international regional benchmarking are education, research and development, regulation of markets, taxation, social policies and infrastructure.

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1 launched by BAK Basel Economics, founded and headed by the author
Abstract

THE SPATIAL MONITORING SYSTEM OF THE GERMAN FEDERAL OFFICE FOR BUILDING AND REGIONAL PLANNING (BBR) AS A TOOL FOR POLITICAL COUNSELLING – FROM THE MEASUREMENT OF THE EQUALITY OF LIVING CONDITIONS TO THE MEASUREMENT OF SUSTAINABLE DEVELOPMENT

Wendelin Strubelt

The paper deals with the spatial monitoring system of the BBR, which has been in existence since the middle of the seventies. It covers the regional (spatial) differentiation of Germany.

At the beginning of the paper, the special problems of the spatial development of Germany after unification are shown and discussed. In the second part, the fundamental construction of this spatial monitoring system is presented. In the third part will be a presentation about the possibilities to measure sustainable development as a new overall target for spatial development within the context of this system.

Finally, the question is raised how this national system should be transferred into a European one. Some steps are taken by the European Spatial Planning Observatory Network (ESPON) process of the European Union. However, there is still the question, if in the context of the OECD similar approaches can be made.
EX DEPOSITO LOCOMOTIVE ST ERASMO

Thursday, 11th November 2004
20:30 - 23:00

Keynote Speech

Speaker

David M. Walker
Comptroller General,
Government Accountability Office, United States

Chairperson

Carlo Negrini
Vice President,
Credito Siciliano SpA, Italy
PLENARY SESSIONS
PLENARY ROOM
Friday, 12th November 2004
9:00 – 10:15

Measuring Australia: Lessons from the Key Indicator Initiative
Australia has already implemented a system of key indicators. How was it set up? How is it performing and what is the public’s reaction?

Invited paper:
“Measures of Australia’s Progress - A Case Study of a National Report Based on Key Economic, Social and Environment Indicators”
by Dennis Trewin and Jon Hall

Speaker

Dennis Trewin
National Statistician,
Australian Bureau of Statistics

Chairperson

Francesco Olivieri
Ambassador,
Delegation of Italy to the OECD

Discussants

Kathleen Cooper
Under Secretary for Economic Affairs,
Department of Commerce,
United States

Heli Jeskanen-Sundström
Director General,
Statistics Finland
Measuring a nation's progress - providing information about whether life is getting better - is one of the most important tasks that a national statistical agency can take on. For almost 100 years, the Australian Bureau of Statistics has been measuring Australia's progress through the multitude of statistics we publish relating to Australia's economy, society and environment. However, for the most part, our statistical publications have tended to focus on each of these three broad areas in isolation.

Recent years have seen growing public interest in the interrelationships between economic, social and environmental aspects of life. The 1992 Earth Summit in Rio de Janeiro was a catalyst for discussion, as were calls for better measures of social concerns to supplement the System of National Accounts. There is a great deal of interest as well in developing a broader set of economic statistics that give values to things hitherto left outside the traditional economic system. Around the world a consensus is growing that countries and governments need to develop a more comprehensive view of progress, rather than focusing mainly on economic indicators such as Gross Domestic Product.

To address this issue and to contribute factual information to the discussion on progress, the Australian Bureau of Statistics (ABS) has produced two volumes of Measures of Australia's progress (MAP), the most recent in April 2004. It plans to update the publication on an annual basis. It was an intentionally experimental publication. I noted in the Foreword that the project was ambitious, and one that would develop over time. We sought comments and received a lot of feedback, most of it favourable. This encouraged us to continue with the development.

In this paper, I will provide more information on the driving force that led to MAP; describe the publication; the underlying logic and the reasons we chose this logic; the indicators and the steps we undertook to agree on the indicators; and the choices we made on how to present the indicators. I will also describe the public reaction, both positive and negative, and the influence the publication has had particularly on policy debate. Of course, there are lessons learnt from an experiment like this and they are summarised. Finally, I will outline our future plans with MAP.
Ireland: When EU Indicators are not enough

Ireland has recently published its first report based on national key indicators of structural policies. How do the results from this national initiative compare with those of the European Union?

Invited paper:
“Statistical Indicators for Broad Policy Purposes in Ireland – Developing the Consensus between Statistics and Politics”
by Donal Garvey

Speaker
Donal Garvey
Director General,
Central Statistics Office,
Ireland

Chairperson
Andrea Gavosto
Chief Economist,
Telecom Italia, Italy

Discussants
Abdülkadir Ates
Rapporteur of the Enlarged Parliamentary Assembly of the Council of Europe on “OECD and the World Economy”, Member of the Turkish Parliament
Svein Longva
Director General,
Statistics Norway
Abstract

STATISTICAL INDICATORS FOR BROAD POLICY PURPOSES IN IRELAND -
DEVELOPING THE CONSENSUS BETWEEN STATISTICS AND POLITICS

Donal Garvey

In December 2003 the Central Statistics Office published 'Measuring Ireland's Progress' - a Report containing 108 indicators covering 48 domain themes. The purpose was to present a manageable set of indicators which, taken together, would broadly summarise the progress being made in Ireland in achieving desirable outcomes for society. More than half of the indicators relate to social domains, reflecting the emphasis on societal outcomes as the ultimate aim of policy measures. The other indicators cover the economy, innovation and the environment.

This paper describes the institutional and political environment in which the need for a set of indicators was discussed and developed. The relevance of discussions at Social Partnership which, since 1987, has been a key basis for government policy making, is described. The links which were made between ideas being developed by the National Statistics Board and the discussions at Social Partnership were particularly important. The actual set of indicators was chosen independently by the CSO and the rationale behind the choices made is described. In conclusion, the paper reflects on the media, policy and political reaction to the publication and where the future might lie.
PLENARY SESSION

Friday, 12th November 2004
12:00 - 13:00

“Visionary” Speech

Speaker

Jean-François Rischard
Vice President for Europe,
World Bank

Chairperson

Lucio Stanca
Minister for Innovation and Technologies,
Italy
PARALLEL SESSIONS
PLENARY ROOM
Friday, 12th November 2004
14:15 – 16:00

Statistics for Society

How can statistics be designed to help governments tackle social problems such as social exclusion, the impact of unemployment or the difficulties faced by the elderly? How can countries with very different social systems be compared and analysed?

Invited papers:

“Indicators and Social Accounting for 21st Century Social Policy” by Gosta Esping-Andersen

“Social Inclusion: Do We Have the Right Indicators?” by Bjørn Hvinden


Speakers

Gøsta Esping-Andersen
Professor,
Pompeu Fabra University, Spain

Bjørn Hvinden
Professor,
University of Science and Technology, Norway

Kenneth Tallis
Head of the Resources Division,
Australian Institute of Health and Welfare

Chairperson

Annie Fouquet
Director, Directorate for Statistics, Evaluation and Research, Ministry of Employment and Social

Discussant

John Martin
Director,
Employment, Labour and Social Affairs Directorate, OECD
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Abstract

INDICATORS AND SOCIAL ACCOUNTING FOR 21ST CENTURY SOCIAL POLICY

Gøsta Esping- Andersen

The way we measure social welfare has changed very little over the past century. First, we still rely primarily on cross-sectional headcounts -- snapshots of, say, the number poor, unemployed, or lone mothers in any given year. These may signal the magnitude of a problem but for policy-making they are of limited value. We need indicators that better identify the mechanisms that trigger an entry into and exit out of poverty or unemployment. We need information that tells us the reasons why some are more persistently poor or unemployed than others. Hence, we need to capture the dynamics that define life chances.

Secondly, the social accounts we use to measure government inputs easily yield a distorted picture of real social spending (and financing). The challenge is to construct a system of global, consolidated accounts, including not just public but also private welfare inputs and consumption. And thirdly, our social protection systems are in rapid transformation, above all moving from conventional ‘passive’ income maintenance towards an increasingly service intensive and ‘activating’ approach. A growing share of social outlays will inevitably have an investment character in the sense that an intervention now can yield long run dividends for both the individual and for society as a whole. The challenge is to distinguish social investments from social consumption.
In this paper I will discuss what indicators we need to capture the important aspects of social inclusion. This paper will make the following points:

• Many indicators in use are the result of unhappy compromises between the ideally desirable and the economically or technically most feasible. Partly for this reason indicators in use tend to focus on access to material resources or purchasing power and neglect people’s scope for using these to improve their situation in a somewhat longer time perspective.

• The total menu of indicators in use is biased towards characteristics of individuals or households, e.g. what they have in the way of incomes and paid work, knowledge, health or social contacts. Usually we learn much less about what characterise the social contexts or environments where these individuals or families operate, e.g. whether poor and unemployed people live in neighbourhoods or communities where most others are also poor and unemployed, or whether these environments are more mixed and heterogeneous.

Behind these criticisms there are obviously more general issues of what social inclusion and exclusion should mean, and what we assume to be the most important factors leading to social inclusion or exclusion. The paper will touch upon the issues of definitions and causal mechanisms but concentrate on the pictures of inclusion and exclusion given by indicators in use, and discuss some possible improvements of these.
SOCIAL INDICATOR SYSTEMS - FOUNDATIONS FOR POLICY DESIGN AND EVALUATION?

Kenneth Tallis

The paper takes as its departure point the following version of a key question being addressed at this Forum:

What is required if one is to create a suite of social indicators that will guide decision making, especially the design and evaluation of social policy?

It takes as an axiom that proposition that a good system of social statistics is an essential foundation for decision making. The paper argues, however, that 'social statistics' cover a very broad spectrum of products and activities – ranging from comprehensive national (or regional or global) social information systems to integrated social accounts and suites of social indicators. If one is thinking of investing in a suite of social indicators on the grounds that it will be a guide to policy, then one must be confident that developing indicators is a better investment than some other statistical activity. And, to be confident of that, one must have established both the scientific basis for creating a defensible suite of indicators and the institutional basis for applying the indicators (that is, for translating the knowledge embodied in the indicators into policy).

The paper argues that social statistics can support several different phases of policy, such as – policy focus (drawing attention to aspects of society that merit attention or intervention); policy design (developing a detailed strategy for a social intervention or for creating an environment in which social improvement can occur); and policy evaluation (assessing the effectiveness of interventions in achieving desired social outcomes). A suite of social indicators should certainly be an effective aid to the first phase, is probably an inferior aid to the second, and may or may not aid the third.

To flesh out the arguments, the paper draws on a case study, namely, Australian experience in creating and applying a suite of indicators that measure the performance of the health system (the 'NHPI' – which encompasses indicators for health status and outcomes, the determinants of health and the performance of health services). At first glance, this is a somewhat constrained illustration of the Forum’s theme – it covers only one dimension of social issues, and it relates mainly to national or subnational, rather than international, indicators. Nevertheless, the experience is relevant because the NHPI (unlike many suites of indicators) was explicitly developed with the aspiration that it would be used to guide policy action, by making visible:

- Where the eight Australian states and territories are positioned relative to one another in matters of health, and where Australia is positioned relative to other developed countries.
- What progress in matters of health has been experienced by Australia as a whole and by the states and territories.

The paper summarises lessons from the NHPI regarding the statistical and institutional bases for creating and applying a suite of policy-relevant indicators.

The paper concludes by exploring (and inviting discussion of) the extent to which lessons drawn from the Australian NHPI are generalisable to other dimensions of society and to other national or international efforts to develop suites of social indicators.
Scoops and Statistics: Role of Media (Round Table)

Too often the media’s preference for eye-catching stories and their tendency to use statistics to focus on the “best” or the “worst” cases can distort the way data is perceived by the public. At the same time, the Internet has made statistics and information more accessible but online data is not always of a high quality. How can the media help the public understand often complex information?

Invited papers:

“Agree on Numbers While Discuss on Words. Or is it the Other Way Around?” by Luca de Biase

“Informing with statistics: two years with www.lavoce.info” by Tito Boeri

“Good and Bad in Britain - And What the Press Makes of It” by Simon Briscoe

“The Coefficient of Cynicism – Messengers and Misconceptions in the Age of Mistrust” by David Walker

Speakers

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<th>Luca de Biase</th>
<th>Tito Boeri</th>
<th>Simon Briscoe</th>
<th>David Walker</th>
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<tr>
<td>Journalist and writer, Italy</td>
<td>Professor of Economics and Scientific Director, Bocconi University and Rodolfo DeBenedetti Fondation, Italy</td>
<td>Statistics Editor, Financial Times, United Kingdom</td>
<td>Editor, The Guardian Public Magazine, United Kingdom</td>
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Chairperson

Chris Brooks
Director, Public Affairs and Communication Directorate,
Abstract

AGREE ON NUMBERS WHILE DISCUSS ON WORDS. OR IS IT THE OTHER WAY AROUND?

Luca de Biase

Numbers are objective. Words are difficult to define. Thus goes the common sense. And this makes numbers a perfect tool for sharing ideas, while words are tricky and easily misconstrued. Economic and general journalism share this notion: adding numbers in any way possible to an article will make it more credible. But discussing too much the meaning of those numbers would spoil the effect. Using some examples from real life, this paper discusses the role of statistics as a communication tool and the power of the sources of these numbers in the media: which is more important, the quality of numbers or their ability to fit in prevailing journalistic frames?
Abstract

GOOD AND BAD IN BRITAIN - AND WHAT THE PRESS MAKES OF IT

Simon Briscoe

Statistics-based performance measures have been creeping up on Britons for years but they mushroomed in their number and grew in importance after the 1997 election of a Labour government. We were flooded with all sorts of measures and did not know what to make of it. Now we can look back at that experience and see what was good and bad - there are plenty of examples of both - and look to the future.

This paper will look at the institutional, cultural and statistical changes that are required in the years ahead if the current set up is going to be materially improved. There are some signs of hope but until there is a fair and reasoned framework for the debate on targets and performance indicators, it is hard to be sure that society is benefiting and the right policies are being pursued. When the framework is good, the media coverage will improve.
Abstract

THE COEFFICIENT OF CYNICISM - MESSENGERS AND MISCONCEPTIONS IN THE AGE OF MISTRUST

David Walker

Across the OECD there is evidence of “civic cynicism”. Electoral turnouts fall; people express lack of confidence in public officials, though evidence of systemic distrust is rare. One casualty of this mood are state numbers. Distrust coupled with prevailing misunderstanding of political arithmetic help explain what in the UK has become a marked perceptions gap – a growing divergence between “objective” accounts of public policy and people’s beliefs about policy outcomes. Media structure, processes and culture play a weighty part in shaping public attitudes. This paper seeks a) to explain the part played by communications media in statistical misunderstanding; b) to suggest policy and other changes to restore balance in public and state accounts of policy.
Politics and Statistics

To be reliable, statistics must be produced according to professional considerations. What safeguards can be imposed to minimise the manipulation of statistics for political ends? How can policy makers promote the development and the use of key indicators?

Invited paper:
“The Use of Indicators for Better Policy-Making”
by Lorenzo Bini Smaghi

Speakers

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<th>Lorenzo Bini Smaghi</th>
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<td>Director General,</td>
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<td>International Financial Relations,</td>
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<th>Miguel Székely Pardo</th>
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<td>Vice Minister of Prospective,</td>
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Chairperson  Discussant

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<th>David Sampson</th>
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<td>Assistant Secretary, Economic Development Administration, Department of Commerce, United States</td>
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<th>Ian Ewing</th>
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<td>Deputy Government Statistician, Statistics New Zealand</td>
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ROOM ONU
Friday, 12th November 2004
14:15 – 16:00

Using Knowledge to Boost Competitiveness

Knowledge is crucial to competitiveness. But investment in the public statistics needed to contribute to a knowledge-based economy is often inadequate. How should such indicators be developed?

Invited papers:

“The Impact of Statistics on a Competitive and a Knowledge-Based Economy” by Adelheid Bürgi-Schmelz

“Human Capital, Growth and Competitiveness: The OECD Role on the Supply Side” by T. Scott Murray

“A Model to Benchmark Innovation Capacity - The Need for Global Indicators” by Jørgen Rosted

Speakers

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<th>Adelheid Bürgi-Schmelz</th>
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<th>Jørgen Rosted</th>
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<tr>
<td>Director-General, Federal Statistical Office, Switzerland</td>
<td>Director General, Institutions and Social Statistics, Statistics Canada</td>
<td>Director, The Danish National Agency for Enterprise and Housing</td>
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Chairperson

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<th>Nobuo Tanaka</th>
<th>Kiyohiko Nishimura</th>
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<tr>
<td>Director, Science, Technology and Industry Directorate, OECD</td>
<td>Executive Research Fellow of Economic and Social Research Institute, Professor of Economics, University of Tokyo and Member of Statistics Council, Japan</td>
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Abstract

THE IMPACT OF STATISTICS ON A COMPETITIVE
AND A KNOWLEDGE-BASED ECONOMY

Adelheid Bürgi-Schmelz

Competition means to strive to outperform others, consciously or unconsciously, with respect to an objective such as profit, speed, quality, volume, position or prize. It means to be in a state of rivalry. Within the context of the global economy, success requires more than the conventional means, i.e. natural resources, labour and availability of capital.

Success in such an economic competition requires considerable know how in the respective areas. We will look at some of the most common success factors and the corresponding comprehensive indicators. Science and technology indicators as well as indicators for the human capital will be considered including some scoreboard results.

These indicators are the result of scientific methods applied in official statistics. This leads to the role of official statistics in a knowledge based economy. While official statistics cannot present a simple equation that explains everything, the direct and indirect success factors, contributing to a competitive and knowledge based economy, it can help to identify key success factors, interdependencies and thus, hopefully, lead to adequate political decisions that enable economic growth.

In order to illustrate this role, several examples are presented. They show the close cooperation between politics and official statistics in important areas on the Swiss political agenda.

There is no silver bullet that allows for achieving a higher level of competitiveness in knowledge-based economies. But there is hope: Statistics, i.e. knowledge itself, is an excellent means to identify strengths and weaknesses of an economy. Based on the evidence gained, politicians can and should take measures to further develop the competitiveness of their respective countries.
Abstract

A MODEL TO BENCHMARK INNOVATION CAPACITY -
THE NEED FOR GLOBAL INDICATORS

Jørgen Rosted

The remarkable macroeconomic performance in some OECD countries in the late 1990s led to the debate about a New Economy. Especially, the very high growth in multifactor productivity (MFP) in some OECD countries attracted much attention. MFP growth explained more than 50% of GDP growth in the last part of the 1990s in 8 of the 14 countries with comparable data. MFP used to be viewed as a small unexplained residual, but the current high contribution from MFP to overall GDP growth suggested that understanding the drivers of MFP was the key to increase GDP further.

The main driver of MFP can broadly be defined as innovation capacity. I present a new model to benchmark innovation capacity across OECD countries. The benchmark model is based on four areas that seem to be the principal factors of innovation capacity. The four factors are: “human resources”, “knowledge building and knowledge sharing”, “ICT” and “Entrepreneurship”.

The objective is to identify the most important policy areas for MFP growth. This is done through four steps. First, performance for each of the four principal factors is defined, and top performing countries are selected for further analysis based on relevant indicators. Second, indicators of the business environment, or so-called framework conditions, for each of the principal factors of innovation capacity are collected and analysed. Third, the critical areas of the business environment are identified for each principal factor using both benchmarking and regression techniques. Fourth, the effective micro-policies implemented in top performing countries for the critical areas of the business environment are identified.

Currently, Denmark has a first version of the analysis for all four principal factors. This work gives us a unique insight to the policy challenges for Denmark and has lead to several new policy initiatives. The ambition is to update this work each year, so that it becomes a cornerstone in Danish policy making.

However, the work has shown an enormous lack of indicators. A total of 181 indicators are used so far. Some areas are well documented, e.g. many, high-quality indicators are available for areas such as educational attainment and digitalisation of educational institutions. Other areas lack data of high quality, e.g. the number and quality of knowledge workers, commercialisation of research and growth in new firms. This lack of indicators has great consequences for our ability to perform informed policy-making. Something needs to be done.

I propose that the OECD is the right place to build and collect these new indicators and that this area should be given considerable more attention within the OECD.
Technological and institutional changes have had a major impact on education, health and other public services. The measurement of these changes, often carried out by the administrations themselves, varies in quality. This data is nevertheless used as the basis for funding the services. How can public policy evaluation be improved?

**Invited papers:**

- "Performance Monitoring in the Public Services: Examples from UK Criminal Justice" by Sheila Bird
- "Indicators for Good Governance. Indicators on Public Administration – Democracy, Efficiency, Due Process of Law" by Richard Murray
- "US Healthy People: Three Decades of National Health Goals" by Edward Sondik

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**Speakers**

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<th>Sheila Bird</th>
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<td>Chair of the RSS Performance Measurement Working Group</td>
<td>Chief Economist, Agency for Public Management, Sweden</td>
<td>Director, National Center for Health Statistics, Center for Disease Control Prevention, United States</td>
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**Chairperson**

Pia Marconi
Director General, Office for Innovation in Public Administration, Department of Public Administration, Italy

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**Discussant**

Odile Sallard
Director, Public Governance and Territorial Development Directorate, OECD
Abstract

INDICATORS FOR GOOD GOVERNANCE. INDICATORS ON PUBLIC ADMINISTRATION - DEMOCRACY, EFFICIENCY, DUE PROCESS OF LAW

Richard Murray

Indicators may serve different purposes: for a ministry to control an agency, for rewarding staff, for controlling compliance, mobilizing personnel and many more. In this connection I will deal with indicators for the purpose of evaluating and understanding what is going on in governments, on a macro level. There may be an overlap of uses, but I will leave management use of indicators aside for the present.

Government is many things: education, defense, communications to name a few. Good governance may to some extent be inferred from statistics and indicators on these policy areas. One example is Education at a Glance. OECD/PUMA is presently considering an equivalent publication: Administration at a Glance. What would that entail if we rule out policy areas like the ones mentioned?

For public policies to function there is a need for an efficient public administration. The public administration is a foundation upon which collective action - democracy - may be practiced. Regardless of for what purpose or policy area. Public administration is not an end in itself - it serves other purposes. But it has to live up to certain requirements if it is to serve as a vehicle for collective action. Wherever you want to go, the car needs to be in good shape.

What are these requirements? It could be that government is seen mainly as an instrument for fostering growth and material well-being. The theory of institutional economics makes this plausible. That theory specifies certain requirements of government institutions that are needed for this purpose. These requirements need not have anything to do with democracy, although Putnam suggests favorable conditions for the civil society.

A broader view of government would include efficiency, regardless of what program or policy it is to support. Still this has little to do with democracy, unless efficiency is defined to take into account adherence to the will of democratically elected representatives.

Today democracy is defined more inclusive than before, stressing human rights. This means that public administration must not only be a loyal and efficient implementer of the will of democratically elected representatives but also a safeguard for citizens rights and possibilities of making themselves heard. This in turn means we have to draw a line between constitution and politics on the hand and public administration on the other so as not to meddle in the political sphere.

This then, defines the area of public administration, that may be subjected to indicators. It is a definition in two dimensions: its aims or values - to be efficient, support democracy, guarantee the rule of law and maybe others like economic growth - and by what means that is to be achieved, delimited to general means of shaping public administration such as its organization, internal regulation, supply of resources, research and development, external regulation, steering and control.
Entrepreneurs represent a fundamental component of today’s society. What should be their role in developing key indicators? How can businesses use their own statistics to contribute to the development of shared public knowledge?

**Invited papers:**

“Data Between Private Sector and Public Sector” by Nevenka Pergar

“How to Design Sound Policies without Statistical Data!” by Oktay Varlier

**Speakers**

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<th>Nevenka Pergar</th>
<th>Emilio Rossi</th>
<th>Oktay Varlier</th>
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<tr>
<td>Board Member, AKTIVA Invest, Slovenia</td>
<td>Managing Director, European Consulting Global Insight</td>
<td>Senior Vice President, Executive Board Member, Alarko Group of Companies, Industrialists’ and Businessmen’s Association Economic Policy Committee, Turkey</td>
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**Chairperson**

Bruno Lamborghini
Vice Chairman of Business Industry Advisory Committee to the OECD and President of the European Information

**Discussant**

Amaido Abruzzini
Secretary General, Eurochambres - Association of European Chambers of Commerce and Industry
| Technology Observatory |   |
Abstract

DATA BETWEEN PRIVATE SECTOR AND PUBLIC SECTOR

Nevenka Pergar

To make growth sustainable publishing the numbers and fostering public debate about their analysis and the reasons for their creation is of paramount importance. The public debate informs the agents about the direction action should take. Counting alone doesn't count!

What enables growth of a singular enterprise to transcend onto an entire economy is transparency, accountability and the private and public incentives that come with it.

Businesses have always had a very strong incentive to operate with clear and unbiased indicators to establish their business situation (market position, internal efficiency) and use the analysis of their performance indicators to inform strategic discussion and negotiations. To make useful decisions, business and academia have come up with independent instruments.

- Presentation of performance measurement option: DuPont system, EVA
- Presentation of application of analysis and enforcement tool BSC in AKTIVA for a private international business and investment conglomerate.
- Applicability of tools to the public sector; special emphasis of creating and sustaining incentives.

Conclusion

Government has to make sure private data exchange is possible, responsible treatment of the data is enforced, and privacy of data within and between collecting, analyzing, concluding and recommending entities is ensured. Government and the public administration have to establish a strong case for every violation of the privacy principle and must continuously explain and argue the case for the trade-off between the paramountcy of privacy and valid concerns for public security.
Abstract

THE USE OF INDICATORS IN INDUSTRY

Emilio Rossi

In the last couple of decades, corporations have had to cope with the increasing globalisation of production, trade and information. Accordingly, their need for indicators in order to improve their planning, investment decisions and ultimately their competitive position has increased to a global scale.

The aim of this paper is to contribute Global Insight's experience in supplying data and analysis to corporations to the debate on how to to further develop and use large-scale systems of public information in business.

Economic indicators are widely used by corporations in every sector of the economy. However, the use of indicators will differ to various degrees depending on the industry and the size of the company. In planning their activity, companies look at the risk of investment by analysing economic factors such as the perspective of their own sector, the evolution of consumers' income, the developments of end markets, the cost of materials and labor, the tax structure, as well as non-economic factors such as competitors, financial reliability of clients, easiness of access to financing, technology development, etc. In a nutshell, economic indicators constitute an important and essential portion, albeit not the entirety, of the information necessary to take sound decisions.

Corporations typically look at market size of specific sectors, subsectors and markets for very specific products and product segments. Indicators are typically used to establish correlations between the company's sales or their specific sub-sector's sales with the relevant drivers, which are also typically economic or demographic indicators.

The indicators that any company needs must fulfill certain criteria. They must be:

- accessible,
- timely,
- easy to use,
- easy to understand,
- scientifically sound.

As the methodology for industrial planning seems to have reached a rather mature stage, to improve the quality and in-depthness of data becomes of the utmost importance. In reality, corporations often have to call on data from industry associations. This in turn raises the question: which new data should be collected by independent public sources and how can the exchange between private and public institutions be enhanced? The perspective of a return of higher quality and more granular information from statistical offices should make it more appealing for companies to answer more systematically to the statistical offices' surveys. The route of collaboration between private and public sources of information should also be explored.
Abstract

**HOW TO DESIGN SOUND POLICIES WITHOUT STATISTICAL DATA!**

Oktay Varlier

Today, with the growing and complicating economic activities, the need to strengthen the factual and analytical basis for policy making is more evident. However, the lack of both reliable and internationally comparable data and statistics on which analytical work can be based raises difficulties for policy makers designing sound economic policies. If so, is there a way to make decisions in an informed manner without significant statistical data? The answer is a strict NO, as long as the unreleased empirical evidence does not go well with the facts, by coincidence of course.

The lack of an empirical foundation is particularly marked in assessing the impact of economic forces in developing economies. Turkey, probably the best-recent case for programme oriented economic recovery, has been undergoing some serious transformation over the past three years. These structural changes took place according to an economic program that is supported by the IMF but also all the changes in the legislation concerning economic life were subject to being in accordance with EU norms and regulations.

Preserving the improvements in Turkey’s macro and financial fundamentals—through sound macroeconomic policies—keeps its priority. Forthcoming policies should intend to improve the resilience of the economy and to maintain current achievements. However, further achievements require fine-tuned calibrations based on longitudinal analyses, rather than rough designs for downsizing the adversities that are already large-scaled. Now, the inflation rate in Turkey converges to single-digit figures, approximately 60 points down from 3-years before, and high economic growth continues for ten quarters without a break. In today’s rapidly changing economic environment, the production, consumption and employment structure of Turkey exhibits a rapid transformation. It is crucial to attune with this transformation and wisely fill in the gaps emerging from it, with a development strategy carefully set on comprehensive, trustworthy and comprehensible information.

This paper advocates the need for developing a comprehensive and comparable indicator system with “true” information. Sharing this information with the business community and allowing them to perceive the “time inconsistency” within the policy implementations is the only way to achieve policy credibility.
The Role of Central Banks (Round Table)

Central banks rely crucially on statistics in setting interest rate and other monetary policies. But by concentrating on economic developments central banks risk neglecting the interplay between economic, social and environmental factors. What contribution can central banks make to improve decision-making by governments, businesses and individuals?

Invited papers:

“New Indicators for Monetary and Financial Institutions” by Pierluigi Ciocca

“Financial Stability Policy and Statistics” by Toshio Idesawa

“Statistics, Accounts and Key Indicators Compiled by Central Banks: the Case of the ECB” by S. Keuning and A. Morais

Speakers

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<th>Pierluigi Ciocca</th>
<th>Toshio Idesawa</th>
<th>Steven Keuning</th>
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<td>Deputy Director General, Bank of Italy</td>
<td>General Manager for Europe, Bank of Japan</td>
<td>Director General for Statistics, European Central Bank</td>
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Chairperson

Wolfgang Duchatzek
Vice Governor, Austrian National Bank
Abstract

NEW INDICATORS FOR MONETARY AND FINANCIAL INSTITUTIONS

Pierluigi Ciocca

The paper looks at the ways to enhance the statistical indicators of the structure and performance of the financial industry (its instruments, intermediaries and markets).

Three sets of indicators are briefly examined, none of which are widely used at present (indeed are under-utilised) despite their availability.

1. The financial accounts – of stocks and flows of the relevant aggregates – continue to focus on the macroeconomic level. Often, the breakdowns are limited to the major instrument categories and macro user-sectors (firms, households, government departments, and foreign sector). A more detailed breakdown would be particularly welcome, not least in view of a growing phenomenon initially noted among the first-comer countries: the increasingly large share of savings, wealth and financial assets in the hands of families whose head is in permanent, full-time employment or is retired. In contrast with the past, in many countries workers have become rentiers as well. This development has serious implications for the allocation of the systemic risk of the financial sector in modern economies, as well as for the fair distribution of income.

2. The second aspect concerns the indicators of competition in the economy, particularly in the banking and financial sectors and markets. These are vitally important for devising antitrust policies, as indeed for effective prudential supervision without sacrificing competition in the name of the systemic stability of the banking and financial sector. The underlying theory and supporting databases for these indicators warrant further study. Equally, comparisons with similar indicators built for non-financial markets and sectors of the economy would be of considerable service.

3. The operation of modern-day economies, and the financial sector in particular, depends more and more on the legal and institutional framework. Statistics on the most important legal phenomena for the economy and financial sector are universally lacking. Most of those that do exist relate to distinctive aspects, such as bankruptcy, crime, civil actions and criminal trials. Instead such statistics should be broadened, in ways still to be decided, to include the normal use of legal tools by users. This also applies to contract law governing financial events, in particular the new contracts for risk management and insurance.
Policy and statistics are both sides of the coin. Statistics gives objectiveness to policy. Any policy in a democracy needs to be objective. And policy gives meaning to statistics. Any statistics needs to get linked with the policy target. A good example is the relationship between inflation targeting monetary policy and the consumer price index. This relationship between policy and statistics holds true with financial stability policy no less than monetary policy.

Financial stability policy, however, has some difficulty in practice when we try to set its policy target linked with statistics. Assuming financial stability implies a state in which payments and settlements are being executed across the accounts of banks without any disruption, the policy target should be a zero bank failure or even no anticipation of bank failures. Describing the degree of the anticipation of bank failures in terms of statistics is technically difficult and sometimes politically inappropriate.

Some initiatives in linking some statistics with the policy target of financial stability have been made. IMF’s work on “financial soundness indicators” is one and the Basel Committee on Banking Supervision’s elaboration on the capital ratio of banks is another. Besides these international collaborations, efforts to improve statistics that help financial stability policy are witnessed on the national level. A case-study of Japan will be overviewed in the last part of the paper.

In any case, banks are strongly encouraged to accumulate data related to their risk profiles. Only a reliable and thick database could help enhance statistics, from which financial stability policy should benefit.
Abstract

STATISTICS, ACCOUNTS AND KEY INDICATORS COMPILED BY CENTRAL BANKS: THE CASE OF THE ECB

S. Keuning and A. Morais

The paper describes how the ECB has gradually developed statistics, accounts and indicators for the euro area and explains their main uses by policy-makers. Currently, a core issue concerning the data provided by the ECB may be a lack of integration of statistics. For this reason, a main priority of the ECB for the medium-term is the development of a fully integrated system of quarterly euro area accounts for institutional sectors.

Many building blocks for the compilation of these integrated accounts will consist of euro area statistics and accounts already compiled by the ECB, such as monetary statistics, security issues and investment funds statistics, government finance statistics and external statistics (balance of payments and international investment position). Other statistical projects already underway may further close main data gaps in such an integrated framework (e.g. centralised securities database).

Integrated accounts enable a further and better use of existing statistics (without additional costs to respondents) by revealing the interrelations among the different sectors (and the rest of the world) and between the financial and the non-financial side of the economy. Indeed, the integration process allows for the reconciliation of all kinds of data sets, as well as the articulation of numerous (and sometimes complex) relationships occurring within the economy. Over time, the accounts may also improve the reliability and quality of source statistics, as they facilitate the identification of inconsistencies among data sets and enhance further the harmonisation of methods. Finally, they promote the derivation of key summary indicators that are not foot-loose but embedded in an accounting system. In turn, that facilitates their use in modelling, forecasting and simulation analyses. These key macroeconomic indicators then serve in particular the needs of policy-makers, the general public and the media by revealing the main trends. Obviously, these key indicators typically catch billions of economic events in a single number and, therefore, cannot cater for all conceivable demands. For this reason, the underlying statistics and accounts are of prime importance to analysts, researchers and policy-advisers.

Besides, the paper refers to the ECB concerns with the burden of reporting institutions and the need to streamline reporting requirements. Finally, it mentions the importance attached by the ECB to the regular publication of quality indicators for euro area statistics.
Planning for the Future

Businesses and public bodies require forecasts and statistical models for deciding long-term investments and strategies. In what ways can key indicator systems meet the technical and political requirements to fulfil these tasks? The issue is linked to the capacity of statistical agencies themselves to plan long-term investments and to the extent to which they are dependent on government funding.

Invited papers:

“Natural Capital: New Measures to Monitor the Economy's Ecological Foundations” by Carolyn Cahill
“Using Quality of Life Indicators to Inform Policy and Planning – A New Zealand Example” by Leigh Gatt

Speakers

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<tr>
<th>Louise Bellefeuille-Prégent</th>
<th>Carolyn Cahill</th>
<th>Leigh Gatt</th>
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<td>Senior Director,</td>
<td>Senior Policy Advisor,</td>
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<td>Horizontal Results Management,</td>
<td>National Round Table on Environment and the Economy,</td>
<td>Gatt Consulting Ltd,</td>
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<td>Expenditure Operations and Reporting, Treasury Board of Canada Secretariat</td>
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Chairperson       | Discussant
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To be determined  | Christopher W. Hoenig, Managing Director, Strategic Issues, Government Accountability Office, United States
Abstract

NATURAL CAPITAL: NEW MEASURES TO MONITOR THE ECONOMY’S ECOLOGICAL FOUNDATIONS

Carolyn Cahill

In the 2000 federal budget, Canada’s Minister of Finance observed that “we must come to grips with the fact that the current means of measuring progress are inadequate.” He then asked the National Round Table on the Environment and the Economy (NRTEE) to develop a set of national indicators that Finance Canada and other decision makers could use to track the impact of current economic practices on the natural and human assets that will be needed by future generations of Canadians.

In May 2003, the NRTEE released the State of the Debate: Environment and Sustainable Development Indicators for Canada report\(^2\), which included recommendations in three areas. Specifically, the State of the Debate Report recommended:

1. Reporting annually a small set of new, national-level natural and human capital indicators to supplement national macro-economic indicators such as the GDP;
2. Expanding the System of National Accounts to include satellite accounts containing data on all types of capital; and
3. Improving national environmental information systems.

The indicators recommended by the NRTEE illustrate in simple terms some of the key assets that Canadians must maintain to preserve economic options for future generations. That is why they are called indicators of “capital” – they measure the assets necessary to sustain future production. The indicators focus on two types of capital: natural capital and human capital. Natural capital includes land, natural resources, and the services provided by functioning ecosystems. Human capital refers to the knowledge and skills embodied in individuals that facilitate the creation of personal, social and economic well-being.

Five of the selected indicators are linked to ecosystem services that are unvalued in dollar figures, but which nonetheless contribute to the economy. One indicator is linked to human capital.

Carolyn Cahill, NRTEE Senior Policy Advisor will describe this indicator initiative, emphasizing the process that was used to develop the indicators. The results of these events, and the challenges encountered throughout the program will also be discussed.

\(^2\) This report can be found on the NRTEE’s website: http://www.nrtee-trnee.ca/Publications/PDF/Report_Indicators_E.pdf
Policies and plans made by both central and local government influence the well-being of society and the sustainable development of nations. Clearly, understanding the impact of policies and plans is critical. New Zealand, like many countries, is developing indicators to measure the impact of governance-related activities on communities and a key contributor to the debate will be the effective use of those indicators. Quality of Life in New Zealand’s Largest Cities 2003 is an example of a project that uses indicators to identify key areas for policy improvement and planning by local and central government. The project was a response to the growing pressures on urban communities, concern about the impacts of urbanisation and the effects of this on the well-being of residents. Indicators covering eleven areas of social, economic, and environmental well-being were developed and reported for the eight largest cities, which are home to almost half of New Zealand’s population. The project has had some success in influencing policy, and indicators have been applied to aid priority setting, and planning. The results are informing decision-making by local and central government, as well as being used by the City Mayors for policy advocacy. The appropriateness of the indicators and gaps in the data are subject to debate, but the project continues to gain momentum; twelve cities will be included in the next report. This paper discusses the role the indicators played in informing policy and planning and the far-reaching impact of this New Zealand initiative.
EX DEPOSITO LOCOMOTIVE STEASMO

Friday, 12th November 2004
20:30 - 23:00

Keynote Speech

Speaker

Donald J. Johnston
Secretary-General, OECD

Chairperson

Thomas Emmerich
Vice President, Southern Europe, Middle East & Africa, SAS International
PLENARY SESSIONS
PLENARY ROOM
Saturday, 13th November 2004
9:00 - 10:30

Cross-Country Comparisons

Indicators developed by international organisations are used to compare policies across countries. How do the results influence national public opinion and how do governments react when the data contradict their statements?

Invited papers:

“Millennium Development Goals: Measuring and Monitoring Global Progress” by Paul Cheung

“Indicators for EU Policy Making. The Example of Structural Indicators” by Pedro Díaz Muñoz

“Development, Validation and Policy Use of International Comparative Indicators in Education” by Barry McGaw

Speakers

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<th>Paul Cheung</th>
<th>Pedro Díaz Muñoz</th>
<th>Barry McGaw</th>
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<td>Director, Statistics Division, United Nations</td>
<td>Director for Statistical Methodologies and Tools, Eurostat, European Commission</td>
<td>Director, Education Directorate, OECD</td>
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Chairperson

Innocenzo Cipolletta
Chairman, UBS Corporate Finance, Italy

Discussant

Kristin Clemet
Minister of Education, Norway
Abstract

MILLENIUM DEVELOPMENT GOALS: MEASURING AND MONITORING GLOBAL PROGRESS

Paul Cheung

In September 2000, the world’s leaders adopted the Millennium Declaration committing to a global partnership to eradicating global poverty and acknowledged that progress was based on sustainable economic growth, which should focus on the poor. To help track progress, a set of time-bound and measurable goals and targets (MDGs) were derived from the Declaration. Extensive technical consultations, working within guidelines and rules established by the political process, led to the selection of MDG Indicators now endorsed by the General Assembly.

The MDG Indicators provide an agreed set of quantitative measures of progress toward the Goals, based on established principles and practices of official statistics. The indicators are now widely accepted and used in national, regional and international programmes for monitoring and evaluating implementation of the MDGs.

MDG monitoring and reporting at the international and national level
Monitoring at the global level requires full collaboration among international agencies and continuous consultation with national experts and statisticians. This work is undertaken through an Inter-agency and Expert Group to ensure coordination across the UN system, other important international parties, and national statistical services. The monitoring is based on international data series compiled by specialized agencies responsible for the different areas covered by the MDGs.

Active country participation and ownership of the MDGs are critical to their effectiveness. The process of monitoring MDGs at the national level has engaged governments in national debates to discuss priorities and to tailor the MDG targets to these priorities and national circumstances. National statistical services have become involved in the preparation, analysis and monitoring of MDG indicators based on their country data. This has resulted in a stronger sense of national “ownership” and also caused national policy decisions and planning efforts to gradually coalesce around a defined set of development aspirations. The assessment of progress presented in MDG country reports is widely used to inform national debate and promote the production and use of statistics for policy making and monitoring.

The challenges ahead

The MDGs have succeeded in raising awareness that a sound quantitative knowledge of what has been achieved and the distance to go is the foundation for reaching the final goals. The monitoring requirements however have also clearly uncovered important shortcomings in the availability of data to monitor development efforts. Producing the necessary data to monitor the MDGs in countries where resources are limited is obviously a significant challenge. Better statistics have thus assumed a critical role in the MDG agenda, with the international community recognizing that statistical development of national statistics needs to be part of any development strategy.

Continuous efforts are needed by the international statistical community to overcome problems of comparability and provide an analysis of the aggregate figures that goes beyond the abstraction of averages and fairly represents the local situation. International statistical services have the responsibility of ensuring the credibility of the MDGs by providing every year a sound basis for assessing progress and for focusing the international debate and the development of strategies for the achievement of the goals.
Since the late 1980s, OECD member countries have been co-operatively developing a range of internationally comparable education statistics and indicators. These are now published annually by OECD in Education at a Glance. In addition to the 30 OECD countries, this work is now extended to 20 other countries through the World Education Indicators Programme undertaken jointly by OECD and the UNESCO Institute for Statistics with support from the World Bank. In the mid-1990s, the countries decided to include direct measures of student learning through what became the Programme for International Student Assessment (PISA). All 30 OECD countries and a growing number of others are involved - 28 having currently signed on for PISA 2006.

The paper will present the framework that guides the indicator development and describe the strategies used to improve the comparability of statistics and indicators. It will illustrate ways in which these indicators have informed national policy debates.
Policy Coherence across Government: Role of Prime Ministers’ Offices

How do prime ministers’ offices ensure policy coherence across the various ministries? In several countries key indicator initiatives have been launched for this purpose. What are the challenges involved? How effective have they been?

Invited paper:
“Indicators and Policymaking, an Ongoing Learning Process, also in the Netherlands”
by Wim Kuijken

Speakers

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<th>Olafur Davidsson</th>
<th>Wim Kuijken</th>
<th>Tony O’Connor</th>
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<td>Permanent Secretary,</td>
<td>Secretary-General, Minister</td>
<td>Chief Operational Research</td>
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Chairperson

Anthony Courakis
Ambassador, Delegation of Greece to the OECD
PLENARY ROOM
Saturday, 13th November 2004
12:15 - 13:00

Closing Session on Lessons Learned

Chairperson

Henwig Schlögl
Deputy Secretary-General, OECD

Speakers

Enrico Giovannini
Chief Statistician, OECD

Constance Morella
Ambassador, Delegation of the United States to the OECD

Jørgen Rosted
Director, The Danish National Agency for Enterprise and Housing