

Institutional cooperation between central banks and the statistical offices for producing macroeconomic statistics

Claudia Dziobek¹ and Florina Tanase²

Introduction

This paper discusses the different purposes and forms of collaboration between central banks and national statistical agencies in the area of macroeconomic statistics. Cooperation agreements may be designed to clarify the division of labor in producing data, or may concern the provision of specialized data to a central bank for policy purposes. Cooperation may also be intended to help national statistical agencies develop their statistical capacity, particularly in countries with relatively weak national statistical agencies. In many countries, cooperation between central banks and statistical offices has evolved from informal to more formal arrangements. This paper deals with formal cooperation agreements.

1. Reasons for formal cooperation and sources of information

Formal cooperation between central banks and national statistical offices can have different purposes. Table 1 presents an overview of various types of contracts and their main features. The information in this table is from a larger study (Dziobek and Tanase, forthcoming, 2008) that brings together the results of a survey with the Fund's experience in providing technical assistance to member countries. The larger study presents country case studies of the various types of cooperation shown in this table.

When both central banks and national statistical agencies play a role in producing certain statistics, as is often the case for external sector statistics, cooperation agreements can serve to clarify the division of labor. An example of this is the memorandum of understanding between the European Central Bank and Eurostat. Generally, the aim in these cases is to specify what data are to be made available by each party and on what schedule, thus contributing to a smoother work process. The agreements take on an added dimension when a country is committed to disseminating data according to a release timetable determined in advance, as in the case of the 64 subscribers to the Special Data Dissemination Standard (SDDS). In some countries, such arrangements are supported in the form of the central bank seconding staff to the national statistical agency. Secondment can help the national statistical agency in countries where the central bank has more experienced specialists. However, there are also cases where secondment of central bank staff can help in developing skills at the central bank.

Agreements between central banks and national statistical agencies can also be motivated by a central bank's need for data that is more specialized than what is currently produced by the national statistical agency. For example, a central bank following an inflation targeting framework may require detailed data on price trends (such as data on core inflation) which

¹ IMF, Statistics Department, 700 19th Street, N.W, Washington, D.C. 20431, U.S.A. E-mail: cdziobek@imf.org.

² IMF, Statistics Department, 700 19th Street, N.W, Washington, D.C. 20431, U.S.A. E-mail: ftanase@imf.org.

the national statistical agency would not otherwise compile. Central banks generally refrain from developing such data themselves, in order to avoid a conflict of interest. Under inflation targeting regimes, central bank performance is measured by the ability to meet specified price targets, and hence the credibility of the regime requires that the relevant data be provided by an independent source. In some countries, central banks pay for the provision of such specialized price data.

Table 1

Types of contracts between central banks and statistical offices for the provision of data

Type of contract	Main features of contracts for provision of macroeconomic statistics
Memorandum of understanding	<ul style="list-style-type: none"> – guiding principles governing primary and shared responsibilities – modalities of cooperation and information exchange
Seconding of staff	<ul style="list-style-type: none"> – central bank balance of payments statistics staff seconded to national statistical agency to learn about survey technology for Foreign Direct Investment Survey
Annual service contract	<ul style="list-style-type: none"> – payment for service – specialized data (eg core inflation) provided by statistical agency – specific surveys provided to central bank by statistical agency
Shared responsibilities for statistical program	<ul style="list-style-type: none"> – central bank provides managerial and technical support to the national statistical agency – central bank represented in the national statistical committee that develops the work program for the national statistical agency

Source: Dziobek and Tanase (forthcoming, 2008).

2. Different forms of cooperation agreements

Table 1 shows some examples of different types of contracts. There are many formal modes of cooperation between central banks and national statistical agencies besides memoranda of understanding. One interesting approach is reimbursement for services provided, a practice employed in industrial as well as emerging-market countries. This approach is particularly germane when statistical agencies are not well funded, as is the case in many countries. The main features of service contracts are to: (1) indicate, where applicable, the payments that a central bank is to make for services provided by the statistical office; (2) set forth each institution's responsibility for producing macroeconomic statistics; (3) provide a framework for the exchange of data; (4) establish the forms of cooperation between institutions; and (5) establish procedures for monitoring the quality of the data exchanged. Similar service, or service level agreements can also be made without direct compensation,

although more indirect compensation may be provided through the budget process, when the statistical agency is able to make a case for the need to produce specific data for policy purposes.

In one instance, the central bank is responsible for monetary and balance of payments statistics, and has an annual service contract with the national statistical agency. The contract sets out the agency's responsibility for conducting various surveys for the central bank (in connection, for example, with a business confidence index, foreign direct investment, family confidence index, remittances or tourism). This approach reflects a recognition of the statistical office's expertise in conducting surveys, and the fact that it has the comprehensive legal framework needed for data collection. The central bank, in return, pays for the surveys.

There are also examples of cooperation on a higher level. In one country, national accounts and price data are compiled by the national statistical agency, but the central bank cooperates in managerial and technical meetings and through joint commissions. The central bank also has a representative in the statistical commission, which oversees the national statistical agency.

Sometimes, the two entities cooperate on developing quarterly GDP estimates. While the central bank provides some research resources and focuses on up-to-date economic monitoring, the statistical agency is charged with producing and disseminating national accounts statistics, since it is responsible for the main data source and is most familiar with the data.

Conclusion

Central banks are pro-active users of statistics and can thus play a role as catalysts for the development of national statistical agencies. Cooperation agreements with national statistical agencies can be highly formalized. In some cases, the agencies provide special data services to central banks for a fee, an approach of great interest in many countries with relatively weak national statistical agencies. This approach can help both parties, as the central bank obtains data needed for policy purposes, while the statistical agency receives support from the central bank to develop its statistical capacities. These examples also highlight the fact that central banks seem to prefer arrangements with national statistical agencies to the alternative of expanding their own data producing activities.

References

Carson, Carol, S., Enoch, Charles, and Claudia Dziobek, eds. (2002): *Statistical Implications of Inflation Targeting: Getting the Right Numbers and Getting the Numbers Right* (Washington, D.C.: Statistics Department, International Monetary Fund).

Dziobek, Claudia, Tanase, Florina (2008): "The Role of Central Banks in Providing Official Economic Statistics", forthcoming IMF Working Paper.

European Commission, Eurostat, and European Central Bank (2003): "Memorandum of Understanding on Economic and Financial Statistics", Brussels, March 2003, available online at <http://www.ecb.int/>.

IMF's Special Data Dissemination Standard (SDDS), available online at <http://dsbb.imf.org>.

San José, Armida, Slack, Graham L., and Subramanian S. Sriram (2002): "Statistical Principles for Inflation Targeting Regimes and the Role of IMF Data Initiatives", pp. 308–339, in Carson et al. (2002), *op. cit.*