



Government of the Cayman Islands

ESO STRATEGIC PLAN 2007- 2011

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THE ECONOMICS AND STATISTICS OFFICE
PORTFOLIO OF FINANCE AND ECONOMICS
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1. Introduction

The Cayman Islands' Economics and Statistics Office (ESO) provides basic information on the country's people and economy. Although it is not easily recognized, the information provided by national statistical and economic research agencies can have significant impacts on the lives of people through various uses of their outputs and services such as the following:

- providing a basis for setting fiscal policy (the government's budget and priorities);
- guiding public sector investment, private sector business planning and marketing decisions;
- providing a basis for changes in the compensation paid to workers and pensioners;
- influencing the way in which people view their country's economic prospects and challenges through the provision of economic reports;
- influencing decisions on international subsidies given to countries;
- providing a basis for the government's sovereign credit ratings which in turn influences interest rates paid by the government and businesses in the global capital market.
- guiding the government's social assistance programs aimed at alleviating the quality of life of the poor.

For many leading economies, knowledge has developed into the third factor of production, next to capital and labour. The rapidly emerging environment of the "information economy" further underpins the importance of the ESO's role as an information resource. In the new information economy, greater focus is being centred on the generation and use of economic information as a resource, in addition to a greater emphasis being placed on human capital as the principal producer, repository, and disseminator of information. Organisations continually aim to maximize profitability or value for money, and performance, and increase the productivity of human resources. To achieve this objective, an even greater reliance is placed on the utilization of sound

information. In short, good statistics allied to appropriate government policies can change things radically for the better.

Planning Process

This *Strategic Plan for 2007- 2009* was prepared using three key inputs as follows:

- Updates as of September 2007 of the relevant sections of ESO's Strategic Plan for 2003-2006, 2006-2009 including the national situation analysis;
- The recommendations prepared in 2005 by the Caribbean Technical Assistance Centre (CARTAC) for improving the statistical system of the Cayman Islands. These recommendations were based on an assessment of the existing system as of May 2005 and the results of consultations with key officials of the Portfolio of Finance and Economics, the ESO and the Chamber of Commerce of Industry; and
- An assessment of ESO's current accomplishments, strengths, weaknesses, opportunities and threats (SWOT) gathered from ESO's management and staff as of September 2007.

Key Stakeholders

The following contributors play a fundamental role in the successful implementation of this Plan:

- **The Cabinet** as provider of official guidance being a key user of statistics and economic reports, and the provider of adequate financial resources.
- **The Portfolio of Finance and Economics** as facilitator in the provision of adequate financial resources, logistical, advocacy, and policy support.
- Other **producers of statistical information** e.g. statutory bodies, government and private entities
- **Data users** whose needs are being met through this plan and are requested to give constructive feedback in assisting the ESO's aim to improve its services.

- **Businesses, organisations, and the general public** as key users of statistics and survey respondents and advocates.
- **International and regional organizations** as providers of technical assistance especially with regards to the implementation of international or regional statistical standards, and as users of ESO's statistics and reports especially for global and regional economic surveillance.
- **ESO's auxiliary personnel** e.g. survey enumerators who provide technical assistance and resources to complete some activities.
- **ESO management and staff** as the key implementers of this Plan.

2. Organizational Context

The organizational context of this Plan is defined from the following elements of ESO:

- Vision
- Mission
- Core Business Areas
- Core Values

Vision for the Economics and Statistics Office

The Economics and Statistics Office (ESO), in partnership with the community, is committed to being a premier centre for economic research and statistics that are responsive to local needs and compliant to international standards.

Mission Statement

The mission of the ESO is to facilitate evidence-based decision-making by providing relevant, credible, timely and user-friendly statistics and economic analysis.

Core Business Areas

The core business areas of the ESO are the provision of statistical and socio-economic products and services. The list of expected products and services for 2006-2009 shall be composed of existing ones and new ones that shall be developed and launched during the planning period.

Statistics

- Products:
 - (a) **primary data collection**, where ESO obtains data through surveys. Currently, these consist of the Labor Force Surveys, Consumer Price Index Surveys, Household Income and Expenditure Surveys, and Census of Population and Statistics. (These have been undertaken at varying frequency). Over the next 3 years, a Central Registry of Establishments and Establishment Economic Surveys shall also be added to this list.
 - (b) **administrative data collection**, where ESO uses administrative records (for example, customs records, school enrolment data, etc) to generate or publish statistics. Among the current statistical products heavily reliant on records are the Overseas Trade Reports and the Compendium of Statistics.
 - (c) **macroeconomic data compilation**, which ESO shall be developing in 2006-2009, consisting of national accounts, balance of payments and poverty indicators.
- Services: advice on statistical methods and dissemination of information. Increasingly, the latter will be done through the ESO's website www.eso.ky

Socio-economic

- Products: economic forecasts, economic impact studies, macroeconomic monitoring reports, analysis and reports of economic development issues, and public investment evaluation.
- Services: consulting and advisory services on economic models, research and forecasting advice, primarily to Cabinet and to other government agencies.

Not all of the work in the socio-economic area is released into the public domain; some are confidential or strictly for Cabinet use.

Core Values

Consistent with the provisions of the Personnel Regulations for Public Service Values and Conduct, the following values serve to govern the operations and conduct of the management and staff of the ESO:

Our Values at ESO
Confidentiality In keeping with the <i>Statistics Law (1996 Revision)</i> , we maintain strict confidentiality in the management of all data provided by primary data collection (survey) respondents.
Integrity We maintain professionalism and objectivity in the provision of statistics and policy advice by adhering to international and/ or regional standards in data compilation and dissemination, and by using verifiable tools of analysis.
Community Ownership We promote the participation and ownership of the local community-policy-makers, households, non-government organizations, business sectors and the public sector- as active users of data on one hand, and as sources of data with critical roles to play in raising Cayman's national statistics to international standards.
Transparency and Accountability We maintain transparency in the treatment of statistical data and economic information, namely, methods used, operations, concepts, and sources.

3. Situational Analysis

Beyond the organizational mandates of the ESO, developments in the international and national arena must be addressed in this Strategic Plan. A third factor is the legislative framework which could be critical in boosting private sector cooperation in data collection.

International Trends

A number of major international trends support the growing importance of a sound statistical and socio-economic analysis program for the Cayman Islands. These include:

- *The movement to an information economy.* With greater reliance on information to provide the value-added in business, government and our personal lives, the need for an accurate, timely information base is more crucial. Statistics are one element of the infrastructure needed to operate effectively in this new economy. Good statistics coupled with good analysis produce useful information for decision-making.
- *Increased competition in the global economy.* With globalization comes increased competition, greater rules on trade and transactions, and increased demands from international agencies and oversight committees, all of which require information that are compliant with international standards.

In the case of the Cayman Islands, its large off-shore financial services sector is dependent on competitive credit ratings which are in turn influenced by the Government's sovereign rating from international credit rating agencies. It is, therefore, essential to have macroeconomic information that is comparable to other jurisdictions and in compliance with set international standards.

- *Greater reliance on and benefits from information technology and telecommunications.* Technology can help lower costs of collecting, processing, analysing and disseminating data. The speed at which all of these activities can take

place has increased and providing access to the results has improved. With technology providing benefits to people in so many aspects of their lives, client-users are also demanding better timeliness of and access to statistics and information products.

- *Heightened awareness of privacy and confidentiality issues.* The public demands that all information collected remains secure. Those individuals, businesses, households, and organizations that provide survey information need to be assured that the information they provide is not shared with other parts of government or third parties. They need to be confident that any information produced by statistical agencies will never be linked back to the individual or business, household or organization.
- *Scarcity of resources.* Funds available for government activities are limited. Policy and program decisions will need to be based on objective indicators and monitored to show they are meeting their objectives. Administrative data can be used to complement survey data in program monitoring to reduce costs and minimize the response burden wherever possible. Cooperation between government agencies is increasingly expected to ensure there is no duplication of effort. The response burden especially for enterprises must be kept as low as possible.

The National Situation

Three policy-related developments are motivating the improvement of national statistics and economic research in the Cayman Islands:

- The Fiscal Management Initiative (FMI);
- National economic risk assessment and management; and the
- The National Assessment for Living Conditions.

The FMI has recently brought to the fore the importance of economic statistics in national policy-making. The Public Management and Finance Law (2005 Revision)

requires the Strategic Policy Statement (SPS) to provide forecasts for five (5) key economic indicators: economic growth, inflation, unemployment, employment and the current account position of the balance of payments. These forecasts are required in the context of medium-to-long term financial projections.

The SPS requirements make it imperative for the Government through the ESO to develop a macroeconomic compilation program compliant to international standards. To facilitate this initiative, assistance was sought from the Caribbean Regional Technical Assistance Centre (CARTAC) in May 2005 to conduct a comprehensive assessment of the country's macroeconomic statistical needs. Several recommendations were made, all of which were geared to the development of a data infrastructure that will feed into the compilation of a national accounts system. Other recommendations from CARTAC focused on the need to address the staffing and organizational requirements of the ESO, as well as the legal and institutional framework in which key producers of statistics in the Cayman Islands operate.

Another rationale for developing the macroeconomic data infrastructure of the Cayman Islands emerged from the recent experience in measuring the economic impact of hurricane Ivan in September 2004. A more systematic or detailed impact assessment of the disaster on the economic growth for each sector, or on the flow of household income and expenditures and balance of payments was not made possible at that time due to the lack of the requisite accounts. Economic planning for national risk management or post-disaster reconstruction work can be better undertaken with the use of these accounts should the need arise in the future.

The need for household-based information and indicators has been increasingly felt in policy-making and programming of resources for the social sectors. Recently, the Government embarked on a comprehensive "National Assessment of Living Conditions" during the fiscal year 2006/07 to address these information needs and shall attempt to measure poverty indicators for the country. This initiative presented an opportunity for conducting a survey of living conditions and a household budget survey with the high-level participation of several Government Ministries and Departments and non-

government entities. This process raised greater awareness and appreciation of the use of statistics for social policy-making not only by the decision-makers themselves but also by the community members who will benefit from evidence-based decisions.

Outreach to the Business Community

An important factor that this Strategic Plan must respond to is the need for a two-fold approach in improving primary data collection, particularly as it relates to the business sector: an outreach program and some fine-tuning of the Statistics Law. The key consideration relates to the high levels of non-response that, in the past, have resulted from concerns by the private sector about providing “confidential” information.

An outreach program could serve to transform the current business culture of non-response by informing and educating the business community about the need for and uses of the information to be collected. An outreach program provides greater certainty to privacy and confidentiality concerns of businesses, letting them know that individual information will not be shared with other parts of government and cannot be traced back to an individual business. (Public servants sign an Oath of Secrecy and the Statistics Act provides further penalties for release of private information). An outreach program could also solicit feedback on the information needs of the businesses so these can be addressed, and inform businesses on how they can obtain copies of the information compiled.

Legislative Framework

A well-conceived statistics law is valuable in the production of reliable statistical data. The current limitations of the Cayman Islands Statistics Law may impede the quality of data that is collected, in addition to the data collection process. The review of the Statistics Law (1996 Revision) by the Caribbean Assistance Technical Centre offers several recommendations to improve the following aspects and make it compliant with the UN's fundamental principles of official statistics:

- Definition and delineation of the functions of each actor in the statistical system including the Governor, the Financial Secretary (or minister in charge of the statistics office), a national statistical steering or coordination committee, the statistics office, the chief statistician, other government offices and public entities involved in statistics and the respondents.
- Relationship with regional and international organizations, professional societies and research institutions and trade and other associations.
- Preparation of a work plan, release calendar and annual report.
- Expanding the list of census and other statistics covered by the law.
- Statistical operations and data collections including those related to statistical personnel; and
- Securing data confidentiality and imposing higher penalties for non-compliance.

A survey of the Statistics Laws of the English speaking Caribbean has revealed that countries such as Anguilla (2000) and Bermuda (2002) with more recent Statistics Laws have imposed stiffer penalties for disclosure and non-compliance. Comparatively, however, the Cayman Islands lag behind in the application of stringent regulations for statistical compliance. At present, the penalty for non-compliance consists of “a fine of two hundred dollars and, in default, to imprisonment for six months and, in the case of a continuing offence, to a further fine of six dollars for each day the offence continues after conviction.”

Of course, if penalties are to be increased for businesses and individuals who do not respond to surveys, they will also be increased for public servants who break privacy and confidentiality provisions.

4. SWOT Analysis

In an attempt to assess the ability of the ESO to implement this Plan, an analysis of its current strengths, weaknesses, opportunities and threats was conducted. The following is a summary of the findings:

Strengths

1. Full-staff complement arising from the recruitment efforts since January 2007. The ESO is now comprised of 17 staff members compared to 11 as of December 2006. The recent recruits address the technical and management gaps in the Statistics Section.
2. Greater awareness of the uses of statistics among policy-makers as shown in the National Assessment of Living Conditions.
3. The completion of the 2007 Survey of Living Conditions and Household Budget Survey which shall lead to the updating or generation of macroeconomic and socio-economic statistics.
4. Approval of the Cabinet in May 2007 to establish a system of national accounts (SNA) for the Cayman Islands including the balance of payments accounts.
5. Recently improved quality and timeliness of statistical information (the Labour Force Survey, Consumer Price Index Survey, Overseas Trade Statistics, the Compendium of Statistics, and Household Register) as conveyed by the Cabinet.
6. Expanded scope and analytical content of economic reports (Annual and Quarterly Economic Reports).
7. Web-based dissemination system through www.eso.ky.
8. Team-oriented work management enhanced by flexible technical staff.
9. Competent technical capacity for economic research, policy studies and economic monitoring.
10. Improved working environment, facilities and equipment.
11. Performance-oriented human resource management system throughout the Department
12. Good leadership support and direction.

Weaknesses

1. Current lack of a system of national accounts, balance of payments accounts and limited scope of population and vital statistics for the Cayman Islands.
2. Limited scope of administrative data from secondary sources in government to establish a central registry of business.
3. Delays in retrieval of records-based data from other agencies.
4. Absence of documentation of methodologies of censuses.
5. Limited expertise of staff in data processing and sampling design.

Opportunities

1. Recent statements from the Chamber of Commerce for the need to strengthen the statistical system.
2. Recently improved perception of the quality and timeliness of statistical and economic reports by the Cabinet.
3. Promotion of transparency by the present Government.
4. Increasing demand for statistics for policy-making and business planning.
5. Implementation of the National Assessment of Living Conditions which will include a survey of living conditions together with a household budget survey.
6. Availability of standards/benchmark, advice and technical assistance from regional and international technical assistance organizations.
7. Potential capacity-building in other departments arising from the conduct of the National Assessment of Living Conditions.
8. Strengthened partnerships with businesses and the outside community, particularly with respect to the promotion of a system of national accounts and balance of payments.
9. More efficient and effective coordination and collaboration in the production of statistics among public sector and private sector organizations through a national statistical coordination committee and facilitated by an amended Statistics Law.

Threats

1. Low response rate for business surveys in the past.
2. Low awareness of international standards for national statistics in the community.
3. Higher response burden as new statistics are developed.
4. Scarcity of qualified statisticians in the region which makes the labour market for this skills highly competitive in terms of wage and other incentives.

5. Goals, Strategies, Critical Activities and Indicative Timeframes

There are three inter-related goals of the ESO for the period 2006- 2009 as follows:

Strategic Goal 1: Upgrade the scope and quality of national socio-economic information in the Cayman Islands towards international standards.

Strategic Goal 2: Boost the internal capacity for socio-economic data compilation and analysis, technical support and assistance.

Strategic Goal 3: Facilitate local community ownership of the socio-economic data compilation system.

The strategies, indicative timelines and critical success factors for each goal are presented below:

Goal 1: Upgrading local statistics towards international standards.			
Strategies	Critical outputs/ aActivities	Indicative Timeframe	Status as of October 2007
1. Develop a macroeconomic compilation program compliant to the IMF's General Data Dissemination System (GDDS) comprising of <ul style="list-style-type: none"> • the national accounts, • balance of payments and • poverty indicators. Poverty indicators shall be developed in conjunction with the conduct of the National Assessment of Living Conditions (NALC) study mandated by the Cabinet and coordinated by the Ministry of Health and Human Services and the Cabinet Office, with assistance from by the Caribbean Development Bank-funded consultants.	Household Budget Survey (HBS) / Survey of Living Conditions (SLC)	<u>Preparatory:</u> November 2006-January 2007 <u>Implementation:</u> February-December 2007	Implemented. On-going
	Business Survey (covering balance of payments and production accounts, expenditures, value added, producers' prices)	<u>Preparatory:</u> November 2006-June 2007 <u>Initial Implementation:</u> July-December 2007	On-going. Revised schedule: Aug 2007-Jan 2008 Revised Schedule: Feb-June 2007
	HBS	See above	See above
2. Produce a re-based consumer price index (CPI) series using an updated set of weights of CPI goods and services	New CPI Basket	Sept 2007–May 2008	On-going
3. Prepare for the 2010 Census of Population and Housing taking into consideration the latest UN guidelines relevant to the context of the Cayman Islands context.	Census planning calendar	Oct – Nov 2007	On-going
	Preparatory workshops/ trainings	October 2007- June 2009	
	Tests & consultations	July 2008-July 2010	
	Admin/logistical preparations	July 2009-Sept 2010	
	Census 2010	2010	

Goal 2: Boosting the local capacity for socio-economic data compilation and analysis, technical support and assistance.

Strategies	Critical Activities	Indicative Timeframe	Status as of October 2007
<p>1. Review and implement changes in the organizational structure of ESO taking into account the requirements of the macroeconomic compilation program. This shall comprise of:</p> <p>a) internal changes at the ESO including filling-in of vacant positions and expanding the current number of positions; and</p> <p>b) structural changes related to the role of the Chief Statistician/ Statistics Office vis-à-vis other government agencies and the private sector in the statistical system</p>	<p>Recruitment for vacant posts</p>	<p>Chief Statistician, Senior Statistician, Statistician 1: May-December 2006</p> <p>Additional staff: April-August 2007</p>	<p>Completed.</p> <p>Completed</p>
	<p>Alignment of organizational structure vis-à-vis statistical program</p>	<p>March-April 2007</p>	<p>Completed.</p>
	<p>Review of the Statistics Law, prepare recommendations to the Cabinet/LA and solicit comments through a national statistical coordination committee</p>	<p>September 2007-March 2008</p>	<p>Revised timetable: February- Dec 2008</p>
<p>2. Develop in-house capacity for survey design and methodology, data processing, survey and census evaluation, economic impact assessments and macroeconomic programming.</p>	<p>Short-term in-housing training program using consultants</p>	<p>2006-2009</p>	<p>On-going, to be extended to 2011</p>
	<p>External courses, seminars, workshops</p>	<p>2006-2009</p>	<p>On-going, to be extended to 2011</p>
	<p>On-the-job training</p>		<p>2007-2011</p>

Goal 2: Boosting the local capacity for socio-economic data compilation and analysis, technical support and assistance.

Strategies	Critical Activities	Indicative Timeframe	Status as of October 2007
<p>3. Upgrade IT infrastructure to meet the needs of the current surveys, macroeconomic compilation program and the 2009 Census. This could include hand-held personal interviewing computers.</p>	<p>Hiring of full-time statistical programmer to develop in-house programmes</p> <hr/> <p>Acquisition of IT requirements for macro compilation program, CPI rebasing 2010 Census</p>	<p>June/July 2007</p> <hr/> <p>July-September 2007</p>	<p>Revised to June/July 2008</p> <hr/> <p>On-going. To be extended to June 2010</p>
<p>4. Network with international and regional organizations tasked to assist in the development of national statistics.</p>	<p>Liaise with CARTAC, UN, UNFPA, IMF, ECLAC, CDB, statistical offices in the region and other relevant organizations</p> <hr/> <p>Provide copies of ESO publications to said agencies</p>	<p>2006-2009</p> <hr/> <p>Starting November 2006</p>	<p>On-going. To be extended to June 2011</p> <hr/> <p>On-going.</p>
<p>5. Adopt an official dissemination policy and strategies</p>	<p>Preparation of policy and strategies</p>	<p>June –August 2007</p>	<p>Revised to January-June 2008.</p>

Goal 3: Facilitating local community ownership of the socio-economic data compilation system.

Strategies	Critical Activities	Indicative Timelines	Status as of October 2007
<p>1. Implement a targeted and user-oriented outreach and statistical awareness program for the business sector and community at large. Increase communication with users and increase marketing of ESO's services through the media and targeted vehicles.</p>	<p>Develop outreach (public relations) program</p>	<p><u>Preparatory:</u> March-May 2007</p> <p><u>Initial implementation:</u> June-August 2007</p>	<p>On-going.</p> <p>Revised to Jan-June 2008</p>
	<p>Provide free copies of ESO publications to targeted community and business sector organizations</p>	<p>Beginning October 2006</p>	<p>On-going</p>
<p>2. Implement an outreach program for secondary data sources in the public and private sector.</p>	<p>Free seminar in basic statistics</p>	<p><u>Preparatory:</u> February-March 2007</p>	<p><u>Revised:</u> Aug-Sept 2008</p>
	<p>Acknowledge all secondary data sources in relevant publications</p>	<p>On-going</p>	<p>On-going</p>
	<p>Early sign off of reminder-letters for data retrieval;</p>	<p>February 2007</p>	<p>On-going</p>
<p>Give complementary copies of publications for secondary data sources.</p>	<p>Beginning October 2006</p>	<p>On-going</p>	

Goal 3: Facilitating local community ownership of the socio-economic data compilation system.

Strategies	Critical Activities	Indicative Timelines	Status as of October 2007
3. Widen the high-level participation of other public sector entities and private sector organizations in the development of statistical programs through a national statistical coordination committee	Organize a national statistical coordination committee	July-August 2007	Revised July-Aug 2008
4. Strengthen penalties for information disclosure and non-compliance to surveys	Review and propose amendments to the Statistics Law (see Goal 2, Strategy 1b above)	September 2007-March 2008	Revised Feb-Dec 2008
5. Further improvement of website to make all statistical products and pertinent economic reports accessible	Restructuring of website	April-October 2007	Phase 1 completed. Use of inter-active data dissemination software to be considered Jan-Dec 2008.
6. Increased analysis of the statistical results in order to support the users in understanding and interpreting the statistics.	On-the-job training	2007-2011	Initial workshop to be undertaken in November 2007.

6. Critical Success Factors and Implementation Process

The implementation of this Strategic Plan is contingent on the following factors:

- Availability of relevant skills and the supporting infrastructure;
- Policy and financial support from the Portfolio of Finance and Economics and the Cabinet; and
- Active support and cooperation of the private sector, particularly the business sector, and households.

The strategies detailed in Section 5 are also meant to facilitate these critical factors.

The Strategic Plan 2006-2009 was used as a guide to the preparation of the ESD budget and operational plan in FY 2006/07 (supplementary budget) and FY 2007/08. The updated version for 2007-2011 will be the main basis as well for the budget and operational plan for FY 2008/09 and the succeeding fiscal years, subject to changes and updates based on an annual review of implementation.