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SM/95/123
Correction 1

June 6, 1995

To: Members of the Executive Board
From: The Acting Secretary
Subject: Evolution of the Statistical Activities of the Fund

The following correction has been made in SM/95/123 (5/25/95):

Page 1, footnote 1, line 2: for "SM/88/11" read "SM/88/131"

A corrected page is attached.

Att: (1)

Other Distribution:
Department Heads

Evolution of the Statistical Activities of the Fund

I. Introduction

Statistical work performed by the Fund fulfills a number of important functions. It underpins much of the Fund's global, regional, and country-specific surveillance activity, its policy discussions with members and regional organizations, its activities in support of member countries' economic programs, and its research, all of which is undertaken within an integrated macroeconomic framework. It supports national and supranational authorities in their efforts to develop and maintain macroeconomic databases that will be useful for economic analysis and the formulation, implementation, and monitoring of economic and financial policy. It also provides a means to disseminate macroeconomic data to users throughout the world. The statistical expertise that resides in the Fund and the body of Fund statistics are, therefore, an important strategic corporate asset of the Fund. In the context of the budget, a significant proportion of total Fund resources is spent on statistical activity as broadly defined.

The staff paper on the *Statistical Policy of the Fund* (SM/95/115, 5/18/95) discusses current statistical activities in the Fund and considers some ways in which the statistical practices of the Fund could be improved and refined. The Fund's statistical activity has developed over the past 50 years in response to the needs of the Fund and its members. A number of serious attempts have been made since the Fund's inception to improve statistical practices in the Fund, and the lessons learned from these experiences are highly relevant to the consideration of the issues discussed in SM/95/115. As background to the discussion of these issues, this paper traces the origins of the Fund's statistical activity, provides an account of the attempts that have been made over the years to bring greater efficiency to the Fund's statistical work, and describes the development of the major statistical activities of the Fund and the technological environment in which they are conducted. In addition, the opportunity has been taken in this, the fiftieth year of the Fund, to reflect more generally on the range of statistical activity that has been undertaken by the Fund. 1/

The remainder of the paper is organized as follows:

- Section II describes how the Fund's requirements for data have developed in response to new circumstances. It also recounts the development of institutional arrangements within the Fund for the discharge of the Fund's statistical responsibilities.

1/ Three previous Executive Board papers reviewing Fund statistics [SM/85/63 (2/21/1985), SM/86/55 (3/11/1986), and SM/88/131 (6/14/1988)] were focused mainly on the work of the (then) Bureau of Statistics, although they also described the Bureau's interaction with other departments of the Fund.

- Section III highlights the coordination that has taken place with other international organizations in all aspects of statistical activity.
- Section IV describes the evolution of Fund data collection and management. ^{1/} It emphasizes the diversity of current approaches to this set of activities and sketches the main reasons for that diversity. It describes efforts that have been made in the past to improve the efficiency of Fund data collection and management.
- Section V reviews the development of methodologies, the provision of technical assistance and training, and the publication of statistics, and describes the role of statistics in Fund surveillance and lending activities. It emphasizes the convergence of these efforts, in more recent years, on the production of analytically meaningful statistics that will meet the needs of the Fund and its member countries.
- Section VI describes the contributions that have been and continue to be made by technological developments to the shaping of the Fund's approach to statistical activity.

II. Origins of the Fund's Statistical Activity

The Fund's statistical activity has developed over the years in response to two major factors: (i) the recognition that the Fund's surveillance role and its operational work with countries could only be effectively fulfilled through analysis that was grounded in a broad macroeconomic framework; and (ii) the expansion of the range of the Fund's financing facilities and the implications of this expansion for monitoring developments in members' economies.

1. Development of data requirements

The provision of data to the Fund by member countries is rooted in the *Articles of Agreement* (Articles). In addition, however, the 1977 surveillance decision recognized that effective surveillance could not be undertaken by reference to developments in isolated aspects of members' economies. Also, significant changes in the nature of the Fund's lending mechanisms over the years have resulted in a broadening of the range of economic and financial data required by the Fund. Thus, in practice, the Fund staff has requested of all member countries, in addition to the

^{1/} The term *data management* is used to refer to the techniques for assembling, storing, accessing, retrieving, modifying, extending, manipulating, describing, and conveying to authorized users time series of economic statistics.