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December 29, 1995

To: Members of the Executive Board

From: The Acting Secretary

Subject: Development of Standards for Dissemination of Economic and
Financial Statistics to the Public by Member Countries

Attached for consideration by the Executive Directors is a paper on the development of standards for the dissemination of economic and financial statistics to the public by member countries, which is tentatively scheduled for discussion in informal session on Wednesday, January 24, 1996. Issues for discussion appear on pages 27-30.

The paper sets out the approach proposed by the staff to establishment of the standards for Executive Board consideration but does not contain specific decisions for carrying out the initiative. In its October 1995 meeting, the Interim Committee had called for the more demanding standard to be operational by the time of its next meeting (that is, April 1996). If the Board is satisfied with the approach proposed in this paper, another paper would be prepared for Board consideration in February/March 1996, that would contain specific proposed decisions.

Executive Directors may wish to supply copies of this document to Directors of National Statistical Offices in member countries. The additional copies they may need for this purpose can be obtained from Documents Distribution (ext. 34630). Alternatively, if Executive Directors prefer that Mr. McLenaghan transmit copies direct to their National Statistical Offices, please call the office of Mr. McLenaghan (ext. 37900).

Ms. Carol Carson (ext. 37952) or Mr. Owen Evans (ext. 37183) is available to answer technical or factual questions relating to this paper prior to the informal discussion.

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INTERNATIONAL MONETARY FUND

Development of Standards for Dissemination
of Economic and Financial Statistics
to the Public by Member Countries

Prepared by the Statistics Department and the
Policy Development and Review Department
(In consultation with other departments)

Approved by John B. McLenaghan and Jack Boorman

December 29, 1995

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I. Introduction

1. Background

In its October 1995 meeting, the Interim Committee endorsed the conclusions and recommendations of the report of the Executive Board on data issues, including the recommendation for the establishment of a two-tier standard for the dissemination of data to the public. It requested the Executive Board to conclude its work soon, after consultation with market participants and country authorities, so that members wishing to subscribe to the more demanding standard for data dissemination to the public could do so before its April 1996 meeting. 1/

Since the October Interim Committee meeting, the staff has visited 23 countries and several international organizations and has corresponded with the authorities of another 42 countries to discuss issues related to the formulation of standards, with particular attention to the implementation of the more demanding standard, and the establishment and maintenance of an electronic bulletin board. 2/ The countries chosen for staff visits constituted a sample of industrial and emerging market countries that were considered likely to give serious consideration to subscription to the more demanding standard. Interlocutors supported the Fund's initiative and made helpful suggestions on its design and implementation. Most officials expressed interest in their countries' subscribing to the more demanding standard, subject to full articulation of the requirements. The letters sent to countries that were not visited by the staff drew responses from 29 countries as of December 28; these responses were particularly useful in developing the proposals for coverage, periodicity, and timeliness. 3/

1/ The relevant Board papers, communique, and summings up are listed in Appendix I.

2/ Countries visited comprised Argentina, Australia, Belgium, Canada, Chile, France, Germany, Hungary, India, Italy, Japan, Korea, Mexico, the Netherlands, the Philippines, Poland, Singapore, South Africa, Sweden, Thailand, Turkey, the United Kingdom, and the United States. International organizations visited comprised the Asian Development Bank, the Bank for International Settlements, the European Monetary Institute, EUROSTAT, the Organization for Economic Cooperation and Development, the United Nations, and the World Bank.

3/ The countries from which the staff sought views about the standards in writing comprised Austria, Bahrain, Brazil, Bulgaria, China, Colombia, the Czech Republic, Denmark, Egypt, Estonia, Finland, Greece, Hong Kong, Iceland, Indonesia, Ireland, Israel, Jamaica, Jordan, Latvia, Lithuania, Luxembourg, Malaysia, Morocco, New Zealand, Norway, Pakistan, Paraguay, Peru, Portugal, Romania, the Russian Federation, Saudi Arabia, the Slovak Republic, Slovenia, Spain, Switzerland, Tunisia, the Ukraine, Uruguay, Venezuela, and Zimbabwe.

2. Content and structure of the paper

The Interim Committee endorsed a two-tier approach to the standards. There would be a general standard toward which the Fund would work with member countries, and a more demanding standard. In light of the urgency of the task as evidenced by the Interim Committee's requested timetable and the resources needed to evaluate with a range of members the requirements of data users, the staff proposes to develop and implement the more demanding standard first. Work toward the precise specifications of the general standard will be undertaken soon after Executive Board approval of the more demanding standard. This work will include consultation with member countries. Work on the general standard will focus on coverage, periodicity, and timeliness, as the elements dealing with access, integrity, and quality are expected to be the same for the general and more demanding standards.

The remainder of this paper, therefore, focusses on the staff proposals for the more demanding standard. Section II discusses a number of issues that arose during the discussions in member countries and the staff's approaches to dealing with them. Section III makes specific proposals for the standard. Section IV discusses implementation of the standard, addressing, first, subscription to the standard and, second, the modalities for monitoring observance and addressing nonobservance. Section V presents the staff proposals for the electronic bulletin board (EBB), which would be the primary means of publicly identifying subscribers to the standard. Section VI suggests issues for discussion. One of these deals with resource costs and synthesizes the references to resources found throughout the paper.

II. Discussions with Producers and Users of Data: Some Important Issues

The thrust behind the Fund's efforts to establish standards for the dissemination of economic and financial statistics rests on the judgments that good statistics are a public good, that a comprehensive and timely flow of statistics would reduce the likelihood of disruptive market adjustments, and that the Fund is well placed to play a useful role in this endeavor.

The discussions with producers and users of data, including financial market participants, over the last few months revealed a widespread recognition of the desirability of encouraging good statistical citizenship and a general willingness to support the establishment of standards by the Fund to guide members in these efforts. Further, the discussions confirmed that improving the quality and international comparability of statistics is a time-consuming process and that the present initiative cannot be a panacea for dealing with the myriad of outstanding statistical problems. Rather, the standard should seek to reinforce ongoing efforts in this area, while providing some immediate benefits to both producers and users of data. Such a standard would support ongoing efforts by countries to undertake

improvements in their statistical systems by providing ready access to information about practices in other countries and by focusing attention on the important role of statistics. Users of data would benefit from enhanced access to important statistical information.

Discussions with producers and users of statistics have highlighted the complexities of formulating and implementing the standard. A meaningful standard will have to strike a judicious balance between the capabilities of producers and the legitimate needs of users. The consultations have shown, however, that producers are diverse in terms of both statistical practices and culture--as well as their ability to produce data--while users are similarly heterogeneous in terms of their needs. These complexities raise a number of important issues, some of which were previously considered settled. This section introduces these issues and the proposed approaches to dealing with them.

The issues relate to (i) the diversity of countries' statistical systems; (ii) the link between the EBB and the data themselves; (iii) the Fund's involvement in assessing the quality of the data; and (iv) monitoring observance of the standard and procedures in case of nonobservance.

First, issues arise from the *diversity of countries' statistical systems*. What is considered good practice in some countries (e.g., precise release dates, or "firewalls" between the producers of data and policymakers) is considered far less important in others. Similarly, what are key statistics in some countries (e.g., employment data in industrial countries) may be less relevant in others. Finally, some countries' statistical systems are highly decentralized, and data may be produced by separate institutions with varying degrees of autonomy. 1/ In these systems, it is likely that a substantial coordinating effort will be needed to ensure that the metadata for the EBB 2/ is provided and maintained and that the commitments for data dissemination are observed.

The staff proposes to address these issues in two main ways. First, for these and other reasons, the staff proposes a transition period of two years. During this period, members would be able to upgrade their practices (with the possible support of technical assistance from the Fund) to bring them in line with the standard, and the Fund would firm up certain procedural aspects and refine the standard on the basis of the initial experience. Second, the staff proposes to introduce elements of flexibility in the standard. This flexibility would take several forms: (i) in

1/ Typically, at least three institutions--the national statistical office, the central bank, and the ministry of finance--are involved. In one major industrial country, six separate institutions share the responsibility of producing economic and financial statistics proposed for the standard.

2/ Metadata is information about data. For the EBB, it includes, for example, release calendars and summary statements on methodology (see Section V).

establishing the data coverage for the standard, distinguishing between data categories and components that are prescribed and others for which dissemination is encouraged but not prescribed, and providing that some categories and components be disseminated only "as relevant"; and (ii) formulating the standards regarding access by the public and the integrity of statistical systems in ways that emphasize transparency of country practices rather than calling for specific and uniform practices.

Second, a number of interlocutors urged that the *economic and financial data themselves be on the EBB* in addition to the metadata provided by subscribing countries under the standard. Previous Board discussions led to the conclusion that the Fund should not serve as a central point for re-publishing country data. Re-publishing by the Fund remains an unattractive option, in view of the resource costs, the additional delay in making the data available to users, and the need to avoid the appearance of Fund certification of the data themselves.

The staff believes that ready access to data is an important element of good statistical practice and that improving such access should be a goal of the present initiative. Some countries already provide electronic access to varying amounts of their data. ^{1/} There are several options, short of re-publishing by the Fund, that can be considered to create a closer association between the metadata on the EBB and the data themselves (see Section V.2). However, it should be realized that associating country data electronically with the Fund's EBB raises a number of issues of both a technical and procedural nature (e.g., security concerns with systems such as the Internet, and the choices among several means of electronic dissemination). The staff takes the view that enhancing electronic access to data should be central to the initiative. It proposes to consider the issues further over the coming months with a view to arriving soon at a proposal about a way that electronic access could be provided to key economic and financial data as part of the initiative, for those countries wanting to avail themselves of it. In the meantime, the countries will be encouraged to develop and extend electronic access to their data as a key feature of ready access.

In the context of data related to the *metadata*, many users noted the importance of *International Financial Statistics (IFS)* as a unique single source of internationally comparable economic and financial data for member countries. Users particularly valued the coverage and international comparability of *IFS* data, although timeliness of some data remained a concern. Users believed that, if country data were to be associated with

^{1/} The staff has been able to identify at least 19 countries that make economic and financial information (in some cases text, in other cases data) available through the Internet: Austria, Belgium, Canada, the Czech Republic, Denmark, Finland, France, Italy, Japan, Korea, the Netherlands, Mexico, New Zealand, Norway, Singapore, Sweden, Turkey, the United Kingdom, and the United States.

the metadata on the EBB, *IFS* would continue for the foreseeable future to be a very important data source. ^{1/}

As countries move over time toward compilation of country data according to internationally accepted statistical methodologies, the extent of differences between the internationally comparable *IFS* data and country data associated with the EBB would tend to diminish.

Third, during the consultations, some interlocutors urged *greater Fund involvement in assessing the "quality" of the data*. Some producers of data felt that good practices should be acknowledged publicly, while some users took the view that a distinction between good and bad practices would provide a valuable service. In previous Board discussions, Directors preferred that Fund staff not be directly involved in public assessment of data quality and supported the proposed reliance on certain proxies that facilitate users' assessments of data quality. The Board noted, as did some interlocutors, that certifying quality of the data on which market and other major decisions are made could be hazardous to the Fund. As well, assessment would have to be based on substantial statistical expertise if it were to be meaningful and acceptable to country authorities.

Assessing quality would, of course, be immensely time- and resource-intensive for the staff. One alternative suggested by some interlocutors could be for the Fund staff's assessment of the adequacy of a country's statistics for the purposes of surveillance, prepared annually in the context of the Article IV consultation, to be made available on the EBB. Such an approach would require increased attention to the preparation of such material and may raise difficult issues of equal treatment across countries. At this stage, the staff proposes to continue to rely on assuring the provision of important information on the EBB by the member country to facilitate users' assessments of quality. These proxies would comprise ready access to descriptions of methodology and availability of underlying detail and other means of making statistical cross-checks.

Finally, on *monitoring of performance and removal from the EBB*, Directors have agreed that a member that has subscribed to the more demanding standard, but found not to be observing it, should be removed from the EBB. Some producers of official statistics expressed concern at the potential effect of such a "delisting," which some compared to a downgrading by a bond-rating agency, even to the extent of questioning the benefit of opting for the more demanding standard at all. Both data producers and users noted the difficulty of the judgments involved in making such a decision, which would have to involve close consultation with the member concerned and could not be purely automatic.

^{1/} *IFS* is available in electronic form (CD-ROM and computer tapes) and modalities for increasing electronic access to *IFS* will be examined.

At this point, the staff proposes to include members on the EBB so long as the staff is reasonably satisfied that the information provided for posting on the EBB is comprehensive and presented in a reasonably internationally comparable fashion. During the transition period, further reflection would be required in drawing up procedures for monitoring observance and removal from the EBB in case of nonobservance after the proposed transition. During the transition period, countries would not be removed except in cases of egregious nonobservance, on the basis of a special staff paper for the Board.

III. The More Demanding Standard

The recent consultations and correspondence have supported both the desirability of the proposed standard comprising four dimensions and endorsed the approach of identifying monitorable elements within each dimension. The four dimensions would be:

- Coverage, periodicity, and timeliness
- Access by the public
- Integrity of the disseminated data
- Quality of the disseminated data

The interlocutors helped the staff to refine the data categories to be covered, provided useful information on country practices as input into the proposed specification of periodicity and timeliness, provided insights on country practices that led to the introduction of flexibility into the elements for access and integrity, and helped refine the elements for quality. (Box 1 provides an overview of the four dimensions and the proposed elements that emerged.)

1. Coverage, periodicity, and timeliness

Comprehensive economic and financial data, disseminated on a timely basis, are essential to the transparency of macroeconomic performance and policy.

a. The following paragraphs describe the proposed elements of coverage, periodicity, and timeliness.

Box 1. Summary of the Proposed More Demanding Standard

1. Coverage, periodicity, and timeliness: Comprehensive economic and financial data, disseminated on a timely basis, are essential to the transparency of macroeconomic performance and policy.

Dissemination of economic and financial data categories identified as prescribed in Table 1, as relevant for the country, with the components, the periodicity, and the timeliness indicated.

2. Access by the public: Dissemination of official statistics is an essential feature of statistics as a public good. Ready and equal access are principal requirements for the public, including market participants.

- a. Advance dissemination of release calendars
- b. Simultaneous release to all interested parties

3. Integrity: To fulfill the purpose of providing the public with information, official statistics must have the confidence of their users. In turn, confidence in the statistics ultimately becomes a matter of confidence in the objectivity and professionalism of the agency producing the statistics. Transparency of its practices and procedures is a key factor in creating this confidence.

- a. Dissemination of the terms and conditions under which official statistics are produced, including those relating to the confidentiality of individually identifiable information.
- b. Identification of internal government access to data before release.
- c. Identification of ministerial commentary on the occasion of statistical releases.
- d. Provision of information about revision and advance notice of major changes in methodology.

4. Quality: A set of standards that deals with the coverage, periodicity, and timeliness of data must also address the quality of statistics. Although quality is difficult to judge, monitorable proxies, designed to focus on information the user needs to judge quality, can be useful.

- a. Dissemination of documentation on methodology and sources used in preparing statistics.
- b. Dissemination of data to support statistical cross-checks and verification of reasonableness.

(1) Scope of coverage. The standard focus on data produced by official national agencies (hereafter, official data producers) or other data to which official dissemination adds value. 1/ While the standard is limited to the minimum necessary, countries are encouraged to disseminate other data that may increase the transparency of economic performance and policy.

(2) Data categories. The standards are formulated in terms of the basic data that are most important in shedding light on the performance and policy in four sectors across the economy--real, fiscal, financial, and external. 2/ For each sector, there is (i) a comprehensive statistical framework--national accounts for the data about real sector, government operations for fiscal data, analytical accounts of the banking system for financial data, and balance of payments accounts for data about external transactions; (ii) data that permit frequent tracking of the principal measures in the comprehensive frameworks; 3/ and (iii) other data (often price data) relevant to the sector (see Table 1).

The standard does not specify in detail the component breakdowns of the comprehensive statistical frameworks to be used in dissemination. While the general structure of each framework is widely recognized, countries have made their own choices about the disaggregations within the structure that are reflective of their individual situations and requirements. Further, substantial momentum already exists through ongoing work toward greater use of

1/ Among the complexities of including privately compiled data are issues that arise because of copyrights and conditions of re-publishing made by the private compiler and those that arise because there is usually an implicit stamp of approval given to the methodology and objectivity of privately compiled data when they are officially disseminated.

2/ In the interest of setting up a concise standard, yet one that also serves a wide range of users, the data categories are in terms of basic data that can be considered the building blocks for analysis. The categories do not include, for example, analytical constructs that are derivable from these building blocks (such as the government balance-to-GDP ratio).

3/ Data for the comprehensive frameworks are prepared with less frequency/longer lapse of time than may be needed for short-term economic analysis. A less comprehensive, but more timely, data category is also included in the standard for each sector. Monthly production data are an early indicator of GDP; monthly central government data can be a useful gauge for less frequent general government or public sector data; central bank data are available more quickly as an indicator of financial developments than banking system data; international reserves and monthly merchandise trade data track quarterly balance of payments developments.

component detail specified in international guidelines. ^{1/} For the time being, the proposed standard either indicates the type of breakdown (e.g., major expenditure category for quarterly GDP) and/or highlights several components to be disseminated (e.g., money aggregates, domestic credit by public and private sector, and the international position for the analytical accounts of the banking system).

(3) Periodicity and timeliness. Periodicity, or frequency of compilation, of a particular data category is determined by several factors, including the ease of observation or compilation (e.g., whether data are amenable to a daily tally, based on administrative records, amenable to a frequent survey, derived from multiple data sources) and the needs of analysis (e.g., considerations such as volatility and status as an operational variable). Timeliness, or the lapse of time between a reference date (or close of a reference period) and production of the data, reflects many of the same factors but also some others related to institutional arrangements such as the preparation of accompanying commentary and printing. ^{2/}

The specifications proposed for periodicity and timeliness draw on country practice; the periodicity observed in country practice is more regular than the timeliness. ^{3/} The timeliness specifications are set out in terms of "no longer than" prescribed lapses of time to recognize that official producers may, for reasons of efficiency, wish to release several sets of data in one periodic dissemination product (such as a monthly bulletin), but the standard should be viewed as encouraging shorter lapses. For data categories specified for daily periodicity, producers of the data may wish to consider brief recorded telephone messages and fax services in addition to the more traditional hardcopy publications.

^{1/} In the case of national accounts and balance of payments statistics, revised international guidelines--respectively, the *1993 System of National Accounts* and the *Balance of Payments Manual: Fifth Edition*--were recently introduced, and to specify detail in terms of either the old or new versions would be inappropriate at this time. In the case of fiscal data, the general structure outlined in *A Manual on Government Finance Statistics* is widely used. The Fund is updating that manual and is preparing a new manual for monetary and financial statistics, with a view in each case to their acceptance by member countries as international guidelines. The component detail to be specified in these methodologies should be considered the target at some point in the future.

^{2/} In SM/95/175, timeliness was included as an element of the dimension of access by the public reflecting the interrelationships between timely, ready, and equal access. To minimize the complexity of the standards, timeliness is now considered as one of the statistical features along with coverage and periodicity.

^{3/} The specifications proposed are also consistent with an approach in which, as a first approximation, quarterly data should be published with a lapse of no more than a quarter from the reference date or close of the reference period, monthly data with a lapse of no more than one month, and weekly data with a lapse of no more than one week. This approach is based on the coincidence of the underlying factors that determine the periodicity and lapses of time in the production of data.

b. The specifications for the more demanding standard

Table 1 summarizes the proposed specifications for coverage, periodicity, and timeliness for the more demanding standard. Appendix II summarizes the modifications made as a result of consultations, correspondence, and further consideration to the data categories in the initial minimum list that was part of the Board's report to the Interim Committee in October 1995. These specifications, in their focus on the frequency and timeliness of aggregates and/or selected components, reflect an urgency in the need to improve short-term economic analysis. ^{1/}

The principal data category for the real sector is the national accounts, consisting of nominal levels, real (price-adjusted) levels, and associated prices (deflators or price indices). The data components within this category provide for GDP by major expenditure category and/or productive sector. Although the former breakdown is preferred by most users, provision of both breakdowns is encouraged. While not prescribed, saving and gross national income (or GNP, as it was formerly known) are data components that countries are encouraged to provide. Classification according to the *System of National Accounts* is strongly encouraged.

The data category designed to track GDP on a more frequent basis is a single production index or a selection of production indices. The index that is relevant will depend on a country's economic structure--industrial production in countries where manufacturing, mining, and utilities are important, commodity production (e.g., petroleum and rice) in other countries, and/or agricultural production in still others. To provide a guide to quarterly GDP, a monthly index/indices is proposed. The "or as relevant" notation for periodicity and timeliness is a recognition that in some countries, such as those where seasonal crop production is important, production is not well represented by a monthly index.

Of the several kinds of forward-looking indicators that emerged as important in the staff's discussions in member countries, those listed in Table 1 are illustrative of surveys of expectations, surveys of orders (e.g., for manufactured products), or composite indices that combine several indicators into a single index. Countries are encouraged to develop and disseminate such indicators in response to substantial user interest in them.

^{1/} Of course, however, research and analysis of a longer-term, often more structural, nature require more comprehensive data although often with less emphasis on frequency and timeliness.

Table 1. The More Demanding Standard: Coverage
Periodicity, and Timeliness

Coverage			Periodicity	Timeliness
Prescribed		Encouraged categories and/or components		
Category	Components			
Real sector				
National accounts: nominal, real, and associated prices	GDP by major expenditure category and/or by productive sector	Saving, gross national income	Q	Q
Production index/indices	Industrial, primary commodity, or sector, as relevant		M (or as relevant)	M (or as relevant)
		Forward-looking indicator(s), e.g., qualitative business surveys, composite leading indicators index, orders	M or Q	M or Q
Labor market	Employment, unemployment, and wages/earnings, as relevant		Q	Q
Price indices	Consumer prices and producer or wholesale prices		M	M
Stock market	Share price index, as relevant		D	1/
Fiscal sector				
General government/public sector operations	Revenue, expenditure, balance, and domestic (bank and nonbank) and foreign (disbursements and repayments) financing	Interest payments	A	2Q
Central government operations	Budgetary accounts: revenue, expenditure, balance, and domestic (bank and nonbank) and foreign (disbursements and repayments) financing	Interest payments	M	M
Central government debt	Domestic and foreign, with breakdowns by maturity and currency (including indexed, as relevant)	Debt service projections: interest and amortization on medium and long-term debt (Q for next 4 quarters and then A) and amortization on short-term debt (Q)	Q	Q
Financial sector				
Analytical accounts of the banking sector	Money aggregates, domestic credit by public and private sector, external position		M	M

Table 1 (concluded). The More Demanding Standard:
Coverage, Periodicity, and Timeliness

Coverage			Periodicity	Timeliness
Prescribed		Encouraged categories and/or components		
Category	Components			
Analytical accounts of the central bank	Reserve money, domestic claims by public and private sector, external position		M (W encouraged)	2W (W encouraged)
Interest rates	Short-term and long-term government security rates, policy variable rate	Range of representative deposit and lending rates	D	1/
External sector				
Balance of payments	Goods and services, net income flows, net current transfers, selected capital (or capital and financial) account items (including reserves)	Foreign direct investment and portfolio investment	Q	Q
International reserves	Gross official reserves (gold, foreign exchange, SDRs, and Fund position) and official liabilities, denominated in U.S. dollars		W	W
Merchandise trade	Exports and imports	Major commodity breakdowns with longer time lapse	M	M
International investment position	Assets: reserves; direct investment; portfolio (equity and debt); and other. Liabilities: direct investment; portfolio (equity and debt--the latter covering short-term and medium- and long-term, with a breakdown by local and foreign currency); and other		A (Q encouraged)	2Q (Q encouraged)
Exchange rates 2/	Spot rates and 3- and 6-month forward market rates, as relevant		D	1/
Addendum: Population			A	

Periodicity and timeliness: Daily ("D"); weekly or with lapse of no more than one week ("W") after the reference data or close of the reference week; monthly or with lapse of no more than one month ("M"); quarterly or with lapse of no more than one quarter ("Q"); annual ("A").

1/ Given that data are widely available from private sources, dissemination of official producers may be less time-sensitive. Although dissemination by recorded telephone messages or fax services is encouraged, dissemination of these data can be made part of other (preferably high-frequency) dissemination products.

2/ Many users are interested in real effective exchange rate (REERs) indices, as well as nominal rates. As these indices are calculated by the Fund, means of distributing them electronically are being examined.

For price statistics, consumer price indices and producer or wholesale price indices are prescribed. They are widely used in their own right, and as well are needed for price-adjusted national accounts.

Labor market data are critically important statistics in industrial countries but may be less meaningful in others, such as those with large informal or subsistence sectors. The "as relevant" notation recognizes that the coverage of the specified employment, unemployment, and wages/earnings components may, of necessity, be less than the total economy and that such concepts may not be meaningful.

In countries where a stock market exists, because a share price index is often closely and widely followed, countries should disseminate such an index, with due consideration to concerns about officially disseminating data produced in the private sector. Daily data observations are called for; because the data are available in the newsmedia and from commercial data vendors, official dissemination is less time-sensitive than otherwise would be the case and timeliness is not specified to allow the disseminating agency flexibility to incorporate the index into another (preferably high-frequency) product.

For the fiscal sector, the principal data category covers the general (central plus state or provincial and local) government or the public sector, depending on which coverage is the focus of policy and analysis in a particular country. Fiscal data compiled according to the classifications of the *Manual on Government Finance Statistics* are encouraged. In recognition of the great difficulty in compiling these data in most countries, they are shown in Table 1 as produced on an annual frequency with a lag of two quarters. Dissemination of data on interest payments is shown as "encouraged."

As a more frequent and timely indicator of fiscal stance, central government indicators should cover as wide a range of central government units (budgetary accounts, social security, extrabudgetary units and accounts) as is feasible, and units excluded from the monthly data should be noted in the methodological description on the EBB.

Data for debt are prescribed in terms of central government debt. Debt data should be specified as domestic and foreign (where the distinction is meaningful and practical), and breakdowns should be provided by maturity (short versus medium and long term) and currency (indexed debt should also be included as relevant). Dissemination of government debt service (interest and amortization) projections is shown as "encouraged." For certain emerging market countries, dissemination of interest and amortization schedules would be especially important.

For the financial sector, the principal data category is the analytical accounts of the banking system. Data for the banking system should cover all units of the banking system that are included in principal national measures of money aggregates (M2 or M3). Countries with complex banking

systems, particularly with extensive branch banking, may find such a schedule difficult to achieve. In these cases, major indicators (money aggregates and total credit) should be disseminated within one month and comprehensive data disseminated at the earliest date feasible.

With regard to data for the central bank, the components specified are reserve money, claims by public and private sector, and the external position. Monthly dissemination within 2 weeks is prescribed, but weekly dissemination within a week is "encouraged."

Interest rates should include short-term and long-term government securities rates as appropriate to the country (e.g., three-month Treasury bill rate and ten-year government bond rate) and a policy variable rate, such as the central bank lending rate. Publication of deposit and lending rates are "encouraged."

For the external sector, balance of payments data should include, for the current account, imports and exports of goods and services, net income receipts, and net current transfers. Capital (or capital and financial) account components should include at least reserves data and other available components of financing. Classification according to the *Balance of Payments Manual* (fourth or fifth edition according to current national practice) is strongly encouraged. On a more frequent and timely basis, international reserves should be provided in U.S. dollars. Merchandise trade should be provided first with at least total imports and exports and then with detail by major commodity within a slightly longer lapse of time for compilation.

For the international investment position, the major data components specified are reserve assets, direct investment assets and liabilities, portfolio (equity and debt) assets and liabilities, and other assets and liabilities. Classification according to the fifth edition of the *Balance of Payments Manual* is strongly encouraged. Regarding external debt (covered under the international investment position), there is a tension between specification of a standard that could be applied to a wide range of countries and the kind of highly detailed information that would be desirable for a country experiencing significant external sector difficulties. The proposed specification seeks to strike a balance. It calls for annual information on short-term and medium- to long-term external debt as prescribed, with a breakdown between domestic and foreign currency. Because of the substantial interest in external debt, dissemination on a quarterly basis is "encouraged."

Exchange rates should be disseminated on a daily basis, as should forward exchange rates (three- and six-month rates) where relevant.

Population is shown as an addendum. It is prescribed because of its usefulness as a scaling factor, e.g., in GDP per capita.

2. Access by the public

Dissemination of official statistics is an essential feature of statistics as a public good. Ready and equal access are principal requirements for the public, including market participants.

a. Advance dissemination of release calendars

The proposed standards prescribe dissemination of a release calendar identifying, at least one quarter in advance, either the day of release or the day "no later than" which release will take place for the data categories prescribed by the standard. An initial calendar may identify a period of time of up to five working days during which the release will take place, to be followed by a calendar, published no later than the close of business of the prior week, identifying the date of release during the following week. ^{1/} For example, assume that a producer expects to release a data category on April 15. An initial calendar made public in January may identify the day of release (the 15th), a date no later than which the data will be released (perhaps the 19th), or a period of up to five working days during which the data will be released (perhaps the 15th through the 19th). No later than the close of business the prior week, the producer is to identify the date of release during the following week. Members are encouraged, as well, to specify the exact time of release in the calendars. Members are also encouraged to publish release calendars for data categories not prescribed by the standard. ^{2/} For the EBB, the member would provide the calendar, including any follow-up calendars.

The staff consultations with members revealed a wide range of practices, both across countries and within countries, about the way the public is made aware of, or finds out about, statistical releases. Private users of data strongly support advance release calendars, which provide them information with which to take a more active, organized approach to acquiring the data needed for their work. Producers that do not now produce advance release calendars, including a number of central banks, were especially concerned about risks to the quality of data that might emerge by a requirement of this kind. However, producers that do prepare them consider them important elements of "best practice" in highlighting sound management and transparency of statistical compilation. Appendix III provides further discussion of reactions to this element. The proposed element, incorporating the initial flexibility of a no-later-than-formulation and a range of release dates and specifying the exact date only

^{1/} See the discussion in Section V about the electronic bulletin board, that deals with the workload created by the updating of the release calendars.

^{2/} In general, members are encouraged to apply the practices prescribed in the standard to data categories not covered by the standard when public interest warrants.

the week prior to a release, seeks to meet the concerns expressed by producers while retaining the advantages of advance calendars.

b. Simultaneous release to all interested parties

The proposed standard prescribes that data be released to all interested parties at the same time. ^{1/} Release is not intended to refer to access by government agencies, including those other than the producing agency; pre-release access is governed by conditions set out in the description of integrity (see subsection 3.b below). For media and commercial data vendors, simultaneous release may be interpreted as including access, under embargo conditions, to all on equal terms. The act of release may consist of providing summary data accompanied by provision of detail in other formats (e.g., diskettes and access to electronic databases). Members are encouraged to make the release in as many formats, especially electronic formats, as possible consistent with the extent of public interest in the data. For the EBB, subscribing members would describe the procedures applicable for each data category. These procedures may vary according to the sensitivity and other characteristics (e.g., need for accompanying technical explanation) of the data.

In the staff's consultations, the principle and practice of simultaneous access was widely accepted. Particularly when applied in combination with advance release calendars, even some users who reported having informal pre-release access to data recognized the necessity of such a practice in a setting of near-instantaneous, world-wide communication.

3. Integrity

To fulfill the purpose of providing the public with information, official statistics must have the confidence of their users. In turn, confidence in the statistics ultimately becomes a matter of confidence in the objectivity and professionalism of the agency producing the statistics. Transparency of its practices and procedures is a key factor in creating this confidence.

- a. Dissemination of the terms and conditions under which official statistics are produced, including those relating to the confidentiality of individually identifiable information

Under the prescribed practice being proposed, the terms and conditions under which statistical agencies operate may take various forms, including statistics law(s), charters, and codes of conduct, and they may refer to matters such as the relationship of the statistical unit to a larger department or ministry of which it is part (if relevant), the requirement to publish data it has collected, the terms of reference for the chief

^{1/} This aspect of the standard would not affect the privileged access to information by the Fund in its surveillance and program activities.

statistician/director, and procedures and processes related to the confidentiality of individual responses. Dissemination of this information may take a variety of forms, including annual reports of the producer of statistics, abstracts in key publications, and statements of relevant passages referring to confidentiality on survey forms. Producers may find it convenient to use logos and other insignia to remind users of the terms under which statistics carrying the logo are produced. 1/ For the EBB, subscribing members would describe the terms and conditions applicable for each data category. The terms may vary across data categories, especially in countries with decentralized statistical systems.

This practice of publicizing the terms and conditions under which official statistics are produced, which is embodied in the "Principles of Official Statistics" adopted in 1994 by the United Nations Statistical Commission (see Appendix II, SM/95/175), is already fairly widespread. Both producers and users view it as a somewhat indirect but important feature of approaches to fostering confidence in the objectivity and professionalism of official statistics.

b. Identification of internal government access to data before release

For internal government access outside the agency producing the data prior to their release, the proposed practice comprises the listing of persons/positions who have access and the schedule according to which they receive access. Such identification--that is, statements of "who knows what and when"--may take a variety of forms, including brief notices to the public and annual reports of the producer of statistics. For the EBB, subscribing members would present a summary statement and/or identify where a more detailed, updated list is maintained (e.g., in the press offices of the data producers).

As noted in SM/95/175, some countries maintain strict embargoes on the availability of data even within the government prior to their release. However, in a number of countries, such procedures were viewed as unduly restrictive and a detriment to fast and effective government reaction. The proposed practice is intended to provide any pre-release access within government that the government deems appropriate while providing transparency to those practices. As well, this transparency with respect to pre-release access within government would work in support of the practice of simultaneous release to those outside government and the practice of identification of ministerial commentary (see below) to help ensure the objectivity of the data. (See Appendix IV.)

1/ For example, statistics in the Official Statistics of Sweden series are prepared according to the prescriptions of the statistical law and are to be so designated. Releases prepared by the U.K. Government Statistical Service, according to its Code of Practice, are marked with its banner and logo.

c. Identification of ministerial commentary on the occasion of statistical releases

Ministerial commentary is not necessarily expected to maintain the same degree of objectivity or freedom from political judgment as would be expected of good practice for a producer of official statistics. Therefore, the proposed practice under the standards is to identify such commentary so that its source will be transparent to the public. The identification of ministerial commentary on the occasion of statistical release may take several forms--including separate statements by the minister (or other policy or political official) or, alternatively, identification of a statistical agency's material in a release that contains both ministerial commentary and data. The agency's material may include data, explanatory text (e.g., of an unusual event affecting the data), and objective analysis; the identification as agency material may be made in various ways, including the use of source lines in tables and of the producer's logos or other insignia. Subscribing members would describe the procedures applicable for each data category for the EBB. The procedures may vary, especially in countries with decentralized statistical systems.

The recent consultations by the staff highlighted that in a number of countries there is a long-standing tradition of ministerial commentary on the occasion of statistical releases, but there is also widespread public recognition of the objectivity of the producers of official statistics. A practice of identifying ministerial commentary attempts to strike a balance between these situations and those where the objectivity of the producers is less clear, as described in Appendix IV.

d. Provision of information about revision and advance notice of major changes in methodology

Under the staff's proposal, relevant information about revision may include statements about the policy followed (e.g., a policy of revising monthly data when an annual, more comprehensive survey becomes available or a policy of no revision) and data about the size of past revisions. Advance notice of changes in methodology (e.g., changes in base year, major expansions of sample size, introduction of alternative data sources, reclassification of transactions or industries) may take a variety of forms, ranging from short statements in press releases to presentations and papers in public fora. Members are encouraged, as well, to provide easy access to information explaining revisions after they are released (e.g., by access to a person able to answer questions about revisions). For the EBB, subscribing members would describe the policy, size of past revisions (at least for major aggregates), or other relevant information about revisions (such as the sources of revision and/or components that show the largest revisions) for each data category and the procedures for providing advance notice of major changes in methodology.

Users are interested in revisions from several points of view, but the emphasis in this element is on practices related to revisions that enhance

the transparency of producers' practices. The practices described are meant to give producers of official statistics several ways of providing the information about revisions and changes in methodology and thus to strike a balance between users' concerns about revisions and the resource cost to the producers of providing the information.

4. Quality

A set of standards that deals with the coverage, periodicity, and timeliness of data must also address the quality of statistics. Although quality is difficult to judge, monitorable proxies, designed to focus on information the user needs to judge quality, can be useful.

a. Dissemination of documentation on methodology and sources used in preparing statistics

Under the proposed standard practice, dissemination includes the provision of access to information about methodology and sources on request. Thus, the documentation may take several forms, including summary notes accompanying release of the data, separate publications, and papers available on request from the producers. Members are encouraged to include and highlight statements and declarations about important features of quality (e.g., the kind of error to which the data are subject, sources of noncomparability over time, measures of coverage and sample error for census or survey data). ^{1/} For the EBB, subscribing members would provide information that identifies the documentation and how to access it. Subscribing members would provide summary documentation of methodology on the EBB, including statements of major differences from international guidelines.

Most users and producers consulted by the staff supported the approach of using proxies for assessing the quality of publicly available statistics. Documentation on methodology and sources used in preparing statistics was widely accepted as such a proxy. In combination with statistical cross-checks provided in the next element, users generally believed that the proposed standard would provide the information needed for their own assessment of quality.

Users showed great interest in methodologies and often noted difficulties in obtaining documentation on them. Providing access to this information on the EBB, even as a summary, and highlighting major differences from international guidelines, is strongly encouraged. From the producers' viewpoint, statements of methodology are difficult to write and to keep current in the face of changes in the economy and statistical techniques. Documentation of methodology often competes with other uses of

^{1/} The size of past revisions, which is often in the list of aspects of quality, is included in an element on integrity, drawing on its role as an indicator of the transparency of conditions under which data are produced.

data producers' resources, so that provision of methodologies would have resource costs for data producers.

b. Dissemination of data to support statistical cross-checks and verification of reasonableness

The proposed element of the standard provides for dissemination. Component detail is, of course, to be at a level that does not conflict with other desirable characteristics such as the confidentiality of individually identifiable information or statistical reliability. Statistical frameworks include accounting identities and statistical relationships (such as balance sheets). Comparisons and reconciliations include those that cut across frameworks, such as exports and imports as part of the national accounts and as part of the balance of payments. For the EBB, subscribing members would briefly describe the detail, the framework, and the comparisons and reconciliations.

The availability of data to support statistical cross-checks and verification was widely accepted as a proxy for the quality of publicly available statistics. Component detail, although used in this context to facilitate such checks, is also useful in its own right for in-depth analysis and research.

IV. Implementation of the More Demanding Standard

The staff proposals for implementation are well articulated in some respects, while they need to be elaborated further in others. This section describes the matters where the staff is presenting proposals for the Board's consideration and discusses areas where issues remain to be resolved.

1. Subscription to the standard and start up

Countries would be invited to subscribe to the standard on a voluntary basis. This invitation would take place following Board approval of the more demanding standard and before the April 1996 meeting of the Interim Committee. Staff would communicate with country authorities to provide supporting information about procedures and information requirements for subscription. Countries would subscribe by sending an appropriate communication to the Fund. To the greatest extent possible, the communication would also transmit the metadata, which in any event would be required no later than three months afterwards. Fund staff would discourage countries if it appeared likely that there would be severe difficulties in observing the standard, even on the transitional basis outlined below. It is unlikely that many countries would immediately be able to observe the standard fully. In these circumstances, countries would be expected to delineate the elements on which they fall short and to provide a plan, accessible on the EBB, for observance by the end of the two-year transition

period. The two-year transition would also provide an interval during which members could seek technical assistance to improve practices.

This approach to subscription during the two-year transition period would have a number of advantages. First, it would use the Fund's initiative to establish the standard to provide strong incentives for countries to improve their statistical practices. Second, it would provide an incentive for countries that could not observe all elements immediately to pursue subscription only if there was a clear prospect of making the necessary improvements within two years. Countries that were not confident that they could fully observe the standard by the end of the transition period would damage their credibility if they subscribed and could not follow through. However, it needs to be acknowledged that this approach to subscription may mean that the signal to financial markets and other data users from subscription will be somewhat less clear cut during the transition period as subscription could (in some areas) indicate intentions to observe rather than actual observance.

The opening of subscription would set in train a sequence of proposed events, as shown in Box 2. As soon as a critical mass of countries has formally subscribed, it is proposed that a two-year transition period begin. The staff proposes that a critical mass would comprise 15-20 countries. Meanwhile, country metadata, requested to the greatest extent possible along with formal subscription but no later than three months afterwards, would be under review by the staff to ensure that it is comprehensive and presented in a reasonably internationally comparable fashion. The staff proposes that the metadata be placed on the EBB and the EBB be opened to the public as soon as the metadata for the critical mass of countries is ready.

The transition and start-up periods would be likely to entail significant resource costs for development and administration of the standards and related technical assistance (although cost recovery for technical assistance is a possibility to be explored).

2. Monitoring observance and removal for nonobservance

The Fund has a direct interest in promoting observance of the standard, in view of the importance of preserving its credibility and because of the need for accurate signals to data users. On their part, users are interested not only in which countries are subscribing to the standard but also (and more importantly) whether these countries actually observe the standard. It would therefore be appropriate for both the Fund and users to play a role in monitoring. The Fund would facilitate a monitoring role for users through the provision of information on the EBB, including country contact points.

Box 2. Proposed Sequence of Events for the More Demanding Standard

October 8, 1995	January 24, 1996	February/March 1996	April 22, 1996	May/June 1996	June/July 1996	May/June 1998
Interim Committee endorses Board report.	Board discusses proposal.	Board approves standard. Subscription opens.	Interim Committee meets.	Critical mass of subscribers attained. Transition period begins.	Metadata ready for critical mass of subscribers. EBB opens to world.	Transition period ends.

While ultimately judgments would need to be made within the Fund, the public, especially the markets, could play a role. Data users may be the first to notice if certain data do not meet the timeliness and frequency indicated on the EBB and may be well positioned to detect shortfalls of access, integrity, or quality. While slippage should be taken up directly with the data producers, the Fund would also need to know of problems and an appropriate point of contact for users would be needed. Fund staff would also be in a position to consult periodically with interested users.

Monitoring by the Fund could, at least in part, rely on the Article IV consultation process. For the purposes of surveillance, the Fund is already monitoring the adequacy (i.e., coverage, periodicity, timeliness, and quality) of data provided to the Fund in Article IV consultations. For subscribing countries, the scope of this monitoring could be extended to cover, in addition, the elements of access and integrity in the context of the dissemination initiative. Information from data users would provide pointers for country discussions with Fund staff. The staff assessment of observance of the dissemination standards would be included in the Article IV consultation report, in addition to the assessment of country data provided for surveillance. Monitoring the standard would, of course, have resource costs to engage in the necessarily more intensive review of statistics.

To preserve the credibility of the standard, a procedure will be needed under which countries that cease to observe the standard would be removed from the list of subscribers and from the EBB. Since removal would be

highly sensitive, the standard should contain strong positive incentives for observance to minimize the likelihood that these procedures would be invoked. There would need to be a clearly specified sequence of events that would lead to removal. At the same time, as in other relations between the Fund and its members, judgment and discretion to accommodate country-specific considerations would also be necessary. Of course, countries that do not observe the standard may need time to address the situation. If a country does not return to observance, it would be free to initiate its own removal. The staff could facilitate this process by suggesting voluntary withdrawal.

With regard to the decision to remove a country from the subscription list and from the EBB, some alternatives can be considered. First, the Executive Board could take the decision, on the basis of a special staff paper. Second, the decision could be delegated to the staff, on the basis of a Board-approved set of procedures. In either case, a recommendation could be made by a "blue ribbon" panel of statisticians appointed to adjudicate such cases. Such a recommendation would of course need to be evaluated by the staff and decision-making authority would have to remain with the Fund.

In the course of the two-year transition period, the staff proposes that there would be no removal of subscribers, except by Board decision in cases of egregious nonobservance. For example, if a subscribing country was not publishing foreign reserves data, or was generally releasing it with a long lag (such as a month, for example), despite the standard, this procedure could be invoked. Similarly, if a subscriber had provided a plan for statistical improvements and was making little progress, the staff could prepare such a paper. A procedure along these lines during the transition remains necessary to preserve the credibility of the standard. During this period, the staff would continue its dialogue with interested members and would develop an approach--which, of course would require Board consideration and approval--on the modalities for assessing observance of performance and for removing nonobservers. Subject to Board approval, these procedures would be applied to subscribers at the end of the transition.

V. The Electronic Bulletin Board

The proposal to establish the EBB, as outlined in the Board report to the Interim Committee, was well received by both the producers and users of data with whom the staff consulted. It was seen as a way to identify publicly the countries that subscribe to the more demanding standard and provide access to important information about country data--the metadata--that would be useful in its own right. It would also facilitate monitoring of performance under the standard. Producers of data generally confirmed their willingness to provide the information to the Fund for the EBB, and users agreed that maintaining the EBB on Internet, with a World Wide Web

(WWW) site, would provide them with the ready access they would need to make use of the information. ^{1/}

1. Content of the EBB

To provide a basis for discussion, interlocutors were provided with a prototype display of a WWW page. The consultations and correspondence suggest several additions to the metadata on the EBB. Four additions are easily accommodated: the name and phone/fax number of a contact point in the offices of the national producer, the date and time of the last update of the metadata posted by the Fund, information about the availability of the data in various formats, and the basic statistical features of each data category (e.g., unit of measurement; base period for an index; end-of-period, mid-point in period, or other specification for the time period).

Data users also urged the inclusion on the EBB of brief descriptive material on statistical methodologies, thus giving more immediate access to information on methodology. Further, a number of users, including financial market participants, expressed a desire to see internationally comparable data on the EBB or (if that were not available in the shorter run) information about how a country's data differed from data produced in other countries. In response to these comments, it is proposed that the EBB provide summaries of the methodology for each data category, including a brief statement that highlights major differences from international guidelines. Because the preparation of these summary methodologies (including comparability statements) will be resource intensive for the data producer, countries will need time to prepare them. For this reason, the staff proposes that these methodologies be made available on the EBB as soon as possible but no later than the end of the transition period.

An updated prototype page for the EBB appears as Appendix V. Following the Board's approval of the standard, the staff would proceed to finalize the structure of the page so that countries wishing to subscribe to the more demanding standard could begin to prepare their submissions.

The posting of the country metadata on the EBB by the Fund will require resources, the amount depending in part on the number of subscribing countries and in part on the content of the metadata. Most of the metadata in the prototype will not change frequently so that the resources are for a one-time effort; the exception is with respect to the release calendars. As the element is proposed, there is a potential for a substantial number of updates, including a number that would be posted at the end of each week if the EBB is to be kept current. Additional resource issues arise in considering links to country data, as described in the next section.

^{1/} Information on the EBB would be amended by Fund staff on the basis of information provided by members.

2. Country data

Many users and some producers expressed the view that the EBB would be a more powerful tool for monitoring of observance of the standard if country data were electronically available in association with the EBB. The staff takes the view that enhancing electronic access to data should be central to the initiative. It proposes to consider the issues further over the coming months with a view to arriving soon at a proposal about a way that electronic access could be provided to key economic and financial data as part of the initiative, for those countries wanting to avail themselves of it.

There are several alternative approaches to bringing country data into some kind of association with the EBB's metadata. They overlap in some respects, including the level of Fund involvement and, depending on whether a country already disseminates electronically, the degree of duplication of its efforts or the extent of encouragement to such efforts.

First, data pertaining to the standard could be forwarded by a country to the Fund, which would post them on the EBB. This option was discussed by the Board in July 1995. Most Directors, however, did not favor the Fund serving as a central point for immediate re-publishing of data provided by countries. The task, especially given the budgetary resources that would be required, was seen as best left to others, including members themselves. Moreover, the procedure of forwarding and posting would tend to slow the availability of data, and the Fund's level of involvement would make it especially difficult to avoid the perception that the Fund certified the accuracy of the data posted.

Second, the data could be posted by the country, not on the EBB itself, but in a separate electronic "space" provided by the Fund. The Fund would make an initial investment to design and set up such a system, after which it would need to provide guidance and training to country personnel. After that, maintenance of the data would be the country's responsibility. For some countries, maintaining the data in this "space" would involve a duplication of their own electronic dissemination efforts and/or reporting to other international organizations. For others, it might accelerate efforts to disseminate data electronically and reduce or eliminate the search costs of deciding how to undertake electronic dissemination. A major attraction of this approach would be the user's ease of access to the data from the EBB (although it would not necessarily encourage countries to provide local electronic systems).

A third option, providing a hyperlink ^{1/} from the EBB to country data, is also attractive because of its ease of use. However, only a few countries now maintain electronic access to their data without charges (as would be needed to provide the easiest access); some countries (notably some that copyright their data) charge for electronic access to their data, as would commercial suppliers on which some countries now depend. The hyperlinks would require a resource commitment by the Fund to maintain and update them.

A fourth option, by which the EBB would only provide the electronic addresses to other locations where country data are available, would be somewhat less convenient for users. Also, it would be limited by the number of countries for which data are currently available electronically. The addresses would need to be updated over time, requiring some Fund effort.

Finally, the process of providing or linking country data to the metadata on the EBB could be undertaken by a commercial intermediary. It is conceivable, for example, that such an intermediary might re-publish the Fund's EBB, thus putting the metadata with country data that it collects itself. Such an effort would build on the rapid expansion of cross-country data services that has occurred in the last few years.

3. Cost recovery of the EBB

The Board asked that the possibility of recovering the costs of the EBB be explored. For the WWW site proposed, it would be feasible to restrict and record access. These features would make it possible to implement either a flat (e.g., annual) subscription fee or per-access fee (the latter would be more complex to implement and more costly to administer). ^{2/}

As to the costs that might be recovered, the costs of developing the hardware-software system are expected to be modest. Working largely with the hardware and software already planned for the Fund's WWW site, costs are for about 25-40 person weeks of development effort. The larger costs are for staff time in developing the guidelines for the metadata, servicing country authorities' requests for assistance as they prepare the metadata, and updating the metadata (especially the advance release calendars).

Free access to the EBB would have large benefits. It can be argued that access to the EBB should be encouraged in the interest of smooth functioning of the financial markets and that the metadata, as with the data they describe, should be as widely available as possible. Benefits from the

^{1/} A hyperlink is a touch-and-click connection embedded in a WWW document. When a user chooses to "follow" a hyperlink to another document, the software provides the "jump" to that document wherever it exists on the Internet.

^{2/} It is not feasible to implement a metered fee (one based on the length of the connection time).

EBB would accrue to the Fund, to the public and markets generally, and to members. Thus, it is not clear that EBB users necessarily should be charged.

The staff proposes to give further thought to the question of charging for use of the EBB, depending on the format and procedures for its use that are decided on by the Board. The staff proposes that the EBB be free of charge during the transition. By the end of the transition period, it should be possible to assess the staff costs (which will be in part a function of the number of subscribers) and to have reached a conclusion about the associating country data with the EBB and the additional associated costs.

VI. Issues for Discussion

Approach to the standards

The staff proposes to establish the more demanding standard first. It will return to specification of the general standard, toward which the Fund would work with all members, in the period ahead. The proposal for the more demanding standard outlined in Section III presents a list of prescribed and encouraged data categories based on consultations with users and producers of data. It specifies the frequency and timeliness with which the categories should be disseminated, and it incorporates refinements--mainly in light of the range of dissemination practices--to the elements of access, integrity, and quality.

What are Directors reactions to these proposals on the standards?

Transition period

The paper proposes a two-year transition period to allow subscribing countries to make necessary enhancements to statistical practices. This period would also enable the Fund to refine further some aspects in preparation for full operation. During the transition, a country that subscribed before it could observe all elements of the standard would be treated as if it were observing the standard, if it provided certain information and made certain commitments. The transition period would begin on the same date for all countries and, given the proposed two-year interval, it would end in 1998.

How do Directors view the proposed two-year transition period?

Subscription

The staff proposes that subscription would become effective from the receipt of a formal notification by a member (to the greatest extent possible, attaching the member's metadata). This could be a matter for the Governor for the Fund, who could designate or nominate the Executive

Director or a statistical agency for this purpose. Alternatively, the agency designated to fulfill this function could inform the Fund at the time of subscribing that it has been given this responsibility.

Because of the need to preserve the integrity of the standard, the staff proposes that a country subscribing but not observing all elements from the beginning of the transition period would be asked to describe those practices that fall short of the standard and provide a plan (accessible on the EBB) and timetable for making the necessary adjustments. This process would likely require intensive dialogue between the staff and the member.

Are Directors satisfied with the envisaged approach to subscription?

Start up

It is proposed that the two-year transition period for the standard begin on the day when a critical mass of countries has formally subscribed. The staff would suggest that a critical mass would comprise 15-20 countries. The staff would review the metadata provided to ensure that it is comprehensive and is presented in a reasonably internationally comparable fashion. It also would propose to discuss with the member any improvements needed in the information provided.

What are Directors' views on the outlined approach to start up?

The paper has proposed that, in the interests of transparency, the information that all subscribing countries provide should be made public at an early stage in the transition period. This would be the time when the EBB would become accessible to the public.

The staff proposes that this take place as soon as the metadata for the critical mass of countries is ready for the EBB. What are Directors' views?

If Directors endorse the proposals for the more demanding standard, the transition period, subscription, and start up, the staff will be able to prepare a paper for Board approval, containing specific proposed decisions, that would establish the standard and would open subscription to members in February/March 1996.

Does the Board support these proposals and endorse the standards?

Issues related to the EBB

Some interlocutors have proposed that the Fund should take steps to encourage worldwide electronic dissemination of data covered by the standard and disseminated by subscribing countries.

The staff proposes to pursue alternative approaches to the issue of electronic dissemination of data over the next few months, with a view to encouraging such dissemination as a key element of the standard. How do Directors view this proposal?

The staff proposes that the EBB be operated free of charge during the transition period and that options for cost recovery be examined further at a later stage.

How do Directors view this proposal?

Monitoring observance and removal for nonobservance

Some interlocutors urged the Fund to take an active role in assessing data "quality" and to make its assessments public.

Do Directors believe the staff should pursue this possibility during the transition period?

The integrity and credibility of the standard depend to a great extent on whether the information provided and posted on the EBB is accurate and up-to-date. Countries will have an incentive to provide accurate information, in part because the international financial community (including the Fund) as users will be "monitoring" its accuracy. Alternatively, the Fund could assume responsibility for assessing a subscribing country's observance of the standard.

The staff proposes that, during the transition period, countries would not be removed from the list of subscribers and the EBB except in exceptional circumstances involving egregious nonobservance. In such a circumstance, the staff would prepare a special paper for Board approval. If a country failed to observe the standard by the end of the transition period, the country would be deemed to be not observing the standard at that time. Again the staff would prepare a special paper for Board approval. After the transition, the Fund would monitor observance and, when necessary, countries would be removed, according to a set of procedures that would be developed in the period ahead.

Directors may wish to indicate their views on this approach.

Resource costs

The introduction, administration, and monitoring of the publication standards will have resource implications. The additional staff work over the next few months, prior to the invitation for subscription to the more demanding standard, in finalizing the more demanding standard (including the EBB) and publicizing it through the preparation of supporting materials would require up to one staff year. Administering the standard during the start-up period, during which metadata would be received and reviewed by the staff and posted on the EBB, depending on the number of countries that

announce their subscription, could require up to two staff years. This phase of the project is now envisaged to be more resource intensive.

During the remainder of the proposed transition period, an informal monitoring of these work programs would take place, the definition of the general standard would be completed, and other operational features would be defined relating to the possible association of country data with the EBB and the formal monitoring mechanism of the standard. These tasks are likely to require up to three staff years. During the transition period and beyond, requests for technical assistance regarding implementation of the standards, and the upgrading of country statistical systems, are expected to increase; the staff has estimated the technical assistance as requiring an additional 4-6 staff years. Finally, for the monitoring of the more demanding standard through the Article IV consultation procedure or the use of specialized statistical missions, additional staff resources of 3-4 staff years could be required on an ongoing basis. The initiative is also likely to be intensive in its use of management and Board time as well. These resource estimates are inevitably highly tentative.

Directors are invited to comment on this aspect of the standards project, especially in view of the further cutback in staff resources called for in the recent Board discussion of the medium-term budgetary outlook.

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Statistical Policy of the Fund (SM/95/115, May 18, 1995) and Evolution of the Statistical Activities of the Fund (SM/95/113, May 25, 1995) were discussed in Executive Board Meeting 95/56 on June 7, 1995 and the Acting Chairman's Summing Up was issued as BUFF/95/55.

Standards for the Provision of Economic and Financial Data to the Public (SM/95/175, July 17, 1995) was discussed in Executive Board Meeting 95/71 on July 26, 1995 and the Chairman's Summing Up was issued as BUFF/95/84.

Data Provision to the Fund for Surveillance - Preliminary Review of Experience (SM/95/180, July 21, 1995) was discussed in Executive Board Meeting 95/71 on July 26, 1995.

Provision of Information to the Fund for Surveillance - Further Considerations and Draft Report to the Interim Committee (SM/95/229, September 7, 1995) and Standards for the Provision of Economic and Financial Data to the Public - Draft Report to the Interim Committee and Further Considerations (SM/95/230, September 7, 1995), together with an initial draft and further revisions of a combined report to the Interim Committee, were discussed in several subsequent meetings of the Executive Board.

Fund Policies - Data Provision to the Fund for Surveillance and Standards to Guide Members in the Publication of Data (SM/95/252, Revision 2, September 27, 1995, also issued as ICMS/Doc/45/95/16, September 29, 1995), contained the final report to the Interim Committee.

Communiqué of the Interim Committee of the Board of Governors of the International Monetary Fund, Press Release No. 95/51, October 8, 1995.

Coverage: Modifications to the Initial Minimum List

The Report to the Interim Committee listed 17 data categories to be used as the basis for further consultations about the coverage of the standards. The table below shows the modifications proposed to that list for the more demanding standard, including the introduction of flexibility (1) by identifying some data categories or components of categories "as encouraged" but not prescribed and (2) by prescribing or encouraging dissemination of some categories or components on an "as relevant" basis.

For the real sector, the need for both kinds of flexibility was most apparent as a means of recognizing the differences in countries' economic structures and stages of statistical development. The stock market data category and the component measures for production indices and labor market indicators are proposed for dissemination "as relevant," and the category forward-looking indicator(s) is proposed "as encouraged." Further, for GDP, the component specification provides options: by expenditure category and/or by productive sector. Forward-looking indicators, stock market data, and employment (within the labor market category) are additions to the list suggested by a number of interlocutors.

For the fiscal sector, starting with "government balance" in the initial minimum list, the modifications recognize that the "balance" needed to be supplemented with information about revenue, expenditure, and financing and that the coverage of "government" needs to be made explicit. Because of the substantial interest in debt, the data category for central government debt was added.

The modifications proposed for the financial sector data are mainly to rationalize and clarify their presentation. For example, the initial minimum list included both reserve money and central bank balance sheets, but the former is a component of the later; further, a number of interlocutors misunderstood the designation "central bank balance sheet" as calling for an accountant's/auditor's presentation. In addition, the types of interest rates proposed reflect the comments of interlocutors.

The proposals for data for the external sector are perhaps more detailed than is the case for the other sectors, recognizing the international context in which the standards are expected to serve. The proposed coverage may stretch statistical capacity across a spectrum of countries more than the coverage proposed for the other sectors. The proposal to prescribe the international investment position, which appears in the *Balance of Payments Manual* in the fifth edition, is a case in point.

Population was added in response to interlocutors' requests for a scale factor (e.g., as in GDP per capita) for cross-country comparisons.

Table 1. Data Categories in the Initial Minimum List and Modifications for the Proposed More Demanding Standard

Initial minimum list of 17 data categories <u>1/</u>	Modifications for the proposed standard
Real sector	
GDP	Broadened category; GDP specified as a principal measure in the national accounts data category. Added: GNI and saving, as encouraged.
Industrial production	Broadened category to refer to several types of production indices, as relevant.
Unemployment	Included, as relevant, as a measure in the labor market data category. Added: employment, as relevant.
Wages or earnings	Included, as relevant, as a measure in the labor market data category.
Consumer prices	Included as a measure in the prices data category.
Producer or wholesale prices	Included as a measure in the prices data category.
	Added, as encouraged, forward-looking indicator(s), as relevant.
	Added: stock market data category, as relevant, specifying share price index.
Fiscal sector	
Government balance	Included as a principal measure in the data categories for the fiscal operations of both general government/public sector and central government.
	Added: central government debt; added, as encouraged, debt service projections.
Financial sector	
Reserve money	Included as a measure in the analytical accounts of the central bank.
Monetary aggregates	Included as a measure in the analytical accounts of the banking system.
Domestic credit	Included as a measure in the analytical accounts of the banking system.
Central bank balance sheet	Clarified intent as an analytical statistical framework.
Interest rates	Specified the kinds of interest rates.

Table 1 (concluded). Data Categories in the Initial Minimum List and Modifications for the Proposed More Demanding Standard

Initial minimum list of 17 data categories ^{1/}	Modifications for the proposed standard
External sector	
Merchandise trade	Specified exports and imports.
Current account balance	Included as part of the balance of payments data category, within which major components in the current and in the capital/capital and financial accounts are specified.
Exchange rate	Specified spot rates; forward rates encouraged, as relevant.
International reserves	Specified as denominated in U.S. dollars.
External debt/debt service	Broadened category; specified as part of international investment position data category.
	Added: population.

^{1/} Communiqué of the Interim Committee of the Board of Governors of the International Monetary Fund, Press Release No. 95/51, October 8, 1995.

Advance Release Calendars

This appendix summarizes practices regarding release calendars based on the staff's recent consultations in member countries and draws some conclusions about approaches that might be taken in the standards.

In recent years, a growing number of national statistical offices have issued advance release calendars. They have generally taken the form of a preliminary schedule, ranging from three months to one year ahead, combined with a final schedule, ranging from one to four weeks ahead. The preliminary schedule, when precise dates (day and time) are listed, may emphasize that they are subject to change, or it may list the week of release. These schedules are intended to give users the advance notice that they seek and to address issues related to the objectivity of the data released. They may also serve as gauges of "on-time performance" from the perspectives of managing processing time (the time between the availability of the basic source information and release of the data) and service to the public. In several countries, these calendars are mandated by codes of conduct, policy directives, and agency administrative manuals.

Relatively few central banks are formally committed to advance release calendars along the lines followed by national statistical offices. Some of those that prepare release calendars follow or adapt practices used by other data producers in their country, while others began the practice on their own accord. ^{1/} The more common practice among central banks is to follow informal indicative calendars, with which the local press and market users are familiar, that point to the week or month in which a particular series is usually published. Release calendars thus illustrate that central banks tend to view their roles in producing and disseminating statistics somewhat differently than national statistical offices, seeing their obligations more in terms of meeting the needs of the policymakers and less in terms of meeting the needs of the wider public. The absence of a formal commitment is seen as allowing some flexibility (of a few days) in deciding on release dates to accommodate, say, a delay in production or to confirm an official interpretation of an unexpected figure.

From this perspective, the adoption of fixed schedules may be seen as risking a decline in quality (in the rush to meet a deadline and avoid misinterpretation of the reasons for delay) and/or a slippage in timeliness (by the setting of intentionally "loose" but safe targets that could lead to completed data being held back until the pre-announced release date). It may also be noted that many central banks prefer to accompany data releases with an interpretive textual commentary, as part of a press release and/or regular economic bulletin. Generally speaking, there is likely to be more

^{1/} See *A Code of Practice for Bank of England Statistics*, Bank of England Quarterly Bulletin, Volume 35, Number 4, November, 1995. The code of practice covers the publication of monetary and banking statistics.

pre-release delay if extensive commentary is deemed to be necessary to analyze the data and/or review the policy implications.

Even more than central banks, ministries of finance tend to regard the dissemination of data as a by-product of their operational activities and rarely issue advance release calendars. Dissemination practices also tend to be more variable. For example, countries that use a complementary period for closing their accounts may delay publication of monthly data for central government until the accounts for the previous year are closed. For other ministries and agencies that produce data (e.g., ministries of labor), practices are varied, some providing release calendars and some not. Some of these ministries and agencies are covered by the same codes of practice or policy directives as the national statistical offices.

User reaction to the release calendars has been strongly supportive-- both to those already in place and to the possibility of including them in some form in the standards. Financial market users and commercial resellers whose needs address a broad range of countries find advance release calendars a particularly important tool in planning their activities.

In order to allay some producers' concerns, the proposed element for advance release calendars offers considerable flexibility, first providing for an initial indicative calendar with ranges of dates and/or "no-later-than" formulations, and calling for a calendar with precise dates only when the horizon has shortened to one (the following) week.

Privileged Internal Government Access and Ministerial Commentary

Drawing on the recent staff consultations, this appendix summarizes country customs and procedures regarding two interrelated practices that may affect the objectivity and/or perceptions of integrity of official statistics and suggests some conclusions about approaches that might be taken in the standards.

1. Privileged internal government access

For data that they publish, many national statistical offices have either defined or implicit codes of conduct regarding privileged (pre-release or early) access by other parts of government prior to their release to the public. Implicit codes of conduct for privileged access are generally those that have evolved over a period of time. By their nature, they tend not to be widely known and, in many cases, are somewhat variable (e.g., permitting more or less formal access by nongovernmental organizations, such as research institutions). Defined codes of conduct take the form of specifying, generally based on need-to-know criteria, the agencies, level of the officials, and length of time for which privileged access is allowed. The most variable element is the length of time for which privileged access is allowed, which might range from one hour in the strictest cases to a number of days in others. These defined codes are designed to allay public concerns about the integrity of the data, and are often published.

Where no code of conduct has been established, practice is more informal and probably more variable, depending on the circumstances and/or degree of ministerial interest. In all cases, privileged access outside the national statistical office is driven by the need to inform policymakers and ensure that an official and appropriate technical interpretation can be readily provided on the release date.

Central banks' concern about the policy implications of data releases and the need for an accompanying text to address the policy and technical setting appears to lead to a broader interpretation on their part of the need-to-know principle (more people on the list of those enjoying privileged access and more time to review). In some cases, there is also a preference to include an element of flexibility to allow a particularly critical release to be reviewed more carefully, and by a wider audience (e.g., concerned ministries), than might normally be the case. The practice of ministries of finance tends to be very similar to that of central banks.

This range of practices indicates the difficulty of defining a set of "good" practices about privileged access to data that fits across all member countries. However, following the principle of encouraging transparency in country practices, there would appear to be merit in an element of the standards that called for the identification of the government agencies,

level of officials, and length of time for which privileged access outside the compiling agency is given.

2. Ministerial commentary

Country practice regarding ministerial commentary is quite varied. ^{1/} Some national statistical offices have specifically sought and received--by law, charter, or formal understanding--some degree of independence, one element of which is the degree of ministerial access to data prior to their release and the format and timing of accompanying textual commentaries. In some cases, although ministers may have privileged access to the data along the lines just described, their involvement in any aspect of the preparation of the data or of accompanying text may be explicitly proscribed. In other cases, and for particularly policy-sensitive data categories, ministers may be sent textual material for review, although there may be an understanding that the national statistical office would have the final say on this material as long as it is disseminated under the logo or other insignia of that office.

Central banks usually have full responsibility for the data they produce. They may well, however, seek the views and comments of ministers on textual material accompanying the release of policy-sensitive data, including for, example, the drafts of analyses in quarterly economic bulletins. However, as with national statistical offices, they may well retain the final say on this material. There may also be commentary of governors and other high officials of central banks on the occasion of release of data by their organizations, because of the dual role of most central banks as both producers and users of official statistics. In many countries, this dual role is evident in the central bank bulletins, where the data produced by the bank often appears in a statistical appendix and the statements by the governor are identified. Often the status of analyses of the economic and financial situations, which may appear with or without acknowledgement of staff contributions, is less clear cut. In a number of countries, the long-standing reputation of the central bank for objective analysis is cited as an element of the public's expectation that the analyses are objective.

Ministries of finance may be regarded by the public as a part of government. However, in practice, and in fulfillment of a recognized obligation to meet the needs of the public, they may establish procedures to ensure that their regular technical analyses of the data that they produce represent their views as producers.

^{1/} Ministerial commentary consists of textual and oral comments by ministries, or other policy or political officials, which is not necessarily expected to maintain the same degree of freedom from political influences as would be expected as good practice for a producer of official statistics.

It may be noted that, under any given set of practices, the degree of ministerial influence can vary widely. A national statistical office or central bank with a considerable degree of independence and a well-established reputation for integrity regarding both the objectivity of the data and the textual commentary, may well actively seek ministerial comment to ensure that there are "no surprises." In other cases, such a close ministerial involvement might be interpreted by the public as approval for the interpretation provided, which might bring into question the integrity of the producing agency and the objectivity of the resulting analysis.

In view of this experience, and to strike a balance between user concerns and ministerial needs, there would appear to be merit in applying a principle of transparency to the treatment of ministerial commentary. A minister wishing to provide a commentary on any data release should be encouraged to do so under the logo of his/her ministry or office. In the event that the producer agency is in his/her own organization, a separation of logos or insignias should be introduced or maintained. Producer agencies that produce textual commentary under their own logo to accompany their data releases should make it clear that they are responsible for the text.

Prototype Page for the EBB

A prototype World Wide Web page for hypothetical country X for data category Y is presented over the page. The entries in the left-hand column of the table follow the list of elements of the draft standard. Underlining is used to indicate that additional information is available at the next level (hyperlinked); on this prototype page, dissemination formats, the summary methodology (including international comparability statement), and the advance release calendar are hyperlinked below those entries.

Last EBE update: 12/15/95

Country X x x x x

Data category Y y y y y y

Contact person Mr. Helpful Statistician
 National Statistical Office
 Phone: (00) 000 0000
 Fax: (00) 000 0001

Dissemination formats Hardcopy

 = News release

 ⓪ Weekly ⓪ monthly ⓪ quarterly bulletin/journal

 ⓪ Other

 Electronic

 ⓪ Country bulletin board or database

 ⓪ Diskette ⓪ CD ROM ⓪ Other

Coverage	Index, 1990 = 100; seasonally adjusted <u>Summary methodology (including international comparability statement)</u>
Periodicity	Monthly
Timeliness	Within 3 weeks after the reference month.
<u>Advance release calendar</u>	Announcements are made in the last week of a quarter for the whole of the next quarter.
Simultaneous release	Publishing Manual: Subject to an embargo; no statistics from a collection may be released prior to the lifting of the embargo.
Dissemination of terms and conditions ... official statistics are produced	The statistical law is reproduced in the agency's annual report. All data prepared under this law are identifiable by the agency logo on the publication.
Identification of internal government access ...	The release of this data category is subject to an embargo except that the release is made available, under strict conditions, to certain Government Offices no more than three hours before embargo time. The full list of officials is available in the agency's annual report.
Identification of ministerial commentary ...	By the statistical law, any data product prepared under that law must be so identified, and only that material may be so identified.
Provision of information about revision and ...	The release notes that "The estimates [for the month] are preliminary and subject to revision."
Dissemination of documentation on methodology and sources used in preparing statistics	"Explanatory Notes" in each release. Fuller documentation in <u>Data Category X: Concepts, Sources and Methods</u> (catalogue 5331.0).
Dissemination of components underlying aggregate series,...	In an [....] accounting framework, the monthly report presents credits and debits for four subcategories, with detail for each (and with more detail in the quarterly report).

