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IMF Executive Board Reviews Data Standards

On March 23, 2000, the Executive Board concluded policy discussions on the International Monetary Fund's (IMF) Special Data Dissemination Standard and General Data Dissemination System.¹

At the conclusion of the Board's discussions, Eduard Aninat, Deputy Managing Director and Acting Chairman, stated:

"Executive Directors welcomed the opportunity to review the experience under the Fund's data standards initiatives and to consider proposals for further refinements of the Special Data Dissemination Standard (SDDS) and the General Data Dissemination System (GDDS). They commended the staff for adhering to the consultative approach to strengthen the design and implementation of these standards.

"Directors noted that, since the last review, subscribers had made significant progress in meeting the SDDS requirements, despite the strong competing demands in national statistics agencies, including those for resources to meet the Y2K challenge, and for many European subscribers to launch the European Economic and Monetary Union. They regretted, however, that the number of subscribers had remained constant at 47. In

¹ Under Article IV of the IMF's Articles of Agreement, the IMF holds bilateral discussions with members, usually every year. A staff team visits the country, collects economic and financial information, and discusses with officials the country's economic developments and policies. On return to headquarters, the staff prepares a report, which forms the basis for discussion by the Executive Board. At the conclusion of the discussion, the Managing Director, as Chairman of the Board, summarizes the views of Executive Directors, and this summary is transmitted to the country's authorities. In this PIN, the main features of the Board's discussion are described.

moving forward, many Directors recommended a period with no further changes in SDDS prescriptions so as to allow for consolidation of the progress achieved, and to encourage consensus building in favor of the SDDS initiative. A few Directors suggested that the staff consider introducing greater flexibility, where appropriate, in the implementation of the SDDS, especially for potential new subscribers. However, care should be exercised not to deviate from the already accepted standard.

“Directors noted that most subscribers are expected to complete remaining work to be in observance of the SDDS in the first half of this year, including the establishment of hyperlinks from the Dissemination Standards Bulletin Board (DSBB) to the National Summary Data Pages (NSDPs). In this context, Directors generally indicated that structural monitoring of observance of the SDDS should begin at end-June 2000 to encourage subscribers to meet the standard as soon as possible. A few Directors considered that the Fund monitoring of the standard should be postponed until substantial progress was made establishing hyperlinks to NSDPs.

“Directors agreed that the Fund should start releasing a new quarterly report on the SDDS initiative so as to increase awareness of the progress being achieved and to give the initiative more prominence. The possibility of referring to country subscription and adherence to the SDDS in Public Information Notices for Article IV consultations and in Article IV reports was also suggested. The staff was requested to explore how this could be achieved, while at the same time taking care in explaining adequately cases of noncompliance. Most Directors agreed that once formal monitoring is in place, the staff should report periodically to the Board on how subscribers were adhering to the monitored elements of the Standard. Instances of egregious nonobservance, for which all other remedies proved ineffective, would be referred to the Board as and when necessary.

“Directors were encouraged that most subscribers seemed to be on track to disseminate the information required by the data template on international reserves and foreign currency liquidity by the end of the transition period; they noted that a number of subscribers had already begun to do so. Directors recognized that for some countries compiling template data represented a significant undertaking, necessitating the introduction of new mechanisms to gather the data and to coordinate the template's preparation, and commended these countries for their efforts. In considering whether the current prescriptions for periodicity and timeliness for dissemination of the template data should be strengthened at this time, most Directors indicated that monthly dissemination of the data with a one-month lag should be retained until countries have gained experience with the new data template system. However, a few Directors encouraged early adoption of weekly periodicity and timeliness, noting that the more frequent and timely dissemination of template data was critical to its usefulness in detecting signs of vulnerability at an early stage. It was proposed to return to this issue at the time of the next review of the SDDS.

“Directors welcomed the staff’s proposal to establish a common database for country data on international reserves and foreign currency liquidity. They approved the use of the sample form reproduced in Appendix I of SM/00/55 as the format for disseminating the template data by SDDS-subscribing countries and for transmitting the data to the Fund for the database. Most Directors considered that the use of a common format for the dissemination of template data was desirable, as it would facilitate transparency and comparability, as well as the storage of the data in the database. Directors also approved the staff proposal to redisseminate template data in the format of the sample form over the Fund’s external web site.

“Concerning external debt data, Directors expressed satisfaction that the staff had undertaken wide-ranging consultations on the prescriptions regarding external debt and the International Investment Position (IIP). Directors approved the proposed three-year transition period for introducing the new SDDS external debt data category. They concurred with the proposal to prescribe the dissemination of quarterly data with a one-quarter lag, covering four sector categories (general government, the monetary authorities, the banking sector, and all other). Most Directors agreed that the data were to be disaggregated by maturity—short- and long-term—and provided on an original maturity basis and by instrument, as set out in the fifth edition of the Balance of Payments Manual. A few Directors underscored, however, that providing debt data on a residual maturity basis would be more analytically useful than providing it on an original maturity basis. Directors agreed with the proposal to change from six months to nine months the prescribed timeliness for the dissemination of the annual IIP under the SDDS, provided that the subscriber is disseminating quarterly external debt data with a one-quarter lag.

“Directors recognized the difficulties that countries face in compiling accurate external debt information, especially for the debt of the private nonbank sector and nonresident holdings of domestic securities. They noted that, for some debt components, estimation methods might need to be developed, and urged the Fund to assign priority to assisting countries in developing their external debt compilation systems through the provision of training on the new debt guide and additional technical assistance.

“Most Directors stressed the importance of information on forward debt service schedules, especially for countries that are vulnerable to a reversal of capital flows. Several Directors considered that for vulnerability analysis, a debt service schedule was as important, if not more important, than quarterly stock data on external debt. Some Directors considered that all countries should be encouraged to report external debt in a framework that included both assets and liabilities (such as the IIP). However, in light of the findings from staff consultations with both users and providers of data, and the substantial resources that would be required to develop this data, as well as concerns about data quality, Most Directors agreed with the staff proposal to encourage rather than prescribe the dissemination of a debt service schedule. One Director suggested that this issue be re-

examined in subsequent SDDS reviews. Directors were generally supportive of encouraging a currency breakdown of external debt.

“Directors reaffirmed the voluntary nature of the GDDS, while suggesting that there may be considerable value for countries to choose the GDDS framework to improve their statistical systems as part of structural adjustment programs. While recognizing the evolutionary nature of the Fund’s data standards, Directors stressed that the institutional weaknesses and resource constraints were severe in many countries that were likely to participate in the GDDS. They were, therefore, not in favor of increasing the coverage of the GDDS at this time. However, because of the relative importance of external debt and the fact that most GDDS participants were likely to be net debtor countries with debt management systems that would generate the required information with minimum efforts, the Executive Board endorsed the staff proposals to include in the core data category of the GDDS public and publicly guaranteed external debt, and the associated debt service schedule. Recommended good practice would be that the stock data, broken down by maturity, be disseminated with quarterly periodicity and timeliness of one or two quarters after the reference date. In addition, the associated debt service schedules should be disseminated twice yearly, within three to six months after the reference period, and with data for four quarters and two semesters ahead. It was also suggested that GDDS participants should report reserves data according to the new template.

“Directors welcomed the technical assistance provided by other international organizations and the financial assistance provided by the Japanese authorities during the preparatory phase of the GDDS. They encouraged the staff to continue with such collaborative approaches in order to leverage both limited resources and skills of the Fund in certain areas. Directors expressed concern, however, that the gap between the demand and availability of technical assistance may further increase as GDDS participants work to strengthen their statistical systems.

“Directors endorsed the inclusion of the GDDS metadata on the DSBB without, at this early stage, hyperlinks to actual data. They agreed that, where appropriate and relevant, any technical enhancements of the DSBB should be considered for the GDDS pages.

“Directors welcomed the staff’s efforts to develop a framework that would allow users and compilers to make their own data quality assessments, and strongly supported staff efforts to consult widely in the international statistical community on this project. Directors also welcomed the establishment of the Data Quality Reference Site on the DSBB to promote the dissemination of information in this area. Directors stressed that the SDDS should continue to encourage the adoption of data quality improvements, including those emanating from new internationally accepted guidelines. Recognizing that such guidelines could have implications for the prescription of the SDDS, Directors agreed with the staff proposal that those subscribers implementing accrual accounting systems for fiscal data may need different periodicity and timeliness requirements. Therefore, these subscribers

will provide accrual-based accounts on a best-effort basis during the period ending in June 2002. During this period, the staff will review countries' experiences in implementing such systems with the aim of making specific recommendations, as needed, for modifications of the SDDS by the end of the period.

"Directors welcomed the in-depth study of the DSBB undertaken in 1999, and looked forward to improvements in both the presentation and functionality of the DSBB. Most Directors considered that to ensure the successful future development of the DSBB, it is imperative to further strengthen its association with the dissemination of actual data beyond hyperlinks to NSDPs. In this respect, they considered that the Fund's involvement with commercial vendors should not be envisaged until all the modalities of that involvement are well studied and discussed with the participants. Most Directors were opposed to vendor involvement with the DSBB and favored keeping the status quo for now.

"Most Directors agreed that the next overall review of the Fund's data standards initiative should take place by mid-2001. Some other Directors preferred a delay until the end of 2001," Aninat said.

Public Information Notices (PINs) are issued, (i) at the request of a member country, following the conclusion of the Article IV consultation for countries seeking to make known the views of the IMF to the public. This action is intended to strengthen IMF surveillance over the economic policies of member countries by increasing the transparency of the IMF's assessment of these policies; and (ii) following policy discussions in the Executive Board at the decision of the Board.

