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**Statement by Mr. Alazzaz on Seventh Review of the Fund's Data Standards Initiatives  
(Preliminary)  
Executive Board Meeting 08/108  
December 10, 2008**

I thank the staff for the comprehensive paper on the seventh review of the Fund's data standards initiatives. It is clear from the paper that substantial progress has been made both in respect of the SDDS and the GDDS, as evidenced by the increase in the membership as well as the improvement in statistical development and dissemination practices. Indeed, as noted by the staff, the combined membership in those data initiatives in the Middle East and Central Asia region has increased to 75 percent from 47 percent at the sixth review. To help build on this progress, the staff is suggesting a number of modifications to the SDDS and the GDDS. In this regard, I have a few comments.

**SDDS**

The findings that most subscribers to the SDDS have improved observance performance in 2007 relative to 2006 and that significant progress has been made in automate reporting are encouraging. However, the staff notes that "at the same time, enhanced monitoring highlighted a number of problems: in general, these were found to be attributable to capacity constraints, changes in compilation systems, or problems of internal coordination." Also, the staff states that progress on the Statistical Data and Metadata Exchange (SDMX) Initiative remains slow as its development and implementation proved to be more demanding in terms of resources than initially anticipated. These findings underscore the importance of being more realistic regarding the timeframe and costs needed to fully observe the SDDS and implement new improvements.

Going forward, I can go along with the suggestion to accelerate the work on financial statistics and indicators, and report to the Board in about one year. Indeed, the current financial turmoil has highlighted the importance of stronger surveillance over the financial sector. However, I will wait until the staff reports back to the Board before taking a position on whether the indicators identified by the staff should be incorporated in the SDDS.

The staff's proposal to advance transparency of data quality in the SDDS appears reasonable, but more information is needed on the costs to countries of implementing this proposal. It would also be useful if staff could elaborate on the problems with the current system and the extent of reputational risk for the Fund in order to better assess the priority of implementing this proposal.

### **GDDS**

I welcome the findings that the GDDS initiative is highly valued by members and that countries that have participated in the initiative have, from their perspective, made substantial progress in key statistical areas. Looking ahead, the staff proposes advancing this progress further by strengthening the data dissemination aspect of the GDDS. In this regard, it is important that emphasizing data dissemination should not come at the expense of the developmental aspect of the GDDS. Indeed, disseminating unclear or unreliable data would be more problematic than not disseminating such data. In this connection, it is unfortunate that no outreach workshop for GDDS participants was held in the Middle East and Central Asia region to familiarize countries with staff proposals and seek countries' views.

Still on the data dissemination, I have some concerns regarding staff's proposal to turn the GDDS into an SDDS *lite*. Indeed, countries that participate in the GDDS are at substantially varied degrees of statistical development and their ability to disseminate reliable data in line with those of the SDDS subscribers, including the Reserves Template, varies significantly. This is especially relevant as some SDDS subscribers are still having a number of problems in observance due, in part, to capacity constraints. Accordingly, if this proposal is to be adopted, countries should be free to choose their own timetable to implement new measures. In this regard, the staff's use of the word "presumption" regarding the timetable for implementing various proposed enhancements is not in line with the voluntary nature of the GDDS.

I welcome the analysis of the costs and benefits of setting up the NSDP and ARC. Indeed, based on this analysis, the benefits appear to outweigh the costs. I also note the staff's statement that strengthening the data dissemination aspect of the GDDS could be accommodated within STA current resource envelope. However, I would like staff's elaboration on which other STA technical assistance would be reduced in order to provide the resources for the assistance needed by GDDS participants who wish to establish a centralized NSDP and an ARC.

Finally, I support holding the next review in about five years.