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December 9, 2008

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

1. We thank staff for the informative paper and for the opportunity to comment on issues raised therein.

2. We note that since the inception of the Special Data Dissemination Standard (SDDS) in March 1996 and the General Data Dissemination System (GDDS) in December 1997, the number of subscribers has increased in all regions and that both SDDS and GDDS have benefited subscribing countries, facilitated international surveillance, and strengthened policymakers' capacity to determine appropriate macroeconomic policies in good and bad times. Given the present global turmoil, we believe that now is the opportune time for Directors to consider the question of whether additional statistical information on financial conditions, particularly on financial soundness indicators, should be included in the SDDS. As we broadly agree with the thrust of the staff's review, we will confine our comments to the issues for discussion as follows:
 - The recent global financial turmoil has justified the need to broaden the SDDS on financial indicators to help strengthen surveillance and early warning capabilities. In this context, we fully agree for the Fund staff to liaise with SDDS subscribers to identify relevant financial indicators that can be incorporated within the current SDDS framework. We also agree that any proposals should be undertaken on an "encouraged basis" given subscribers' diverse circumstances.

 - We note that the introduction of SDDS has transformed subscribing countries' data dissemination practices over the years. In this context, and to maintain the momentum of that success, enhance users' confidence, advance transparency of data quality, and manage reputational risks for the Fund, we share the view that subscribers should be encouraged to explicitly indicate in the SDDS framework specific areas where

statistical practices deviate from internationally accepted statistical methodologies. Similarly, we support the initiative to encourage SDDS subscribers to undertake periodic reviews and publish data quality assessments using a recognized data quality assessment tool.

- We note the findings of staff that member countries have expressed a high level of satisfaction with the GDDS. Given its long-term benefits to member countries, our position on recasting the GDDS has not changed since the conclusion of the informal board seminar on February 1, 2008. In this context, we wish to restate our support for the proposal to recast the GDDS to emphasize data dissemination and facilitate graduation to the SDDS. However, as with Mr. El-Khoury and Ms. Choueri, we believe that greater emphasis on public data dissemination should not be taken at the expense of member countries, particularly low income countries, diverting attention from developing comprehensive statistical frameworks to improve data quality. In this connection, we believe that for low-income member countries, future work on GDDS should include the developmental and dissemination of quality data aspects.
- Finally, we agree with the staff's proposal to revise the Data Template for International Reserves and Foreign Current Liquidity; and the proposed timing for the eighth review of the Fund's Data Standards Initiatives.