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December 9, 2008

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

The Seventh Review of the Fund's Data Standards Initiatives provides a welcome occasion to reflect on perhaps the most successful and least controversial effort of the Fund in recent history. The progress is appropriately marked by the shift from incorporating new countries in the list of subscribers toward improving quality and dissemination of statistical information in all member countries as well as updating the coverage by incorporating more information about financial soundness. Reliable and timely data provisioning is now more than ever critical and it is beneficial for the entire membership of the Fund and to other organizations. It is especially important in the current environment where circumstances are changing rapidly and constantly.

After so many years, the results of and the experiences with this initiative provide a vital contribution to our daily business. However, the current challenges call for an intensive, not an extensive, change which is correctly reflected in the staff's proposals outlined in the paper. While supporting these proposals, we would like to comment on areas which are critical for making best use of this common effort of the membership to improving data standards and dissemination.

We commend the staff for the progress that has been made so far and note the success in updating the SDDS and GDDS, which has brought these two arms closer by harmonizing them, and with the evolving international best practices. This effort has significantly improved the outcome and the relevance of the Fund's statistical work.

We agree with the staff, that given the current financial turmoil, there is urgency for expediting the project which identifies the relevant financial soundness indicators which could potentially be incorporated in the SDDS. In order to make this effort productive, it is important that this project moves in consultation with SDDS subscribers based on their

experiences and that it remains voluntary, as the staff has rightly proposed.

We agree with the staff's view that sustained adherence to the SDDS quality requirements is critical for the credibility of the SDDS to capital markets and the public. Accurate monitoring of such a large number of subscribers would be inefficient without automation-compatible arrangements for reporting information, processing data releases, and reporting metadata for quarterly certification and updates. It is therefore appropriate that the observance of automated monitoring arrangements is now an SDDS obligation. In addition to guaranteeing an unobstructed flow of statistical information, it is also time to improve the quality of this information by bringing it closer to internationally accepted statistical methodologies. In cases where there is a discrepancy, SDDS metadata should indicate where statistical practices deviate from internationally accepted statistical methodologies.

We should try to achieve more proficiency at the advanced level. The good quality of data should be certified by periodic data quality assessment and its results should be made public regularly. After the surprises that emerged during the current financial turmoil, restoring confidence should be a priority.

International reserves and foreign currency liquidity proved to be the linchpin of maintaining macroeconomic stability. This fact justifies the staff proposal to revise the Data Template for International Reserves and Foreign Currency Liquidity (Reserves Template) to cover exchange traded futures, settled in domestic currency, and other revisions improving the reliability of these data.

We agree that the Eight Review of the Fund's Data standards Initiative should take place within five years.