FOR

AGENDA

SM/97/275
Correction 1

December 17, 1997

To: Members of the Executive Board

From: The Secretary

Subject: **The General Data Dissemination System**

The following corrections have made in Appendix V of SM/97/275 (11/26/97):

Pages 46 and 51, paras. 7, 16, and 17: References to the *Manual on Monetary and
            Financial Statistics* and the *Manual on Government Finance Statistics*
            have been deleted, as these manuals have not yet been published.

Page 58, para. 46, last three lines from the bottom: for "Members may indicate....as a
            participant." read "Participants will commence...recognized by the Fund."

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Box 1. Summary of the General Data Dissemination System

1.   The data: coverage, periodicity, and timeliness: Dissemination of reliable, comprehensive, and timely economic, financial, and socio-demographic data is essential to the transparency of macroeconomic performance and policy.

Dissemination of economic and financial data as described in Table 1.

2.   Quality: Data quality must have a high priority. Data users must be provided with information to assess quality and quality improvements.

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

   b.   Dissemination of component detail, reconciliations with related data, and statistical frameworks that support statistical cross-checks and provide assurance of reasonableness.

Plans for improvement. The GDDS recommends that plans for improvements be developed for all areas on which shortcoming exist and that these plans be disseminated.

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.   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.

   a.   Advance dissemination of release calendars

   b.   Simultaneous release to all interested parties

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5.   With regard to comprehensive frameworks, Section A of Table 1 presents a set of objectives for national accounts (real sector), central government operations (fiscal sector), the broad money survey (financial sector), and balance of payments accounts (external sector). The objectives emphasize the development, production, and dissemination of full-coverage

data in each framework, the use of appropriate analytical frameworks following international standards, and the development of detailed aggregates and detailed classifications. In the areas of government and balance of payments, extensions of coverage are encouraged.

6.   With regard to indicators, Section B of Table 1 provides for each sector (i) indicators for the comprehensive frameworks—GDP for national accounts, central government budgetary aggregates for central government operations, broad money and credit aggregates for the broad money survey, and balance of payments aggregates for the complete balance of payments; (ii) additional data that permit tracking of the principal measures in the comprehensive frameworks; and (iii) other data relevant to the sector. The so-called other data are often in the form of a price, including interest rates and exchange rates. For certain data categories, additional aggregates and/or components are encouraged. Section B also presents a section for socio-demographic data, which includes categories of population, health, education, and poverty.

7.   The System emphasizes development of comprehensive frameworks, but does not specify in detail the component breakdowns of these frameworks to be produced and disseminated. Internationally accepted aggregates and balancing items are recommended. In the case of national accounts and balance of payments statistics, the *1993 System of National Accounts* and the fifth edition of the *Balance of Payments Manual are widely accepted standards* and provide appropriate guidance for the development of frameworks and aggregates.

8.   Most of the data categories identified for inclusion in the System are produced by official national agencies. The inclusion in the System of some data categories that are produced by private organizations (at least in some countries) introduces some complexities, including the implicit stamp of quality that is given by official re-publishing. The inclusion of privately compiled data is warranted in the interest of obtaining a more complete picture of the economy and more consistent coverage across countries. However, including them requires some adaptation in the responsibilities that the official (disseminating) agency has with respect to some elements of access by the public, integrity, and data quality.

(2)   Periodicity and timeliness

9.   The General System recognizes the importance of production and dissemination of data that are of appropriately high periodicity and timeliness, but attaches priority to improvements in data quality, in recognition of the tradeoffs that may exist in still-developing statistical systems between improving data quality on the one hand and periodicity and timeliness on the other.

10.   Periodicity refers to the **frequency of compilation** of the data. The periodicity of a particular data category is determined by several factors, including the ease of observation or

availability. International and regional manuals—the *1993 SNA* and the *European System of Accounts 1995*, for example—are recommended to guide development of national accounts. The UN Statistical Commission has endorsed a set of benchmarks to guide countries on the path of implementation. The System also recommends as long-term objectives and as relevant the development of accounts for principal sectors of the economy and of national and sectoral balance sheets. The System recommends that complete national accounts data be disseminated annually and within 10-14 months after the end of the reference year.

16.   For the comprehensive framework for central government operations, the System recommends complete coverage of all central government units, including budgetary and extrabudgetary accounts, social security funds, and decentralized agencies; complete coverage is essential in most countries to assess the actual fiscal stance. The System recommends development of an appropriate analytical framework and classification schemes, but does not prescribe a particular framework or set of classification tables. The current *Manual on Government Finance Statistics* may be used as a guideline for development of central government data. This manual provides a broadly used analytical framework that identifies revenue, expenditure, and financing aggregates and deficit concepts, as well as detailed classification schemes. The System recommends that complete data on the operations of central government be disseminated annually within 6-9 months. The System also encourages the development of data on general government operations and/or public sector operations. When these data are of particular policy and analytical significance—for example, when the public sector borrowing requirement is a focus of policy—their development may be accorded a high priority, at least with regard to summary indicators.

17.   The broad money survey is the comprehensive framework for the financial sector. The coverage of this framework includes all depository corporations (banking institutions) that have liabilities included in broad money aggregates. The System suggests an analytical framework that is based on a measure of broad money and factors that affect changes in money, especially domestic credit and external assets and liabilities. In recognition of existing good practice across a broad range of countries, the System recommends monthly data to be disseminated within 1-3 months of the end of the reference month.

18.   For the external sector, balance of payments is the comprehensive framework. The objective is the production and dissemination of complete balance of payments accounts. The fifth edition of the IMF *Balance of Payments Manual* is recommended as a guide to development of a full range of external transactions measures. The manual provides a very widely used analytical framework and classification scheme of detailed components that identifies current (imports and exports of goods and services, net income and net transfer transactions), capital, and financial (direct investment, portfolio investment, other investment, and reserves) account transactions; a range of analytical balances, such as the trade balance, current account balance, and the overall balance may also be compiled within this framework.

The System recommends the dissemination of complete balance of payments data annually within 6-9 months of the end of the reference year.

19.   The international investment position is increasingly recognized as a useful framework in which to develop an integrated picture of a country's stock of external financial assets and liabilities. However, only a few countries now prepare an international investment position, and international guidelines were introduced only recently (in the fifth edition of the *Balance of Payments Manual*). Accordingly, the System encourages that countries work toward component detail according to the *Balance of Payments Manual*—direct investment; portfolio investment, including equity and debt; other investment; and (for assets), reserves—and disseminate the framework or components of it as appropriate and feasible. Breakdowns of the debt securities and loans, within portfolio and other investment, respectively, by currency of issue and by original maturity (short-term versus medium- and long-term using classifications by instrument) would be highly desirable for a view of external debt.

(2)   Indicators

20.   Section B of Table 1 presents the indicators that the System recommends to be produced and disseminated. The four main sectors that are covered in the comprehensive frameworks—real, fiscal, financial, and external—are included; in addition, a set of socio-demographic indicators is included. In general, three types of indicators are provided for each of the four sectors: summary measures derived from the comprehensive frameworks; data that permit tracking of the principal measures in the comprehensive frameworks; and other data relevant to the sector. In certain data categories, the production and dissemination of additional indicators is encouraged.

21.   Many of the indicators are expected to be produced and disseminated on a more timely basis, and in some cases on a higher periodicity, than the comprehensive frameworks. Timeliness for most indicators is specified as a range. These ranges must be viewed as approximations to be used flexibly as objectives.

22.   The recommended indicator corresponding to the comprehensive statistical framework for the **real sector** is GDP at nominal levels and real (price-adjusted) levels. The System does not recommend specific data components, but breakdowns of GDP by major expenditure category and/or productive sector are encouraged. Gross national income (formerly GNP), saving, and capital formation are data components that countries are encouraged to provide. Classification according to the *1993 System of National Accounts* (or a regional counterpart) is strongly encouraged. Annual indicators are recommended, but quarterly indicators are encouraged; dissemination within 6-9 months is recommended for annual indicators.

23.   The data category intended to track GDP on a more frequent basis is a single production index or a selection of production indices. The index or selection of indices that is relevant will depend on a country's economic structure—manufacturing or industrial production in some countries, primary commodity production (e.g., petroleum or rice) in other countries, and/or agriculture in still others. To provide a guide to developments in GDP, a monthly measure is recommended for manufacturing or industrial production. The "as relevant" notation for periodicity is a recognition that in many countries, such as those where

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. This practice is addressed mainly to situations in which the data are sensitive for policy or other reasons, and the objective may be met, at a minimum, by following this practice for the most sensitive data categories and indicators.

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

43.   In the interest of transparency about the data producers' practices, this element provides for the provision of information about past revisions and about one of the major prospective sources of revision. Relevant information about revisions in data 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; both policies and data on revisions may have to be developed before they can be disseminated. Changes in methodology (e.g., changes in base year, major expansions of sample size, introduction of alternative data sources, reclassification of transactions or industries) are to be expected in developing statistical systems. The advance notices may take a variety of forms, including, at a minimum, a short statement in the last presentation of unrevised data or a stand-alone basis. These statements would identify the kinds of changes to be made and give a source for additional information, such as a paper available on request or the name and address of a person able to explain the upcoming change. 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).

4.   *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.*

> a.   *Advance dissemination of release calendars*

44.   Advance release calendars highlight sound management and transparency of statistical compilation and provide data users with information needed to take a more active, organized approach to acquiring the raw materials for their work. The objective may be met by the dissemination of calendars for the year ahead that show no-later-than targets for the release of comprehensive frameworks and indicators with annual periodicity and a range of dates, such as 3-5 days, for data released more frequently. Members are encouraged to make widely known the name and address of an office or a person who could provide the latest information about the likely date of release, including release of data for which periodicity and timeliness are irregular and newly disseminated data.

b.   Simultaneous release to all interested parties

45.   The objective is to release data to all interested parties at the same time in recognition that data are valuable commodities and in the interest of equity. 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). The act of release may consist of providing summary data, to be accompanied perhaps later, by provision of detail. The objective may be met by providing at least one publicly identified and accessible location where data are available to all on an equal basis once they are released.

II. Implementation

46.   Members are encouraged to participate in the GDDS on a voluntary basis. Participation involves a commitment (1) to use the GDDS as a framework for the development of their national systems for the production and dissemination of economic and financial data, (2) to designate a country coordinator to work with Fund staff, and (3) to prepare descriptions of (a) current statistical production and dissemination practices and (b) plans for short- and long-term improvements that could be disseminated by the Fund. The descriptions of current practices would correspond to each of the objectives for the data, quality, access, and integrity dimensions. The plans would identify the major shortcomings relative to the objectives set out in the System; the steps by which the shortcomings would be addressed; the resources, including technical assistance, necessary to achieve the improvements; and the time frame during which the improvements would be achieved. In particular, the improvements to be undertaken within 3-5 years would be identified. Participation will commence upon the completion of the three actions set forth above and such commencement of participation will be publicly recognized by the Fund. However, at any time prior to the completion of such actions, members may indicate their intent to participate by sending an appropriate communication to the Fund. This communication will provide the basis set forth to work with the member on the actions involved in participation, but receipt of such a communication will not be publicly recognized by the Fund.

47.   A country could opt for participation from the outset, move gradually toward participation, or continue to work with the Fund on the improvement of national systems for the production and dissemination of statistics, as in the past, without participation. Members that subscribe to the SDDS would not be expected to participate, although they may well find the GDDS useful as a framework within which to assess their data production and dissemination practices.

48.   The Fund will maintain a system to store the information about current practices and plans (metadata) provided by countries and will, as a service to its members, disseminate those metadata. The means of dissemination will be determined by [...., 199x], after further consultation with countries on the most appropriate means to provide wide and easy access to the metadata and recognition of countries' effort to achieve comprehensive, reliable, accessible, and timely statistics. The responsibility for the accuracy of the metadata and of the economic, financial, and socio-demographic statistics underlying the metadata rests with the member countries. Members will be expected to review their metadata at least once a year and update them as necessary.