

MAJOR NEW INITIATIVES PLANNED BY ORGANIZATIONS

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The Statistics Department of the International Monetary Fund (IMF) has underway several projects that involve coordination with other organizations. As well, it is undertaking several initiatives that others may wish to be aware of.

These projects and initiatives are best seen in the overall context of the Department's work. Therefore, the approach I have taken for the September 17-19 Inter-agency Meeting is to attach an early version of the Department's annual report and outlook. We prepare this document each year in time for distribution to country delegations to the IMF-World Bank Annual Meetings (this year scheduled for September 28-29 in Washington, D.C.). Below I highlight the passages of the report that are especially relevant for the initiatives item of the Meeting's agenda.

- **Enlarging SDDS subscription:** The IMF's Executive Board indicated a year ago that the IMF should aim to enlarge SDDS subscription to include most members to facilitate countries' access to international capital markets. In this context, the Statistics Department is working intensively with about a dozen countries to facilitate their early subscription.Paragraphs 12-14
- **GDDS:** Participation in the GDDS is progressing steadily. Countries have been receiving technical assistance to draft metadata for the Dissemination Standards Bulletin Board (DSBB) and to implement plans for improvement identified in their metadata (<http://dsbb.imf.org>). Regional workshops were held in Africa. A new section of the DSBB provides up-to-date information on newly launched regional projects that use the GDDS as a framework.Paragraphs 17-20
- **Statistical Data and Metadata Exchange:** As part of the SDMX, the IMF has undertaken to enhance the functional capabilities of the DSBB.Paragraph 25
- **Data quality:** The Statistics Department prepares the data modules of the Reports on the Observance of Standards and Codes (ROSCs). So far, data modules for 26 countries have been completed; 15 additional reports are in progress. The assessments against the SDDS or GDDS are now complemented with a systemic assessment of data quality using the IMF's Data Quality Assessment Framework (DQAF). As of end August, ten of these DQAF-based assessments were published on the IMF's website.Paragraphs 36-40

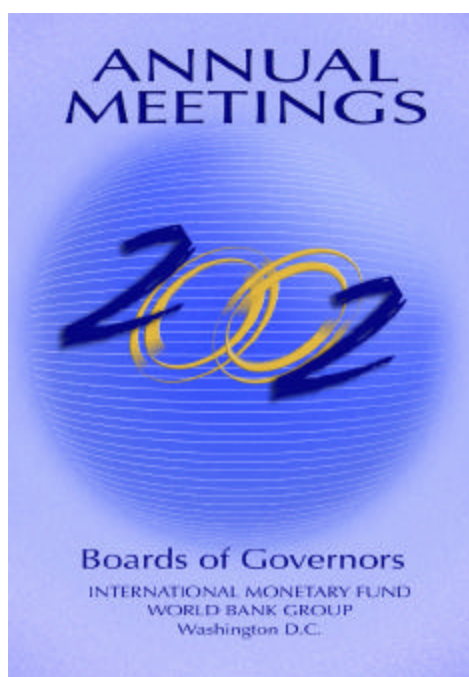
- **Financial soundness indicators:** As part of the IMF's efforts to strengthen the architecture of the international financial system, the Statistics Department, with a sister department, is pursuing the identification, compilation, and dissemination of financial soundness indicators (FSIs). The Department is drafting a compilation guide, and consultation is ongoing in this still new field.Paragraphs 41-45
- **Technical assistance and training:** The Statistics Department places a high priority on cooperation with other providers of technical assistance and training in statistics. For example, other providers of technical assistance, especially the World Bank, were involved in a number of the regional GDDS activities, and other organizations involved in the *Guide on External Debt* are taking part in training in that field.
.....Paragraphs 59-63 and 66
- **Methodologies:** The Statistics Department continues to do methodological work that supports the harmonization of macroeconomic data under the umbrella of the *SNA 1993*. After publication of manuals in 2000 and 2001 on monetary and financial statistics, quarterly national accounts, and government finance statistics, the emphasis is turning to the preparation of compilation guides. The Department also has worked or is working with others on, inter alia, prices, international trade in services, and external debt.
.....Paragraphs 68-89
- **Member country reporting of data:** In April 2002, the Statistics Department launched an initiative to facilitate data reporting by member countries via a secure website. The initiative called the Integrated Correspondence System, or ICS, automates significant portions of the information exchange process using standard formats such as Excel or GESMES/CB.Paragraph 91
- **Publications:** In July 2002, the IMF introduced *IFS Online*, with 60-day free trial offers. This service provides early access to the entire international finance statistics database.
.....Paragraphs 92-96
- **Promotion of sound statistical practices:** The Statistics Department continues to play an active roles along with other organizations, in the promotion of sound statistical practices. For example, the IMF, the United Nations Statistical Division, and the Singapore Department of Statistics hosted a consultative seminar in May 2002 on governance of statistical systems.Paragraphs 97-98
- **Statistical capacity building indicators:** A Paris21 Task Team, chaired by the IMF, is developing indicators that will help track progress by countries in building their statistical capacity. A report is expected in time for the Paris21 meeting in October 2002.
.....Paragraph 100

To obtain copies of the final version of the Statistics Department's annual report and outlook in English, Arabic, French, Spanish, or Russian please send an e-mail to ccarson@imf.org (with a copy to ecadena@imf.org).

ATTACHMENT

INTERNATIONAL MONETARY FUND

Statistics Department



STATISTICAL ACTIVITIES IN FY 2002 AND OUTLOOK

September 2002

IMF STATISTICS DEPARTMENT

Mission Statement

The availability of high-quality statistics is an essential prerequisite for the formulation of appropriate macroeconomic and financial policies. The Statistics Department provides strong leadership for the development and application of sound statistical practices in the Fund, in member countries, and in the international statistical community at large. In this endeavor, the department plays a pivotal role in the development of internationally accepted methodologies and standards, provides technical assistance and training to promote the adoption of these standards, and models best practices in the dissemination of economic and financial statistics.

INTERNATIONAL MONETARY FUND

STATISTICS DEPARTMENT

Statistical Activities in FY 2002 and Outlook

I. INTRODUCTION

1. This note, prepared on the occasion of the IMF's Annual Meetings, summarizes the activities of the IMF's Statistics Department (STA) during the past year, as well as the outlook and main priorities in the near term. It is designed to provide Fund member countries and the international statistical community with an overview of the department's work program with a view to more effectively assisting countries in the development of their statistical infrastructure and work program and strengthening collaboration.

2. To facilitate well-informed macroeconomic analysis and policy formulation, the department provides a number of statistical products and services that respond to the analytical and policy needs of member countries, the IMF, and the international community.¹ The department's activities encompass the following:

- Standards for data dissemination
- Support of surveillance and use of Fund resources
- Technical assistance
- Training
- Statistical methodologies
- Database management
- Statistical publications
- International statistical coordination and cooperation

II. STANDARDS FOR DATA DISSEMINATION

3. The Special Data Dissemination Standard (SDDS) was established in March 1996 to guide members that have, or that might seek, access to international capital markets in the provision of their economic and financial data to the public. The General Data Dissemination System (GDDS), which is intended to guide all members of the IMF and forms the other tier of the IMF's data dissemination initiatives, was established in December 1997. Both the SDDS and GDDS are designed to enhance the availability of timely and comprehensive statistics and thereby to contribute to the pursuit of sound macroeconomic policies and an improved functioning of financial markets.

¹An organization chart of the Statistics Department, including a list of the senior staff of the department, is attached as an appendix.

A. The SDDS

4. The SDDS is designed to encourage the provision to the public of comprehensive, timely, accessible, and reliable economic and financial statistics. There are currently 50 subscribers to the SDDS, Costa Rica being the most recent country to subscribe (in November 2001). Countries subscribe to the SDDS voluntarily and undertake to follow its requirements with respect to the coverage, periodicity, and timeliness of the data disseminated and with respect to the dissemination of advance release calendars, and to pursue good practice with respect to the integrity and other quality aspects of the data. SDDS subscribers also undertake to provide information about their data dissemination practices and compilation methodologies (“metadata”) for posting on the Dissemination Standards Bulletin Board (DSBB) on the Internet at <http://dsbb.imf.org>. Subscribers are also required to maintain an Internet website, referred to as a national summary data page (NSDP), which contains the actual data, and to which the DSBB is electronically linked. An NSDP has been established for 49 countries so far.

Experience with the Standard

5. Some international borrowers have noted their SDDS subscription in their bond offerings, thereby giving rise to the possibility of an impact of SDDS subscription on sovereign risk spreads. Recently, the Institute of International Finance, Inc., a private sector organization representing international banks and other financial institutions, undertook an econometric study of the impact of SDDS subscription on sovereign risk spreads and estimated that SDDS subscription might reduce such spreads by as much as 300 basis points.² While IMF staff did not take part in the study, the results are in line with views expressed on the impact of the SDDS in other fora. Moreover, recent articles in the international press have noted that SDDS subscription has played a role in limiting the impact of contagion arising from the recent financial crisis in South America.

6. A clear indicator of the impact of the SDDS is the improvement in the ability of subscribers to meet their release dates for most data categories with monthly or quarterly periodicity.³ During the third quarter of 2000, approximately 72 percent of monthly and 68 percent of quarterly data categories were released on the day announced in the advance release calendar posted on the DSBB. During the first quarter of 2002, about 93 percent of monthly and 95 percent of quarterly data categories were released on the announced day of

²The results of this study are presented in Appendix D of the Institute of International Finance’s *Action Plan: Strengthening Emerging Markets Finance*, released on April 22, 2002.

³As agreed at the *Third Review of the Fund’s Data Standards Initiatives* in March 2000, staff monitoring of subscribers’ performance under the SDDS, which is carried out against the release dates announced in the advance release calendars and the metadata, began in July 2000.

release. However, through the first quarter of 2002, the improvement in the dissemination of monthly and quarterly fiscal data was less pronounced compared to other data categories, owing to slippages in their timely dissemination.

International investment position and external debt data categories

7. The transition period for the International Investment Position (IIP) ended on December 31, 2001. Given that IIP data should be disseminated with annual periodicity and six months timeliness, data for end-year 2001 were scheduled to be disseminated no later than June 30, 2002 (or September 30, 2002 provided the subscriber is disseminating quarterly external debt data with a one-quarter lag). In the event that IIP data are based on a fiscal year that is not the same as the calendar year, the first reference period is the fiscal year ending after June 30, 2001, and the dissemination deadline is six months (or nine months) after the end of the reference period (e.g., for IIP data based on the fiscal year ending on September 30, 2001, the dissemination deadline would be March 31, 2002 or June 30, 2002 as appropriate).

8. As of end-July 2002, 37 subscribers had disseminated IIP data on their national websites. Of the remaining 13 subscribers, one is using a fiscal year ending in March and therefore IIP data should be disseminated by end-September; five are using available flexibility options for timeliness, and another three have chosen to begin disseminating quarterly external debt data to avail themselves of the additional three months timeliness. Therefore, four subscribers had not yet met the SDDS requirements for the dissemination of IIP data. Information on subscribers' dissemination of IIP data is regularly updated on the What's New page of the DSBB.

9. For the external debt data category (see Statistical Methodologies), the transition period ends on March 31, 2003. For sub-annual data categories, data are to be disseminated for the first reference period after the end of the transition period. Given that the external debt data category has quarterly periodicity and one-quarter timeliness, data for the quarter ending on June 30, 2003 must be disseminated by end-September 2003.

Special flexibility for fiscal data

10. While only a few countries have so far fully implemented accrual accounting for government, several OECD countries are introducing accrual systems at least partially. The EU and accession countries report fiscal statistics data by adjusting cash data to accruals as required under the *ESA95 (Manual on Deficit and Debt)* methodology which is compatible with the new GFS framework. At the *Third Review of the Fund's Data Standards Initiatives* in March 2000, staff proposed that, for subscribers implementing accrual based accounting systems, the periodicity and timeliness of fiscal data would be on a best efforts basis until the end of June 2002. The proposal was premised on the need to review countries' experience in implementing accrual accounting systems to assess the potential impact on the SDDS and, if necessary, recommend modifications to the SDDS by the end of the period, while continuing to encourage the adoption of accrual accounting and internationally accepted guidelines.

11. Since the *Third Review*, IMF staff has finalized work on the *Government Finance Statistics Manual, 2001 (GFSM 2001)* and has consulted with several Fund members that are at various stages of implementing the new methodology, including accrual accounting. These discussions are continuing, and existing information does not yet provide an adequate basis for making specific recommendations, if any, for modifications to the SDDS requirements for the fiscal data category. Accordingly, the special arrangements agreed under the *Third Review* have been extended until the next review of the IMF's data standards initiatives scheduled for the second half of 2003.

Enlarging SDDS subscription: the 25/50 Project

12. During the *Fourth Review of the Fund's Data Standards Initiatives* in July 2001, many Executive Directors indicated that the IMF should aim to enlarge SDDS subscription to include most members so as to facilitate countries' access to international capital markets. Consequently, the department has initiated an action plan to increase substantially the number of countries actively pursuing SDDS subscription.

13. The first step in this action plan has been the identification of potential candidates. With the assistance of area departments, STA identified approximately 75 countries that, with effort, had the potential to subscribe to the SDDS within the next four to five years. Within this large group, approximately 25 countries were identified that could subscribe within the next two to two and a half years (the "25" group); this group includes countries that have been working with staff of the department toward subscription as well as those that have expressed interest in subscribing.

14. The staff presently is assessing dissemination practices in the "25" group to determine, where appropriate, technical assistance needs as well as a time path towards subscription for each country. In this context a regional SDDS seminar to be held in Europe and aimed at potential new subscribers is being considered for the current fiscal year. The department is making a special effort to work intensively with about a dozen countries to facilitate their early subscription to the Standard.

The SDDS Guide

15. The *Guide to the Data Dissemination Standards—Module 1: the Special Data Dissemination Standard—Provisional Draft* is being revised to be issued as the *Guide to the Special Data Dissemination Standard (SDDS Guide)*. The purpose of the revision is (1) to make it a more user-friendly tool for countries interested in subscription; (2) to reflect enhancements made to the SDDS—including the introduction of the external debt, and the international reserves and foreign currency liquidity data categories—since the draft was first issued in 1996; and (3) highlight the role of the SDDS in the Fund's overall transparency initiative.

B. The GDDS

16. To help meet the evolving requirements of the user community with respect to economic management and development, the GDDS was established as a framework for participating countries to improve their statistical systems in a structured manner. The primary objective is to ensure that statistical systems are developed and maintained in ways that permit statistical data to be produced and disseminated in accordance with principles and practices that help maintain high standards of excellence. The GDDS fosters the application of sound methodological principles, the adoption of rigorous compilation practices, and the observance of procedures that ensure professionalism and objectivity. The GDDS covers the four macroeconomic sectors—real, fiscal, financial, and external—and socio-demographic data—population, education, health, and poverty.

17. During the past year, participation in the GDDS has been progressing steadily. As of mid-July 2002, metadata for 43 member countries participating in the GDDS were posted on the DSBB, and metadata for an additional 20 member countries were being finalized by the authorities in collaboration with IMF and World Bank staff. Metadata for new participants are posted on the DSBB as they become available, and participants agree to update their metadata at least once a year. Earlier this year, the presentation of the metadata on the DSBB was improved considerably by activating links to national websites on which the related statistics are disseminated.

18. Countries participating in the GDDS have been receiving technical assistance from STA to draft metadata and to implement the plans for improvement identified therein, either on a bilateral or regional basis. Regional GDDS workshops were organized for the six member countries of the Central African Economic and Monetary Council plus the Republic of Congo in January/February 2002, and for 14 Anglophone African countries in February/March 2002. In a number of these activities, the department has been collaborating closely with other providers of technical assistance, especially with staff of the World Bank. (See Technical Assistance, Modes of Delivery.)

19. Earlier this year, the *GDDS Guide* was revised and circulated to member countries that do not subscribe to the SDDS. The purpose of the revision was (1) to make it a more user-friendly tool for countries interested in participation; (2) to reflect enhancements made to the GDDS with respect to the external debt data category on the occasion of the *Third and Fourth Reviews of the Fund's Data Standards Initiatives*; and (3) to provide guidance on the socio-demographic data categories. The *GDDS Guide* in English, French, and Spanish have been posted on the DSBB, and these will shortly be followed by translations of the *Guide* into Arabic and Russian.

20. The GDDS site on the DSBB was also enhanced earlier this year with the addition of a section providing up-to-date information on a newly launched series of regional projects that use the GDDS as a framework to assist member countries to improve their statistical systems (e.g., the GDDS project for Lusophone African Countries). Interested parties are advised of updates by e-mail.

C. Review of the Standards

21. The Executive Board conducted its *Fourth Review of the Fund's Data Standards Initiatives* on July 23, 2001. In addition to reviewing the experience under the IMF's data standards initiative, the Board paper proposed integration of an assessment methodology—the Data Quality Assessment Framework (DQAF)—into the structure of the data module of the Reports on Observance of Standards and Codes (ROSCs).⁴ As background for the Board discussion, the staff prepared a supplement, *Fourth Review of the Data Standards Initiative Supplement on Data*, which describes the DQAF and the role it plays in providing structure and a common language for the assessment of data quality.

22. Subsequently, the Board approved the following:

- The integration of the DQAF into the structure of the data module of the ROSC;
- For SDDS subscribers, the retention of monthly periodicity and monthly timeliness in the dissemination of reserves template data;⁵
- The newly articulated socio-demographic component of the GDDS;
- An update of the GDDS to take into account developments in the Fund's statistical methodologies; and

23. Also, as part of the *Fourth Review*, the Board supported staff efforts in the employment of cutting-edge technology to develop an open exchange system for the distribution and exchange of statistical information on the Internet.

D. Dissemination Standards Bulletin Board Enhancements

24. Over the years since the introduction of the DSBB, however, the technology of the web has changed dramatically to provide easy means to support dynamic, fluid, and transparent access to statistical information from diverse providers, such as national agencies and international/regional organizations. The IMF, in collaboration with the BIS, ECB, Eurostat, OECD, and UN (United Nations Statistics Division), has formed the Statistical Data and Metadata Exchange (SDMX) initiative. This has undertaken, among other things, to

⁴Work undertaken by IMF staff on data quality is described in the Data Quality Reference Site on the Dissemination Standards Bulletin Board. The site also contains a number of papers on data quality issues prepared by IMF staff and other organizations. In addition, DQAFs and ROSCs are discussed ahead in Sections III.B. and C. of this general note.

⁵In addition, during the Executive Board Meeting of May 10, 2002 on *Data Provision to the Fund for Surveillance Purposes*, most Directors considered that increasing the frequency and timeliness for the dissemination of reserves template data under the SDDS was not necessary at this time.

define and build data models that would support the exchange of SDDS and GDDS data and metadata, and other macroeconomic time series, into a standard, uniform, and internationally accepted format on the web.

25. As part of the SDMX initiative, the IMF has undertaken a project to substantially enhance the functional capabilities of the Dissemination Standards Bulletin Board (DSBB). This project aims to provide users of the DSBB greater access to its content through the use of a Relational Data Base Management System environment for metadata. This is in conjunction with the development of an XML-based language for tagging metadata, thereby facilitating its dissemination and exchange over the web. Moreover, the introduction of an advanced Content Management System will automate many of the behind-the-scene maintenance and workflow functions, thereby ensuring more timely and accurate updates of metadata content. Much of the enhanced functionality is expected to be available by the end of this year, including the introduction of an electronic template for the automatic update of advance release calendars by subscribers. Moreover, an Internet-based eRoom facility to improve communication between SDDS subscribers and staff will be implemented by September 2002. This facility will enable coordinators to share views on a variety of topics not only with staff but also with other coordinators.

III. SUPPORT OF SURVEILLANCE AND USE OF FUND RESOURCES

A. Review Function

26. STA participates in the activities of the IMF relating to surveillance and support of macroeconomic adjustment programs. It reviews Article IV consultation staff reports and requests for the use of Fund resources to be submitted to the Executive Board. It undertakes to ensure that the reports describe accurately the timeliness, periodicity, coverage, and other aspects of the quality of data on which the analysis is based, present a strategy for improvement in appropriate cases, and indicate the authorities' data dissemination policy. It also assesses the extent to which the analysis is supported by the data used in the reports and the internal consistency of the data.

27. In its review of staff reports for Article IV consultations and requests for use of Fund resources, STA attaches great importance to ensuring that the staff makes an accurate assessment of the quality of the data provided to the IMF for surveillance purposes and for program design and monitoring. Consistent with guidelines approved by management, these evaluations are brought to the attention of the Executive Board on a routine basis. In recent years, growing concerns about the ability of the national authorities and IMF staff to identify emerging signs of external and financial sector vulnerability have led to efforts to strengthen the requirements for data provision to the IMF in the context of the surveillance exercise. Accordingly, the Executive Board approved in May 2002 staff proposals for more specific articulation of the core data that members are requested to provide to the IMF in the areas of international reserves and external debt. The Board also approved enhancements to the Statistical Issues Appendix and Core Statistical Indicators table to facilitate comparison of country practices in these areas. In addition, the department contributes to Fundwide periodic

vulnerability assessments and reviews related data needs in the context of discussions of data provision to the Fund.

B. Data Quality

28. STA works with area departments in the IMF to develop overall strategies and action plans for the enhancement of data quality in member countries. In connection with this intensified effort to improve data quality, the department has developed a framework for assessing data quality.

29. The development work of the quality framework entailed intensive consultation with national statisticians, experts from international organizations, IMF staff, and data users outside the Fund. The resulting Data Quality Assessment Framework (DQAF) brings together a structure and common language for best practices and internationally accepted concepts and definitions in statistics, including those of the United Nations *Fundamental Principles of Official Statistics* and the SDDS/GDDS. The intent is to keep the framework current in reflecting best statistical practices as they evolve over time.

30. The framework follows a cascading structure that begins with a set of prerequisites and five main dimensions of quality: integrity, methodological soundness, accuracy and reliability, serviceability and accessibility. The prerequisites and the dimensions further subdivide into elements, from which flow indicators. Each indicator comprises focal issues that further branch out into key points. The latter are based on internationally accepted good practices.

31. The DQAF contains a generic core that serves as an umbrella for dataset-specific frameworks. As a result of further standardization efforts in 2002, the specific frameworks now share a structure that is common throughout, except for two dimensions (methodological soundness, and accuracy and reliability). So far, specific frameworks have been developed for six macroeconomic datasets and one poverty related dataset (household income); a labor statistics dataset is currently being formulated. The two latter dataset-specific frameworks were developed in close collaboration with the World Bank and ILO, respectively. Others are in the pipeline.

32. The DQAF was used experimentally during the first six months of 2002 to assess the quality of macroeconomic datasets for the Reports on Observance of Standards and Codes (ROSCs). It has proven to be comprehensive in covering the relevant aspects of data quality, being applicable to various macroeconomic datasets produced by countries in different stages of development, and providing results that are transparent and amenable to summaries, hence meeting both the experts' need for rigor and the bird's-eye view desired by general data users. In July 2001, the Board approved the DQAF as the tool to assess data quality for the data modules of the ROSC (see below).

33. The DQAF can also be used by national producers of official statistics as a management tool to monitor data quality, by international organizations for their own assessment of countries' data quality, and by other data users, including those in the private sector.

34. Because of its comprehensive design, the six-part structure of the DQAF has proved to be quite versatile in applications beyond strict quality work. It is being used, among other things, in support of monitoring the IMF's technical assistance and as a framework to derive the PARIS21 statistical capacity-building indicators. (See International Statistical Coordination and Cooperation.)

35. In order to maintain and further promote a common understanding on data quality, STA established the Data Quality Reference Site on the DSBB (<http://dsbb.imf.org>). Drawing on contributions from the statistical community and IMF staff, the site introduces definitions of data quality, describes trade-offs among aspects of data quality, and gives examples of evaluations of data quality. The site also includes a bibliography of articles on data quality, recent IMF staff papers and other staff work on data quality, and references to international conferences on data quality. Updated regularly, the site also invites electronic comments from visitors.

C. Reports on the Observance of Standards and Codes (ROSCs)

36. From the inception of the ROSC initiative in 1999, the SDDS or the GDDS has been used as the standard for the preparation of the data module elements of the ROSC. In the case of countries that have subscribed to the SDDS, or are close to meeting the requirements for subscription, the SDDS serves as the standard against which the country's data dissemination practices are compared for the ROSC. In the case of others that have agreed to the preparation of the data module for the ROSC, the recommendations of the GDDS are used to guide the preparation. To date, 26 data modules have been prepared, of which 23 have been posted on the IMF's website. Fifteen ROSCs were in progress as of mid-July 2002.

37. The early ROSCs focused mainly on the disclosure element of the international standard—that is, the provision of information to the public. However, experience has shown that the reports are more useful if they also address the quality of the information provided. This need to focus more precisely on the quality of the data disseminated has been addressed by integrating the methodology provided by the DQAF into the structure of the ROSC. Its use within the ROSC context is only one of a range of possible applications.

38. The more recent ROSC data modules assess both the disclosure element of the standard as well as the quality of the information provided to the public in the key datasets that form the basis of a country's macroeconomic analysis. Ten of these are available on the IMF's website: Botswana, Chile, Costa Rica, Estonia, Hungary, Mauritius, South Africa, Sri Lanka, Sweden, and Turkey. The disclosure element is assessed through a comparison of national data dissemination practices with those set out in the SDDS/GDDS. With respect to the quality element, the DQAF methodology helps to identify and draw out best practices not only in dissemination, but also in data collection and compilation. The information gathered by the staff for the dataset-specific assessment frameworks⁶ provides the basis for a

⁶To date, seven dataset-specific frameworks have been developed for the national accounts, balance of payments, monetary statistics, government finance statistics, producer price index, (continued)

summary-level presentation of the data quality assessment. Application of the DQAF methodology helps identify those areas where further efforts are required of the country to reach an international ‘best practice’ standard.

39. Country authorities have welcomed ROSCs prepared on the basis of the Data Quality Assessment Framework as a basis for planning statistical development. This framework has allowed identification of deviations from international best practice and ways to improve the quality of statistical products and institutions. The broadly enthusiastic responses from the authorities likely reflect a better understanding of the multidimensional character of data quality and of the growing importance attached by economic agents to the availability of high-quality macroeconomic data. Data ROSCs have also played an educational role, establishing the DQAF as the rigorous framework for approaching data quality. Publication of the data ROSCs has signaled the authorities’ intent to redress shortcomings identified in the reports.

40. Both the staff assessment and the response of the authorities—the two parts of the ROSC—are, with the assent of the authorities, posted on the IMF’s website, together with a separate document with the detailed dataset-specific assessment.

D. Financial Sector Soundness Indicators (FSIs)

41. As part of the Fund’s ongoing efforts to strengthen the architecture of the international financial system, STA, in collaboration with the Monetary and Exchange Affairs Department, has actively investigated issues related to the identification, compilation, and dissemination of financial soundness indicators (FSIs). A summary of the findings of preliminary investigations was presented in the Occasional Paper No. 212—*Financial Soundness Indicators: Analytical Aspects and Country Practices*, published in April 2002. FSIs are broadly defined as indicators of the current financial health and soundness of financial institutions and of their corporate and household counterparts. They include both aggregated information on financial institutions and indicators that are representative of markets in which financial institutions operate.

42. Financial soundness indicators can be used by national authorities in their financial sector assessment work, by the IMF in its surveillance work, and ultimately by the private sector.

43. In June 2001, the Fund’s Executive Board agreed on a list of core and encouraged indicators. The Board also welcomed the preparation of a *Compilation Guide on Financial Soundness Indicators*—to assist compilers as well as official and private users of FSIs—and the development of a database for FSIs in the Fund. Directors supported more systematic compilation of financial soundness indicator data in the context of the Financial Sector Assessment Program (FSAP) and in those Article IV consultations where in-depth financial

consumer price index and household income in the context of poverty. The development of additional dataset-specific frameworks is in the pipeline.

sector assessments are undertaken. FSIs will also be included in Article IV consultation reports where data are available.

44. In June 2002, STA and the Monetary and Exchange Affairs Department hosted a meeting at Fund headquarters of a small group of experts mainly from regional and international agencies to discuss major issues that need to be addressed in the draft *Compilation Guide on Financial Soundness Indicators*. The meeting welcomed the development of a *Guide* by the Fund as a means to help promote the compilation and dissemination of FSIs, but it is clear that experience in this field of statistics is new and relatively limited and that there are practical difficulties in compiling consistent data series.

45. Dissemination of FSIs as part of the IMF's SDDS or GDDS is considered premature at this stage, and the question will be revisited by the Executive Board during *the Fifth Review of the Fund's Data Standards Initiatives* in 2003.

IV. TECHNICAL ASSISTANCE

46. The technical assistance activities of STA during 2001/2002⁷ reflected the increased emphasis placed on the quality of data disseminated on surveillance, and on ROSC missions, as discussed above. During this period, the department fielded 150 technical assistance missions to 85 countries, compared with 191 missions to 113 countries in 2000/2001, and 198 missions to 108 countries in 1999/2000.

A. Strategy and Approach

47. Technical assistance to member countries by STA consists mainly of capacity building, with only a relatively small proportion emanating from requests by area departments for short-term help in resolving data issues that impede Fund lending operations. Statistical capacity building includes both human capacities built through knowledge and skills transfer and institutional capacities strengthened through organizational and institutional advice. In this context, the SDDS and GDDS, directly or indirectly, serve to build the capacity of national statistical systems to observe internationally accepted standards and best practices. Likewise, ROSC missions and the associated application of the DQAF often lead to follow-up technical assistance. The Fund provides no equipment and only a limited amount of information technology advice. The department's activities focus on strengthening institutions, ensuring methodological soundness, and enhancing the skills of officials responsible for the compilation and dissemination of official macroeconomic statistics. Most of this assistance is provided by missions visiting national statistical offices, central banks, and finance ministries, supported by short- and long-term experts assigned to selected member countries or regions, and training courses held both in Washington and diverse overseas locations.

⁷Fiscal year 2002 (May 1, 2001 to April 30, 2002).

B. Scope and Coverage

48. Technical assistance is offered in the areas of balance of payments, government finance, monetary and financial, and national accounts and price statistics, the preparation of metadata, and various aspects of statistical organization. In all areas, technical assistance is designed to improve the collection, compilation, and dissemination of official statistics. In addition to providing assessments with respect to accuracy, coverage, and timeliness, technical assistance missions in each area often deliver on-the-job training, help design reporting forms and spreadsheets to facilitate correct classification, and lay out short- and medium-term action plans for the improvement of statistical procedures. Missions pay particular attention to assisting countries in their efforts to comply with the requirements of the SDDS or to implement plans to meet GDDS recommendations. Technical assistance missions generally discuss a draft report with country authorities while in the field, which is later finalized with the benefit of the authorities' comments.

49. In addition to the general products of technical assistance mentioned above, missions in each of the topical areas provide outputs unique to those areas. For example:

- Technical assistance in **balance of payments statistics** typically provides guidance in the recording of international transactions in goods and services, interest and dividends, gifts and grants, and financial flows such as direct investment, portfolio investment, financial derivatives, international reserves, and other investment; in the past year, the technical assistance missions also covered the international investment position, the data template on international reserves and foreign currency liquidity, external debt statistics, and the Coordinated Portfolio Investment Survey.
- Technical assistance in **monetary and financial statistics** may focus on the adequacy of institutional coverage, the appropriate classification of monetary accounts by financial instruments, residency and the appropriate sector of the domestic or external economy, the proper valuation of accounts, and the correct statistical treatment of derivative instruments and banks under liquidation.
- A central aspect of technical assistance in **government finance statistics** is often the preparation of bridge tables linking national classifications with those consistent with international standards, as well as an assessment of the consistency of bank financing of the deficit with the monetary accounts; emphasis is now being placed on assisting countries to adopt the new *Government Finance Statistics Manual, 2001*.
- Technical assistance in **national accounts statistics** may provide guidance to governments in their efforts to improve the annual national accounts estimates or to develop quarterly national accounts and underlying source statistics, and in **price statistics**, provide advice in efforts to overhaul or update a producer price or consumer price index system; technical assistance may also be provided in **international trade statistics**.

- Technical assistance in **statistical organization** may provide an assessment of a country's statistical system, guidance on statistical legislation, or advice in areas of institutional organization, resources, and interagency coordination.

C. Modes of Delivery

50. Although most of STA's technical assistance is delivered by IMF staff, highly qualified outside experts are also hired for both short- and long-term technical assistance assignments. In 1999, a Panel of Experts was established to recognize those experts who have, by virtue of their experience and qualifications, demonstrated their capacity to contribute to the technical assistance program of the department in one or more areas of macroeconomic statistics. The membership, currently numbering 84, is reviewed annually.

51. Of the 94 assignments in 2001/2002 using experts, 39 assignments—31 short-term and 8 long-term—were financed with resources made available to the Fund by the Japanese Government under the Administered Account for Selected Fund Activities—Japan. Three long-term experts were funded by the Executing Agency Agreement with the UNDP, and two such experts were financed by the United Kingdom's Department for International Development.

52. The main vehicle for the delivery of technical assistance continued to be short-term single-topic missions, which are conducted by IMF staff and externally recruited experts. These missions often originate in and are part of comprehensive medium-term country projects designed by multisector statistics missions and as follow up to ROSC missions. Multisector statistics missions provide overall assessments and recommendations for strengthening institutional arrangements, methodology, collection, compilation, and dissemination practices in the major areas of macroeconomic statistics. In 2001/2002, the department undertook four multisector statistics missions, compared with six conducted in 2000/2001. These missions not only addressed the issues related to each sector, but also the consistent treatment of data and coordination arrangements across sectors, and provided short- and medium-term action plans for improving statistics, including follow-up missions in the topical areas identified above. In addition, 19 ROSC missions, which perform evaluation and diagnostic functions similar to multisector missions, but which are classified as surveillance missions, were conducted in 2001/02. (See Reports on the Observance of Standards and Codes (ROSCs).)

53. An important component of the department's technical assistance program was to complement its short-term missions with the placement of long-term statistical advisors. This approach has proven particularly appropriate for the transition countries, where there was an urgent need to build a statistical infrastructure that would buttress the move to market-oriented economic systems, and in Africa, where many statistical systems were rudimentary. During 2001/2002, multisector statistical advisors served in Cambodia, the Republic of Congo (Brazzaville), Bosnia and Herzegovina, East Timor, Ukraine, and with the Caribbean Technical Assistance Center and the Pacific Financial Technical Assistance Center, which serve, respectively, Caribbean and Pacific Island countries. National accounts experts provided technical assistance in Kuwait, Uganda, and Mongolia.

54. Recently, STA has introduced a series of regional projects that use the GDDS as a framework to help participating countries work toward sustainable improvements in their capacity to produce and disseminate economic and socio-demographic statistics. These projects take an integrated approach to building statistical capacity. They are designed to identify strengths and weaknesses in current systems, develop plans for improvement, and provide technical assistance to help countries implement their plans. The projects are typically implemented in two stages. During the initial phase, countries develop their GDDS metadata—the description of current practices, as well as plans for improvement—and, during the second phase, countries pursue the steps necessary to realize their plans. The projects have regional resident advisors and dedicated groups of short-term experts, who become familiar with statistical systems in countries in the region and provide technical assistance in their areas of expertise.

55. Although the specific features differ somewhat between individual projects, typically these projects are large, medium-term undertakings, involving assistance from project staff in close collaboration with other international, regional, and bilateral providers of technical assistance, especially the World Bank. This approach offers synergies by leveraging the IMF's own technical assistance resources, and by permitting participants to share experiences as they improve their own statistical systems, as well as catalyzing a broad dialogue on strengthening statistics throughout each region. Regional GDDS projects have been initiated in Anglophone, Francophone and Lusophone Africa, and for the Pacific Islands, with strong financial support from the United Kingdom and Japan.

D. Evaluation and Prioritization

56. A Fund wide review of technical assistance, conducted by the Office of Internal Audit and Inspection (OIA), was discussed by the Executive Board in 1999. The Board requested that annual reports on technical assistance be reinstated; the first report was considered by the Board in January 2001, and the second such report was discussed in July 2002. This most recent discussion noted the increased importance of technical assistance in the Fund's work and the heightened need for its efficient and cost-effective delivery in view of the increasing demand. It also covered prioritization criteria for technical assistance delivery, regional technical assistance centers, the role of technical assistance in supporting Fund programs, dissemination of technical assistance reports, and monitoring and evaluation of technical assistance. During 2000/2001, work continued among the technical assistance and area departments on how to effect closer links between the technical assistance and surveillance activities of the Fund and how to achieve improvements in project design and country allocation for greater impact.

57. As part of its efforts to ensure that technical assistance in statistics is appropriately structured to meet the needs of recipient countries and that resources are used efficiently, STA introduced in May 2000 a matrix-based project management system to plan, deliver, and evaluate technical assistance. This system was recently improved by organizing project objectives and outputs by DQAF category, thereby enhancing comparability and consistency.

58. Along with other departments in the Fund that provide technical assistance, STA is now prioritizing its technical assistance according to the guidelines introduced by the Executive Board to focus on the Fund's main program areas, such as crisis prevention, poverty reduction, and assisting post-conflict countries. Beyond general capacity building efforts, the specific type of assistance that the department provides toward achieving these goals is mostly to foster the observance of standards and codes via the SDDS and GDDS, supplemented by ROSC missions and DQAF assessments, in addition to efforts to improve the data available from offshore financial centers.

E. International Cooperation in Technical Assistance

59. Following the approval by the Executive Board in May 2002 of the Fund's Africa Capacity Building Initiative, STA has been working with various Fund departments to launch two regional technical assistance centers—the AFRITAC East and West.⁸ During two needs assessment meetings organized subsequently in Nairobi (for AFRITAC East) and Dakar (for AFRITAC West) in mid-2002, it became clear that the standards and needs differed considerably among countries. Nonetheless, demand for technical assistance appeared to be greatest for real sector statistics (including for the conduct of basic surveys and estimation procedures for the informal sector) and government finance statistics in both regions. Also, several countries need support on institutional issues, including, in certain cases, how to deal with post-crisis situations. These conclusions are expected to be reflected in the work plans of the centers, and in the selection of experts who will be providing technical assistance to participating countries. The centers are expected to open later in 2002.

60. In designing technical assistance projects in statistics, STA inquires about the related activities of other technical assistance providers in order to avoid duplication of efforts and to maximize the benefits of collaboration. The department's technical assistance has complemented other providers in many cases, such as assistance from the United Kingdom, UNDP, and the World Bank in Nigeria, the Netherlands in Yemen, the Asian Development Bank in Cambodia and Pacific Island Countries, and the World Bank, which is helping in the area of socio-demographic data for the GDDS. Occasionally other donors will supply equipment, such as computers, without which STA's technical assistance could not succeed. The department has worked closely in recent years with the European Central Bank to develop monetary and exchange rate data for the European Monetary Union. International cooperation has been further strengthened by the decision of statistical offices of the following countries and agencies to participate in a program to provide experts to ROSC mission teams: Australia, Canada, Chile, Denmark, Finland, France, Germany, Japan, Norway, Sweden, the United States, and the Economic Commission for Europe.

⁸AFRITAC East covers Eritrea, Ethiopia, Kenya, Rwanda, Tanzania, and Uganda; and AFRITAC West covers the member countries of the West African Economic and Monetary Union (Benin Burkina Faso, Côte d'Ivoire, Guinea-Bissau, Mali, Niger, Senegal, and Togo) plus Guinea (Conakry).

61. The department also participates actively in several efforts to coordinate technical assistance of bilateral and multilateral donors in specific regions and countries. A highlight of the department's efforts in the area of technical assistance coordination was the International Meeting on Technical Cooperation in Statistics that took place in China in May 2000, which was co-hosted by the National Bureau of Statistics (NBS) and STA. The proceedings of this meeting have been posted on the NBS's website and recently updated with the input of technical assistance providers with respect to their activities and cooperation plans.

62. This year the department has also initiated a new type of collaboration with regional technical assistance providers that makes use of local expertise. More specifically, AFRISTAT, which is based in Bamako, Mali, and provides assistance in statistics to francophone African countries, signed an agreement with the IMF to collaborate on the implementation of the GDDS in member countries of the West African Economic and Monetary Union. The agreement, which is for an initial period of six months, covers the real sector and government finance statistics component of the GDDS. AFRISTAT, in collaboration with and under the guidance of the IMF, assists countries in the region to implement the plans for improvement that they have identified in the GDDS metadata.

63. STA chairs a Task Force on Statistical Capacity Building Indicators under the auspices of PARIS21.⁹ (See International Statistical Coordination and Cooperation.)

V. TRAINING

64. The technical assistance work of STA is reinforced by training courses and seminars for member country officials on statistical methodologies and their applications. These are offered at the IMF Institute at IMF headquarters, the Joint Vienna Institute, the Singapore Training Institute, the Joint Africa Institute, the Brazil Training Center, the Regional Training Program in the United Arab Emirates and the China Training Program. As well, courses have been given at several other regional sites, including the Central American Monetary Council (CAMC), the Center for Latin American Monetary Studies (CEMLA), the South African Reserve Bank College (SARBC), and the Training Center of the Central Bank of Russia (Tula).

65. During 2001/2002 the department offered the following:

- Three courses at IMF headquarters covering the areas of balance of payments, government finance, and national accounts statistics;
- Four seminars at the Joint Vienna Institute covering the areas of balance of payments, government finance, monetary and financial statistics, and price statistics;

⁹The PARIS21 initiative was launched in November 1999 to act as a catalyst for promoting a culture of evidence-based policymaking and monitoring in all countries, and especially in developing countries.

- Three courses at the Singapore Training Institute covering monetary and financial, national accounts, and price statistics;
- One course at the Regional Training Program (Middle East) covering monetary and financial statistics;
- One seminar at CEMLA covering monetary and financial statistics;
- Two courses at the Joint Africa Institute covering monetary and financial statistics and balance of payments statistics; and
- Twelve other regional seminars (often in collaboration with regional organizations or member country governments), including two seminars on balance of payments statistics; five seminars on the Coordinated Portfolio Investment Survey; a seminar on government finance statistics and social security conducted for Chinese officials; two seminars on monetary and financial statistics; and one seminar on real sector statistics.

66. During 2001/2002, STA, in collaboration with the other agencies that participate in the Inter-Agency Task Force on Finance Statistics, conducted three regional seminars to promote new international guidelines for external debt statistics and to raise awareness of the SDDS dissemination requirements for the external debt data category. The seminars were held at Fund headquarters, the European Central Bank, and at the Bahrain Monetary Agency. The target audience for these seminars (and three previous ones) was the managers and senior compilers in the countries subscribing to the SDDS, given that the SDDS transition period for the external debt category is scheduled to end on March 31, 2003.

67. Five- to six-week courses generally consist of a series of lectures, discussions, practical exercises, and case studies. The lectures focus on the conceptual framework for the relevant statistical methodology (e.g., the methodology presented in the *System of National Accounts, 1993*, in the fifth edition of the IMF's *Balance of Payments Manual*, in the *Monetary and Financial Statistics Manual*, or in the new *Government Finance Statistics Manual, 2001*). Topics typically include sources and methods used in collecting statistics, coverage, accounting rules, classification issues, best practices in data dissemination, and uses of statistics. During the lectures, participants are afforded an opportunity to discuss problems that they have actually encountered in the course of their work in their respective countries. Workshop sessions consist of practical exercises that illustrate the application of the basic statistical methodology to a typical set of circumstances. Three-week and two-week courses are usually shorter versions of the six-week courses. For information on IMF training courses, contact the IMF Institute for a catalog (fax: 202-623-6490, or <http://www.imf.org>).

VI. STATISTICAL METHODOLOGIES

68. In the last decade, considerable effort has gone into the preparation of statistical methodologies. These methodologies are seen as encouraging international comparability, as supporting the efficient use of statistical resources, and as promoting the analytical usefulness of statistics. *The System of National Accounts, 1993 (1993 SNA)*, which was published as a partnership of five international organizations, stands as a landmark in this effort. The framework of the *SNA* is intended to serve a wide range of purposes, and therefore needs to be supplemented by sector-specific systems that support the analytical work of the Fund and its membership. Because the Fund's expertise is primarily in the fiscal, monetary, balance of payments, external debt, and international reserves areas, priority has been given to the development of manuals and guides for the compilation of statistics in these areas. More recently the Fund has played a lead role in developing guidelines in the areas of quarterly national accounts, prices, and international trade in services.¹⁰ All of these manuals and their associated guides are harmonized with the principles contained in the *1993 SNA*, and together constitute the underpinning of the Fund's work on standards for data dissemination and on data quality.

A. Monetary and Financial Statistics

69. STA published the *Monetary and Financial Statistics Manual* in 2000. The purpose of the *Manual*, which is intended to be a reference volume, is to offer guidelines for the presentation of monetary and financial statistics. It provides a set of tools for identifying, classifying, and recording stocks and flows of financial assets and liabilities, describes the standard, analytically oriented frameworks in which the statistics may be presented, and identifies a set of analytically useful aggregates within those frameworks. The concepts and principles set out in the *Manual* are harmonized with those of the *1993 SNA*. The *Manual* is now available in Arabic, Chinese, French, Spanish, and Russian.

70. A compilation guide to complement the *Manual* is currently being developed.

B. Balance of Payments and Related Statistics

IMF Committee on Balance of Payments Statistics

71. The 2001 *Annual Report* of the IMF Committee on Balance of Payments Statistics (Committee) has been distributed to the IMF balance of payments correspondents in all member countries and is also available on the IMF's website at <http://www.imf.org>. The

¹⁰A paper on *Manuals of Macroeconomic Statistics: A Stocktaking To Guide Future Work*, which examines the experience of the last decade, was presented by IMF staff at the Conference of European Statisticians held in Geneva during June 11–13, 2001. An updated version appears as an IMF Working Paper (WP/01/183), available at <http://www.imf.org/external/pubs/cat/longres.cfm?sk=15484.0>.

Committee discussed a broad range of topics at its October 2001 meeting in Tokyo. Discussions focused on:

- The Data Quality Assessment Framework developed by STA, highlighting in particular the balance of payments statistics;
- A range of methodological issues, such as the classification of financial derivatives between affiliated entities, clarification of some specific transactions related to direct investment (see also below), the appropriate statistical treatment of reverse transactions (repurchase agreements, securities lending, gold swaps, and gold loans), and the statistical measurement of nonperforming loans, the appropriate treatment of accrued interest on debt securities, the appropriate treatment of retained earnings of mutual funds and other collective schemes, and statistical treatment of trusts; and
- Procedures for updating the *Balance of Payments Manual*, for which a publication target date of 2007 has been set. Also discussed were areas where there is a need to update or clarify the balance of payments framework, given that nine years have passed since the publication of the fifth edition. The process for this work has begun with the development of a compendium of issues.

Coordinated Portfolio Investment Survey (CPIS)

72. The Fund-sponsored 2001 CPIS is currently under way in the form of the second internationally coordinated collection of data on portfolio investment holdings (the first was for 1997). The project aims to promote best practices to improve national balance of payments and international investment position data, produce improved global data on financial markets, and reduce global statistical discrepancies. A series of seminars has been conducted in support of the CPIS. The number of participating jurisdictions in 2001 exceeded 60 (compared to 29 in 1997). The results will be published by the Fund later this year or in early 2003 in both hard copy and electronic format. The Committee has recommended that the CPIS be conducted annually starting in 2002.

Offshore centers

73. The expansion of the coverage of offshore centers in the CPIS for 2001 and subsequent years has been a high priority, as they are major players in world financial markets and represent an important gap in existing data. STA has also worked to support their inclusion in the Bank for International Settlements locational banking survey. Because of the centers' small size and limited statistical systems, the Fund undertook missions to several jurisdictions and conducted regional workshops on the CPIS in the Cayman Islands and Jersey. In addition, a seminar on macroeconomic statistics was held in Bermuda.

Statistics on external debt

74. In 2001, the Fund-chaired Inter-Agency Task Force on Finance Statistics (TFFS),¹¹ established by the United Nations Statistical Commission, completed its work on new international guidelines for external debt statistics—*External Debt Statistics: Guide for Compilers and Users (External Debt Guide)*. A final draft, subject only to editing, was posted on the IMF's website in December 2001. The *External Debt Guide*, intended for both compilers and users of external debt statistics, provides clear, up-to-date guidance on (1) the concepts, definitions, and classifications of external debt data; (2) the sources and techniques for compiling these data; and (3) the analytical use of these data.

75. The *Guide* also presents the tables that are relevant for the external debt category of the Fund's data dissemination standards. The *Guide* supersedes the previous international guidance on external debt statistics available in *External Debt: Definition, Statistical Coverage, and Methodology* (widely known as the *Grey Book*), which was published in 1988.

76. The *Guide*'s conceptual framework derives from the *System of National Accounts, 1993* and the fifth edition of the Fund's *Balance of Payments Manual* (also issued in 1993). Since December 2001, the *Guide* is available in English on the IMF's website at <http://www.imf.org/np/sta/ed/guide.htm>. The edited hardcopy version in English will be available in 2002, together with other language versions.

Statistics on direct investment

77. In 2001, the IMF and the OECD conducted an update of the 1997 Survey of Implementation of Methodological Standards for Direct Investment (SIMSDI). The update involved 61 countries, 54 of which have agreed to release to the general public the information on their methodology and compilation practices. Summary metadata for each of those countries is being prepared and will be posted on the IMF's external website during 2002. The final report on the results of the update is expected to be disseminated in hardcopy and electronic format by the end of 2002. Work has also begun on preparing a revised SIMSDI questionnaire to be used for a new full survey to be conducted in late 2003.

78. In 2001, after extensive consultation, the Committee agreed on clarifications of the treatment of the following direct investment transactions: transactions with affiliated financial intermediaries, payments associated with the acquisition of a right to undertake a direct investment, and the shutdown of an FDI enterprise established for natural resources exploration. The Committee also reached a final decision on the classification of financial

¹¹The TFFS's work on the *Guide* involved, in addition to the Fund, representatives from the Bank for International Settlements (BIS), the Commonwealth Secretariat, the European Central Bank, Eurostat, the Organisation for Economic Co-operation and Development (OECD), the Paris Club Secretariat, the United Nations Conference on Trade and Development, and the World Bank.

derivatives involving affiliated enterprises in the balance of payments statistics and in the international investment position statement. Compilers have been advised of the details of these clarifications and decisions, and the information has also been posted on the balance of payments section of the IMF's external website (<http://www.imf.org/bop>).

Statistics on reserves and related information

79. The IMF's Executive Board decided in March 1999 to make the data template on international reserves and foreign currency liquidity a prescribed element of the SDDS, with a transition period to run through March 31, 2000. The template includes information on the liquidity of a country's international reserves, identifying encumbered assets, and on its exposure to exchange rate fluctuations. In addition to traditional balance-sheet information on the external assets and liabilities of the monetary authorities and the central government, the template takes account of their off-balance sheet activities and notes their future scheduled and potential inflows and outflows of foreign exchange.

80. STA published *International Reserves and Foreign Currency Liquidity: Guidelines for a Data Template (Guidelines)* in October 2001. This document is the published version of the *Operational Guidelines for the Data Template on International Reserves and Foreign Currency Liquidity* released by STA in October 1999. The *Guidelines* set forth the underlying conceptual framework for the data template and provide guidelines on the compilation of the requisite data.

81. As of mid-2002, 50 subscribers and one non-SDDS subscribing country have been disseminating the template data on their national websites on a regular basis.¹² Of these, 43 economies have been reporting their template data on a voluntary basis to STA for redissemination on the IMF's website at <http://www.imf.org/external/np/sta/ir/index.htm>. The IMF's website presents countries' template data in a common format and in a common currency (U.S. dollars) to facilitate users' access to the data and to enhance comparability of data across countries. In addition to current data, the IMF's database offers historical information and selected cross-country time series. To facilitate users' viewing, printing, and downloading the data for analysis, the IMF database is presented in html (hypertext markup language), in pdf (portable document format), and in csv (comma separated values) files.

Statistics on international trade in services

82. The Interagency Task Force on International Trade in Services (Task Force),¹³ established by the United Nations Statistical Commission, has developed a *Manual on Statistics of International Trade in Services (Manual)*. After worldwide consultation, the UN Statistical Commission approved in 2001 the international manual, which will be

¹²In addition, the ECB disseminates the template data for both the ECB and the Eurosystem.

¹³The Task Force comprises representatives of OECD (convener), Eurostat, IMF, UNCTAD, UN Statistics Division, World Trade Organization (WTO), and the World Bank.

published later this year. Following publication of the *Manual*, the Task Force will focus on providing compilation guidance, particularly in the area of foreign affiliates trade and services. It also plans further development work, particularly in the areas of financial services, telecommunications services, environment-related services, and statistics relating to the movement of natural persons to take up employment on a non-permanent basis.

C. Government Finance Statistics

83. The new *Government Finance Statistics Manual, 2001 (GFSM 2001)* was published in December 2001 and posted on the IMF's website. It represents a major change in the compilation of government finance statistics from cash to accrual accounting methods. The *Manual* represents a significant step forward in the standards for compilation and presentation of fiscal statistics and thus constitutes an important element in the worldwide effort to improve government accounting and transparency in fiscal operations. Government finance statistics, a key to effective fiscal analysis, play a vital role both in developing and monitoring sound financial programs and in conducting surveillance of economic policies.

84. The *Manual* was prepared in close consultation with fiscal experts in member countries, international agencies, and among IMF staff. The first draft of the new *Manual* was distributed to member countries for comments progressively in 1999-2000, and an expert group meeting was held in February 2001 to discuss it. The new GFS standard was endorsed by the expert group and has been strongly supported by most countries that provided comments. The staff has initiated consultations with a number of countries with the aim of mapping their GFS data onto the *GFSM 2001* framework on an experimental basis during 2002. The development of revised GFS reporting formats will be guided by the experience gained from this work. For a number of countries, the GFS data in the revised format is expected to be published in a supplement to the *Government Finance Statistics Yearbook 2002*. Based on the technical consultations and case studies the staff will be preparing compilation guidelines on selected topical areas of the *GFSM 2001*; these will be posted on the IMF's external web page as and when they are completed.

D. National Accounts and Prices

85. STA published a *Quarterly National Accounts Manual* in 2001 to help countries establish or strengthen quarterly national accounts statistics that meet international standards. The *Manual* is now available on the IMF's Internet site. It is fully consistent with the *1993 SNA* and is the direct result of technical assistance provided by the department in support of the SDDS. The *Manual* contains discussions and examples of conceptual issues, sources for the quarterly national accounts, and compilation methods. More recently, Spanish and French translations of the *Manual* have been completed, and a Russian version is nearing completion. Their publication is expected during 2002.

86. STA represents the IMF at the Intersecretariat Working Group on National Accounts (ISWGNA), comprising representatives of the five international agencies that prepared the *System of National Accounts, 1993 (1993 SNA)*.¹⁴ Meeting twice a year to consider developments in the implementation of the *1993 SNA* and possible changes to the standard, the ISWGNA has overseen the preparation of a number of handbooks on national accounting, as supplements to the *1993 SNA*, and has reviewed various methodological issues. An important issue that was brought to closure concerned the recording of payments for mobile telephone licenses in the national accounts; proposals prepared by the department providing clarification of existing *1993 SNA* language in the context of this issue were supported by the ISWGNA. Ongoing activities include the statistical treatment of the accrual of interest, on which the IMF has collected comments on a website over the past year, and the treatment of nonperforming loans, on which another discussion website has recently been set up by the Fund.

87. A team of experts drawn mainly from the IMF, OECD, ILO, and the Interstate Statistical Committee of the Commonwealth of Independent States prepared a *Handbook for Measurement of the Non-Observed Economy*. The *Handbook's* aim is to encourage countries to develop a systematic strategy for achieving exhaustive estimates of GDP and to identify and promote international best practices. It focuses on dealing with difficulties in obtaining a comprehensive measure of GDP arising from a lack of basic data or from shortcomings in the available data used to compile national accounts statistics. The *Handbook* was published by the OECD.

88. The Intersecretariat Working Group on Price Statistics (IWGPS)¹⁵ was formed in September 1998 to organize authorship of manuals on international best practices in concepts and compilation of price statistics, with a view to achieving coordination of price statistics guidance with the concepts of the *1993 SNA*. Although the scope of the IWGPS is broad, covering all major price indicators, its initial project is the preparation of a manual on the Consumer Price Index (CPI) to supersede the existing manual. A second project to develop a manual on the Producer Price Index (PPI) also is under way. STA represents the IMF on the Working Group and on the two technical expert groups that oversee the CPI and PPI manuals, and serves as the coordinator for the PPI expert group. The IMF has assisted the IWGPS in securing the services of, and providing liaison with, experts in price statistics methodology to author selected chapters of the new manuals, in addition to providing sections authored by its own staff. The IMF also maintains a website to provide a discussion forum on chapters of the new PPI manual.

¹⁴Eurostat, IMF, OECD, UN Statistics Division, and the World Bank.

¹⁵Eurostat, the International Labor Organization (ILO), the IMF, the Organisation for Economic Cooperation and Development, the United Nations Economic Commission for Europe, and the World Bank.

89. The Intersecretariat Task Force on Trade Statistics (TFITS), chaired by the World Trade Organization, undertakes a range of work in the harmonization and development of methodology for international trade statistics. STA has actively participated in TFITS initiatives to reconcile merchandise trade data collected by the IMF, the UN, and the World Trade Organization, and develop international handbooks on concepts and compilation methods for merchandise trade statistics.

VII. DATABASE MANAGEMENT

90. The department is responsible for maintaining the IMF's central macroeconomic database of country, regional, and global statistics. This database, which encompasses a number of component databases and is collectively known as the Economic Information System (EIS), embodies the application of general methodological standards for the compilation of economic and financial data. These standards promote international comparability and methodological continuity in the database over time. The data maintained in EIS cover approximately 300 countries and/or geopolitical groupings. A multi-year project is under way to migrate this database from a mainframe to a network computer environment. To date, the project has produced a detailed study of existing work processes and the identification of process improvements, user requirements, a systems architecture, data model, cost/benefit analysis, and a plan for the development of the replacement Economic Data Facility (EDF) system, as well as three initial prototypes. The third version of the EDF prototype was the base to which the money and banking database operation migrated in June 2002. This will be followed by the migration of the government finance and DOT databases by December 2002 and December 2003, respectively.

91. In April 2002, STA launched an initiative to facilitate data reporting by member countries. This initiative, called the Integrated Correspondence System, or ICS, is a secure website that utilizes authentication and encryption for the electronic exchange of data with the Fund. The ICS automates significant portions of the information exchange process, using standard formats such as Excel and GESMES/CB, and produces improved levels of accuracy, timeliness, and security. The ICS also provides member countries with tools for viewing their country data in the department's database, across very long time periods and at multiple frequencies, to facilitate the updating of historical data. The initiative has been very well received by member countries; during the first two months of operation, over 115 countries authorized more than 440 individuals to report data using the ICS. The ICS may also be used for data reporting to other Fund departments; over the next year, STA will work with these departments to implement the system Fundwide.

VIII. STATISTICAL PUBLICATIONS¹⁶

92. The Fund's four main statistical publications are *International Financial Statistics (IFS)*, *Balance of Payments Statistics Yearbook (BOPSY)*, *Direction of Trade Statistics (DOTS)*, and *Government Finance Statistics Yearbook (GFSY)*. They are available both in printed form and on CD-ROM. A list of IMF statistical publications is included in the IMF Publications Catalog, which is available from Publications Services (telephone: 202-623-7430; E-mail: publications@imf.org) or on the IMF's website (www.imf.org).

93. A major development in the publications area was the introduction of a searchable *IFS* database on the Internet in May 2002. This new product enables the user to browse and download *IFS* data in a format that may be easily read by commonly used personal computer software applications (e.g., spreadsheets, databases, statistical applications, etc.). Further enhancements to the Internet product will be made in the coming year.

94. One of the highest priorities in the statistical publications program is to achieve the widest possible coverage of member countries. The Fund has placed great importance on the presentation of country data on an internationally comparable basis that demonstrates transparency of members' statistics through their willingness to make these data available to the international community. This, in turn, has encouraged members to report statistics in a regular and timely manner (in the case of *IFS*, on a monthly basis) through the network of official statistical correspondents. Countries that are not covered in the statistical publications are strongly encouraged to improve their data and underlying statistical systems; one of the aims of technical assistance in statistics is to develop a system of regular reporting and publishing of data.

95. *International Financial Statistics* currently contains "country"¹⁷ presentations for 176 countries (174 for Fund members); it also includes a page for the Euro Area and for the Hong Kong SAR, and two for nonmembers (Aruba and Netherlands Antilles). A project is under way to develop a system of electronic data reporting, initially to STA and later to the Fund as a whole.

96. STA also prepares a *Balance of Payments Newsletter (Newsletter)*. Its purpose is to inform data compilers and users about national and international developments pertaining to balance of payments methodologies and compilation practices. Articles in the *Newsletter* are contributed by member countries, the IMF staff, and other experts. The *Newsletter* is published twice a year in English, French, Russian, and Spanish.

¹⁶The Fund's publication of statistical methodologies was discussed in section VI.

¹⁷The term "country," as used in IMF statistical publications, does not in all cases refer to a territorial entity that is a state as understood by international law and practice; the term also covers the euro area and some nonsovereign territorial entities, for which statistical data are provided internationally on a separate basis.

IX. INTERNATIONAL STATISTICAL COORDINATION AND COOPERATION

97. STA continues to play an active role in conjunction with a number of multilateral organizations engaged in the promotion of sound statistical practices:

- Described above was the department's role in the work of three Inter-Agency Task Forces—on Finance Statistics, on Statistics of International Trade in Services, and on International (merchandise) Trade Statistics—and two Inter-Secretariat Working Groups—on national accounts and on prices. The department also works in close cooperation with the World Bank and ILO in the development of quality frameworks for datasets modeled on the DQAF macroeconomic datasets.
- The department collaborates with the UN, particularly the UN Statistics Division (UNSD) on various projects. In May 2002, UNSD, Statistics Singapore, and STA hosted a Seminar on Governance of National Statistical Systems, with participation of 20 developed and developing countries and international agencies.
- The department continues to participate actively in the OECD's work in various areas, including government finance statistics, foreign direct investment statistics, globalization indicators, and specific technical topics such as the statistical treatment of accrual of interest on debt securities.

98. The department complements many of these activities at the regional level:

- The department worked with organizations such as the Arab Monetary Fund (AMF), the Eastern Caribbean Central Bank (ECCB), the Economic Commission for Africa (ECA), and the Central Bank of West African States (BCEAO) to conduct training seminars for officials from countries interested in participating in the IMF's GDDS.
- The department remains actively engaged in the statistical activities of the UN regional commissions. In recent years, representatives participated in the meetings of the statistical committees of the Economic Commission for Europe (ECE), the Economic and Social Commission for Western Asia (ESCWA), the Economic Commission for Africa (ECA), and the Economic Commission for Latin America and the Caribbean (ECLAC). As well, STA participated in several meetings organized by Eurostat and the European Central Bank.

99. A number of industrial and developing countries use inflation targeting as their primary monetary policy framework, and more are considering it. While many of the conceptual aspects of this framework have been extensively studied in recent years, there has in general been little focus on statistical issues: which statistics are needed, how they should be compiled, and what the role is of the public sector (including the IMF). In order to fill this gap, STA hosted a Seminar on Statistical Implications of Inflation Targeting in early 2002 to explore these issues. The seminar included presentations by representatives of a number of countries following the inflation targeting regimes, as well as work that has been conducted

on this subject within the department. It provided an opportunity to the statistical community—including national statistical offices and central banks—and policymakers to exchange information and share experiences regarding the statistical requirements and other areas of common interest relating to inflation targeting. The proceedings of the seminar are expected to be published in the fall of 2002.

100. STA chairs the Task Team on statistical capacity building (SCB) indicators under the aegis of PARIS21. The Task Team comprises representatives from the World Bank, the UN Statistics Division, the UN Economic Commission for Latin America and the Caribbean, the UN Economic Commission for Europe, and AFRISTAT. The mandate is to develop by October 2002 indicators that would facilitate the tracking of progress by countries in building their statistical capacity. This initiative constitutes the first systematic attempt to develop indicators of statistical capacity building applicable across countries. The work leading to the identification of the SCB indicators and to consult widely drew extensively from research on statistical best practices and literature, and also involved an intensive consultation process. Much care was taken to develop a measure of the capacity to produce usable statistics, leading to the use of the IMF Data Quality Assessment Framework as the frame of reference. As part of the consultation process on the indicators, the IMF hosted a seminar on April 29–30, 2002 to which some 20 developing countries were invited to provide their views on the work to date.