

to 4 7/19

ACC SUBCOMMITTEE ON STATISTICAL ACTIVITIES  
Twenty-ninth session  
Geneva--15, 16 and 19 June 1995

SA/1995/7 (add.1)  
2 June 1995

Item 4 of the provisional agenda

NEEDS FOR STATISTICS OF THE ANALYTICAL AND POLICY UNITS OF  
INTERNATIONAL ORGANIZATIONS AND THE STATISTICS  
PRODUCED BY THOSE ORGANIZATIONS

The Needs for Statistics of the IMF's Analytical and Policy Units

Report prepared by the IMF

## I. Introduction

In response to requests by the Working Group on International Statistical Programs and Coordination and the ACC Subcommittee on Statistical Activities, the IMF agreed to prepare a paper dealing with the coordination of its data collection activities between the IMF's Statistics Department on the one hand, and its analytical and policy units on the other. Particular interest was expressed by the Working Group and the ACC Subcommittee in the continuation of data collection requests by the IMF and other international organizations after the specific policy need for those data had ceased to exist. Accordingly, this paper describes the IMF's needs for statistics and the reasons for the development of its multiple databases, recent developments in data collection and data sharing practices, and plans for the improved coordination of data collection. Finally, the note suggests some issues for discussion.

This review occurs at a time of heightened attention on the IMF's surveillance responsibilities and its needs for country data; it also coincides with an assessment to be made shortly by the IMF's Executive Board of the statistical policy of the IMF. Interest in the policy implications of the IMF's data management practices has been prompted by a review of surveillance needs by the Executive Board, and the capabilities for improved data management practices are currently being reassessed as a result of improvements in technology. The IMF is expecting shortly to engage in a comprehensive appraisal of data sharing within the IMF with the objective of providing a user-friendly interface with the ability to access and analyze different databases at the same time, and assess alternative software tools for managing large and medium-sized databases. All these developments have implications for the collection of data by the IMF's non-statistical units.

With regard to the continuation of data requests after the specific policy need for those data had ceased to exist, it should be emphasized that the IMF's data needs are not of an ad hoc, but of a continuing nature. Nonetheless, the needs of the IMF's policy units for statistics for a given country are likely to vary over time. In fact, it was to accommodate these varying needs, especially in the case of data poor countries, that the flexible approach to data collection, noted below, was developed.

Section II of this paper discusses the IMF's needs for statistics, section III discusses recent developments in the collection and sharing of data, and section IV discusses plans for improved coordination. In section V, some issues for discussion are proposed.

## II. The IMF's Needs for Statistics

### 1. The framework for data provision

The IMF collects data consistent with international methodologies and standards to meet its publication/dissemination objectives, and its requirements as a user of statistics. With regard to the latter, the IMF

has developed operational databases as an aid to the fulfillment of its responsibilities under its Articles of Agreement to maintain surveillance over the exchange rate and other policies of its member countries. In support of these needs, the IMF's Articles of Agreement contain general provisions and basic principles on the furnishing of information by members. Under the heading of "General Obligations of Members" in Article VIII, basic principles are set forth in Section 5. Under Section 5(a), twelve categories of national data are identified as "the minimum necessary for the effective discharge of the IMF's duties." The data series listed in Section 5(a) focus mainly on the requirements of a par value system with pervasive capital controls, which prevailed at the time the Articles were drafted. However, under the same section, the IMF "may require members to furnish it such information as it deems necessary for its activities." The determination of necessity is to be made by the Executive Board. In addition, under Section 5(c), the IMF "may arrange to obtain further information by agreement with members" and "shall act as a center for the collection and exchange of information on monetary and financial problems". The obligation of members to provide information requested by the IMF is subject to some qualifications relating to a member's capabilities and to confidentiality; under Section 5(b), the IMF, in requesting information, is to take into consideration "the varying ability of members to furnish the data requested", and members "shall be under no obligation to furnish information in such detail that the affairs of individuals or corporations are not disclosed."

In addition, under the heading of "Obligations Regarding Exchange Arrangements", Article IV contains a provision on the furnishing of information in the context of the IMF's exercise of firm surveillance over the exchange rate policies of members. Section 3(b) provides, in part, that "each member shall provide the IMF with the information necessary for such surveillance, and, when requested by the IMF, shall consult with it on the member's exchange rate policies." Again, the determination of necessity is to be made by the IMF. 1/

In a 1977 review of Surveillance over Exchange Rate Policies, the Executive Board included among the principles of IMF surveillance over exchange rate policies provisions that refer to the data requirements of such surveillance. The decision states, in part, that "The IMF's appraisal of a member's exchange rate policies shall be based on an evaluation of the developments in the member's balance of payments against the background of its reserve position and its external indebtedness. This appraisal shall be made with the framework of a comprehensive analysis of the general economic situation and economic policy strategy of the member, and shall recognize

---

1/ The Articles of Agreement do not specify the frequency with which data should be collected and provided to the IMF. However, a 1946 Board discussion that led to the more systematic collection of data and their monthly dissemination through **International Financial Statistics**, established the presumption of monthly reporting of data.

that domestic as well as external policies can contribute to timely adjustment of the balance of payments."

In respect of data required for surveillance, this paragraph explicitly refers to exchange rates, the balance of payments, international reserves, and external debt. In addition, the need for a broad range of economic data could be inferred from such phrases as "general economic situation and economic policy strategy of the member" and "domestic as well as external policies." Also, the need for exchange market data could be inferred from a later reference to the role of the IMF in appraising member's exchange rate policies.

In the communique issued at the conclusion of its meeting on April 26, 1995, the Interim Committee of IMF's Board of Governors (April 26, 1995), stressed the importance for the IMF's surveillance responsibilities of regular and timely provision by all members of economic data to the IMF, thereby enabling the identification of emerging tensions at an early stage. The Committee emphasized that timely publication by members of comprehensive data would give greater transparency to their economic policies, and requested Executive Directors to work towards the establishment of standards to guide members in the provision of data to the public.

2. The IMF's experience in data management

The databases managed by the Statistics Department attempt to embody the application of general methodological standards for the compilation of economic and financial data, which in turn promotes international comparability and methodological continuity over time. However, in many countries, the Department is also faced with underlying weaknesses in source data that make it difficult to develop data in full accord with international standards. Its databases are in time series form and are stored and managed using a specially designed time series database manager, the Economic Information System (EIS).<sup>1/</sup> The databases of the Statistics Department include time series in the following areas: balance of payments, domestic prices, exchange rates, IMF accounts, government finance, international banking, international reserves, international trade values, volumes and prices, international trade by partner country, money and banking statistics, interest rates, national accounts and production and employment indicators.

---

<sup>1/</sup> The term EIS is frequently used also to refer to the collection of Statistics Department databases that are managed by the system, although there are EIS databases that are owned and used by other IMF departments. The latter include EIS databases updated from national source data reported on magnetic tape, for some developed countries, which constitute primary source data for both Statistics Department and area department databases. Examples include EIS databases updated from magnetic tapes received from the central banks and ministries of finance of some countries and the OECD.

EIS has a number of unique features designed to manage and document both the inter- and intra-series relationships as they are observed in the time series of actual economic statistics. Thus, EIS can deal with exceptions to the usual relationship between a time series at different frequencies that may result from partial revisions. Similarly, the system of inter-series relations (equations) accommodates a hierarchy of formulas to handle changes in compilation procedures over time involving the same statistical concept. The system also allows the definition of different versions of the same statistical concept, so as to account for changes in coverage or classification that sometimes gives rise to unavoidable discontinuities in data. The use of different versions of single time series allows discrete discontinuities to be documented. It also provides a basis for series linking using various statistical procedures that permit the construction of long time series even when there are discrete discontinuities in series.

Operational databases are maintained by the IMF's area departments, the Research Department and the Policy Development and Review Department (the latter two departmental databases being largely drawn from the other IMF databases, supplemented by financial market and other sources). Data are collected and managed by the area departments, drawing on data collected by visiting IMF missions, supplementary reporting by member countries, and the Statistics Department databases to support (1) the surveillance of members' economic and financial policies; (2) the design of stabilization and adjustment programs, and the monitoring and implementation of these programs; and (3) the provision of technical assistance and assistance to policymakers. Within the IMF, these objectives relate primarily to support of surveillance, while for member countries and the rest of the international community, the principal objective is to provide macroeconomic data for analysis and policy formulation by improving national data and disseminating them through the IMF's statistical publications. Data are also needed for regional and global analyses, especially for the World Economic Outlook exercises that are prepared biannually.

Member countries vary enormously in their ability to produce and report timely, accurate and analytically well-organized macroeconomic statistics. As a result, there is no single approach to data management in the IMF. However, on the basis of the continually evolving nature of the IMF's statistical requirements for surveillance, analysis, and dissemination, and the absence in many countries of a statistical system able to produce good quality current data on a continuing basis, the IMF has accepted that multiple country databases, serving different purposes, are required. Thus, area departments' databases may reflect compromises with respect to statistical coverage and international data standards because of the need to have more current data than would otherwise be available on a timely basis, and also the need to use national definitions as the basis for the policy dialogue. Differences in data definitions between databases also arise, however, because information available to one department, perhaps as a result of a mission, may not be communicated to all other departments.

Thus, there is a recognition in the IMF of the need for more systematic means and better tools for data sharing.

The IMF has found the close involvement of its analytical and policy units in statistical activities essential to understanding economic developments and in designing economic programs that can be adequately monitored. This close involvement, which is needed especially in countries with poor statistical infrastructure, also enables policy units to respond quickly and flexibly to unexpected data issues in the field. It has also permitted a saving in resources by avoiding some of the overhead costs that might result from a more centralized approach to data management, given the underlying constraint that member countries vary enormously in their ability to produce and report timely, accurate and analytically well-organized macroeconomic statistics.

At the same time, the IMF has recognized that there are costs attached to multiple database management. Data definitions can differ across countries and for the same country across various IMF databases, complicating efforts to maintain even-handedness in IMF's policy advice, as well as comparison of country situations in multilateral exercises that address regional and global issues. Because country databases maintained by area departments are designed to meet current needs, they do not extend far back in time. Moreover, a decentralized approach can also give rise to duplication in reporting and to unnecessary reporting.

### III. Recent Developments in the Collection and Sharing of Data

As indicated in the reports of the Task Force on Finance Statistics, where available, the IMF makes full use of national databases now available in electronic form, either through commercial media or directly from central banks or national statistical offices. Electronic access to the computerized databases that underlie national statistical publications obviates the need to design and update separate questionnaires tailored for each country by the IMF's multiple users, and the attendant risk of duplicative reporting. As a result, for most industrial countries and some developing countries, direct access is now possible to national databases that are robust enough to meet the IMF's various user needs. This development in itself has brought a considerable reduction in the burden of reporting.

A related aspect of greater dependence on electronic reporting is that the non-standardized electronic transmission of country data generally involves programming costs for both the sender and the receiver to meet the needs of users of standardized data. The extent of these costs has inhibited the development of electronic reporting. In the case of standardized electronic reporting, some costs are shifted back to the reporting countries, but with the benefit of a standardized database now being quickly available to a wider audience of users. It is evident that the full realization of the benefits of standardized electronic reporting (such as EDIFACT) is more likely to come with the offer of resultant data in

exchange. Thus, major advances in this area are more likely where there is a coordinated effort by international organizations to identify their shared needs from a given member country, and what they can offer that country in return.

It may also be noted that the growing integration and globalization of the world economy over the past decade have strengthened the case for the adoption of international methodologies and standards, particularly in the areas of national accounts and balance of payments statistics. This gives reason to expect that, at least for the statistically more developed countries, there should be a growing convergence in the quality of data, and in the capability for efficient and timely data sharing with international users. This development also should reduce the burden of reporting.

Nonetheless, in the absence of electronic access to national data sources, the IMF is obliged to devote substantial resources to data collection activities, including the use of report forms and data collected by visiting missions. As noted below, for countries within this category that produce reliable and timely data, there may be benefits both to the IMF and to the country from consolidation of current reporting procedures. For countries where problems of unreliability and untimeliness of data persist, dual reporting arrangements in support of official and operational country databases maintained by the IMF are likely to continue. However, there will be a continuing need for the IMF to review the design of its report forms from time to time to delete series that have lost their relevance.

#### IV. Plans for improved coordination

Data collection and data management activities take up a substantial part of the time of IMF staff, and it has long been considered that an ongoing effort is needed to achieve greater efficiency in this area. The IMF recognizes that to address these concerns, while maintaining the benefits of flexibility accorded by a decentralized approach to data management, it is necessary to develop both supportive work practices and the appropriate use of technology. While there are benefits from the decentralized and flexible approach to data management, there are also costs to the IMF and its members that may occur through duplication of work due to loss of institutional memory, suboptimal data sharing within the IMF and duplicative reporting requirements on members, and inadequate understanding of differences in data coverage and definitions among the IMF's multiple databases. Efforts are currently being made to seek improvements in these areas through the introduction of data management guidelines, a more coordinated approach to data collection, and improvements in data sharing and access.

On data collection, the benefits will be greatest where direct computer to computer data transmission is possible. Initially, this method of data collection will be possible for countries where data definitions are stable and well understood, where the staff do not have to undertake extensive data

14/19

transformation and estimation, and where the authorities can provide the data in electronic form. A broadening of the Statistics Department's data collection activities to provide more comprehensive data is being considered, which could serve in part to meet the needs of analytical and policy units and external users of IMF publications. In a number of cases, there is scope for consolidating reports that countries are making separately to different IMF departments. In cases where comprehensive consolidation of reports is not practical, it may be possible to establish consolidated reporting for specific sectors, where data definitions were considered stable enough to justify the effort. There would also be efficiency gains as a regular data reporting framework is already in place. Such efforts would be particularly beneficial for countries not visited frequently by the policy units and where other means of reporting data are not well established. However, for many countries, chronic data problems and the need for flexibility in data work are likely to preclude reliance on a stable reporting format across the full range of data needs of policy units.

It should also be noted that the establishment of an IMF financial program with a member country usually results in an expansion of the data reporting requirements for that country to the IMF's policy units. Upon the completion or ending of the program, these reporting arrangements frequently lapse. This differential treatment of program and non-program countries has recently received critical attention by the IMF's Executive Board, which has emphasized that there should not exist separate standards for program and nonprogram countries. It is worth noting the IMF's Executive Board's concern about the adequacy of data reporting to meet the IMF's surveillance needs is likely to lead to an increase in routine data collection from member countries by whatever media are available.

V. Issues for Discussion

The concerns expressed by the Statistical Commission about data reporting to the analytical and policy units of international organizations are of a fairly general nature. The ACC Subcommittee may wish to compare the IMF's experience with data collection by its analytical and policy units, and steps being taken to address the concerns that have arisen, with the experiences of other international organizations. In order to facilitate further review, the ACC Subcommittee should consider whether to recommend to the Statistical Commission that countries concerned about the growth of such reporting should identify the international organizations involved, the policy issues, statistical subjects, and related data requests.