The International Monetary Fund's New Standards for Economic Statistics

The note below "How U.S. Economic Statistics Comply With the New IMF Standards" and the following article "Standards for the Dissemination of Economic and Financial Statistics" discuss the International Monetary Fund's new standards for data dissemination. Already, 38 countries—including Canada, France, Italy, Japan, the United Kingdom, and the United States—have subscribed to the "Special Data Dissemination Standard."

How U.S. Economic Statistics Comply With the New IMF Standards

IN APRIL OF this year, the International Monetary Fund (IMF) issued new standards for data dissemination for member countries. The new standards attempt to improve the usefulness of key macroeconomic statistics to policymakers, businesses, and financial market participants by addressing the following issues: Coverage, periodicity, and timeliness; access by the public; integrity; and quality. The new standards are described in the accompanying article, which was presented by John B. McLenaghan, Director of the Statistics Department at the IMF, as a paper at a recent conference on the Accuracy, Timeliness, and Relevance of Economic Statistics.[1]

Since these standards were established, the Bureau of Economic Analysis (BEA) has received many inquiries from its customers regarding the genesis of these standards and the implications for key U.S. statistics prepared by BEA and other Government agencies. Although many countries are likely to find the new standards difficult to meet, few changes will be required for the United States. Most of the IMF standards are similar to, and often patterned after, the standards embodied in the U.S. system, as set forth in the U.S. Office of Management and Budget's Statistical Policy Directive No. 3.[2] In all major areas, the United States already complies with the IMF standards.[3]

For the United States, the Bureau of the Census, the Bureau of Labor Statistics, the Department of the Treasury, the Federal Reserve Board, and BEA are responsible for one or more of the data categories covered by the new IMF standards (table 1 in the accompanying article lists these categories); the Office of Management and Budget is responsible for overall coordination of the U.S. submissions.

BEA is responsible for the following data categories: National accounts, general or public sector operations, the balance of payments, and the international investment position. BEA now complies with the IMF standards as follows.[4]

Coverage, periodicity, and timeliness.—BEA provides data for all of the prescribed categories, as well as data for all the prescribed and encouraged components. All these data meet the IMF standards for periodicity and timeliness, as Statistical Policy Directive No. 3 requires the prompt release of data.

Access by the public.—As required by Statistical Policy Directive No. 3, BEA provides advance dissemination of news release schedules and simultaneous release of data to all interested parties at the specified release time. For gross domestic product (GDP) and the balance of payments accounts, which are classified as "principal Federal economic indicators" under the Directive, the data are provided to media and policy officials under embargo conditions 1 hour prior to the public release of

1. The conference was held at BEA on September 9–11, 1996, and was jointly sponsored by the International Statistical Institute (ISI), The Statistical Office of the European Communities (Eurostat), and BEA. The full conference proceedings are being compiled by the ISI and will be published by BEA in the first half of next year.

2. This directive, "Statistical Policy Directive on Compilation, Release, and Evaluation of Principal Federal Economic Indicators," appeared in the *Federal Register* 50, no. 186 (Washington, DC: U.S. Government Printing Office, September 25, 1985): 38,932–34.

3. Minor exceptions relate to the timeliness of the data for the two component series "monthly external position" and "daily 6-month forward exchange

rate." The agencies responsible for these series have advised the IMF that they will begin to provide these data within the prescribed time schedule by next year, well before the end of the IMF's 2½-year transition period.

4. A full description of how the United States complies with the new IMF standards is available on the IMF Dissemination Standard Bulletin Board, which is on the Internet at **http://dsbb.imf.org/country/usacats.htm**.

the data; this procedure is also consistent with the IMF standard.

Integrity.—BEA conforms to the IMF standards for confidentiality of individual respondents' data, prerelease access by policy officials, separation of policy statements from statistical agency statements, and provision of information on revisions to the official statistics.

- Public Laws 79–171 and 94–472 protect the confidentiality of individual respondents' data and provide civil and criminal penalties for such disclosure.
- The GDP estimates are completed at BEA within a secure "lock-up" facility the day before public release of the data. At the end of the day, after the estimate is finalized and all copies of the news release are locked up, one copy is delivered to the Chair of the Council of Economic Advisers for the President.
- Statistical Policy Directive No. 3 prohibits policy officials of the executive branch from commenting on the data until at least 1 hour after public release.

Quality.—BEA publishes documentation on the methodologies and source data that are used in producing the principal economic indicators and also provides component detail, reconciliations with related data, and statistical frameworks that support cross-checks and provide assurances of the reasonableness of the indicators. Statistical Policy Directive No. 3 also calls for the publication of data on revisions and for an evaluation of each principal indicator every 3 years.

Standards for the Dissemination of Economic and Financial Statistics

By John B. McLenaghan

*T*HE RESPONSIBILITIES of the International Monetary Fund (IMF) for maintaining the stability of the international monetary system are centered on its surveillance over the economic policies of member countries. Its bilateral surveillance activities, which encompass an ongoing relationship with the authorities of its members through the annual Article IV consultations and at other times of the year through a continuous surveillance function, are dependent on a regular flow of comprehensive and timely economic and financial statistics. Likewise, the regional and multilateral surveillance activities of the Fund, embodied in the periodic reviews of global economic and financial developments by the IMF's Executive Board and the half yearly assessments by its governing body, the Interim Committee of the Board of Governors, are based on up-to-date, internationally comparable statistics of key country data. Similarly, for the adjustment programs entered into between the IMF and member countries needing its financial support, the policy dialogue underlying the policy measures incorporated in these programs, and the design of the programs and monitoring thereof, are dependent on accurate and timely country data. The counterpart of these requirements of the IMF is the need of policymakers for accurate, current, and high-quality statistics in assessing current economic conditions and formulating any needed policy adjustments.

The increasingly globalized economy, evidenced by the major expansion of the international capital markets through the 1980's and the early 1990's and the rapid increase in the number of countries participating in those markets, has drawn attention to the potentially destabilizing influences of sudden and large changes in the direction of capital movements. This in turn has highlighted the importance of ensuring that market participants—whose transactions take many forms and whose interests may well diverge—are able to make decisions on the basis of timely and good quality information on developments and prospects in individual countries. The growth of around-the-clock electronic trading in financial instruments among an increasing number of countries, both the established financial centers and the emerging market countries, has given prominence to the importance of dissemination of economic and financial data by countries and the means by which those data can be accessed.

The international financial crisis of late 1994/early 1995, which was centered on Mexico, demonstrated clearly the increasing potential for the spread of a crisis of this kind to other regions, with significant implications for the global economy. In the aftermath of this crisis, there was a call for improvements in the dissemination of economic and financial data by countries, particularly the industrial countries and emerging market countries, whose decisions, translated into transactions on the international capital markets, could have major systemic effects. For more than a year, the IMF has been working to establish—with the assistance of member countries, other international organizations, and financial market participants—a set of standards by which countries should disseminate their data.

This article provides a vehicle for presenting the IMF's dissemination standards as a part of a broad initiative to strengthen countries' economic and financial statistics, with the potential for significant longer term gains for the international statistical system. The first section of the article describes the process of developing the dissemination standards, and the second section provides a detailed presentation of the dimensions of the recently established Special Data Dissemination Standard, as well as the role of the IMF's new electronic bulletin board. The third section deals with implementation aspects, while the fourth section describes

reactions to the standards' initiative. The last two sections outline the next steps in the development of the standards and some brief conclusions.

Developing the Standards

At its meeting of April 1995 in Washington, DC, the Interim Committee, in reviewing the effects of the global financial crisis of several months earlier, called on the IMF to strengthen its surveillance procedures, including those covering the provision by countries of data needed for surveillance. At the same time, it requested the IMF to establish dissemination standards by which countries would be encouraged to adopt more consistent and transparent procedures for the release of key information on economic and financial developments. It was recognized that, in contrast to the obligations that member countries incur under the Articles of Agreement to provide information to the Fund in order to conduct its surveillance, the IMF has no authority to require member countries to adopt or implement such standards. Nevertheless, it was understood that, although they would be voluntary, such standards would if adopted serve to foster improvements in national statistical systems that would both work toward the improvement of economic and financial policies and, by enhancing the volume and timeliness of information available to market participants, would contribute to the smooth functioning of the international financial markets. It was in this spirit, therefore, that the initiative of the IMF in developing and implementing dissemination standards could be seen as a service to its members. The need for improved and more timely information by participants in the international capital markets was also considered by the Heads of State and Governments of the Group of Seven countries at their summit meeting in Halifax, Nova Scotia, in July 1995, at which they called on the IMF to establish benchmarks for the timely publication of key economic and financial data and a procedure for the regular identification of countries that comply with these benchmarks. At its October 1995 meeting, the Interim Committee of the IMF endorsed the conclusions of a first report prepared by the IMF Executive Board, which included the recommendations for the establishment of a two-tier standard for data dissemination by countries and the setting up of an electronic bulletin board that would publicly display information on countries' adherence to the standards. The Committee requested that work on the more demanding of the two standards proceed quickly, so that countries

wanting to subscribe to it could do so by the time of its next meeting in April 1996.

In order to establish an appropriate frame of reference for the dissemination standards, the IMF has been guided by the Fundamental Principles of Official Statistics adopted by the Statistical Commission of the United Nations in 1994. In this context, the Fundamental Principles were seen as providing the basis by which producers of official statistics should abide by the norms of good statistical citizenship and with which the dissemination standards, in responding to the needs of data users, should be fully compatible. Therefore, in formulating the standards, the IMF sought to identify the best practices at the country level by means of extensive consultations with the official statistical agencies in a large number of countries, with the main international organizations, and with an array of nonofficial data users, including banks, other financial institutions, fund managers, private data services, and rating agencies. From these consultations and the review of country practices, the staff of the IMF shaped the Special Data Dissemination Standard (hereafter referred to as the standard, or the SDDS) and its four dimensions: Coverage, periodicity, and timeliness; access by the public; integrity of the data; and the quality of the data.

In seeking to establish a standard that would have the support of its membership, the IMF recognized that for some of its members, even some of the statistically more advanced, some practices that may be deemed to be worthy of adoption by some countries would be unfamiliar or difficult to implement by others because they were not necessarily part of the national statistical tradition or culture. At the same time, given the decentralized statistical systems in place in many countries, there could be difficulties in seeking to implement uniform dissemination standards in some countries. Notwithstanding these problems, it was felt that if it was to achieve its primary objective, the SDDS should be set at a sufficiently high level, or "pitch," that would reflect, as much as possible, the best practices identified among the statistically more advanced group of countries. In the course of the several discussions that took place in the IMF's Executive Board in 1995 and early 1996 in order to reach agreement on the structure and content of the SDDS, this principle was fully recognized as central to the likely success of the initiative.

At the same time, the consultations with official producers of data and with users underscored the complexities of formulating and implementing the standard and demonstrated the fact that a

meaningful standard needed to strike an appropriate balance between the capabilities of producers and the legitimate needs of users.   It was in light of these considerations that the IMF took the unprecedented step of circulating a draft paper containing its proposals for the SDDS for comment by the public.[1] The IMF received wide-ranging and constructive comments on this paper which were helpful in the subsequent development phase.

Content of the Special Data Dissemination Standard

With the objective of guiding countries in the provision to the public of comprehensive, timely, accessible, and reliable economic and financial statistics, the four dimensions of the SDDS specify a number of good practices that can be observed, or monitored, by users.

Coverage, periodicity, and timeliness of the data

Coverage.—The standard specifies a set of data categories that are considered essential for the purpose of comprehending economic performance in the four sectors of the economy—real, fiscal, financial, and external.

For each of the four sectors of the economy the standard includes (1) a comprehensive statistical framework for national accounts, general government or public-sector operations, analytical accounts of the banking system, and balance of payments accounts; (2) a set of data categories that permits a tracking of the principal measures in the comprehensive frameworks; and (3) other data categories that are considered relevant to the sector concerned (table 1). The standard does not specify the component detail of the comprehensive statistical frameworks but instead includes either the type of breakdown (for example, major expenditure categories for quarterly GDP) and/or presents some major components to be disseminated (for example, the external positions, among others, of the banking system). The standard calls for the dissemination of some data categories (for example, stock indexes) that may be produced by nonofficial entities. Although the standard is aimed at achieving the minimum coverage required, there is, implicitly, encouragement to countries subscribing to the standard to disseminate a broader range of data so as to provide greater transparency to economic performance and policy.

Periodicity.—Periodicity, or the frequency of compilation of data, is determined by several factors, including the ease of observation and compilation and the needs of analysis. Although these factors may differ for specific data categories and/or components across countries, there is, in general, broad agreement on the highest frequency of compilation for many of the data categories in the standard.

Timeliness.—Timeliness refers to the speed of dissemination or the time that elapses between a reference period or date and the dissemination of the data.   Many factors may influence the timeliness with which data are released, including institutional arrangements such as the preparation of accompanying commentary.   In this context, dissemination of data may take one or more forms: A formal publication (a news release of summary data or periodical publications); electronic formats (diskettes, tapes, CD-ROM) of formal publications or databases; or recorded telephone messages or fax services. In specifying timeliness requirements, the standard should be viewed as setting the desirable outer limits, with even shorter intervals encouraged.

Flexibility provisions for coverage, periodicity, and timeliness.—In the design of the standard, and reflecting in particular the discussions with official data producers in a wide variety of countries, it became clear that steps were needed to build in some clearly defined elements of flexibility. With respect to coverage, this flexibility took the form of identifying certain data categories or components that are *encouraged* rather than prescribed. This was considered within the underlying principle of the standard under which countries would strive to improve their statistical systems. Examples of *encouraged* data categories include a composite index of leading economic indicators, debt service projections on government debt, and commodity breakdowns on merchandise trade. A second form of flexibility is built in through the designation of some data categories or components on an *as relevant* basis. Where such categories or components are not disseminated by a country which identifies them as not relevant to its circumstances and needs, the country concerned will nonetheless be deemed to be in observance of the coverage specifications of the standard. In similar vein, for certain data categories, the standard identifies the required periodicity and indicates that a more demanding (that is, higher frequency) of dissemination is encouraged.

In addition to these features of flexibility, a country that subscribes to the standard may avail itself

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1. Some 7,000 copies of the paper "Standards for the Dissemination by Countries of Economic and Financial Statistics: A Discussion Draft" were circulated around the world.

of several additional options for periodicity and timeliness, as follows:

(1) For national accounts and balance of payments, although the specification of quarterly periodicity must be met, timeliness may be less than prescribed if the principal measures tracking these comprehensive frameworks (that is, a production index or merchandise trade data, respectively) are disseminated in accordance with the prescribed periodicity and timeliness.

(2) For any other two prescribed data categories except international reserves, periodicity and/or timeliness may be less (that is, less onerous) than prescribed. No flexibility with respect to the standard's specifications on periodicity and timeliness is available with respect to international reserves.

Access by the public

In the dissemination of official statistics, ready and equal access is a principal requirement for users. The monitorable elements presented for

Table 1.—The Special Data Dissemination Standard: Coverage, Periodicity, and Timeliness

Coverage			Periodicity	Timeliness
Prescribed		Encouraged categories and/or components		
Category	Components			
Real sector:				
National accounts: nominal, real, and associated prices*.	GDP by major expenditure category and/or by productive sector.	Saving, gross national income	Q	Q
Production index/indices †	Industrial, primary commodity, or sector, as relevant.	....	M (or as relevant) ...	6W (M encouraged, or as relevant)
		Forward-looking indicator(s), e.g., qualitative business surveys, orders, composite leading indicators index.	M or Q	M or Q
Labor market	Employment, unemployment, and wages/earnings, as relevant.	....	Q	Q
Price indices	Consumer prices and producer or wholesale prices.	....	M	M
Fiscal sector:				
General government or public sector operations, as relevant*.	Revenue, expenditure, balance, and domestic (bank and nonbank) and foreign financing.	Interest payments	A	2Q
Central government operations †	Budgetary accounts: Revenue, expenditure, balance, and domestic (bank and nonbank) and foreign financing.	Interest payments	M	M
Central government debt	Domestic and foreign, as relevant, with a breakdown by currency (including indexed), as relevant, and a breakdown by maturity; debt guaranteed by central government, as relevant.	Debt service projections: Interest and amortization on medium and long-term debt (Q for next 4 quarters and then A) and amortization on short-term debt (Q).	Q	Q
Financial sector:				
Analytical accounts of the banking sector*.	Money aggregates, domestic credit by public and private sector, external position.	....	M	M
Analytical accounts of the central bank †.	Reserve money, domestic claims on public and private sector, external position.	....	M (W encouraged)	2W (W encouraged)
Interest rates	Short-term and long-term government security rates, policy variable rate.	Range of representative deposit and lending rates.	D	(¹)
Stock market	Share price index, as relevant	....	D	(¹)
External sector:				
Balance of payments*	Goods and services, net income flows, net current transfers, selected capital (or capital and financial) account items (including reserves).	Foreign direct investment and portfolio investment.	Q	Q
International reserves †	Gross official reserves (gold, foreign exchange, SDRs, and Fund position) denominated in U.S. dollars.	Reserve-related liabilities, as relevant	M (W encouraged)	W
Merchandise trade †	Exports and imports	Major commodity breakdowns with longer time lapse.	M	8W (4-6W encouraged)
International investment position	See accompanying text	....	A (Q encouraged) ...	2Q (Q encouraged)
Exchange rates	Spot rates and 3- and 6- month forward market rates, as relevant.	....	D	(¹)
Addendum: Population	....	Key distributions, e.g., by age and sex	A.	

* Comprehensive statistical frameworks
† Tracking categories
1. Given that these data are widely available from private sources, dissemination of official producers may be less time-sensitive. Although dissemination by recorded telephone messages or fax services is encouraged, dissemination of these data can be made part of other (preferably high-frequency) dissemination products.

D   Daily
W   Weekly, or with a lapse of no more than one week after the close of the reference week
M   Monthly, or with a lapse of no more than one month after the close of the reference month
Q   Quarterly, or with a lapse of no more than one quarter after the close of the reference quarter
A   Annual

this dimension of the standard are the advance dissemination of release calendars and simultaneous release of data to all interested parties. Advance release calendars provide data users with information needed to organize their approach to dealing with data inputs. They also demonstrate sound management of data operations and impart transparency to statistical compilation. The standard prescribes dissemination of release dates in two steps. First, a country is to release a calendar for the data categories prescribed by the standard that identifies, at least one quarter in advance, either the day of release or the day no later than which the release will take place. Consistent with the relevant category date, this initial calendar may identify a period of up to 5 working days during which the release will take place. If this quarter ahead calendar is in terms of a no-later-than date or a range of dates, the subscribing country is to identify, as a second step, by the close of business of the prior week, the precise release date in the following week.

For a maximum of two data categories, a country may include in its release calendar the reasons why a week-ahead specification of a specific release date is not possible or is not desirable. This flexibility feature was added in response to requests by some countries that in the past have made less frequent use of release calendars.

The standard also specifies that data will be released to all interested parties, other than to government ministries and agencies, at the same time. For the media and commercial data vendors, simultaneous release may be interpreted as including access, under embargo conditions, to all on an equal basis. The act of release refers to the first availability of data to the public. In some countries, simultaneous release is being defined with increasing strictness with respect to high-profile data. For example, data release via fax messages sent sequentially may not be appropriate for key data widely sought by wire services.

Integrity of the data

For data users, confidence in official statistics is very much a matter of their confidence in the objectivity and professionalism of the producing agency. Transparency of its practices and procedures is a key factor in creating this confidence. There are four monitorable elements of the standard for data integrity. The first is the dissemination of the terms and conditions under which official statistics are produced, including those relating to the confidentiality of individually identifiable information. (This was embodied in the Fundamental Principles of Official Statistics, referred to above.) This

practice, which is key to fostering confidence in the objectivity of official statistics, may be reflected in statistical laws and regulations, the terms of reference for the chief national statistician, or the official requirements for preserving confidentiality of individual responses. The second element prescribes the listing of the positions of those officials within government, but outside of the data-producing agencies that have pre-release access to the data, and the identification of a schedule according to which such officials receive access. This is in the interest of providing the fullest possible transparency so as to guard against possible undue influence on data prior to release. As was seen from the IMF's consultations, country practices differ in this area. While some countries maintain strict embargoes on data prior to release, others see such procedures as restrictive and detrimental to fast and effective government response. The standard therefore places emphasis on the means by which the desired transparency in procedures can be achieved. Third, the standard specifies identification of ministerial commentary on the occasion of statistical releases in order to distinguish such commentary from that of the producer of official statistics. This is recognition of the view that ministerial commentary is not necessarily expected to maintain the same degree of objectivity or freedom from political judgment vis-á-vis that of a producer of official statistics. Fourth, in the interest of transparency of data producers' practices, the standard prescribes the provision of information about revisions of official statistics. This may include information on the policy that is applied to data revision and data about the size of past revisions. It also calls for the provision of advance notice of major changes in methodology.

Quality of the data

Data quality is difficult to define and therefore to judge. In many respects, it is seen as a trade-off for timeliness, depending on the needs of individual users. For the purposes of the SDDS, two monitorable elements have been specified as proxies for quality: The provision of documentation on methodologies and the provision of component detail and reconciliations that permit cross-checks and assurances of reasonableness. Users' awareness of the strengths and weaknesses of the data is dependent on the availability of documentation on the methodology and on the sources of the underlying data. Initially, subscribing countries would be expected to provide information that identifies the documentation and the means to access it. By the end of a transition period (de-

scribed in the next section), subscribing countries would be required to provide summary documentation of methodology for inclusion in the IMF's electronic bulletin board, including statements of major differences between national methodologies and international statistical guidelines. The second element that serves as a proxy for data quality provides for the dissemination of component detail underlying aggregate series, reconciliations with related data, and statistical frameworks that support statistical cross-checks and provide an assurance of reasonableness. For the purposes of the standard, subscribing countries would describe the component detail disseminated in relation to data categories, the relevant statistical framework, and the related comparisons and reconciliations.

Implementation of the SDDS

Subscription

The term "subscription" has been used to denote a country's statement of its intention to meet the requirements of the standard. Countries subscribing to the standard do so by responding formally, in writing, to the invitation sent in April 1996 by the Managing Director of the IMF to all member countries.

Transition period

In the discussions with national authorities leading up to the implementation stage, it was apparent that for many, if not most, of the countries likely to subscribe to the SDDS, additional work would be necessary to permit them to attain full observance of the standard, even allowing for the fact that full use was likely to be made of the flexibility features. This was particularly the case with respect to coverage, periodicity, and timeliness of data, for which the targets for data dissemination are seen to be quite demanding. At the same time, it was considered important that countries be able to subscribe to the SDDS at the outset. By providing for a transition period, which extends through the end of 1998, the opportunity is given to countries to subscribe even though, because of institutional or other problems, all elements of the standard initially cannot be fully observed. Those countries that subscribe during the transition period whose data dissemination practices fall short of the requirements of the standard will, however, be expected to take the steps necessary observe the standard fully by the end of the transition period. Countries may subscribe to the SDDS at any time during the transition period, which will end for all

countries on December 31, 1998. A country that subscribes at an early stage will therefore have a lengthy period in which to take any necessary steps to ensure observance by the end of the transition period. On the other hand, those that delay taking the necessary steps to attain observance of the standard and subscribe toward the end of the transition period will have only limited time to achieve observance by the end of 1998. After this date, member countries that subscribe will have to fully meet the standard at the time of subscription.

Dissemination Standard Bulletin Board

The cornerstone of the implementation process is an electronic bulletin board, the *Dissemination Standard Bulletin Board (DSBB)*, which will be established and maintained by the IMF on the Internet at a World Wide Web site. The DSBB is being established by the IMF as a service to its member countries. Countries subscribing to the standard will be required to provide information about the data disseminated under the standard for presentation in the DSBB. The DSBB will therefore identify publicly countries that have subscribed to the standard and will give wide and easy access to the information describing their data and their dissemination practices (the "metadata"), to be provided in terms of the four dimensions of the standard. This information will permit monitoring of countries' observance of the standard by market participants and other users. Responsibility for the accuracy of the metadata, and of course for the economic and financial data underlying the metadata, rests with the countries themselves.

Countries that subscribe to the standard and that intend to avail themselves of the transition period to take any necessary steps to bring their statistical system into conformity with the standard will be expected to present their plans to achieve this objective on the DSBB.

Observance of the standard

For the standard to serve fully the purpose for which it has been designed, its observance by subscribing countries will be a primary focus of data users. The IMF, of course, is concerned with promoting observance of the standard not only for the purpose of ensuring that data users are receiving accurate information but also to preserve the credibility and integrity of the standard. While it can be expected that data users accessing the DSBB would at an early stage detect any divergences in a country's observance of the standard and would make known their concerns directly with official data

producers in the country concerned, the IMF would also need to maintain oversight of the record of observance. The IMF staff will provide an assessment of a country's observance to the IMF's Executive Board, inter alia, in the context of the Article IV consultations. The ultimate step signaling that a subscribing country is no longer fulfilling its commitment to observe the standard—a step that is expected to be rarely, if ever, used—would involve removal of a country's metadata from the DSBB. In the course of the transition period, there will be no removal of a subscribing country's metadata from the DSBB except in cases of egregious nonobservance. If such cases do occur, removal would require a decision of the IMF Executive Board.

Beyond the transition period, formal procedures will be needed to deal with situations that may arise when a country does not act in a manner consistent with its commitment under the standard. These procedures, including the modalities for assessing observance, are to be elaborated fully during the transition period by the IMF as experience with the standard unfolds. Such procedures would, of course, need to operate in a timely fashion and could involve arrangements to draw on the advice of a panel of independent statistical experts. A subscribing country would, of course, be given the opportunity to present its views. The removal of a subscribing country's metadata from the DSBB, which would provide a public indication that a country was not in observance of its commitment, would be decided by the IMF Executive Board.

Reactions to the Standard

The extensive discussions on the SDDS that have taken place between the IMF and official statistical agencies, with the international organizations and with nonofficial data users, have demonstrated widespread interest in the objectives underlying the standard and have helped to shape its content. Through its focus on best practices, the standard in some respects has been seen as a pathbreaking effort that has aimed not only to respond to the immediate need of facilitating the access of the financial markets to critical information, but to lay the foundation for actions at the national level with important long-term implications for national statistical systems.

At the level of individual countries, determination of the most appropriate coverage of the data categories to be included in the SDDS was very much a matter of providing for sufficient information to meet the minimum needs of users in the context of the industrial countries and emerging market countries. At the same time, it was clearly important to avoid overloading the standard with excessively detailed requirements. It was also clear that the specification of data coverage, periodicity, and timeliness needed to take account of emerging statistical requirements at a regional level, such as those that were being formulated for countries of the European Union. While nonofficial data users singled out certain areas of the SDDS that were seen as potentially important for decision-making for financial market participants—for example, in providing significantly more information on government debt—in some such cases, the most appropriate response has been to make provision in the SDDS for such data to be included among the "as relevant" categories (such as domestic and foreign debt of the central government) or by identifying certain data categories as "encouraged" (such as debt service projections).

For certain data categories, difficulty was experienced in specifying an acceptable standard for periodicity and timeliness that reflected a divergence of views across a number of countries. While market participants consistently emphasized the importance for decision-making of low periodicity and a high degree of timeliness of data, there was a realization that reporting burdens on data respondents and pressure on the resources of official statistical agencies would be major factors in reaching a consensus position. It also became clear that national priorities, as they related to compiling and disseminating data on individual categories, on occasion differed significantly across countries. In such cases, best practices were seen to be potentially onerous for some countries and compromise was called for. It was in this setting that the standard's requirements in this area provide for options that allow a certain flexibility to countries, while still enabling them to observe the standard.

Discussions with official data producers also revealed differences in the statistical "culture" between the statistical agencies within some countries. This was reflected, for instance, in the views of national statistical offices on the importance of immediate and equal access to data and on the role of release calendars. For these agencies in many of the industrial countries as well as a number of the emerging market countries, release calendars were seen as an integral feature of the dissemination process, consistent with the objectivity and independence of the statistical office. In contrast, in some instances, central banks were less inclined to focus on the timing of data release and saw as a primary concern the quality (accuracy) of data to be released. In these circumstances, they were

inclined to see release calendars, and the specification of a release date, as a lesser priority. The consultations between the IMF staff and official data producers indicated that in some countries where there was a considerable degree of decentralization in the statistical system, limited coordination among the statistical agencies at times could be a significant factor impeding a unified approach to the SDDS. In this regard, for the purpose of a country's subscription to, and participation in, the standard, steps to achieve improved coordination among the key agencies would be a high priority. From a broader standpoint, a response to coordination issues of this kind as part of action to meet the requirements of the standard is expected to bring other benefits in the form of a more structured approach to the development of the statistical system.

The establishment of the SDDS and the expectation that most of the subscribing countries are likely to take steps to improve their dissemination of economic and financial statistics have drawn attention to some of the broader implications for national statistical systems, especially in terms of the prescribed data categories. The standard contains a strong encouragement to subscribing countries to disseminate data in the main statistical frameworks in accordance with accepted international guidelines. Thus, for the national accounts and the balance of payments, the comprehensive frameworks of the standard are cast in terms of the recently revised international guidelines, respectively, the *1993 System of National Accounts* and the fifth edition of the *Balance of Payments Manual.* For data in the fiscal sector, the IMF's *Government Finance Statistics Manual*, for which a revision is now in progress, can serve as point of reference. In addition, the IMF's *Manual on Monetary and Financial Statistics*, which is now in preparation and is expected to be completed before the end of the transition period, will be expected to serve as a guide to the compilation and dissemination of financial data in the future. Thus, the establishment of data dissemination standards is well timed to take advantage of the results of the intensive work of recent years in international methodologies in economic statistics, including the beneficial effects of efforts to extend international comparability of data.

At a time of fiscal consolidation in many countries, concerns were expressed by official statistical agencies in some countries that the cost of adapting statistical systems to meet the requirements of the SDDS may place too much emphasis on improving economic and financial statistics and that

priorities should also include the development of systems of social statistics. The evidence thus far, however, is that countries taking steps to improve economic and financial data systems to support their subscription to the SDDS will at the same time achieve a strengthening of the statistical system more broadly, with beneficial effects on the availability of those areas of social statistics considered crucial for policy purposes.

An issue of high priority for data users in the financial markets was the possible establishment of direct links between the DSBB and the metadata it presents on countries' data dissemination practices and the underlying country data themselves. In the course of the IMF's consultations with nonofficial data users, great advantages were seen as likely to flow from the SDDS if it in some way gives users the means of quick and easy access to the country data. The IMF staff has explored a number of avenues by which such links could be established and maintained. One approach that was considered was for the IMF to collect and publish the related country data; this was seen to be a costly option and somewhat duplicative, bearing in mind the fact that the IMF already publishes a large volume of country statistics in its monthly publication *International Financial Statistics.* A second approach, which would involve publication of the country data by a commercial vendor or vendors, raised questions of a potential conflict between the vendor and the existing procedures for the dissemination of country data, including proprietary interests. Attention therefore was given to the possible development of a direct link between the country metadata displayed on the DSBB via the Internet and the country data that are residing on the home pages of national statistical agencies now operating on the World Wide Web. In light of the increasing number of countries that are coming to the view that this means of data dissemination is in the interest of producers and users of data, this approach appears to offer the most promising avenue for establishing the desired link between the metadata on the DSBB and the underlying country data. The IMF staff is exploring the technical features required to develop "hyperlinks" on the Internet for this purpose.

Next Steps

With the establishment of the SDDS, the IMF is now proceeding to elaborate the features of the General Data Dissemination Standard (GDDS), under which it will work with all of its member countries. It is expected that the GDDS will have the

same structure as the SDDS and that, in some of its key components, it will have the same or almost identical features. This is likely to be the case with regard to the standard's requirements for the integrity of data and the quality of data. Likewise, the requirements of the GDDS for access to data should match those of the SDDS. Close attention will be given to establishing the requirements for the coverage, periodicity, and timeliness of data in order to make appropriate allowance for the statistical capabilities of countries. For this purpose, the IMF will consult closely with country authorities, other international organizations, and data users to ensure that this standard is consistent with the objective of achieving a significant improvement in the dissemination of data and that, at the same time, is within the capacity of statistical agencies in member countries.

During the transition period, the IMF Executive Board will formally review the operation of the standards on two occasions—in late 1997 and again before the end of the transition period in December 1998. This will provide an opportunity for a full assessment to be made of the key features of the standards in light of experience. On the occasion of these reviews, attention will be given in particular to the circumstances of countries in meeting the requirements of the standards, which will provide a basis for determining whether any changes in their dimensions and monitorable elements are called for. The second of these reviews, in late 1998, will also enable a decision to be made on the detailed procedures to be followed for the removal of a country from the DSBB in the event that it fails to observe its commitments under the SDDS after the transition period.

Conclusion

The SDDS, established by the IMF in April 1996 in response to the request of the Interim Committee, is one of a two-tier set of standards with which the IMF will work with all of its members. The SDDS has been developed by the IMF after widespread and intensive consultation with all of the main players—its member countries, other international organizations, and the public, as data users. The standard is a voluntary one and a member country may of course choose not to subscribe. But by its subscription, a country agrees to abide by a set of norms. Moreover, a country's commitment to the standard and its performance in observing the standard will be monitored by users accessing the Dissemination Standards Bulletin Board.

While the immediate focus of the SDDS will be on its role in improving data dissemination practices of countries participating prominently in international capital markets, there are much broader gains in prospect for policymakers and data users. The standards (the SDDS and the GDDS) are expected to involve a concerted effort on the part of most countries to improve their statistical systems in order to meet the standards' requirements for dissemination. For many, this will require the establishment of priorities for statistical improvement, possibly with the support of technical assistance to the principal statistical agencies. Adoption of the standards by countries can also be expected to be accompanied by an increased application of the internationally approved methodologies for economic statistics and for increased dissemination of internationally comparable data. Improved coordination among national statistical agencies is likely to be needed in order to achieve these objectives. Furthermore, adoption of the standards can be seen as an important addition to the instruments available to the UN Statistical Commission and related bodies in overseeing developments in the international statistical system. Finally, in a more fundamental way, the standards provide an opportunity, one that has the promise of long-term gains, to enhance decision-making by policymakers and private data users.