

INTERNATIONAL MONETARY FUND

**Review of Data Provision to the Fund for Surveillance Purposes—
Informational Annexes**

Prepared by the Policy Development and Review and Statistics Departments

In consultation with other Departments

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ARTICLE VIII, SECTION 5. FURNISHING OF INFORMATION

(a) The Fund may require members to furnish it with such information as it deems necessary for its activities, including, as the minimum necessary for the effective discharge of the Fund's duties, national data on the following matters:

- (i) official holdings at home and abroad of (1) gold, (2) foreign exchange;
- (ii) holdings at home and abroad by banking and financial agencies, other than official agencies, of (1) gold, (2) foreign exchange;
- (iii) production of gold;
- (iv) gold exports and imports according to countries of destination and origin;
- (v) total exports and imports of merchandise, in terms of local currency values, according to countries of destination and origin;
- (vi) international balance of payments, including (1) trade in goods and services, (2) gold transactions, (3) known capital transactions, and (4) other items;
international investment position, i.e., investments within the territories of the member
- (vii) owned abroad and investments abroad owned by persons in its territories so far as it is possible to furnish this information;
- (viii) national income;
- (ix) price indices, i.e., indices of commodity prices in wholesale and retail markets and of export and import prices;
- (x) buying and selling rates for foreign currencies;
exchange controls, i.e., a comprehensive statement of exchange controls in effect at the
- (xi) time of assuming membership in the Fund and details of subsequent changes as they occur; and
where official clearing arrangements exist, details of amounts awaiting clearance in
- (xii) respect of commercial and financial transactions, and of the length of time during which such arrears have been outstanding.

(b) In requesting information the Fund shall take into consideration the varying ability of members to furnish the data requested. Members shall be under no obligation to furnish information in such detail that the affairs of individuals or corporations are disclosed.

Members undertake, however, to furnish the desired information in as detailed and accurate a manner as is practicable and, so far as possible, to avoid mere estimates.

(c) The Fund may arrange to obtain further information by agreement with members. It shall act as a centre for the collection and exchange of information on monetary and financial problems, thus facilitating the preparation of studies designed to assist members in developing policies which further the purposes of the Fund.

STRENGTHENING THE EFFECTIVENESS OF ARTICLE VIII, SECTION 5

Decision No. 13183-(04/10), January 30, 2004

1. Pursuant to Article VIII, Section 5, the Fund decides that all members shall provide the information listed in Annex A to this decision, which is necessary for the Fund to discharge its duties effectively. Members shall provide the data specified in Annex A for the periods commencing after December 31, 2004. Annex A shall be reviewed no later than December 31, 2007.
2. When a member fails to provide information to the Fund as specified in Article VIII, Section 5 or in a decision of the Fund adopted pursuant to that Article including information listed in Annex A (hereinafter information required under Article VIII, Section 5), the procedural framework set forth in paragraphs 5 through 17 below shall apply. Failure to provide information includes both the nonprovision of information and the provision of inaccurate information.
3. A member has an obligation to provide information required under Article VIII, Section 5 to the best of its ability. Therefore, there is no breach of obligation if the member is unable to provide information required under Article VIII, Section 5 or to provide more accurate information than the information it has provided. However, a member that is unable to provide final data is obligated to provide provisional data to the best of its ability until it is in a position to provide the Fund with final data. When assessing a member's ability to provide information, the Fund will give the member the benefit of any doubt.
4. In the context of performance criteria associated with the use of the Fund's general resources, a member may be found in breach of its obligation under Article VIII, Section 5 only if (i) it has reported that a performance criterion was met when in fact it was not, or that a performance criterion was not observed by a particular margin and it is subsequently discovered that the margin of non-observance was greater than originally reported, and (ii) a purchase was made on the basis of the information provided by the member, or the information was reported to the Executive Board in the context of a review which was subsequently completed or of a decision of the Executive Board to grant a waiver for non-observance of the relevant performance criterion.

Procedures prior to report by the Managing Director to the Executive Board

5. Whenever it appears to the Managing Director that a member is not providing information required under Article VIII, Section 5, the Managing Director shall call upon the member to provide the required information; before making a formal representation to the member, the Managing Director shall inform, and enlist the cooperation of, the Executive Director for the member. If the member persists in not providing such information and has not demonstrated to the satisfaction of the Managing Director that it is unable to provide such information, the Managing Director shall notify the member of his intention to make a report to the Executive Board under Rule K-1 for breach of obligation unless, within a specified period of not less than a month, such information is provided or the member demonstrates to his satisfaction that it is unable to provide such information.

6. Whenever it appears to the Managing Director that a member has provided inaccurate data on information required under Article VIII, Section 5, the Managing Director shall consult with the member to assess whether the inaccuracy is due to a lack of capacity on the part of the member. If, after consulting with the member, the Managing Director finds no reason to believe that the inaccuracy is due to a lack of capacity on the part of the member, he shall notify the member of his intention to make a report to the Executive Board for breach of obligation under Rule K-1 unless the member demonstrates to his satisfaction within a period of not less than one month that it was unable to provide more accurate information.

7. If the Managing Director concludes that the nonprovision of information or the provision of inaccurate information is due to the member's inability to provide the required information in a timely and accurate fashion, he may so inform the Executive Board. In that case, the Executive Board may decide to apply the provisions of paragraph 10 below.

Report by the Managing Director

8. After the expiration of the period specified in the Managing Director's notification to the member, the Managing Director shall make a report to the Executive Board under Rule K-1 for breach of obligation, unless the Managing Director is satisfied that the member's response meets the requirements specified in his notification. The report shall identify the nature of the breach and include the member's response (if any) to the Managing Director's notification, and may recommend the type of remedial actions to be taken by the member.

Consideration of the report

9. Within 90 days of the issuance of the Managing Director's report, the Executive Board will consider the report with a view to deciding whether the member has breached its obligations. Before reaching a decision, the Executive Board may request from the staff and

the authorities additional clarification of the facts respecting the alleged breach of obligation; the Executive Board will specify a deadline for the provision of such clarification.

10. If the Executive Board finds that the member's failure to provide information required under Article VIII, Section 5 is due to its inability to provide the information in a timely and accurate fashion, the Executive Board may call upon the member to strengthen its capacity to provide the required information and ask the Managing Director to report periodically on progress made by the member in that respect. The member may request technical assistance from the Fund.

11. (a) If the Executive Board finds that the member has breached its obligation, the Executive Board may call upon the member to prevent the recurrence of such a breach in the future and to take specific measures to that effect. Such measures may include the implementation of improvements in the member's statistical systems or any other measures deemed appropriate in view of the circumstances.

(b) In addition, if the Executive Board finds that the member is still not providing the required information, the Executive Board will call upon the member to provide such information.

(c) The Executive Board will specify a deadline for taking any remedial actions specified under (a) and (b); in principle, the deadline will not exceed 90 days for actions specified under (b). The decision may note the intention of the Managing Director to recommend the issuance of a declaration of censure if the specified actions are not implemented within the specified period. In order to assist the Executive Board in identifying the appropriate actions to address a breach of obligation under Article VIII, Section 5, the member may, before the Board meeting, provide the Executive Board with a statement specifying the remedial actions it intends to take and a proposed timeframe. The member may also request technical assistance from the Fund.

(d) At the expiration of the period specified by the Executive Board, the Managing Director shall report to the Executive Board on the status of the specified actions. If the member has not taken the specified actions within the specified period, and depending on the circumstances of such failure, the Managing Director may recommend and the Executive Board may decide: (1) to extend the period before further steps under the procedural framework are taken; (2) to call upon the member to take additional remedial actions within a specified timeframe; or (3) to issue a declaration of censure against the member.

Declaration of censure

12. If a member fails to implement the actions specified by the Executive Board before the established deadline, the Managing Director may recommend and the Executive Board may decide to issue a declaration of censure. Before the adoption of a declaration of censure, the Executive Board may issue a statement to the member setting out its concerns and giving the member a specified period to respond.

13. The declaration of censure will identify the breach of obligation under Article VIII, Section 5 and the specified remedial actions the member has failed to take within the specified timeframe. The declaration may specify a new deadline for the implementation by the member of the specified remedial actions; in addition, the declaration may identify further remedial actions for the member to implement before the specified deadline. It will note that the member's failure to implement any of the actions called for in the declaration within the specified timeframe may result in the issuance of a complaint for ineligibility under Article XXVI (a) and the imposition of this measure. At the expiration of the period specified by the Executive Board, the Managing Director shall report to the Executive Board on the status of the specified actions.

Sanctions under Article XXVI

14. Following the adoption of a declaration of censure, if the Executive Board finds that the member has failed to implement any of the actions called for in the declaration within the specified timeframe, the Managing Director may issue a complaint to the Executive Board and recommend that the Executive Board declare the member ineligible to use the general resources of the Fund for its breach of obligation under Article VIII, Section 5. The Executive Board decision declaring the member ineligible to use the general resources of the Fund will note that the member's persistence in its failure to fulfill its obligations under Article VIII, Section 5 following the declaration of ineligibility may result in the issuance of a complaint for the suspension of the member's voting and related rights and in the imposition of this measure.

15. If the member persists in its failure to fulfill its obligations under Article VIII, Section 5 for six months after the declaration of ineligibility, the Managing Director may issue a complaint and recommend that the Fund suspend the member's voting and related rights. The Executive Board decision suspending the member's voting and related rights will note that the member's persistence in its failure to fulfill its obligations under Article VIII, Section 5 following the declaration of suspension of voting and related rights may result in the issuance of a complaint for compulsory withdrawal and in the initiation of the proceedings for the compulsory withdrawal of the member from the Fund.

16. If the member persists in its failure to fulfill its obligation under Article VIII, Section 5 for six months after the suspension of its voting rights, the Managing Director may initiate proceedings for the compulsory withdrawal of the member from the Fund.

17. All the Executive Board decisions arising from a breach of obligation taken under the procedures described above, including a decision to issue the statement of concern referred to in paragraph 12 above, will give rise to a public announcement with prior review of the text by the Executive Board.

Annex A

The data referred to in paragraph 1 of this decision are the national data on the following matters:

(i) reserve, or base money;

(ii) broad money;

(iii) interest rates, both market-based and officially-determined, including discount rates, money market rates, rates on treasury bills, notes and bonds;

(iv) revenue, expenditure, balance and composition of financing (i.e., foreign financing and domestic bank and nonbank financing) for the general and central governments respectively¹; the stocks of central government and central government-guaranteed debt, including currency and maturity composition and, if the debt data are amenable to classification on the basis of the residency or nonresidency of the holder, the extent to which the debt is held by residents or nonresidents;

(v) balance sheet of the central bank;

(vi) external current account balance;

(vii) exports and imports of goods and services;

(viii) the international reserve assets and reserves liabilities of the monetary authorities, specifying separately any reserve assets which are pledged or otherwise encumbered as well as net derivative positions;

(ix) gross domestic product, or gross national product;

(x) consumer price index;

(xi) gross external debt²; and

(xii) consolidated balance sheet of the banking system.

¹ The general government consists of the central government (budgetary funds, extra budgetary funds, and social security funds) and state and local governments.

² Gross external debt is the outstanding amount of those actual current, and not contingent, liabilities that require payment(s) of principal and/or interest by the debtor at some point(s) in the future and that are owed to nonresidents by residents of an economy.

TABLE OF COMMON INDICATORS REQUIRED FOR SURVEILLANCE

	Date of latest observation	Date received	Frequency of Data ⁶	Frequency of Reporting ⁶	Frequency of publication ⁶	Memo Items ⁷ :	
						Data Quality – Methodological soundness ⁸	Data Quality – Accuracy and reliability ⁹
Exchange Rates							
International Reserve Assets and Reserve Liabilities of the Monetary Authorities ¹							
Reserve/Base Money							
Broad Money							
Central Bank Balance Sheet							
Consolidated Balance Sheet of the Banking System							
Interest Rates ²							
Consumer Price Index							
Revenue, Expenditure, Balance and Composition of Financing ³ – General Government ⁴							
Revenue, Expenditure, Balance and Composition of Financing ³ – Central Government							
Stocks of Central Government and Central Government-Guaranteed Debt ⁵							
External Current Account Balance							
Exports and Imports of Goods and Services							
GDP/GNP							
Gross External Debt							

¹ Includes reserve assets pledged or otherwise encumbered as well as net derivative positions.

² Both market-based and officially-determined, including discount rates, money market rates, rates on treasury bills, notes and bonds.

³ Foreign, domestic bank, and domestic nonbank financing.

⁴ The general government consists of the central government (budgetary funds, extra budgetary funds, and social security funds) and state and local governments.

⁵ Including currency and maturity composition.

⁶ Daily (D), Weekly (W), Monthly (M), Quarterly (Q), Annually (A), Irregular (I); Not Available (NA).

⁷ These columns should only be included for countries for which a Data ROSC (or a Substantive Update) has been prepared.

⁸ Reflects the assessment provided in the data ROSC or the Substantive Update (published on ..., and based on the findings of the mission that took place during...) for the dataset corresponding to the variable in each row. The assessment indicates whether international standards concerning concepts and definitions, scope, classification/sectorization, and basis for recording are fully observed (O), largely observed (LO), largely not observed (LNO), or not observed (NO).

⁹ Same as footnote 8, except referring to international standards concerning source data, statistical techniques, assessment and validation of source data, assessment and validation of intermediate data and statistical outputs, and revision studies.

DATA PROVISION TRENDS AND IMPLICATIONS OF THE 2004 DECISION

The analysis of recent trends in the timeliness of data provided to the Fund for surveillance purposes is based on a survey of the Article IV staff reports discussed by the Executive Board during October 2006–September 2007. Data for the survey was drawn from the Table of Common Indicators Required for Surveillance (TCIRS) approved by the Board at the time of the 2004 review. A total of 144 staff reports were considered, including 26 advanced economies (ADV), 56 market access economies (MAC), and 62 developing economies (DEV). Each TCIRS contains information for 15 data categories (eight high frequency and seven low frequency indicators).

Compared to performance through 2004, there has been some slippage in the timeliness of data provided to the Fund, particularly for high frequency indicators. The share of countries providing these indicators within one month of the reference period has declined somewhat, with the exception of the exchange rate, which remains broadly unchanged (Figure 1). This slippage may be related, at least in part, to the more comprehensive definition of some data categories in the TCIRS. For example, the TCIRS focuses on the reporting of international reserve assets and liabilities of the monetary authorities, while the previous Core Statistical Table (CST) focused only on gross reserves. The extent of the slippage, however, is contained at two months. For most indicators, the cumulative shares of countries reporting within two months have declined only modestly, at most by three percentage points.

The slippage in low frequency indicators appears more pronounced for categories with enhanced definitions. Data on government finance and external trade statistics are defined with a broader scope in the TCIRS, and the shares of countries reporting these data within two quarters declined by about 8 percentage points (Figure 2). In contrast, timeliness for indicators with unchanged definitions has remained broadly similar. Cumulative shares for countries reporting data within two quarters were virtually unchanged for the national accounts, the external current account, and gross external debt, although the shares of those reporting within one quarter decreased for the former two categories.

At the time of the 2004 review, Directors asked that timeliness of indicators such as the international reserves assets and liabilities of the monetary authorities and gross external debt be assessed against SDDS benchmarks. Observance of the SDDS benchmark for the former has slackened, with the share of countries observing the one-month timeliness benchmark declining from 81 percent in the 2004 review to 71 percent. The share of countries observing the one-quarter benchmark for data on gross external debt has increased modestly (Table 1).

Analysis of survey results points to different factors behind weak performance in the provision of high and low frequency indicators. Weak performance is correlated with low per capita GDP in the case of high frequency indicators and a small population size in the case of the low frequency ones.

The reviewed TCIRS include data quality ratings for 61 countries for which a data ROSC has been published. These quality assessments include nine ratings (four on methodological soundness and five on accuracy and reliability) for five macroeconomic datasets (national accounts, balance of payments, consumer price, government finance, and monetary and financial statistics). While inclusion of data quality ratings informs about the methodological underpinnings and the reliability of some of the macroeconomic data, aggregation of such ratings across the sample may not permit robust inferences at this stage. This is because only 42 percent of the countries surveyed have had a data ROSC published.

Data ROSCs are mostly concentrated in market access economies and the western hemisphere. The highest participation in the preparation of data ROSCs is for market access economies (57 percent), followed by advanced economies, possibly on account of the need to exercise surveillance over regionally and systemically important countries. Across regions, WHD has had the highest participation, with 58 percent followed by EUR, 47 percent, and AFR and MCD at about 39 percent. The lowest participation rate corresponds to APD with 30 percent.

Data ROSCs compare a country's statistical practices with international standards. Ratings indicate whether international practices are: observed (O), largely observed (LO), largely not observed (LNO), or not observed (NO). For methodological soundness, ratings are given for concepts and definitions, scope, classification/sectorization, and basis for recording. The main results for methodological soundness and accuracy and reliability are shown in figures 3 and 4. In general, the national accounts and government finance statistics are less likely to observe international standards for methodological soundness and accuracy and reliability.

Figure 1. Frequency Distribution of Data Reporting Lags – High Frequency Indicators, 2003 and 2007

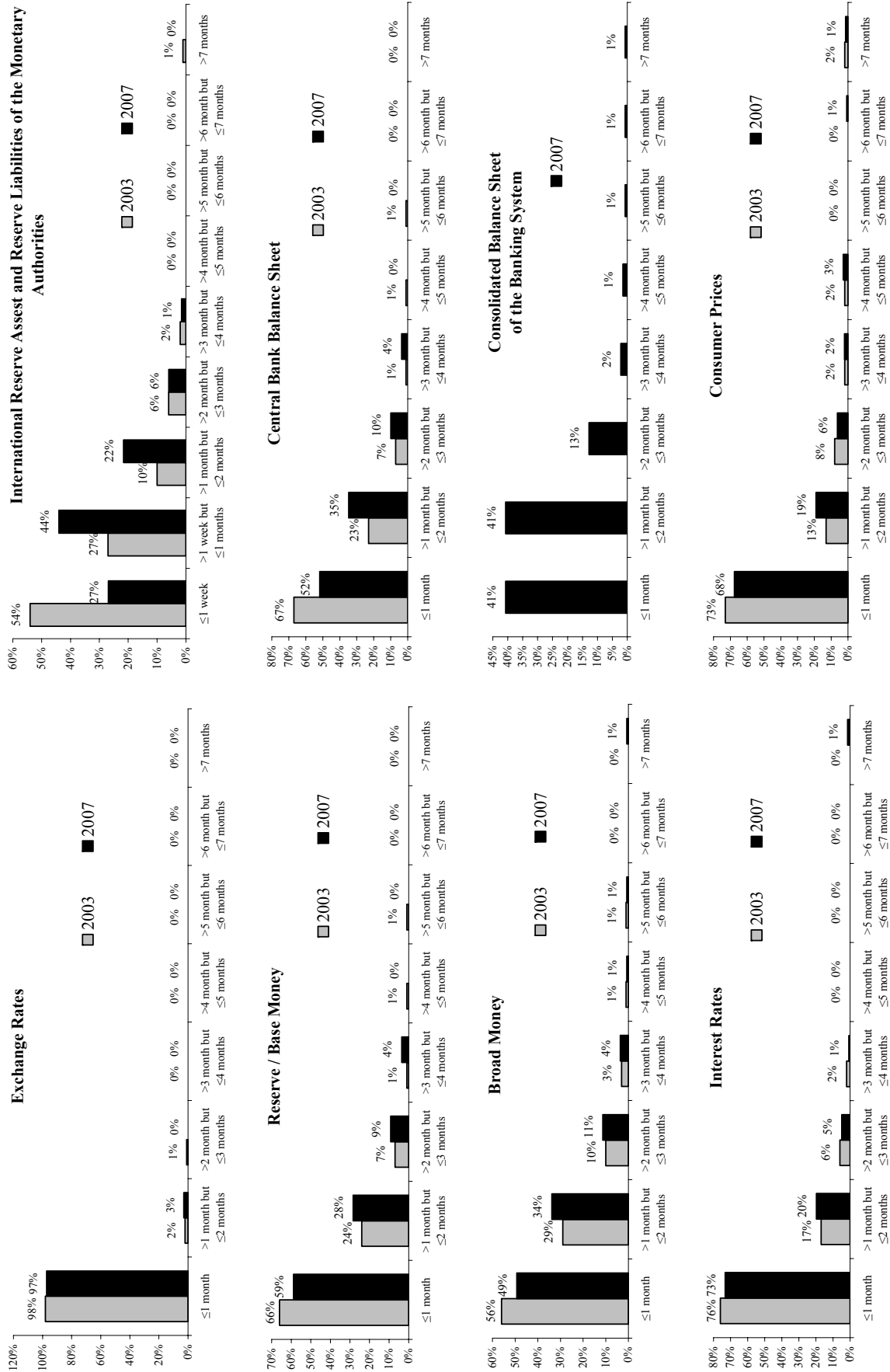


Figure 2. Frequency Distribution of Data Reporting Lags – Low Frequency Indicators, 2003 and 2007

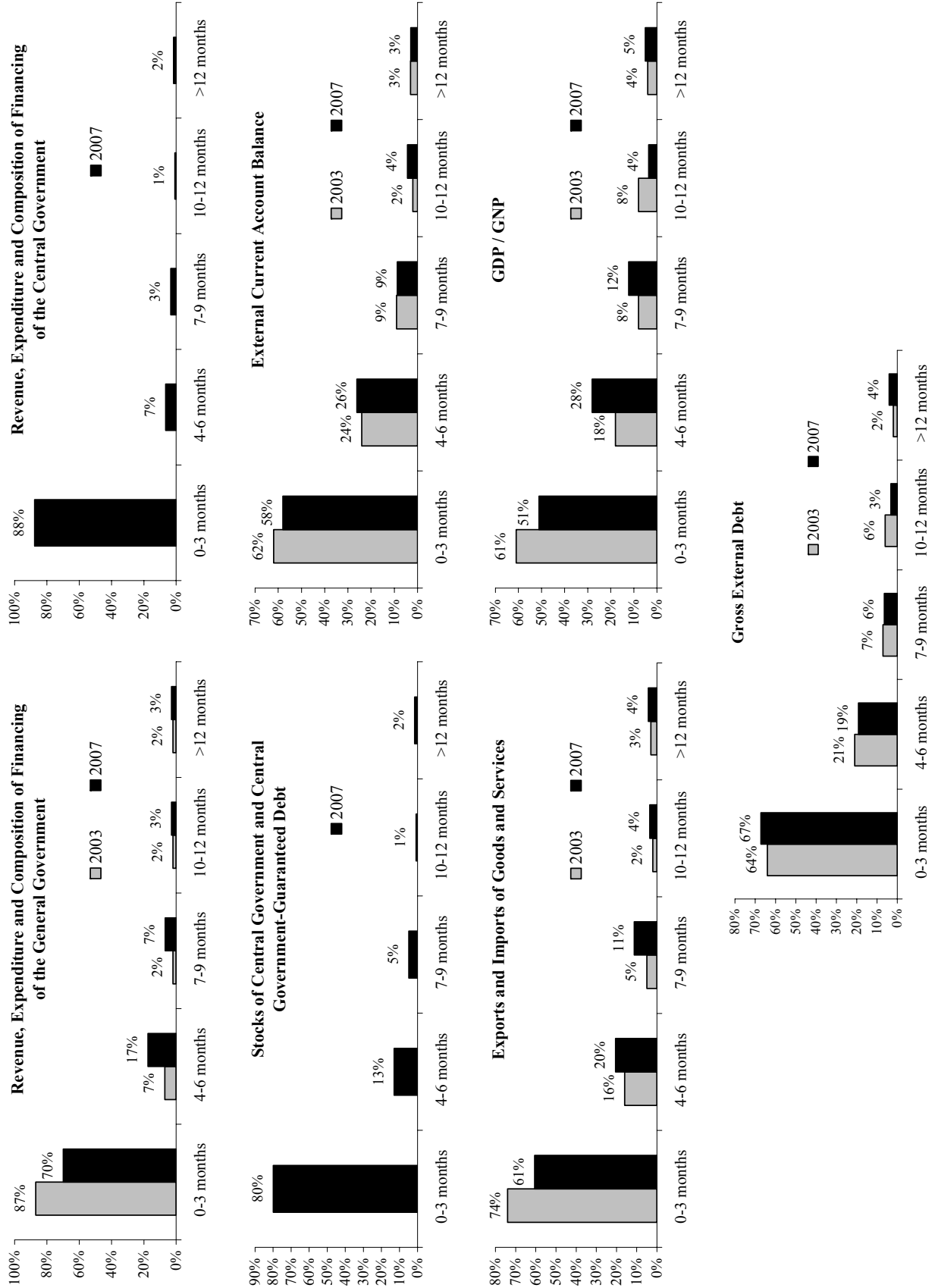


Table 1. Timeliness of Selected Indicators and SDDS Benchmarks
(Share of countries reporting with indicated lag, in percent)

Timeliness	2004 Review	2008 Review
I. International Reserve Assets and Liabilities of the Monetary Authorities 1/		
1 week	54	27
4 weeks 2/	81	71
8 weeks	91	93
12 weeks	97	99
II. Gross External Debt		
1 quarter 2/	64	67
2 quarters	85	86
3 quarters	92	93
4 quarters	98	96

1/ As of January 2008, 64 countries publish the Data Template on International Reserves and Foreign Currency Liquidity.

2/ SDDS prescription.

Figure 3. Ratings for Methodological Soundness
(Assessments of: Concepts and Definitions, Scope, Classification/Sectorization, Basis for Recording)

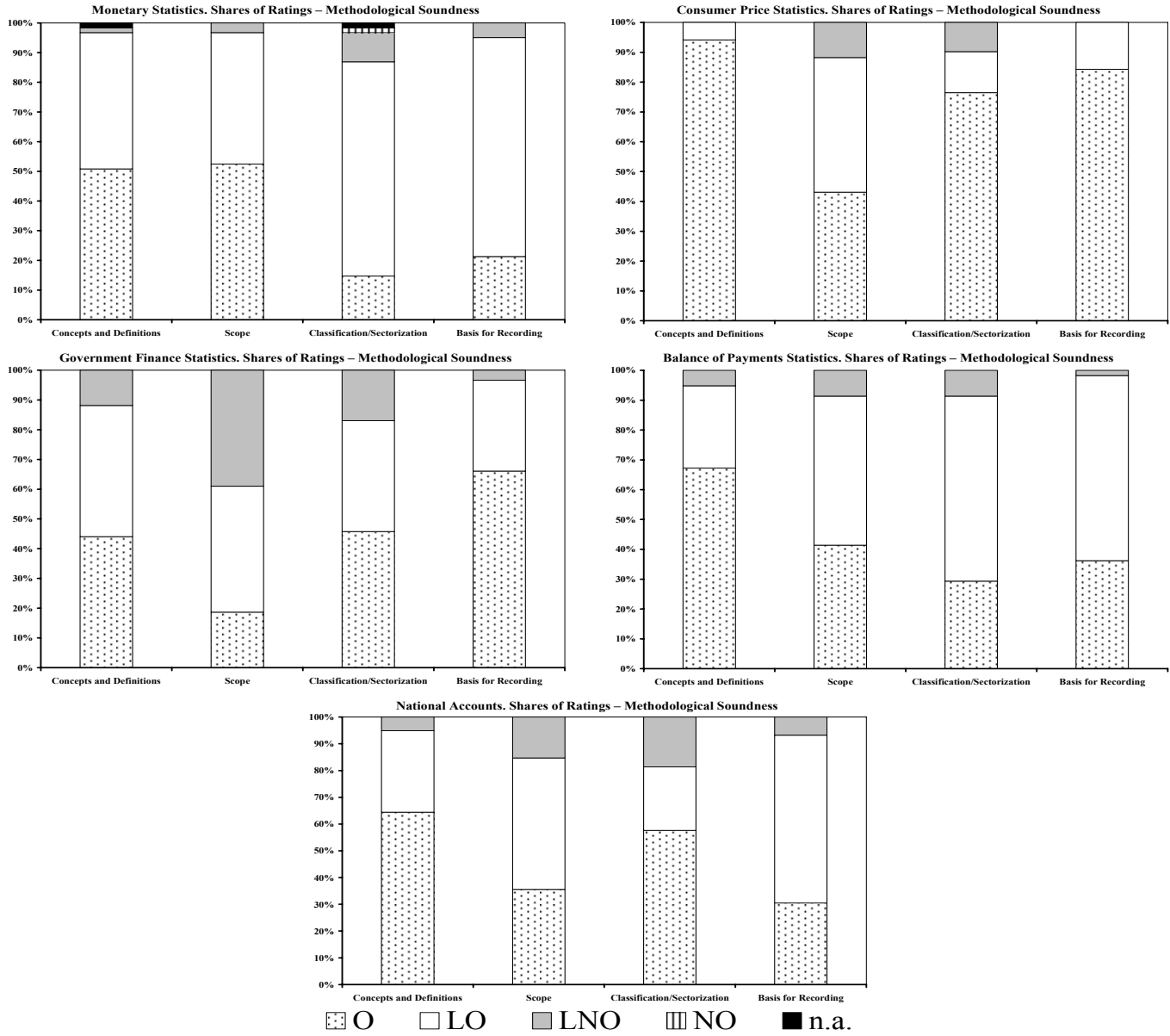
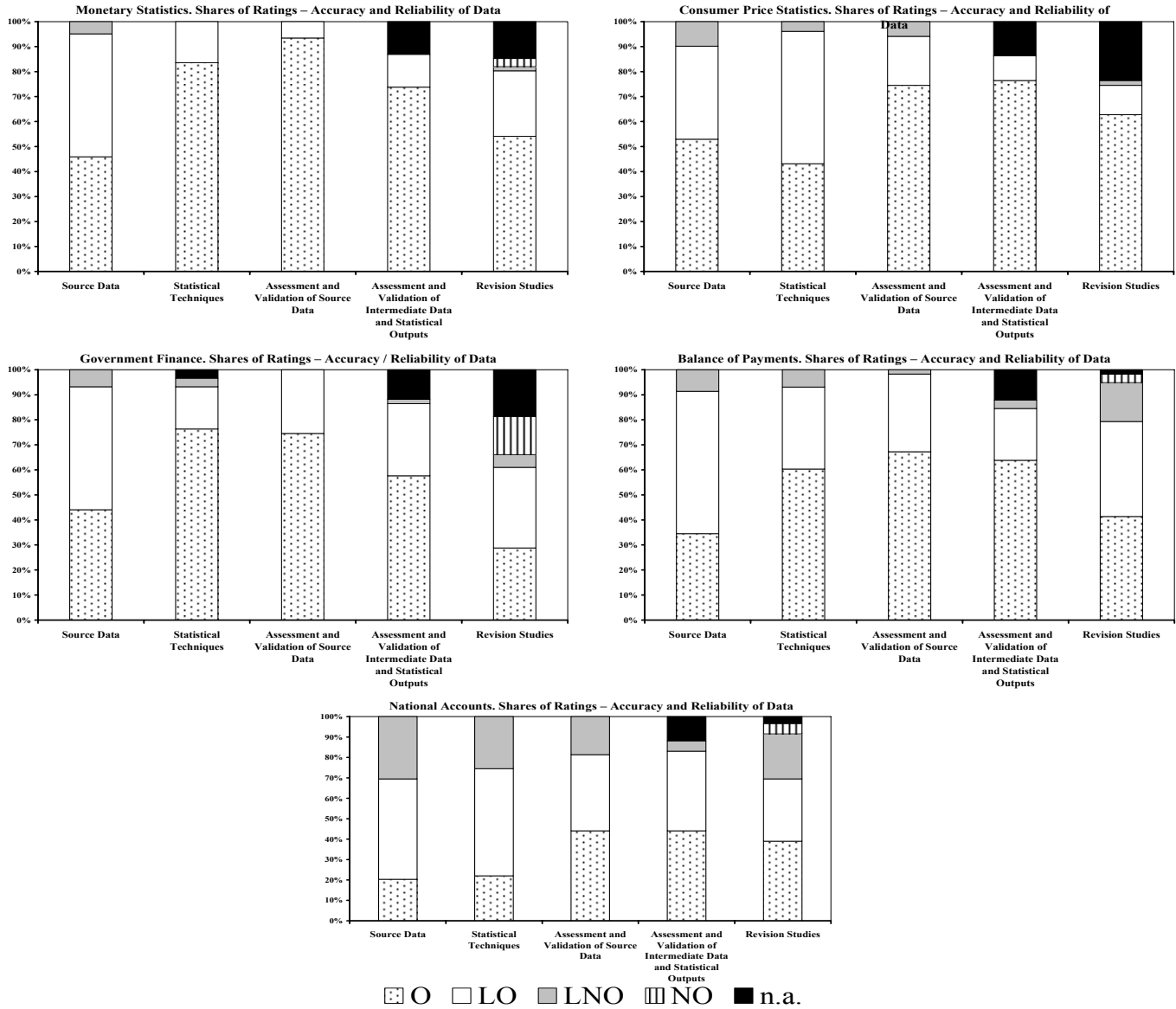


Figure 4. Ratings for Accuracy and Reliability of Data
 (Assessments of: Source Data, Statistical Techniques, Assessment and Validation of Source Data, Assessment and Validation of Intermediate Data and Statistical Outputs, and Revision Studies)



SAMPLE SELECTION FOR IN-DEPTH ANALYSIS OF TREATMENT OF DATA ISSUES IN STAFF REPORTS

The sample of 50 countries for the in-depth analysis are selected through a stratified sampling process from all members that have had consultations between October 2006—September 2007, stratified by economy type and region.

Type of economy. Countries are divided into the following economic groups:

Advanced (ADV) – advanced countries according to WEO classification.

Market Access Countries (MAC) - countries (excluding those classified as advanced countries) that have received ratings from S&P or Moody's as of September 2007.

Developing countries (DEV) - countries that fall in none of the above categories.

Region. Countries are also classified by region according to the area department they belong to: African (AFR), Asia-Pacific (APD), European (EUR), Middle Eastern and Central Asia (MCD), and Western Hemisphere (WHD).

The allocation of 50 countries by economy type and region is proportional to the actual distribution in the population (the actual number is rounded so that the total adds up to the sample 50); thereby creating 15 strata (see Table 1).

Based on the allocation, the selection of 50 countries is done through a simple random drawing of the allocated number of countries from each stratum. For example, out of the 29 developing countries in AFR, 12 countries were drawn; out of the 16 market access countries in WHD, six were drawn. The final list of countries is shown in Table 2.

Table 3 compares the key characteristics of the sample with the one used in the 2004 review, and Table 4 shows the country lists in both samples.¹

¹ Twelve countries (24 percent) appear in both samples.

Table 1. Sample Selection: Key Stratification Characteristics
(by number of countries unless indicated otherwise)

Panel A. Distribution by Economic Type

	ADV	MAC	DEV	Total
Number	26	56	62	144
Share (%)	18	39	43	100
In sample	8	19	23	50

Panel B. Distribution by Region

	AFR	APD	EUR	MCD	WHD	Total
Number	32	27	36	23	26	144
Share (%)	22	19	25	16	18	100
In sample	12	9	12	8	9	50

Panel C. Distribution by Economic Type and Region

	AFR		APD		EUR		MCD		WHD	
	Populatio n	Sample	Populatio n	Sample	Populatio n	Sample	Populatio n	Sample	Populatio n	Sample
ADV	0	0	5	1	19	6	0	0	2	1
MAC	3	1	9	3	16	5	12	4	16	6
DEV	29	11	13	5	1	1	11	4	8	2

Table 2. Data Provision: List of Countries for In-Depth Review
(by region and economic type)

	AFR	APD	EUR	MCD	WHD
ADV		Japan	Belgium		Canada
			France		
			Iceland		
			Italy		
			Norway		
			Slovenia		
MAC	Mauritius	Papua New Guinea	Bosnia & Herzegovina	Kuwait	Barbados
		Thailand	Croatia	Morocco	Bolivia
		Vietnam	Czech Republic	Saudi Arabia	Colombia
			Latvia	Tunisia	Jamaica
			Ukraine		Paraguay
					Peru
DEV	Chad	Lao P.D.R.	Serbia	Algeria	Haiti
	Ethiopia	Maldives		Iraq	St. Kitts
	Guinea-Bissau	Micronesia		Sudan	
	Kenya	Myanmar		Tajikistan	
	Lesotho	Timor-Leste			
	Madagascar				
	Malawi				
	Mozambique				
	Rep.of Congo				
	Rwanda				
	Togo				

Table 3. Comparison of the 2004 and 2007 Samples

By economy				
	2007 count	In percent	2004 count	in percent
ADV	8	16	10	20
MAC	19	38	20	40
DEV	23	46	20	40
Total	50	100	50	100
By region				
	2007 count	In percent	2004 count	in percent
AFR	12	24	9	18
APD	9	18	11	22
EUR	12	24	12	24
MCD	8	16	7	14
WHD	9	18	11	22
Total	50	100	50	100
By data standard				
	2007 count	In percent	2004 count	in percent
SDDS	17	34	21	42
GDDS	21	42	9	18
Total	38	76	30	60
By program status				
	2007 count	In percent	2004 count	in percent
Program (PRGF, PSI, SMP, PPM, SBA)	13	26	11	22
Common cases, 2004 and 2007			count 11	in percent 22
For the 2007 Sample:			count	in percent
Streamlined Art IV cases (2 with 24-month cycle)			5	10
Cases with data ROSCs			4	8

Table 4. Full Country Sample (for 2007 and 2004 review)

2007		2004	
Algeria	Malawi	Argentina	Lebanon
Barbados	Maldives	Bangladesh	Liberia
Belgium	Mauritius	Bhutan	Macedonia, FYR
Bolivia	Micronesia	Brazil	Malta
Bosnia and Herzegovina	Morocco	Brunei Darussalam	Mauritania
Canada	Mozambique	Burkina Faso	Mongolia
Chad	Myanmar	Canada	Myanmar
Colombia	Norway	Cape Verde	Namibia
Croatia	Papua New Guinea	Chile	Norway
Czech Republic	Paraguay	Comoros	Papua New Guinea
Ethiopia	Peru	Costa Rica	Peru
France	Rep. of Congo	Cyprus	Poland
Guinea-Bissau	Rwanda	Egypt	Russian Federation
Haiti	Saudi Arabia	France	South Africa
Iceland	Serbia	Ghana	Sweden
Iraq	Slovenia	Honduras	Tanzania
Italy	St. Kitts	Hungary	Thailand
Jamaica	Sudan	India	Trinidad & Tobago
Japan	Tajikistan	Iran. I. Rep of	Ukraine
Kenya	Thailand	Israel	United Arab Emirates
Kuwait	Timor-Leste	Italy	United States
Lao P.D.R.	Togo	Jamaica	Uruguay
Latvia	Tunisia	Japan	Uzbekistan
Lesotho	Ukraine	Kazakhstan	Vanuatu
Madagascar	Vietnam	Korea	Zimbabwe

**SURVEY OF DATA PROVISION TO THE FUND FOR SURVEILLANCE FOR
FUND MISSION CHIEFS¹**

As an input to the review, a survey was sent to Fund mission chiefs to solicit views on data provision for surveillance based on their experience during the last Article IV consultation for which they led the mission. The survey recipients were assured that their responses were confidential, and their identities would not be revealed to the review team. Of the 117 recipients who led Art IV missions between Jan 31, 2005 (the date the Data Guidance Note was issued) and Jan 2008, 40 responded to the survey, which yielded a response rate of 34 percent. The results were processed by a research assistant who is not a member of the review team.

The survey questions and the number of responses for each question (including subcategories are listed below. Text responses are edited only to conceal country identities when needed. In a few questions, respondents chose multiple answers (perhaps erroneously in one question), so total responses are not always consistent with the number of respondents.

Please answer candidly the following questions based on your experience during the last Article IV consultation for which you were the mission chief.

1. Focusing on the adequacy of data for the surveillance exercise, please select one of the following:

- 7 we were provided with the high-quality data needed for the analyses and projections
11 data provided had some minor deficiencies with limited impact on our analyses and projections
8 lack of timely key data for macroeconomic analysis is a recurring problem, and the team routinely prepares estimates for key variables, with estimation based on limited indicators.

Please indicate the extent of estimation by filling in the following blanks:

Texts of responses

Real GDP

Fiscal data

Balance of payments

Private and public consumption, central government budget deficit

Growth

¹ Text responses are edited to conceal country identities.

*GDP, Fiscal balances
Balance for the consolidated public sector*

The dataset/aggregates that the team had to estimate was/were:
Estimation by staff covered () year(s)

Texts of responses

*1, 2, or 3 years
GDP: 1998—2005*

*2006—2012
several*

or () quarter(s)

Texts of responses

FY2005, FY2006 1-2Q

- 15 while we were provided with recent data needed for macroeconomic analysis, some key data suffer from severe deficiencies that hamper analyses and introduce considerable uncertainty into projections. Please indicate what kind of key data suffer from severe deficiencies:

Texts of responses

GDP, inflation, BOP

Mainly national account and balance of payment data

Wage and labor market data

BOP: imports, private sector income, FDI, and private capital flows;

National Accounts: non-oil GDP.

Balance of payments, national accounts and consumer prices.

BOP; national accounts; price level

National accounts; balance of payments.

IIP not compiled, external debt data incomplete, timeliness of data irregular

BOP, fiscal, GDP

GDP, BOP, CPI

Low frequency and long time lags on national accounts data; relatively large unexplained residuals (errors and omissions) in the balance of payments; lags in the provision of data for key public enterprises

National Accounts, CPI, BOP

Import data has been revised significantly owing to historic systematic under evaluation of imports

- 2 the work of the team was constrained by the paucity of data for analysis of newer or emerging issues such as financial sector issues. Please provide a brief description of the kind of data you would wish to have had:

Texts of responses

Financial Soundness Indicators

Performance of nonbank financial institutions, size distribution of bank lending, and lending terms of banks other than interest rates.

2. **In the staff report (including in the Statistical Issues Appendix), was there a summary assessment on data provision? Please select one of the following:**

40 Yes 1 No 0 No clear assessment 0 Don't know

3. **If there was a summary assessment, how did the team classify the country's data provision? Please select one of the following:**

17 adequate
21 broadly adequate, but deficiencies hamper surveillance
2 inadequate

4. **In preparing the staff report, did you find it easy to classify the adequacy of the country's data provision into one of the three categories in the data guidance note: a. adequate, b. broadly adequate but deficiencies hamper surveillance, c. inadequate? Please select one of the following:**

- 28 There was no difficulty, because the country clearly fell into one of the following categories (select one):

11 adequate
13 broadly adequate, but deficiencies hamper surveillance
2 inadequate

- 15 There were some data shortcomings, but it was not obvious how to distinguish between (select one):

3 "adequate" or "broadly adequate"
12 "broadly adequate" or "inadequate" [Please answer question 4.1 if you choose this answer]

- 0 I was unaware of this requirement

- 2 Please provide your own response, if needed:

Texts of responses

There were some delays in providing some data, so we flagged that and classified the data as generally adequate" mainly because of the delays."

The problem of imports was a policy problem, the data provision would have been fine otherwise, so we classified it as broadly adequate even though this one issue is very serious.

4.1 [Follow-up question to the above, fill-in when applicable] If you found it difficult to choose between “broadly adequate” or “inadequate,” this was because you (select all that apply):

4 found that the term “inadequate” conveyed too negative a picture of the state of the data

5 found that the term “inadequate” conveyed too negative a picture given that there are genuine capacity constraints

4 considered the term “inadequate” counterproductive for productive relations with the authorities

6 were concerned about the implications of the term “inadequate” for the Fund’s ability to conclude the Article IV consultation

0 were concerned about other negative implications for the country of the term “inadequate”

2 Please provide your own response if appropriate:

Texts of responses

Also involves [regional central bank] activities

The term of adequacy is a general characterization which is not easily mapped to a case where there is a major problem with one key variable, say in our case the current account, but no other real problems.

5. Would you have found it easier to classify the country into one of only two following categories?

a. The country does not have significant data deficiencies that hamper surveillance

b. The country has significant data deficiencies that hamper surveillance

3 Very much so 15 Yes 14 Not really 7 Definitely not 2 No view/don’t know

6. Please indicate whether your team discussed the implications of data deficiencies with the authorities (excluding technical level discussions) during the recent Art. IV consultation. Please choose from the following responses:

5 There were no significant issues to discuss

19 The team had serious discussions with the authorities to raise awareness of the issues

10 While there were some significant data shortcomings, discussions of data issues were limited

because:

9 the authorities were aware of them and were taking steps to address them, and
had

(please select all that apply, or leave blank if none apply):

2 a timetable for remedial action;

2 allocated increased resources for this purpose;

6 requested or been receiving relevant TA.

2 previous missions had raised these issues, and the authorities had not
addressed them,

because of lack of *(please select all that apply)*: 0 interest 2 resources

0 there were other more pressing issues to discuss

7 Please provide your own response if appropriate:

Texts of responses

Some well-known quality issues were discussed, and improvements are underway, building on an updated data module.

The authorities lack the capacity to address them--they basically rely on external advisors.

It is unrealistic to expect significant improvement in the data (similar issues arise in other EU countries with open labor markets and where the underground economy is active). Therefore, discussions focused on how large is the deviation between the true "situation and the data and the implications this has for macroeconomic analysis. "

The team had some discussion with the authorities about data issues without presenting it as serious problems because overall the data is adequate for surveillance purposes.

In 2006, we discussed data availability and advised to improve timeliness of fiscal data publication. In 2007, we met the statistical office, but mainly on technical issues.

*The authorities have been in the process of developing a producer price index with TA provided by STA (to be released in April 2008). The mission criticized methodological shortcomings in the **** Housing price index, which is currently calculated based on advertised prices.*

The authorities lack the capacity to address them--they basically rely on external advisors.

Statistical Issues Appendix (SIA)

7. Please describe how the SIA was prepared in the last Art. IV staff report for your country *(please select one)*:

14 The country team was responsible for the opening summary assessment section/paragraph and key data issues to be covered, with inputs from STA for supporting expert views on those issues

4 The country team was the primary author of the opening summary assessment, with the rest of the document prepared by STA

- 14 The team relied primarily on STA to draft/update the document
 6 The SIA was minimally updated because there was little change in data issues
 6 Please provide your own response, if appropriate:

Texts of responses

Primarily STA, with substantive inputs and editing by the country team.

Team filled it up with the help of authorities.

This annex is a complete waste of time for the country I work on, which has excellent data, has always had excellent data, and will always have excellent data. Another example of wasting staff time in the interests of fairness of coverage.

Not done, streamlined consultation. But we had a box on statistical issues.

As indicated below, the last staff report did not have a SIA--it was a streamlined consultation.

STA provided a draft that we updated.

8. Were only significant data deficiencies listed in the SIA? (please select one):

- 15 Yes, the SIA was primarily drafted/updated by the team
 5 Yes, while STA provided detailed inputs, the team edited the draft to ensure only significant data deficiencies were presented
 8 Not clear, the team relied primarily on STA in drafting/updating the SIA
 6 No, because it was considered useful to provide substantial detail on existing data deficiencies in the SIA
 4 Please provide your own response, if appropriate:

The team relied on STA in drafting/updating the SIA, and STA only listed significant data deficiencies.

STA provided substantial input.

Yes, only deficiencies that were significant (in our view) were listed. But I do not want to imply that this meant our editing out STA's inputs

Yes, STA and the team have no major differences on the significance of the deficiencies.

9. Country characteristics (please select all that apply):

- 8 Advanced country
 19 Developing country with market access (emerging market)
 12 Other developing country
 12 GDDS participant
 7 SDDS subscriber
 12 A data ROSC has been published

Additional comments

Please use the following space to provide any additional comments, including on areas where further clarification or improvement may be desirable in the data guidance note.

Texts of responses

Please notice that the 2007 Article IV consultation was a streamlined" and the staff report has only a brief sentence assessing data provision. The previous staff report (2006) contains a full appendix on the topic and a summary sentence in the "Staff Appraisal."

See above. All of this being requested should be optional (if you want a watchdog, consult with PDR).

**** joined the Euro area on *****. Due to the increasing cooperation of the local authorities with Eurostat on data development and due to technical assistance provided by STA, data quality has been improving considerably.*

I think the proposed category 5b. would be a useful addition/refinement to the existing grading (not as a substitute).

RECOMMENDED METHODOLOGIES FOR DATA PROVISION

Dataset	Methodology	
	Preferred	Other
I. Fiscal	<i>Government Finance Statistics Manual 2001 (GFSM 2001)</i>	<i>A Manual on Government Finance Statistics 1986</i>
II. BOP	<i>Balance of Payments Manual, 5th Edition (BPM5)</i>	<i>BPM4</i>
III. Monetary and Financial Statistics	<i>Monetary and Financial Statistics Manual (MFSM)</i>	<i>A Guide to Money and Banking Statistics in International Financial Statistics (1984)</i> <i>Compilation Guide on Financial Soundness Indicators (FSI) 2007</i>
IV. National Accounts	<i>System of National Accounts (SNA) 1993, European System of Accounts (ESA) 95, IMF Quarterly National Accounts Manual, 2001</i>	<i>SNA 1968, SNA 1953</i>
V. International Reserves	<i>International Reserves and Foreign Currency Liquidity (Guidelines for a Data Template)</i>	
VI. External Debt	<i>External Debt Statistics Guide for Compilers and Users, 2003</i>	
VII. Prices	<i>Consumer Price Index Manual (2004)</i> <i>Producer Price Index Manual (2004)</i> <i>Handbook on the International Comparison Program (ICP)</i>	

OTHER ONGOING DATA INITIATIVES

A. Methodological Progress

Developing new methodological guidance has been essential in the response to globalization. Recent advances relate principally to the balance of payments, national accounts, and monetary and financial statistics.

Globalization, balance sheet issues, and financial innovation are the central themes in the new *Balance of Payments and International Investment Position Manual (BPM6)*. This manual will offer updated guidance on many issues including the treatment of goods for processing (maquila operations), merchanting (transactions that do not involve physical possession), remittances, special purpose entities, and complex cross-border company structures. In addition, it will provide considerably more detailed guidance on the IIP and the impact of revaluation/volume changes on the value of external assets and liabilities. A revised draft of *BPM6* will be posted on the IMF's webpage early in 2008, with regional outreach seminars scheduled for the first half of the year.

Also, the Fund is participating in the international effort to bring the *System of National Accounts, 1993 (SNA 1993)* in line with emerging needs. Progress has been made in developing consistent approaches to address globalization issues such as allocation of multi-territory enterprises, non-permanent workers, goods for processing, and merchanting. In addition, guidance has been developed to deal with financial innovation, including index-linked debt instruments and retained earnings of mutual funds. Other emerging methodological improvements relate to public sector issues, most notably Public-Private Partnerships. Addressing longstanding needs, the update also includes guidance on measurement of the informal sector and the return to capital. The update is led by the Inter-Secretariat Working Group on National Accounts, comprising Eurostat, IMF, OECD, UN, and the World Bank. In February 2008, it presented Volume 1 of the manual—containing core chapters—to the UN Statistical Commission. Extensions, harmonization with other statistical systems, and related topics will be presented to the Commission in early 2009.

B. External Debt

The Fund has long been at the forefront of international efforts to improve external debt statistics, more recently through the Quarterly External Debt Statistics (QEDS) and the Joint External Debt Hub (JEDH). The QEDS, an online database launched by the Fund and the World Bank in November 2004, has improved access to timely quarterly external debt statistics. The database brings together external debt statistics for 60 countries, mostly SDDS subscribers, and was expanded in February 2008 to cover 14 low income countries that participate in the GDDS. The JEDH, jointly developed by the BIS, IMF, OECD and the World Bank, was launched in March 2006 and brings together national data available from

the QEDS and creditor/market data available from international agencies. Planned activities include expanding country coverage in the QEDS and reconciling creditor-based and debtor-based data in the JEDH.

C. Public Sector Debt and Local Bond Markets

Progress in the reporting of internationally comparable public debt data has been slow. Since the 2004 review, the Fund led development of a Public Debt Template (PDT) allowing a uniform presentation based on the *Government Finance Statistics 2001* and the *Debt Guide*, but a prototype compilation exercise elicited reporting from only a limited number of countries. The Fund has undertaken to populate the template with data available to international organizations, but early results point to considerable discrepancies across databases. STA is now working (in collaboration with AFR) on a streamlined version of the PDT tailored to the needs of low-income countries.

Work is also underway on improving data on local bond markets. The work program of the Inter-Agency Working Group on Securities Databases chaired by the Fund includes preparation of a guide focusing on methodology for compiling securities statistics. Also, development of the European Centralized Securities Database is underway.

D. Offshore Financial Centers

Given the importance of offshore financial centers (OFCs) for the intermediation of cross-country capital flows, the Fund has made efforts to improve their statistical coverage. A data collection exercise, the Information Framework, was initiated for OFCs in 2004. The goal of this initiative was to provide a common statistical template that would (i) help jurisdictions in their dissemination efforts, and (ii) provide the Fund with information for its ongoing monitoring of financial developments in these centers. The data collected are proving useful. The information collected complements the data collected by the Coordinated Portfolio Investment Survey (CPIS), and includes aggregate data on structural and activity indicators of the banking, insurance, and securities sectors, which has allowed for cross-country comparisons and helped staff to prioritize second round assessments and monitor developments. To avoid duplication, jurisdictions that provide data to the BIS authorize the BIS to transmit relevant locational banking statistics to the Fund.

**SECURITY AND REPORTING PROCEDURES FOR THE
CURRENCY COMPOSITION OF OFFICIAL FOREIGN EXCHANGE RESERVES (COFER)
DATABASE**

The COFER database is one of the most confidential databases maintained by the Fund, and is utilized only for the analysis of global balance of payments aggregates, with particular reference to capital movements. Individual country data are treated as strictly confidential and are never published or revealed in the aggregate data.

The security system for the COFER database has three main aspects: restricted access to the data, physical security of the questionnaires, and computer security of the database. Only four staff members in the Statistics Department, which collects and compiles the COFER data, have access to the individual country data. All other members of the Fund staff and management, Executive Directors, and those outside the Fund are denied access to these data, without exception.

For countries reporting data on COFER, the Statistics Department provides questionnaires for reporting the monetary authorities' holdings of foreign exchange denominated in U.S. dollars, euro, pound sterling, Swiss franc, Japanese yen, and other currencies. Most countries report the data through the Integrated Correspondence System (ICS), a secure web-based data reporting system developed by the Statistics Department. ICS is the recommended means for transmission of COFER data.

For countries not using ICS, questionnaires are mailed to the designated COFER country correspondent in March, June, September, and December. To ensure the physical security of the data, the questionnaire is sent in a sealed envelope within a second (outer) envelope that is addressed to the designated COFER country correspondent. Reporters are requested to follow similar security procedures by returning the completed COFER questionnaire in a sealed envelope, marked "Currency Composition Questionnaire—Confidential," to be delivered directly to the Statistics Department. This envelope is included, along with the other data provided to the Statistics Department, in an outer envelope addressed to the Director of the Statistics Department, with no outward indication that part of its contents is confidential. Countries returning the questionnaire by email are directed to use the secure address stacofe@imf.org.

To ensure the physical security of the questionnaire sent to the Statistics Department, the completed report forms are stored in a secure filing location. COFER data are maintained in a separate secure database that can be accessed only by the four staff members mentioned above.

RECENT DATA IMPROVEMENTS THROUGH THE STANDARDIZED REPORT FORMS (SRFs)

Coverage in Monetary Statistics

In addition to improved classification and sectorization, the introduction of SRF-based monetary and financial statistics (MFS) has often resulted in broader coverage. For instance, in *Bangladesh* and *Colombia*, the introduction of SRFs led to a revision in credit of about 30 percent—as expanded coverage included the national savings scheme and the savings and housing corporations. Similarly, expanded coverage and improved classification (e.g. reporting credit to other financial corporations) led to significant revisions in credit aggregates for *Canada* and *Japan*. Countries have also used the SRFs to include reporting by off-shore banks (*Guatemala*). In addition, there are cases where improved classification and sectorization has facilitated a better understanding of financial sector financing of the public sector (*Mauritius*, *South Africa*, and *Swaziland*).

With the growing importance of deposit-taking by nonbanks, compilers in many countries have included data on nonbank liabilities in the monetary aggregates. This has been done even when the full balance sheet of those institutions has not been consolidated with the rest of the financial system. In *Brazil*, for example, with technical assistance from the Fund, financial investment funds (FIFs) were consolidated with other banking institutions into an expanded survey of other depository corporations; in this case, the assets/liabilities of FIFs amounted to the equivalent of 40 percent of the total for the banking sector. Similarly, in *Turkey*, inclusion of money market funds in the MFS resulted in a revision of credit aggregates of about 8 percent, while the monetary aggregates (M3, national definition) increased by about 5 percent.

Balance Sheet Approach

Data from SRFs-based MFS allow tracking balance sheet vulnerabilities on a regular and timely basis (monthly with a delay of only one month). Mathisen and Pellechio (2007)³ offered guidance for constructing a matrix of intersectoral balance sheets for the key sectors of the economy using SRFs data along with data from the Quarterly External Debt Statistics database, and the Coordinated Portfolio Investment Survey. These data sources can be used to provide a comprehensive picture of net positions of one sector against another, along with the underlying claims and liabilities (including currency denomination). Two recent Article IV reports (**Croatia**⁴ and **South Africa**⁵) used this framework—adding maturity

³ Mathisen, Johan and Anthony Pellechio, 2007, *Using the Balance Sheet Approach in Surveillance, Framework and Data Sources and Availability* (Washington: International Monetary Fund).

⁴ Croatia—Selected Issues, IMF Country Report 07/82, February 2007; available at www.imf.org.

(continued...)

structure and sensitivity analyses—illustrating how this approach can be used to assess sectoral net exposures to specific financial shocks and the transmission of shocks across sectors. Nevertheless, both applications confirmed that improvements are still needed, particularly on the detail, frequency, and timely dissemination of relevant external sector, government debt, and household and corporate statistics, including on real assets and off-balance sheet liabilities.

⁵ South Africa— 2007 Article IV Consultation Staff Report; IMF Country Report 07/274, August 2007; available at www.imf.org.