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Topic (iv): Impact of the IMF SDDS on statistical practice

REPORT BY IMF

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Invited paper

I. INTRODUCTION

1. The International Monetary Fund's Special Data Dissemination Standard (SDDS) was established in April 1996 to guide countries that have, or that might seek, access to international capital markets in providing economic and financial data to the public. The background to the formation of the SDDS was the regional financial crisis in 1994–95, in which information deficiencies played a role. Subscription to the SDDS has been voluntary, and although the SDDS was not expected to prevent future crises, policymakers and market participants believed that greater transparency in data dissemination practices and improved access to data could attenuate future crises. Since its inception, the SDDS has had a major impact on the statistical practices of subscribers. The remainder of this paper focuses on this impact and the Fund's reaction to it.

II. THE SDDS AND CHANGES IN STATISTICAL PRACTICES

2. The SDDS was launched in 1996 with 26 subscribers. From 1997 to 1999, the number of subscribers increased steadily to a total of 47. The SDDS was fashioned as a best practice standard in all data categories and, therefore, no subscriber initially met all the requirements. Moreover, the differences in the economic development and statistical infrastructure among subscribers ensured that many would require substantial changes in data dissemination practices to meet the Standard. Therefore, a transition period was established through December 31, 1999 to make it possible for countries to subscribe without being in observance of all the requirements.

3. The transition period allowed subscribers to adopt so called "transition plans" to bring their data dissemination practices up to the SDDS requirements, while gaining recognition for their efforts by having their metadata posted on the Dissemination Standards Bulletin Board (DSBB). The 26 initial subscribers adopted a total of 214 transition plans to improve various data categories (Table 1).

4. Over the period through the end of 1998 the number of both subscribers and outstanding transition plans increased steadily. Although the formal transition period expired at the end of 1998, a large number of transition plans remained, as subscribers' progress in meeting the requirements of the SDDS had been less than expected. While a significant reduction in transition plans—which translates into improvements in data dissemination practices—was achieved in 1999 and the first months of 2000, Table 1 clearly shows that in some cases subscribers are not yet fully meeting the requirements of the SDDS.

¹ Prepared by Robert Di Calogero.

Table 1. The Data Dimension: Distribution of Transition Plans
Outstanding by Sector and Element 1/

(September 1996 through September 2000)

Subscribers 2/ 26 37 46 47 47

Coverage					
	1996	1997	1998	1999	2000
Real Sector	4	7	10	4	2
Fiscal Sector	33	50	69	33	10
Financial Sector	9	15	22	5	1
External Sector	15	23	21	7	2
Subtotal	61	95	122	49	15

Periodicity					
	1996	1997	1998	1999	2000
Real Sector	15	22	25	11	2
Fiscal Sector	15	26	31	6	2
Financial Sector	10	15	13	3	1
External Sector	4	10	7	1	0
Subtotal	44	73	76	21	5

Timeliness					
	1996	1997	1998	1999	2000
Real Sector	27	40	45	14	4
Fiscal Sector	31	44	35	12	6
Financial Sector	30	38	35	11	3
External Sector	21	30	21	6	1
Subtotal	109	152	136	43	14
Total All Sectors	214	320	334	113	34

Source: IMF staff.

1/ Plans identified at the end of the calendar years and based on the transition plans identified on the summary of observance for the subscribers whose metadata were posted on the DSBB at the end of the calendar year.

2/ Cumulative.

III. SDDS RELATED TECHNICAL ASSISTANCE

5. The SDDS was introduced to the international community through a series of three regional seminars for Asia and the Pacific region, Europe, and the Western Hemisphere conducted in 1996. These seminars were structured as seminar workshops to explain the requirements of the SDDS and illustrate how metadata would be prepared and disseminated under the standard. Given that the SDDS was aimed at countries with more developed statistical systems that already were providing an array of statistics to the public, technical assistance to help subscribers meet the standard was not envisaged to be a major concern. Nevertheless, given the diversity in the statistical infrastructure of subscribers and the fact that the SDDS was a demanding standard, the importance of assisting subscribers became manifest. Moreover, even in cases in which technical assistance to improve data dissemination practices was not an issue, the preparation of metadata suitable for dissemination on the Internet via the DSBB proved a daunting task and the authorities sought Fund missions to finalize the metadata.

6. As a consequence, there has been significant SDDS-related technical assistance during the first four years of the initiative (see Table 2). However, in the fiscal year beginning May 1, 2000, there has been a sharp decline in SDDS-related technical assistance as subscribers have completed their work programs to be in observance of the standard.

IV. STRENGTHENING OF THE SDDS AND ITS IMPACT ON TECHNICAL ASSISTANCE

7. The SDDS was fashioned as a best practice standard—i.e., it brought together the best practices in the dissemination of data critical for an assessment of macroeconomic policies in countries engaged in international financial markets. This approach implied that the technology or know-how for compiling and disseminating such data was widely known, if not practiced by subscribers and potential subscribers. Therefore, technical assistance by the Fund and other international or regional organizations to facilitate a country's subscription to the SDDS could draw upon the stock of existing knowledge or technology to assist subscribers in compiling and disseminating such data.

8. The Asian financial crisis, however, drew attention to the financial markets' needs for information—on actual and potential drains on international reserves and the structure and holdings of external debt—that were not being met, either by emerging market economies or industrial countries. The know-how required to compile such data was less widespread. The strengthening of the SDDS that ensued, therefore, required a different response from the Fund in terms of technical assistance to facilitate subscribers' observance of the new requirements. The Fund concentrated on developing and disseminating the statistical methodologies to enable subscribers to compile the new data categories and on training through regional seminars. In the area of external debt statistics, the IMF has conducted two regional seminars in Asia and Europe. Two more seminars are planned for the Western Hemisphere and Africa for the year 2001. The discussion at these seminars has been primarily focused on the draft document *External Debt Statistics: Guide for Compilers and Users (Debt Guide)*, which was prepared by the IMF-chaired Inter-Agency Task Force on Finance Statistics. The seminars provide the ideal forum for receiving useful feedback from subscribers and are also used to identify the key areas where future technical assistance may be needed.

Table 2. SDDS Related Technical Assistance Provided by STA

(In Staff Weeks)

Fiscal Year 1/	1997	1998	1999	2000	2001 2/	Total
Missions						
National accounts	24	18	18	12	--	72
Balance of payments	12	6	25	24	--	67
Money and Banking	--	24	16	18	4	62
Multisector	60	60	30	60	--	210
Government finance	6	12	--	--	--	18
SDDS 3/	26	48	31	10	4	119
Subtotal	128	168	120	124	8	548
Seminars						
SDDS Regional seminars 4/	26	--	--	--	--	26
Quarterly national accounts	12	--	30	1	--	43
Reserves template	--	--	--	1	16	17
External Debt Guide	--	--	--	4	4	8
Macroprudential indicators	--	--	--	5	--	5
Subtotal	38	--	30	11	20	99

1/ The fiscal year covers the period May 1 through April 30.

2/ Through September 30, 2000.

3/ SDDS consultation, SDDS assessment, and metadata

4/ The SDDS seminars were held in three countries (Chile, Switzerland and Thailand) and had a total 52 countries participating with 142 total

4. The strengthening of the SDDS in international reserves also was undertaken through widespread consultation by the Fund with both users and providers of data to determine the needs of users and the constraints on providers of data in meeting the new requirements. Specifically, the template on international reserves and foreign currency liquidity was developed jointly by the IMF and a working group of the Committee on the Global Financial System of the Group of Ten central banks. The IMF has issued the Operational Guidelines for the Data Template on International Reserves and Foreign Currency Liquidity to assist subscribers in compiling the template data. The IMF conducted two regional seminars in Thailand and Mexico and also had a meeting with member countries at the European Central Bank on the guidelines in Portugal. Also, discussions were held with a number of member countries and in international fora on the Operational Guidelines prior to publication. Finally, in balance of payments' training seminars, participants have been introduced to the international reserves and foreign currency liquidity data template.

5. Also, as the SDDS focused attention on the importance of quarterly national accounts as an indicator of economic activity for policymakers and market participants, the demand for both technical

assistance and training in this area increased. In response, the IMF has conducted several regional training seminars in Asia and the Middle East, as well as technical assistance to member countries. As a result of the technical assistance, some subscribers have been able to meet the SDDS requirements for quarterly national accounts and others were able to extend the coverage or improve the timeliness of these data in conjunction with their SDDS subscription. Moreover, the considerable demands from subscribers, and Fund members more generally, for a practical guide or text for developing quarterly national accounts has led to the development of a manual on quarterly national accounts compilation by the Fund.

V. THE SDDS AND THE USE OF THE INTERNET

6. The development of the SDDS has paralleled the growth in the use of the Internet in the dissemination of economic data by countries and, to a degree, has fostered this growth. At the inception of the SDDS in 1996, less than half of the data categories disseminated by the initial 26 subscribers were available over the internet (see Table 3). By September 2000 almost all the SDDS data categories disseminated by the now 47 subscribers were available over the internet (96 percent), either on the National Summary Data Pages (NSDPs) required by the SDDS or on national web sites maintained by subscribers or on both.

7. The requirement for an NSDP under the SDDS reinforces for both subscribers and users the importance of the Internet as the primary medium for the dissemination of data and other information in the context of the new information architecture that undergirds the Fund's transparency initiatives. The dissemination of data on the NSDP that are linked to metadata on the DSBB creates a powerful tool for users to better understand the data they employ in their analyses. This has given rise to the dissemination of metadata, standardized on the SDDS format, for non-SDDS data series disseminated by regional organizations, such as Eurostat and the European Central Bank. The Fund has worked closely with these organizations to develop these metadata for euro-area indicators and monetary aggregates for dissemination on their web sites. Such information enhances the value of information already available on the DSBB.

VI. SUMMARY AND CONCLUSIONS

8. The SDDS was initially conceived as a best practice standard aimed at countries active in financial markets and with developed statistical systems; therefore, technical assistance to enable subscribers to meet the standard was not envisaged to be a major concern.

9. However, the diversity of subscribers and the high level of the standard made the need for technical assistance manifest and the Fund responded with traditional technical assistance aimed at bolstering statistical systems, especially in national accounts and balance of payments statistics.

10. As the SDDS was strengthened beyond a best practice standard to address new information needs the focus of technical assistance has been adapted to put emphasis on the development of guides and manuals and seminars aimed at training in the new methodologies. This focus continues today in the Fund's technical assistance efforts for the new Debt Guide.

11. The development of the SDDS has contributed to the widespread use of the Internet in the dissemination of both data and metadata through the requirement of a NSDP and the adoption of the SDDS format by other organizations in the dissemination of their metadata.

Table 3. Data Disseminated by SDDS Subscribers via the Internet

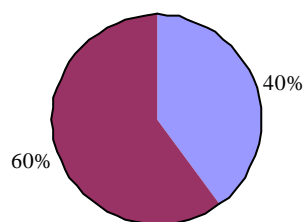
	September 1996	September 2000
Number of subscribers 1/	26	47
Number of National Summary Data Pages (NSDP) 2/	0	36
Number of data categories disseminated	520	987
Of which:		
Disseminated on the Internet	207	943
Not disseminated on the Internet	313	39

1/ From the date when subscribers were posted on the DSBB for the first time.

2/ From the beginning of the SDDS, it was clear that users of the DSBB would find it more useful if there were a direct link to actual economic and financial data. To that end, hyperlinks from the DSBB to country web sites (National Summary Data Pages) were put in place at the beginning of April 1997.

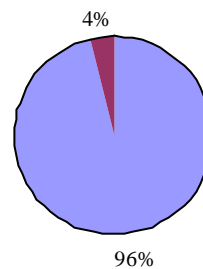
3/ The total of data categories is the result of multiplying the data categories required by the SDDS by the number of subscribing countries. There were 26 subscribers in 1996 and 47 in 2000.

Percentage of Categories in 1996



■ On the Internet ■ Not on the Internet

Percentage of Categories in 2000



■ On the Internet ■ Not on the Internet

VII. QUESTIONS FOR DISCUSSION

1. Has subscription to the SDDS helped raise the profile of official statistics among policy makers and secure additional resources for the compilation and dissemination of statistics?
2. What role could the Fund play in the future to help SDDS subscribers draw attention to the importance of official statistics?
3. How do you assess the Fund's role in helping SDDS subscribers meet the requirements of the Standard through technical assistance and training as well as the provision of methodological guides and manuals?
4. What role should the Fund play in the future in assisting subscribers to meet SDDS requirements?
5. What role should the Fund play in promoting the adoption of advanced information technology via the DSBB?