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**Report on Work Program of Inter-Agency Task Force on Finance Statistics  
and Related Issues**

**Prepared by the Statistics Department  
International Monetary Fund**

## **Report on Work Program of Inter-Agency Task Force on Finance Statistics and Related Issues**

### **1. Introduction**

This note provides an overview of the activities of the Inter-Agency Task Force on Finance Statistics<sup>1</sup> (TFFS) with special focus on activities since the October 2000 meeting of the IMF Committee on Balance of Payments Statistics.<sup>2</sup> It covers three topics: (i) work on the new guidelines for external debt statistics, (ii) regional external debt seminars to promote the new guidelines and to raise awareness of the new standards for the dissemination of external debt data under the Fund's data standards initiatives, and (iii) related work on external debt statistics under the data standards initiatives.

### **2. *External Debt Statistics: Guide for Compilers and Users***

In June 1999, the TFFS agreed an outline to prepare a new international statistical manual on external debt statistics—*External Debt Statistics: Guide for Compilers and Users (Debt Guide)*, which would update *External Debt: Definition, Statistical Coverage and Methodology* (widely known as the *Grey Book*) that was published in 1988 by the BIS, IMF, OECD, and World Bank. In March 2000, a first, although incomplete, draft of the *Debt Guide* was made available to member countries of the IMF and other international agencies involved in the TFFS. This version was used for training purposes. In October 2000, the TFFS discussed a second draft of the *Debt Guide*, which after further consultation among TFFS members was posted on the Fund's website in March 2001. The Fund wrote to its member countries and to users from a variety of countries inviting comments, and comments were also requested from users of the Fund's website. Correspondence was received from the authorities and others in 36 countries and five regional organizations covering all regions of the world.<sup>3</sup>

Overall, the draft *Debt Guide* was well received. While there were numerous suggestions for enhancement, commentators were generally very positive towards the *Debt Guide*. Many agencies welcomed the harmonization of external debt guidelines with other international statistical guidelines, notably the *System of National Accounts, 1993* and the *Balance of*

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<sup>1</sup> The Task Force is chaired by the Fund and its recent work has included representatives from the Bank for International Settlements, the Commonwealth Secretariat, the European Central Bank, the European Statistical Office, the International Monetary Fund, the Organisation for Economic Co-operation and Development, the Paris Club Secretariat, the United Nations Conference on Trade and Development, and the World Bank.

<sup>2</sup> A report on the TFFS's work program before October 2000 can be found in BOPCOM-00/18.

<sup>3</sup> The IMF will write to all those agencies that provided written comments to explain the way forward agreed by the TFFS. It will also provide a note that summarizes the main issues, along with the written public comments (without attribution to the individual contributors).

*Payments Manual, fifth edition.* While the *Debt Guide* provided options for the measurement and presentation of the gross external debt position, a clear view emerged that the *Debt Guide* needed to be more prescriptive. Two issues in particular attracted comment. Regarding the valuation of traded debt securities, some agencies favored market valuation and others nominal valuation. A typical comment was that there were advantages (and disadvantages) in both measures. On the inclusion of accrued interest in the measurement of external debt, some agencies favored the inclusion, while others did not. Virtually all those against inclusion argued on practical compilation rather than on conceptual grounds. The *Grey Book* explicitly excluded accrued interest from the measurement of external debt.

The TFFS has carefully reviewed the comments on the draft, and others received at the regional seminars on external debt statistics (discussed below), and set about revising the draft *Debt Guide*. A revised draft was prepared for a meeting of the TFFS scheduled to be held in mid-September but which was cancelled in light of the tragic events that took place in the United States on September 11. Alternative arrangements have been made for the TFFS to agree upon the required changes to the *Debt Guide*. It is expected that a final draft of the *Debt Guide* will be posted on the IMF's website before the end of the year. At the same time, the *Debt Guide* will be sent for editing. Thereafter, it will be prepared for hardcopy publication, which is expected in 2002. The *Debt Guide* will be translated into Spanish, French, Russian, Chinese, and Arabic.

### **3. Regional Seminars on External Debt Statistics**

The Fund, with the assistance of the other agencies represented on the TFFS, conducted six regional seminars on external debt statistics between March 2000 and June 2001. Funding for some of the seminars has been provided by Japan under the Administered Account for Selected Fund Activities. Since October 2000, seminars were held at the Center for Latin American Monetary Studies, Mexico in March 2001 (one week) for Latin American countries; the South African Reserve Bank College in May 2001 (one week) for English-speaking countries in Africa; Fund headquarters in May (one day) for the United States and Canada; and the European Central Bank in June (one and a half days) for mainly West European countries.<sup>4</sup> A seminar for Middle Eastern countries was to be held at the Bahrain Monetary Agency in October 2001, but has been postponed until a later date.

The target audience for all seminars has been the countries subscribing to the IMF's Special Data Dissemination Standard (SDDS), given their need to disseminate external debt data by September 2003 (see below). Other countries invited to the regional seminars, dependent upon

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<sup>4</sup> Previous seminars were conducted at the IMF-Singapore Regional Training Institute (March 2000) and at the Joint Vienna Institute (August 2000). The Australian Bureau of Statistics and the Singapore Department of Statistics assisted in the presentation of the first seminar.

space availability, have been countries participating in the IMF's General Data Dissemination System (GDDS) and other systemically important countries in the region in which the seminar is held.

So far, 180 representatives from 69 economies have participated in the seminars. Every SDDS subscriber has had the opportunity to be represented at a seminar except for one, which was to be represented at the seminar in Bahrain.

As a result of the seminars, the Fund believes that there is a high level of awareness of the importance of compiling external debt data, of the data dissemination requirements, and of the need to plan ahead to improve coverage and quality. Many themes have been consistent across the regions:

- The need to strengthen inter-agency co-operation, given that the compilation of external debt data frequently involves more than one agency, for example a central bank and a ministry of finance.
- The need to strengthen the legal base to require reporting of data for statistics, particularly for the nonbank private sector.
- A general welcoming of the idea of deriving external debt data from the international investment position (IIP) statement, and hence making external debt compatible with the macroeconomic family of data series.
- A need to improve coverage of the nonbank private sector, of trade credit, and of investment by nonresidents in traded securities.

In addition to rescheduling the seminar for the Middle Eastern countries, there are plans to conduct two additional external debt seminars in 2002—at the Joint Vienna Institute in June 2002 for transition countries in Eastern Europe and Asia and at the Joint African Institute in October 2002 for French-speaking African countries. While the initial seminars were aimed at managers and senior compilers and focused on the development of action plans to improve external debt data, it is envisaged that the seminars in 2002 will be aimed at mid-level compilers and will more comprehensively cover the methodology and practice of compiling external debt statistics.

Around six/nine months after each seminar, the Fund approaches those countries that attended the seminars to check upon progress in developing external debt statistics and to determine whether further training and technical assistance are needed.

#### **4. Fourth Review of the Fund's Data Standards Initiatives**

On July 23, 2001, the Fund's Executive Board concluded its fourth review of the Fund's data standards initiatives—SDDS and GDDS.<sup>5</sup> Directors observed, among other things, the steady improvement in data disseminated in the template on international reserves and foreign currency liquidity, particularly in terms of classification and coverage. Most Directors supported the retention of the current prescriptions of monthly periodicity and monthly timeliness (rather than changing to weekly periodicity and weekly timeliness). Directors will have the opportunity to revisit this issue at the next review of data provision to the Fund in March 2002.

Directors welcomed the progress made in the area of external debt statistics. They noted the work being done to finalize the *Debt Guide* as well as the positive response from Fund membership to the series of seminars. The implementation of the new external debt data category will be discussed during the next review of the Fund's data standards initiatives in the second half of 2003.

#### **5. SDDS Transition Period for the External Debt and IIP Data Categories**

For the external debt data category, the SDDS transition period ends on March 31, 2003. The SDDS prescription calls for the dissemination of quarterly external debt statistics within one quarter of the reference period, with information to be disseminated for the debt of general government, the monetary authorities, the banking sector, and other sectors. Data should also be broken down by maturity—short-term and long-term—on an original maturity basis and by instrument, as set out in *BPM5*. Dissemination of prospective debt service schedules twice yearly and a domestic-foreign currency breakdown of external debt quarterly are encouraged. Given that the external debt data prescription has quarterly periodicity and one-quarter timeliness, data for the quarter ending on June 30, 2003 must be disseminated by end-September 2003.

The SDDS transition period for the IIP statistics ends on December 31, 2001. Given that IIP data are to be disseminated with annual periodicity and six months timeliness, data for end year 2001 must be disseminated no later than June 30, 2002 (or September 30, 2002 provided the subscriber is disseminating quarterly external debt data with a one-quarter lag). The Fund currently publishes member-country IIP data and is giving consideration to the collection and publication of quarterly external debt statistics in the future.

*At the Committee meeting, the IMF would welcome news on progress in meeting these SDDS requirements for IIP and external debt data from those Committee members from SDDS-subscribing countries.*

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<sup>5</sup> See IMF Executive Board Reviews Data Standards, Public Information Notice (PIN) No. 01/101 (copy attached). The paper discussed by the Executive Board is on the Fund's website (<http://www.imf.org>).

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## IMF Executive Board Reviews Data Standards

On July 23, 2001, the Executive Board concluded policy discussions on the International Monetary Fund's (IMF) [Special Data Dissemination Standard](#) and [General Data Dissemination System](#). This was the [Fourth Review of the Fund's Data Standards Initiatives](#).

### Background

The Fund's Data Standards Initiatives aim to enhance the availability of timely and comprehensive statistics and therefore contribute to the pursuit of sound macropolicies and to the improved functioning of financial markets.

The Special Data Dissemination Standard (SDDS) was established in 1996 to guide countries that have or might seek access to international capital markets in the provision of data to the public. There are currently 49 subscribers to the SDDS—Brazil and Tunisia subscribed in March and June 2001, respectively. Subscription is voluntary, however, subscribers undertake to follow the SDDS requirements with respect to the coverage, periodicity, and timeliness of the data and the dissemination of advance release calendars identifying when data are to be released. Subscribers also undertake to pursue good practice with respect to the integrity and quality of the data. SDDS subscribers provide information about their data dissemination practices for posting on the Internet on the Dissemination Standards Bulletin Board (DSBB) at <http://dsbb.imf.org>. Subscribers are also required to maintain an Internet website, referred to as a national summary data page (NSDP), which contains the actual data and to which the DSBB is electronically linked.

The General Data Dissemination System (GDDS) was established in 1997 as a framework for countries to improve their statistical systems to meet the evolving requirements of the user community. The GDDS fosters the application of sound methodological principles, the adoption of rigorous compilation practices, and the observance of procedures that ensure professionalism and objectivity. Countries that participate in the GDDS provide metadata describing their data dissemination practices and detailed plans for improvement for posting on the DSBB.

The Executive Board's *Fourth Review* discussed observance of the SDDS, the template for the dissemination of reserves data, the development of the external debt data category, and the GDDS. In addition, the Board reviewed the staff's proposal to integrate an assessment methodology, called the Data Quality Assessment Framework (DQAF), into the structure of the data module of the Reports on Observance of Standards and Codes (ROSCs), as a central element of a Data Quality Assessment Program (DQAP). As background for the Board discussion, the staff prepared a supplement on the *Data Quality Assessment Framework*, which describes the DQAF and its role in providing a common structure for the assessment of data quality.

### **Executive Board Assessment**

Executive Directors welcomed the opportunity to review the experience under the Fund's data standards initiatives, and to consider proposals for their further refinement and consolidation. They expressed their strong appreciation to the staff for its work in this area. Directors welcomed the consultative approach applied in strengthening the design and implementation of these initiatives, and stressed that the voluntary nature of the initiatives as well as the cooperative approach to their implementation should remain important characteristics in moving forward. They also welcomed the substantial progress achieved in recent years under the Fund's data initiatives, which has further raised the Fund's standing as a center for dissemination of economic and financial statistics.

Directors highlighted the importance of members' data dissemination efforts for improved transparency and crisis prevention. They commended national authorities on the substantial progress achieved so far, as evidenced by the strong increase, since last year's review, in the number of countries meeting the specifications of the Special Data Dissemination Standard (SDDS). Directors welcomed Brazil's and Tunisia's subscription to the SDDS, which increases the number of subscribers to 49. They were also encouraged that participation in the General Data Dissemination System (GDDS) is increasing at a satisfactory pace (with 32 members participating), and in line with the target set at the Third Review of the Fund's Data Standards Initiatives. However, several Directors expressed concern that many Fund members have still not taken part in the Fund's data dissemination initiatives. Directors therefore encouraged other countries, several of which are already working with the Fund toward participation, to join the initiatives, with the Fund providing timely technical assistance, as appropriate.

Directors noted that, with few exceptions, all subscribers have come into observance of the SDDS. They confirmed the procedures to address instances of nonobservance established as part of the Second Review of the SDDS. Directors agreed that placing a notice on the Dissemination Standards Bulletin Board (DSBB)—identifying a subscriber that is not in observance of the Standard, indicating the nature of nonobservance, and stating the authorities' time-bound plans for coming into observance—should provide a sufficient incentive to subscribers to address observance issues while maintaining the credibility of the Standard. A number of Directors felt that the ultimate sanction of removing a subscriber's

metadata from the DSBB should a subscriber fail to come into observance as envisaged might have to be considered, but others recommended caution or a gradual approach, and several were opposed to the use of this measure, as it might be counterproductive by tending to reduce transparency. The staff will monitor progress of subscribers in following their posted plans.

Directors welcomed the commencement of staff monitoring of the observance of the SDDS in July 2000. They were encouraged by the steady improvement in the ability of subscribers to meet their release dates and in the timeliness of dissemination of most data categories, as well as by the increase in the number of countries establishing hyperlinks from their National Summary Data Pages (NSDPs) to the DSBB. Directors expected that the quarterly updates on the SDDS will increase awareness of the progress achieved and give the SDDS initiative more prominence.

Directors recognized the increased interest in the SDDS among users as evidenced by the increase in the usage of the DSBB and the feedback from the Fund's outreach efforts. They supported the staff's plans to strengthen further its outreach efforts through seminars on international standards and codes, as well as leveraging the opportunities afforded by Report on the Observance of Standards and Codes (ROSC) missions and surveys of the DSBB's users to solicit views.

Directors observed the steady improvement in data disseminated in the template on international reserves and foreign currency liquidity, particularly in terms of classification and coverage. Currently, all subscribers are disseminating template data over their national websites. They welcomed the establishment of a common voluntary database for template data and its redissemination over the Fund's website, in which most subscribers and one nonsubscriber are participating. Stressing the importance of frequent and timely template data, though noting that moving to weekly periodicity and weekly timeliness would be premature or inappropriate, most Directors supported the retention of the current prescriptions of monthly periodicity and monthly timeliness. A few Directors, however, would support the early adoption of weekly periodicity and timeliness. Directors will have the opportunity to revisit this issue at the next review of data provision to the Fund in February 2002.

Directors welcomed the progress made in the area of external debt statistics. They noted the work being done to finalize the *Debt Guide* as well as the positive response from Fund membership to a series of seminars to raise awareness of the data dissemination standards for external debt and ascertain the extent to which countries are progressing toward meeting these requirements. The implementation of the new external debt data category will be discussed during the next review of the Fund's data standards initiatives.

Directors welcomed the establishment of a GDDS unit as well as the close collaboration between the Fund and the World Bank staffs with regard to the articulation of the socio-demographic component of the GDDS and the development of metadata for

countries wishing to participate in the GDDS. They supported the continued provision of technical assistance to countries interested in GDDS participation, as well as to help existing participants fulfill action plans for improving their statistical systems.

Directors welcomed the development of the Data Quality Assessment Framework (DQAF), and most supported its integration into the data module of the ROSC. A few Directors would prefer some further experimentation before taking that step. The structure of the ROSC module will be preserved, whereby the module will continue to provide a summary assessment of a member's observance with the data dissemination standards complemented with a summary assessment of data quality. Directors stressed that the framework should be applied with appropriate flexibility, taking into account country-specific circumstances."

Most Directors agreed that the DQAF also has a broader application in providing guidance to data users and providers, as well as to the Fund in support of its surveillance and technical assistance activities on data quality. They endorsed the integration of the Fund's various applications of the DQAF in an overall data quality assessment program (DQAP) that will focus initially on data quality in the context of standards assessment.

While some Directors supported the principle of including Macroprudential Indicators (MPIs) in the SDDS framework, at least as an encouraged element, given the demonstrated importance of sound financial sectors in preventing crises, most Directors considered such a decision to be premature in view of the still substantial limitations on the availability, methodological soundness, and international comparability of the underlying data. A number of Directors considered that MPIs should not be included in the SDDS, even at a later stage, so as not to discourage new subscriptions and not to overburden existing subscribers. The possible role of MPIs within the SDDS will be revisited on the occasion of the next review of the Fund's data standards initiatives. It is expected that work on a *Compilation Guide on MPIs*, which would provide a frame of reference for the discussion of the possible inclusion of MPIs in the SDDS, should be complete by that time.

Several Directors also cautioned against adapting the SDDS to specific policy frameworks, including for example countries with inflation-targeting regimes. More generally, several Directors expressed concern at the implications of broadening the SDDS for existing as well as potential subscribers. A number of Directors said that the initiative would benefit from a period of consolidation.

Looking ahead, Directors broadly agreed that the Fund's data standards would need to be updated to take into account the latest developments in statistical methodology for monetary and financial statistics as well as government finance statistics. They also supported efforts to implement an open exchange system for the distribution and exchange of statistical information on the Internet, which will enhance the functionality and user friendliness of the DSBB.

Most Directors agreed that the next review of the Fund's data standards initiatives should take place in the second half of 2003, although a number of Directors would have preferred a somewhat earlier date. Clearly, the momentum achieved thus far should not be lost as a result of this longer time span.

**Public Information Notices (PINs)** are issued, (i) at the request of a member country, following the conclusion of the Article IV consultation for countries seeking to make known the views of the IMF to the public. This action is intended to strengthen IMF surveillance over the economic policies of member countries by increasing the transparency of the IMF's assessment of these policies; and (ii) following policy discussions in the Executive Board at the decision of the Board.

