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The IMF's Work on Data Quality: An Update

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I. INTRODUCTION

1. In October 2000, the BOP Committee devoted one day to a discussion of the Data Quality Assessment Framework (DQAF) for balance of payments (BOP) statistics. The Fund staff presented an overview of its work, and the DQAF for BOP was presented for discussion. This note presents an update.

2. To recapitulate, the DQAF is a methodology for assessing data quality that brings together best practices and internationally accepted concepts and definitions in statistics. The DQAF was developed in response to heightened interest in data quality, including but not limited to the call by policy makers and market analysts for more emphasis on data quality in the wake of financial crises in recent years. The DQAF lays out a comprehensive and systematic framework to assess data quality across the full range of countries, from those with comprehensive statistical systems to less well developed ones. A dataset-specific framework had been developed for each of the Fund's core macroeconomic datasets, including one on balance of payments statistics.

3. The BOP Committee discussed at some length the proposed framework for assessing the quality of BOP statistics, which references the methodology laid out in the *Balance of Payment Manual* 5th edition (*BPM5*). In the course of last year's discussion, some suggestions were made, as noted in the Committee's Annual Report for 2000, to develop a guidance note, a glossary for terms not defined in the *BPM5*, and guidance on applying the framework.

II. DEVELOPMENTS IN THE LAST YEAR

4. In **December 2000**, the Statistics Department co-hosted a seminar on data quality with the Korean National Statistical Office. The three-day seminar was attended by 45 experts from 18 national statistical offices and seven international organizations, who exchanged expertise and experience about initiatives to assess and safeguard the quality of statistics. IMF staff presented a paper that discussed the motivations for the work on data quality, described the DQAF, and considered a range of applications by statistical agencies, international organizations, and others. The paper included the BOP statistics DQAF (the same vintage as discussed at the BOP Committee meeting). The seminar's report included the following paragraph:

Appreciation was expressed for the IMF's work on data quality, specifically the Data Quality Reference Site on the Internet and the comprehensive data quality assessment framework being developed. These were viewed as global initiatives to enlighten users on the quality of official statistics and to support countries in their efforts to improve the quality of their statistics. The IMF was

encouraged to continue work on the generic and specific assessment frameworks, using the interactive, consultative processes it had applied so far. In particular, the IMF was encouraged to expand the number of specific frameworks, including through cooperation with other international organizations on datasets outside of the IMF's core focus.¹

5. By **January 2001**, the Statistics Department had refined the DQAF, on the basis of comments from the BOP Committee, the Korea conference, and its own field testing. It began using the DQAF on an experimental basis in the Fund's exercise of Reports of Observance of Standards and Codes (ROSCs).² Among those who volunteered to participate in the experimental phase were some countries whom we could count on to give candid feedback, which was most valuable for refining the framework. Several of the ROSCs conducted in the first half of 2000, including those of Chile, Hungary, and Sweden, have been posted on the web.

6. Meanwhile, consultations on various aspects of the DQAF continued. The DQAF was presented and discussed in several meetings—the Government Finance Statistics Expert Group Meeting (Washington, D.C., January 2001), the International Conference on the Quality of Official Statistics (Stockholm, May 2001), and the OECD-Singapore Meeting on the Consumer Price Index (Singapore, June 2001).

7. The Data Quality Reference Site on the Internet (<http://dsbb.imf.org>) was enlarged and updated to feature new work on data quality, including IMF staff work in progress. For example, in **April 2001**, a draft glossary of key terms in the DQAF was posted as a

¹See Korea National Statistical Office and International Monetary Fund, Proceedings of the Statistical Quality Seminar 2000. See also the following article on the Fund's website: "[Further Steps Toward a Framework for Assessing Data Quality](http://dsbb.imf.org/dqrs_work.htm)" (May 2001). http://dsbb.imf.org/dqrs_work.htm.

²The ROSCs, prepared by IMF staff, summarize the extent to which countries observe certain internationally recognized standards. The adoption of internationally recognized standards, or codes of good practices, can help to improve economic policy making and strengthen the international financial system. The international community has called upon the IMF and other standard setting agencies to develop standards/codes covering a number of economic and financial areas, including data dissemination, fiscal, monetary and financial transparency, and others. In the area of data dissemination, the SDDS and GDDS are the relevant standards. Reports are prepared and published on a voluntary basis. They are used to help sharpen policy discussions with national authorities; by rating agencies in their assessments; and in the private sector for risk assessment. Short updates are produced regularly and new reports are produced every few years, see <http://www.imf.org/external/np/rosc/rosc.asp>.

consultative document, and comments were invited.³ The site now has hyperlinks to sites about various meetings on data quality.

8. In **July 2001**, the IMF Executive Board discussed the data dissemination initiatives. A supplement paper on the DQAF was submitted to the Board for discussion. The Board welcomed the development of the DQAF and concluded that the assessment of data dissemination practices in data ROSCs would henceforth be complemented with an assessment of data quality, using the methodology of the DQAF. The Board further endorsed the broader application of the DQAF in providing guidance to data users and providers, as well as to the Fund in supporting its surveillance and technical assistance activities. 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.⁴

III. CURRENT STATUS

9. The experience to date shows that the DQAF is a useful and robust tool for assessments of statistical systems. Several efforts are underway to continue its evolution:

- The dataset-specific DQAFs have been revised, in line with the generic framework presented in the Review of the Fund's data standards in July 2001. Having been relatively tolerant of some differences to take advantage of the experimental phase during the past year, the dataset-specific DQAFs were brought into closer harmony. Specific provision was made, however, to deal with new methodological manuals for government finance and for monetary and financial statistics. The DQAF for balance of payments tabled for the Committee Meeting is the result of this process. It is expected to be the vintage used—e.g., in ROSCs—for at least the next year.
- The World Bank's Development Data Group is preparing a DQAF for household income and consumption surveys, thus extending the framework to datasets measuring poverty.
- The Statistics Department is exploring the use of the DQAF structure for our own technical assistance work, especially for project evaluation and monitoring. Initial research suggests that the DQAF can enhance the Fund's Project Management

³The consultation paper is not currently on the website. A revised glossary is in preparation.

⁴For a summary of the Board meeting, see <http://www.imf.org/external/news.htm>; go to Public Information Notices (PIN) and look for No. 01/101. The full text of the Fourth Review of the Fund's Data Standards and Initiatives is on the Fund's webpage, <http://www.imf.org/external/standards/index.htm>; go to Data Dissemination and then SDDS, scroll down to SM/01/208 Supp.1.

System, which is currently used to plan, monitor, and evaluate technical assistance in statistics at the Fund. The inclusion of the DQAF in project monitoring strengthens the management system especially regarding the sustainability of technical assistance projects.⁵

- In the Paris21 Task Team on Statistical Capacity Building Indicators, consideration is being given to adapting the DQAF structure to measure statistical capacity building, for countries receiving assistance from multilateral and bilateral donors.⁶

⁵Tom Morrison and Sarmad Khawaja, The IMF's Project Management System for Planning and Monitoring Technical Assistance in Statistics – Experience and Future Directions, September 2001, presented at Paris21 Task Team on Statistical Capacity Building in Washington, D.C.

⁶The Task Team includes the United Nations Statistical Division (UNSD), some United Nations regional economic commissions (ECLAC, ECE), Afristat, and IMF as convener and the World Bank as secretariat. Its inaugural meeting was in May 2001 and its mission is to develop indicators of statistical capacity.