
IMF's New Data Standards Online

WHEN corporations want to issue stock on an exchange, they typically offer investors a regular and timely flow of corporate financial statements that have been vetted using generally accepted accounting principles—otherwise, a stock exchange listing is not likely. But when countries—particularly developing ones—want to tap capital markets, investors are often left to wonder: How reliable are the data used to analyze the country's economic prospects? Is the methodology very different from that used by other countries? Are there reasons to doubt the integrity of the data? When will new data come out?

These unanswered questions—reflecting a lack of uniformity in data provision—have long impeded the efficient operation of capital markets, raising the costs of doing business. In an era of increasing globalization of financial markets, the need for answers has taken on a new urgency—as underscored by the turbulence in international markets in late 1994 and early 1995 following the Mexican financial crisis.

For this reason, the Interim Committee of the Board of Governors—the IMF's advisory body—asked the IMF in April 1995 to establish standards to guide countries in publishing a regular and timely flow of comprehensive economic and financial data. The goal is to help reduce surprises for markets and aid policymakers in implementing sound economic policies. One year later, a framework is now in place. And, before the year is out, the general public should be able to bone up on various countries' data practices by tapping into an IMF bulletin board in cyberspace.

A two-tier standard

The new data publication standards consist of two tiers: (1) a *general standard*, which provides guidance to all member countries for publishing data; and (2) a *special standard*, which provides guidance to countries participating in international financial markets, or aspiring to do so.

The details of the special standard, or second tier, were hammered out after extensive consultations with producers and users of statistics—paying special attention to the needs of capital markets. In late 1995, IMF staff visited 23 countries and several international organizations, and corresponded with government officials in another 42 countries. The initial proposal for the special standard was released to the public for further discussion in February 1996—the first time the IMF had ever issued a draft policy document for public comment.

As of April, countries wishing to sign up for the special standard could do so, although they will have until the end of a transition period that finishes at the close of 1998 to bring their statistical practices fully into line with the standard, seeking technical assistance if needed. These countries, expected to eventually include 40–60 industrial and emerging market economies, will be required to provide the IMF with relevant “metadata”—a statistical term for information about data (e.g., measurement characteristics and calendars for release of data). The requirements of the first tier—the general standard—are now being readied.

The two tiers have the same four dimensions, with the second tier setting tougher norms for the first dimension.

• **Coverage, periodicity, and timeliness.** The standards call for publishing official statistics that shed the most light on macroeconomic policies and performance. These statistics cover four areas: the real sector (GDP, production, employment, and prices), the fiscal sector (government deficits and their determinants), the financial sector (money, credit, and related

variables), and the external sector (international reserves, exchange rate, debt, trade, and balance of payments). The standards also set norms for the frequency of compilation and the speed of dissemination (e.g., second-tier participants must provide data on international reserves on a monthly basis within a week of the reference month).

• **Access by the public.** Given that dissemination is an essential feature of official statistics as a public good, the standards call for timely, nondiscriminatory, and ready access for all—including the advance dissemination of release calendars that indicate when data will be made publicly available.

• **Integrity.** Official statistics must enjoy the confidence of users. The standards include elements such as identifying the group of government officials who have advance access to the data before official release.

• **Quality.** Although the quality of statistics is difficult to define and judge, the standards require proxies of data quality that can be monitored (e.g., data for cross-checks) to help users make such judgments.

Electronic bulletin board

How will the public gain access to all this information? By the end of the summer of 1996, the IMF plans to launch a data dissemination bulletin board, which will be maintained at a World Wide Web site on the Internet. The bulletin board will publicly identify countries in the second tier, provide the relevant metadata, and let users know where they can obtain data for individual countries.

Market participants have indicated that the metadata should be extremely useful, as they often have trouble finding out release dates for data, the reasons for delays, and the methodology used to compile the data. The hope is that users will serve on the front line in monitoring compliance with the new standards—perhaps even calling a central bank directly if data are inexplicably late. **F&D**

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