

Evolution of Data Activities at the IMF: Progress Through Crises

8. The provision of data by member countries to the IMF is rooted in the IMF's Articles of Agreement.⁷ Specifically, Article VIII, Section 5(a) describes the obligations of member countries to furnish the IMF with “the minimum [information] necessary for the effective discharge of the Fund's duties. . . .” The provision of data by member countries has remained under review since the IMF's early years, and the information that is now expected to be provided by member countries has grown significantly beyond what is mandated by the Articles (De Las Casas, 2016).

9. While the evolution of data activities at the IMF has followed the changing needs of the institution, the process has been neither smooth nor continuous. Innovation has largely come in irregular spurts, often prompted by a crisis that laid bare some inadequacy in the existing statistical toolkit (Reichmann, 2016). Indeed, data deficiencies were identified among the contributing factors for failing to foresee and/or mitigate the severity of the major economic crises of recent times. Thus, concerted efforts at improving the Fund's statistical arrangements over the last three plus decades often sprang out of crises that had global systemic relevance:

- The *Latin American debt crisis* of the early 1980s prompted a sharp increase in the Fund's pre-occupation with statistical issues, in particular with the coverage and timeliness of external debt statistics, a forward-looking assessment of medium-term external debt sustainability for emerging markets, and the need to keep the Executive Board apprised of the state of the provision of statistics to the Fund.
- The *Mexican crisis* in 1994 revealed the importance for the prevention of crises of timely

provision of key information—on international reserves and central bank balance sheets in this case—to both the IMF and financial markets. This led to the establishment of the Data Standards Initiatives to which countries voluntarily subscribe to disseminate an agreed set of data (and associated metadata⁸): the Special Data Dissemination Standard (SDDS) for countries participating in international financial markets, and the less demanding General Data Dissemination System (GDSS) for countries in need of building up their statistical systems.

- Deficiencies in the quality and integrity of data—centered on reserves and external borrowing—were seen to be a factor behind the *Asian crisis* of the late 1990s. This recognition led to the inclusion, as prescribed components of the SDDS, of a data template on reserves and a separate data category for external debt (a forerunner for statistics on a country's entire International Investment Position). The post-crisis discussions on statistics also led to the introduction of a data module in the Reports on the Observance of Standards and Codes (ROSC) and the development of a Data Quality Assessment Framework (DQAF), while the perceived urgency of strengthening the capability for early detection of crises resulted in the creation of the very data-intensive Financial Sector Assessment Program (FSAP) and the Vulnerability Exercise for Emerging Markets. With a greater focus on financial sector vulnerabilities, the IMF's Executive Board endorsed lists of required and encouraged Financial Soundness Indicators (FSIs). And public pressure during and after the Asian crisis contributed to a revolution in the Fund's approach

⁷See [Annex 3](#) for a more detailed discussion of the history and evolution of the Fund's statistical activities.

⁸Metadata refers to data that provides information about other data. It includes aspects such as the methodology used to create the data, date of creation, or sources.

to disclosing country information, with the Fund introducing its transparency policy.⁹

- The *global financial crisis* that began in 2007 gave renewed impetus to the efforts to strengthen the IMF’s statistical arsenal. While lack of data was not a fundamental reason for failure to foresee the crisis (IEO, 2011a), the crisis nevertheless highlighted that financial innovation had far outpaced financial disclosure and revealed a number of key areas where statistical information was not available. This led the IMF to take a leading role in the G20 Data Gaps Initiative (DGI) and to expand anew the scope of the SDDS through the creation of the SDDS Plus, a higher tier of the standard aimed at systemically-important countries. The global crisis also prompted the IMF to undertake a wide-ranging series of reforms to strengthen the assessment of risks and vulnerabilities—for example, introducing the Early Warning Exercise; the Vulnerability Exercise for Advanced and Low-Income Countries; and the Spillover and External Sector Reports—each of which is heavily data dependent.

⁹This eventually evolved into the publication of most country reports, opening up a major avenue of additional dissemination of data, in particular, the Fund’s “operational” data (i.e., the data upon which the Board bases its decisions).

10. Although crises put data (at least temporarily) at the forefront, prompting the Fund to make important changes in its approach to data, data issues have more typically been viewed as somewhat peripheral to the Fund’s strategic operations. This does not mean the Fund has failed in the past to pay attention to data problems apart from crisis situations. Indeed, since the 1980s alone, the Fund has issued well over 150 papers on data topics—for example, data quality and availability, management, and dissemination.¹⁰ These papers, many discussed at the IMF’s Executive Board, have highlighted, among others, the difficulties of obtaining sufficient data of adequate quality; the decentralized approach to data management (and the associated efficiency costs); and the potential reputational risks of the IMF disseminating data that are inconsistent or of questionable quality.¹¹

¹⁰“Review of Fund Statistics” (IMF, 1985) was to be the first “annual” report on Fund statistics. In that paper—30 years ago—many of the key problems that currently adversely affect Fund statistics were already recognized, with plans to address and resolve them. For example, the report notes that Directors “expressed interest in the development of an integrated data management system within the Fund” and proposed that “a reference to the quality of a country’s statistics . . . be included in staff reports on Article IV consultations.”

¹¹Annex 4 illustrates that persistent problems related to data have also been raised in Board papers and IEO evaluations that were *not* specifically focused on data, but rather on the Fund’s broader operations. The most prominent data issue in these papers has been the adverse impact of data deficiencies on the Fund’s surveillance.