

**Box 10. Pitfalls in Building a Data Governance Framework**

Statistical Analysis System Institute, a leader in data analytics and management, notes a few of the reasons why data governance fails (see below, where the italicized parenthetical additions translate these into IMF specifics):

- The culture doesn't support centralized decision-making (*data-related decision making in the Fund is—in sharp contrast with the general culture of the organization—extremely decentralized; for example, the oversight of data management and STA falls under different Deputy Managing Directors*).
- Organization structures are fragmented, with numerous coordination points needed (*each IMF department manages its own data*).

- Business executives (*economists*) and managers consider data to be an “IT issue” (*many of the past IMF papers on data management were from a largely IT perspective*).
- Data governance is viewed as an academic exercise.
- Business units (*area and functional departments*) and “technical units” (*STA and TGS*)<sup>1</sup> do not work together.

<sup>1</sup>In November 2015, TGS split into two departments, with one of the two—Information Technology Department (ITD)—taking over TGS' responsibility for IT management.

Source: Statistical Analysis System Institute website on data governance.

114. Inadequate incentives have also led to *lack of candor in assessments of data adequacy* for surveillance. This lack of candor stems from several factors, including insufficient attention to data quality, concerns about undermining the relationship with authorities (including fear of “speaking truth to power,” particularly for advanced or systemically important countries),<sup>99</sup> and concerns as to whether surveillance even makes sense if data are termed “inadequate.” Yet candid assessments could induce country authorities to undertake the effort to strengthen the quality and availability of data.

115. In seeming contrast to economists' apparent lack of interest in data work, the institution as such may be placing *too much emphasis on data alone* as the solution to understanding economic and financial developments. Thus, more data are always seen as better. This considers only one side of the equation—the demand side—while ignoring the supply side and the costs imposed on staff and on data providers in member countries. Data gaps will unavoidably always exist, not least because of the rapidly evolving global economic landscape. Their existence (and the recognition that statistics, by their very nature, are always retrospective and often produced with considerable delay) underscores the dangers of overreliance on either data (or the associated analytical tools) and the importance of

judgment and experience in detecting emerging risks. As John Tukey, a renowned statistician, perceptively noted, an approximate answer to the right question can be more powerful than an exact answer to the wrong question (Tukey, 1962).

116. The improvement of both the quality and comparability of data ultimately depends on *the capacity and willingness of member countries*, as the Fund has neither the capacity to systematically monitor data quality nor the leverage to push more forcefully for the adoption of statistical standards. Thus, the resulting discrepancies among the Fund's different outputs may be unavoidable at present but they highlight the importance for the Fund—especially given the heightened relative weight of multilateral surveillance today—to help and encourage countries to strengthen their statistical apparatus and adopt international standards for all the data they report (not just for data reported to STA). Within the limited role of the Fund in this area, in the short term, the gaps in metadata—clearly explaining the sources and attributes of the different datasets—need to be filled, while, with a long-term perspective, the Fund's capacity-building activities (which are highly appreciated) should continue to contribute to strengthening countries' statistical systems.

117. Finally, *an environment of fiscal austerity*, in both the Fund and member countries, has put any focus on data activities on the back burner—in direct contrast to the fact that an increasingly complex, interlinked global economy should place a premium on data issues.

<sup>99</sup>Indeed, some systemically important countries admitted that they do not fully follow international statistical standards and have no plans to align their methodologies.