

Early Warning and Surveillance

Timely and comprehensive data are the backbone of an effective surveillance process in the multilateral institutions. Properly constituted, surveillance serves three key functions: it provides the discipline needed to ensure that economic developments are systematically reviewed by the multilateral institutions and their implications clearly identified; it provides an opportunity for governments to deliver collective advice to one another with respect to economic policy measures, past or prospective; and it permits the private sector to make informed decisions and perform its role more efficiently.

Minimizing the occurrence of financial shocks requires improved transparency - i.e. that all countries publish timely and reliable data on a broad range of economic and financial indicators. Quick and widespread access to such information will allow financial markets to better perform their role as the primary conduits by which capital moves from savers to borrowers. Of particular importance is the role that continuous and comprehensive data publication can play in minimizing the scope of abrupt shifts in financial market sentiment in response to unwelcome surprises. Well-informed and well-functioning financial markets are the best line of defence against financial crises. To this end, the IMF should:

- **establish benchmarks for the timely publication of key economic and financial data;**
- **establish a procedure for the regular public identification of countries which comply with these benchmarks;**
- **insist on full and timely reporting by member countries of standard sets of data.**

G-7 Finance Ministers and Central Bank Governors conduct regular, detailed surveillance discussions, with the input of the IMF, which are primarily focused on their own policies and prospects. More broadly-based surveillance is carried out by the IMF in the context of its annual reviews of economic performance in member countries. The IMF also conducts broader assessments of economic policies, developments and prospects from a global perspective in its World Economic Outlook, which it publishes twice a year.

Given its global mandate and the expertise of its staff, the IMF should continue to be the focus of surveillance. However, the IMF's surveillance activities should be improved in four specific ways: