or countries. Usually, the wider the coverage of a performance criterion, the better it reflects policy aspects that have a bearing on the program’s objectives. But wider coverage may run afoul of the availability and timeliness of the required data, forcing an inevitable narrowing of the criterion’s scope. Over 60 percent of staff acknowledged the influence of data conditions in the formulation of performance criteria.\footnote{This narrowing of the scope can have a critical impact on policy implications. For example, based on interviews with the relevant country authorities, the Fund missed about 25 percent of GDP in public debt, in a recent financial program, by failing to include data on public-private partnerships and state-owned enterprises.}

\footnote{The same percentage of staff noted that the program included undertakings to improve data provision or quality.}

\section*{Box 4. Faulty Data and Faulty Analysis: Past Examples}

Instances of data that subsequently prove to be wrong or incomplete are probably frequent, but are usually of little consequence and therefore go unreported. However, a number of cases of data-induced faulty analysis were documented in reports on breaches of obligations under Article VIII, Section 5 or misreporting in programs (Reichmann and Monasterski, 2016). The following are examples of the type of cases that can occur:

\textbf{Hungary (1982–89)}

In November 1989, the government revealed that both domestic and external debt had been underreported since the mid-1970s. The misreporting involved a misspecification of the net credit to the government and the consequent misreporting of monetary and balance of payments statistics as well as the public debt. In the February 2000 review of misreporting cases (IMF, 2000), staff stated that “. . . Hungary’s widespread, systematic and substantial misreporting of data clearly resulted in a fundamentally distorted view of the program by the staff. . . . Had the staff been aware of actual [developments] the program would not have been submitted for Board approval with the same quantified criteria. Had correct data been known, it would have at least affected the staff’s assessment of the size of corrective actions needed. . . .”

\textbf{Jordan (1996–97)}

Under an extended Fund arrangement, the authorities provided staff with erroneous information on national accounts and fiscal data. Revisions provided in mid-1998 indicated that GDP growth had been substantially lower than first reported—around 1 percent per year instead of 5 percent—and, consequently, fiscal revenues had been substantially lower than reported. As a result, Jordan’s budget deficit had been higher and had to be financed by recourse to nonbank sources. In the 1999 Article IV consultation report, staff indicated that “. . . the data set that [had been] available had portrayed a fundamentally distorted picture of the state of the Jordanian economy and performance under the extended arrangement . . .” and “. . . staff [had been] working on the basis of a wrong view of economic developments in Jordan, which had a major impact on the assessment of performance. . . .”

\textbf{Ukraine (1996–98)}

Ukraine misreported the level of its international reserves continuously during 1996–98 and in the negotiations on a follow-up extended arrangement. The misreporting involved multiple transactions that impaired the liquidity of the foreign assets involved and, more egregiously, two “round-tripping operations” which artificially inflated the reserves. Days before the Board meeting on the requested arrangement, it was revealed that almost $700 million of reserves was illiquid, leaving usable reserves of less than $300 million—forcing an impromptu redesign of the program. The corresponding staff paper stated “. . . With the new information on Ukraine’s external reserve position, and the pressure in the market, the authorities have had little choice but to move the exchange rate band . . . the staff has reluctantly accepted the reimposition of the export surrender requirements . . . [and] further modifications of the program might be unavoidable. . . .”

... and performance criteria must often be tailored to fit the availability of data ...

42. Even the variables that data are intended to measure may differ across countries, reflecting the particular historical and political developments that determine a country’s institutional organization and hence the definition and scope of a given economic sector or instrument. This is particularly the case in regard to the concept of government or the public sector (Annex 6). The resulting differences in definition mean that a balance must be struck between the Fund’s need to treat members evenhandedly in the application of conditionality and its need to tailor performance criteria to fit the circumstances of each case.