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SM/97/269
Correction 2

December 4, 1997

To: Members of the Executive Board

From: The Secretary

Subject: **Provision of Information to the Fund for Surveillance—Progress Report**

The following correction had been made in SM/97/269 (11/10/97):

Page 5, footnote 7: for "Aruba, Gabon, Morocco, Micronesia,"
 read "Aruba, Gabon, Micronesia,"

A corrected page is attached.

Att: (1)

Other Distribution:
Department Heads

8. The impact of data deficiencies on surveillance was highlighted in some instances.⁷ For example, in the case of Nigeria, Directors stressed that the lack of timely compilation of an adequate statistical base undermined the accuracy of the analysis of economic and financial developments necessary to guide policy making and permit effective surveillance. There were also cases in which Directors called for data improvements for laying the ground for a Fund-supported program (Equatorial Guinea and Lao P.D.R.).

9. Directors also emphasized the need for continued extension of technical assistance by the Fund and other international organizations to improve economic and financial statistics.⁸ In some cases, however, Directors also urged the authorities to speed up the implementation of technical assistance provided in the past.⁹ For example, in the case of Tanzania, Directors were concerned that there had been inadequate follow-up to implement the recommendations of technical assistance and urged the authorities to make greater efforts in that regard.

III. ACCESSIBILITY OF CORE INDICATORS¹⁰

A. Introduction

10. The survey of data accessibility covers all Fund members and refers to a set of core indicators that is identical to that surveyed last year (SM/96/256).¹¹ This year's survey uses

⁶(...continued)

enterprises; in Nigeria, Directors underscored the importance of a fully transparent fiscal framework and stressed the need to make further progress in accounting for oil resource flows; and in Togo, Directors called for early completion of the review of enterprises involved in ginning and commercialization of cotton.

⁷Aruba, Gabon, Micronesia, Nigeria, Saudi Arabia, and St. Vincent and the Grenadines.

⁸Bosnia and Herzegovina, Chad, Djibouti, Kuwait, Mauritius, Philippines, and United Arab Emirates.

⁹Guyana, Kuwait, Lao P.D.R., Philippines, Romania, Suriname, Tanzania, United Arab Emirates, Samoa, and Zimbabwe.

¹⁰Accessibility as defined here is an aspect of data quality that includes timeliness and periodicity of the available data; see Box.

¹¹The survey covers 11 core indicators and the central bank balance sheet. The 11 indicators are: (i) exchange rates; (ii) international reserves; (iii) reserve or base money; (iv) broad money; (v) interest rates; (vi) consumer price index; (vii) exports/imports; (viii) external current account balance; (ix) overall government balance; (x) GDP or GNI; and (xi) external debt. Country desks were asked to provide the following information for these main statistics:
(continued...)

information available as of end-June 1997 to report on timeliness and frequency of data available to area department country desks.¹² Several caveats apply to a survey of this kind. First, it focuses only on the data categories included in the core indicators; it does not provide any indication regarding other information that may be important for surveillance in individual cases. Second, it is taken at one point in time and is, therefore, in the nature of a snapshot of reporting to the Fund and may not be representative of ongoing practices. Third, it should be borne in mind that, for some countries and indicators, data may be available, if requested by the staff, at a higher frequency or on a more timely basis than indicated by the survey.

11. The results of the survey are presented in Charts 1-3.¹³ Chart 1 shows the frequency distribution of lags for each indicator and Chart 2 the cumulative frequency distribution of such lags.¹⁴ Chart 3 shows the average lag for each indicator. Results by country groupings are shown in Appendix Table 1, and individual country results in Appendix Table 2.

B. Results of the 1997 Survey and Comparison with 1996

12. Among the indicators surveyed, one can distinguish two groups: high-frequency indicators, which are usually available on a monthly or more frequent basis, and low-frequency indicators, which are usually available on a quarterly or annual basis.¹⁵ Compared with the 1996 survey, the accessibility of most high-frequency indicators—namely international reserves, reserve money, central bank balance sheet, broad money, and consumer

¹¹(...continued)

(a) date of latest observation; (b) date on which the observation was received; (c) frequency of the data; and (d) frequency of reporting.

¹² The accessibility of the core indicators is important, not only to the Fund's surveillance but also to the Fund's operational work, in particular, for assessing the strength of a member's external position and in the selection of members for inclusion in the operational budget and the designation plan. See *Assessment of Members' External Financial Strength for Inclusion in the Operational Budget—Role of Supplementary Indicators* (EBS/97/183, 9/24/97).

¹³ Responses were received from country desks for 178 Fund members. Responses were also received for Aruba, Hong Kong, China, and the Netherlands Antilles, for which consultation discussions were held. To be comparable with the 1996 exercise, this year's review also excludes five countries that were excluded in 1996: Afghanistan, Iraq, Liberia, San Marino, and Somalia.

¹⁴ The lag is defined as the interval between June 30, 1997 and the reference date for the latest data available to the desk economist on June 30, 1997. The lag, therefore, reflects both the timeliness of data reporting and the periodicity of the data.

¹⁵ High-frequency indicators comprise exchange rates, international reserves, reserve money, central bank balance sheet, broad money, interest rates, and consumer prices while low-frequency indicators comprise GDP/GNI, overall government balance, exports/imports, external current account balance, and external debt.