



COSTA RICA

TECHNICAL ASSISTANCE REPORT—BALANCE OF PAYMENTS AND INTERNATIONAL INVESTMENT POSITION STATISTICS (OCTOBER 13–23, 2014)

February 2018

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REPORT OF THE MISSION ON BALANCE OF PAYMENTS AND INTERNATIONAL INVESTMENT POSITION STATISTICS (October 13–23, 2014)

Prepared by Consuelo Soto Crovetto and Luis Ipar

September 2015

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ACRONYMS

AEE	BCCR Economic Statistics Area
AESC	BCCR Services and Construction Statistics Area
AESE	BCCR External Sector Statistics Area
BCCR	Central Bank of Costa Rica
BPM6	Balance of Payments and International Investment Position Manual, Sixth Edition
BPS	Balance of payments survey
CDIS	Coordinated Direct Investment Survey
CPIS	Coordinated Portfolio Investment Survey
DGME	Directorate General of Migration and Immigration
FDI	Foreign direct investment
ICT	Costa Rican Tourism Institute
IIP	International Investment Position
PROCOMER	Costa Rican Export Promotion Agency
QEDS	Quarterly External Debt Statistics
SDDS	Special Data Dissemination Standards
SIGADE	Integrated Debt Management System
SUGEF	Superintendency of Financial Institutions
SUGESE	Superintendency of Insurance
SUGEVAL	Superintendency of Securities
SUPEN	Superintendency of Pensions
SUTEL	Superintendency of Telecommunications
TA	Technical Assistance

EXECUTIVE SUMMARY

As part of the regional project to harmonize external sector statistics, a technical assistance mission on balance of payments, international investment position, and secondary income visited the Central Bank of Costa Rica (BCCR) during October 13–23, 2014.

Considering the progress that the BCCR has already made in the compilation of external sector statistics, the objective of the technical assistance mission was to work together with the External Sector Statistics Area staff and the data-producing agencies to promote an understanding of data requirements for external sector statistics. Statistical reporting is not mandated by any law, and for this reason the BCCR must work especially with the private sector on voluntary data reporting. The short-term expert provided advice on methodological and practical issues in recording entries in the secondary income account, the Coordinated Direct Investment Survey (CDIS), the Coordinated Portfolio Investment Survey (CPIS), and other topics requested by the BCCR.

The mission discussed a number of issues with the authorities, including dissemination of Tables 1 and 2 of the Quarterly External Debt Statistics for the World Bank, recording accrued interest on public external debt, securities holdings by residents and nonresidents, and estimates in the travel account.

Regarding improvements to the business directory, a survey known as the Economic Study of Businesses (EEE) was conducted in 2012. The study was designed by the BCCR and implemented by the Ministry of Finance, the institution authorized to collect information from the private sector.¹ The survey was administered to 1,800 firms, and the overall response rate was over 95 percent. However, the BCCR Economic Surveys Unit concluded that since a large percentage of firms did not answer questions on the classification of transactions by residency, the information was not very useful to the business directory for balance of payments purposes. In view of the results of the economic survey, the mission recommended that the BCCR, in cooperation with the Ministry of Finance, follow up with respondents to raise awareness of the importance of reporting transactions by residency.

Regarding the work on secondary income, the mission observed that the BCCR has a reliable estimate of income of seasonal and border workers in Costa Rica. Taxes on income, social contributions, and benefits are recorded. Migrants' remittances include an estimate of pocket remittances. Grants are compiled by surveying the beneficiary international organizations and institutions. It is expected that the BCCR will be able to collect information on pensions received by foreign residents who retire in Costa Rica.

¹ The technical assistance mission also reiterated the need for a legal framework at the BCCR providing for requests of information from the nonfinancial private sector for the production of macroeconomic statistics.

A draft report summarizing the main findings and recommendations was provided at a meeting with BCCR authorities at the conclusion of the mission. The action plan to implement the recommendations was discussed with the authorities. The mission agreed with the authorities on the following reference actions:

- Use the information from the BCCR book entry system (SAC) to determine the residency of holders of financial instruments issued by the government and the BCCR. A reconciliation table between the debt statistics published by the BCCR (international investment position) and the Ministry of Finance (external debt) will be produced and posted on the internet after the authorities give their approval (December 2014).
- Produce an estimate of nonresidents' income from real estate. The estimate will include the income attributable to the owners of vacation properties. The imputed income will be included on the credit side of the travel account (June 2015).

A wrap-up meeting was held at the conclusion of the mission. Mr. Rigoberto Torres and Ms. Isabel Matamoros, Chief and Specialist of the External Sector Statistics Area, respectively, attended the meeting. The mission explained the principal findings and recommendations for improving balance of payments and international investment position statistics in the context of the Regional Project to Harmonize External Sector Statistics.

ACTION PLAN

To achieve the objectives of the regional program to harmonize external sector statistics of the CAPTAC-DR member countries, and to improve practices for the compilation and dissemination of balance of payments and IIP statistics, the following action plan was developed jointly with the BCCR. It provides for three reference actions, which will be subject to special monitoring during implementation.

DQAF	Number and Paragraph	Recommendation	Verifiable indicator	Responsibility	Completion date
0.1.4	1 (7)	We reiterate the need to provide the BCCR with a legal framework authorizing it to obtain information for statistical purposes from the public as well as the private sector, providing stronger guarantees of statistical confidentiality. If this is not feasible, explore the use of the mechanisms established by Law 7839 concerning the National Statistical System.	Amended charter or use of the mechanisms established by Law 7839. Improve survey response rates	BCCR	Indefinite but preferably as soon as possible
3.3.1	2 (19)	Use the information from the BCCR book entry system (SAC) to determine the residency of holders of financial instruments issued by the government and the BCCR. A reconciliation table between the debt statistics published by the BCCR (IIP) and the Ministry of Finance (external debt) will be produced and posted on the internet after the authorities give their approval.	Revised information and reconciliation table available for public access.	AESE – Payment Systems Department - SAC	Reference action December 2014
3.3.2	3 (32)	Produce an estimate of income from real property received by nonresidents. The estimate will include the income attributable to the owners of vacation properties. The imputed income will be included on the credit side of the travel account.	Figures from the Costa Rican Tourism Institute adjusted and based on balance of payments. Reconciliation table available for public access	AESE	Reference action June 2015

I. SECONDARY INCOME ACCOUNTS

1. The most significant components of these accounts in quantitative terms are without doubt those associated with remittances. For this purpose, the BCCR Economic Statistics Area (EEE) conducts the surveys shown in Table 1. It also prepared a methodological report on border workers and temporary workers in Costa Rica during the period 2013–2014, which is attached as Annex VII to this report. The combination of this information provides coverage of remittances through formal and informal channels, which is shared moreover with compilers in Panama and Nicaragua. Those compilers maintain mirror records of the results of the AESE’s work in view of the importance to those three countries of the work force employed primarily in Costa Rica’s agricultural sector.

Table 1. BCCR Economic Statistics Area Survey

Source	Type of enterprise	Frequency	Sample size	No. responses	% responses
Aspectos Socioeconómicos de las Remesas Familiares [Socioeconomic Aspects of Family Remittances] (2003-2005- 2008- 2010- 2012- 2014)	Immigrants	Biennial			
	Emigrants	Biennial			
Border workers and temporary workers (2011-2012) and (2013-2014)	Temporary workers, melon	Biennial			
	Temporary workers, sugar cane	Biennial			
	Temporary workers, coffee	Biennial			
	Temporary workers, orange	Biennial			
	Border workers, banana	Biennial			
	Panamanian border workers in trade	Biennial			
	Costa Rican border workers in trade	Biennial			
Quarterly balance of payments surveys of services and cash remittances	Bank entities	Quarterly			
	Remittance companies	Quarterly			

2. The data thus obtained are used to prepare the entries presented in Appendix 5, Remittances, Table A5.1 of the *Balance of Payments and International Investment Position Manual, Sixth Edition (BPM6)*. During the analysis of data from the field investigation “Border Workers and Temporary Workers in Costa Rica, 2013–2014” (a summary of this investigation is provided in Annex VII of this report) and the average values of foreign remittances received, the concern arose for more fully identifying possible monetary transfers

that were not necessarily remittances but, given the educational and communication characteristics of Costa Rica, could include work performed remotely or that would involve only a reclassification within Table A5.1 or a reclassification of professional or information technology services, for example. This task has been planned for the future.

3. Regarding the remaining components of the secondary income accounts, information on grants is obtained through surveys of international organizations, universities, and cultural institutions that generally receive support from the foreign governments or institutions.

4. Embassies are also consulted, although the response rate is insignificant. During the mission, an option was evaluated of replacing the current form—which includes information to prepare the government services account, which embassies of all countries generally do not report because the information is considered sensitive—with a new form including only the grants module, on the understanding that this information would be acceptable because it highlights the governments' contribution to other governments or nonprofit organizations. The change will be implemented starting with the next survey. In any event, the questionnaires were designed to allow local grant recipients to identify the source of grants in order to avoid duplication of figures. An investigation was also initiated into the possibility of identifying goods imports that represent donations.

II. IMPLEMENTATION STATUS OF CDIS AND CPIS RECOMMENDATIONS

5. The first and second recommendations of the technical assistance mission on the Coordinated Direct Investment Survey (CDIS) and the Coordinated Portfolio Investment Survey (CPIS) refer to continuing efforts toward disseminating balance of payments and IIP statistics and finalizing the methodological documents to accompany the dissemination of statistics. Both tasks were completed, and the information and respective notes were posted on the BCCR website (see: http://www.bccr.fi.cr/indicadores_economicos_/Sector_Externo.html).

6. The third recommendation was to advocate to the authorities of the BCCR and the national statistics institute (INEC) the promulgation of a legal provision authorizing the BCCR and any other public entity involved to obtain information from various economic agents to compile Costa Rica's macroeconomic statistics. This is a highly sensitive point, because in a number of cases it significantly affects the coverage and quality of statistics prepared by the AESE despite its efforts to obtain the information.

7. In this regard, the mission suggested, without prejudice to maintaining the requirement of strengthening the BCCR legal framework, exploring the possibility of using the mechanisms available under the National Statistics System Act, Law 7839 as amended, in particular Article 5. Without this type of support, many of the AESE tasks proposed to improve statistics and fully comply with the *BPM6* recommendations could not be

implemented. Despite the significant effort by the AESE in terms of training and work methodology, this would affect the quality of its statistics with the attendant negative impact on compliance with the requirements of the Special Data Dissemination Standard (SDDS), which Costa Rica has subscribed to with the IMF. Accordingly, the mission wishes to make the following recommendations:

Recommendation 1:

- *We reiterate the need to provide the BCCR with a legal framework authorizing it to obtain information for statistical purposes from the public as well as the private sectors, providing enhanced guarantees of statistical confidentiality. If this is not possible, explore the use of the legal framework established by Law 7839 on the National Statistics System.*
8. The fourth recommendation refers to the need to include firms with outward FDI operations identified by the Costa Rican export promotion agency, PROCOMER, in the balance of payments survey (BPS). The largest 10 of those firms account for 93.2 percent of outward FDI reported by PROCOMER; at least five of the firms should be visited to improve coverage. The AESE contacted those firms, one of which indicated that it was not prepared to provide any information to the BCCR; the rest will be gradually included in the quarterly and annual surveys. In this regard, refer to the comment on the legal framework provided with respect to Recommendation 7.
9. Recommendations 5 and 6 were postponed to January of the following year because both involve changes to the questionnaires that cannot be implemented in view of the work schedule of the Services and Construction Area (ASC). The authorities decided to reschedule the implementation of those recommendations. However, the mission considers that in regard to Recommendation 5, to “Revise the BPS questionnaire to require the names of firms with outward FDI operations in the section on general firm data, in order to facilitate the identification of fellow enterprises that could not otherwise be identified,” consideration should be given to the possibility of asking for this information verbally since, given the weak legal framework, some firms that are reluctant to respond to this item (in view of its sensitivity) may decide not to respond to any part of the questionnaire. This in turn would impact the response rate and hence the coverage of the information obtained.
10. Recommendation 7—which refers to the need to separate the item on insurance companies’ net position (inward and outward) in debt instruments in the column of the CDIS report for nonfinancial firms, because the positions are currently indistinguishable from those of other firms—is now complete. The information reported in the CDIS for 2013 included the breakdown of information as presented in Annex I.

11. Concerning Recommendation 8, to compare, for quality control purposes, the responses of firms surveyed in the EEE (conducted by the AEE in the context of changing the base year for the national accounts) with the responses received in the BPS for the largest 130 firms surveyed for the EEE, the recommendation could not be implemented because the firms declined to respond to those questions. For the next EEE, an effort will be made to make the firms aware of the importance of this information where applicable. This action is planned for end-2015.

12. Recommendation 9 concerns they need to review the directory of EEE firms to expand the BPS directory through the inclusion of firms that show foreign operations but did not respond to the most recent BPS. This recommendation was implemented with the inclusion of each firms in the BPS directory, with another 25 firms remaining for the next phase.

13. Recommendation 10 concerns the need to review responses to the memorandum items at the end of the BPS questionnaire (information on external liabilities of the nonfinancial private sector according to the residual maturity criterion) and the data available from the Integrated Data Management System (SIGADE) in order to include the corresponding data for both sectors in Table 3 of the Quarterly External Debt Statistics (QEDS). For the BPS, the responses to the memorandum items were quite limited in terms of both the number of firms and the amounts reported. Accordingly, while the recommendation was implemented, unfortunately the quantitative contribution to the debt tables was insignificant.

14. It is clear that the deficiencies of the legal framework pose an obstacle for the AESE, which faces the dilemma of requesting information required to fulfill its mandate of compiling external sector statistics, with respect to the firms' willingness to provide further breakdowns, which often becomes a disincentive to providing information, even for firms that traditionally cooperate in reporting data.

15. Recommendation 11 involves the exchange of data with the Superintendency of Securities (SUGEVAL) regarding resident institutions serving as securities custodians. The purpose of the exchange would be to determine whether any nonresidents purchase securities issued in Costa Rica by residents (primarily the central government) in local currency and, if so, to determine the amount of and availability of information on such purchases. To the extent the purchases occur, the corresponding flows and positions are not currently reflected in the external debt.

16. The BCCR and SUGEVAL have a roadmap to coordinate mutual requests regarding statistics, which provides for this point in 2016. Accordingly, no progress has been made on this item that the delay cannot be attributed to the AESE. However, the presidency of the [BCCR] was approached to request, as an annex, the data currently required for operational

purposes. If the request is granted, this would mean a significant improvement in external debt, balance of payments, and IIP statistics. The information to be requested from SUGEVAL is shown in Table 2.

Table 2. Total Portfolio Value

Instruments issued by residents in Costa Rica	Residents	Nonresidents	Total
<i>In colones</i>			
By the BCCR			
By the central government			
By public banks			
By private banks			
By public institutions			
By private entities			
Other (specify)			
<i>In Development Units</i>			
By the BCCR			
By the central government			
By public banks			
By private banks			
By public institutions			
By private entities			
Other (specify)			
<i>In foreign currency (expressed in dollars)</i>			
By the BCCR			
By the central government			
By public banks			
By private banks			
By public institutions			
By private entities			
Other (specify)			

Note: Expressed in nominal values.

17. At the same time, it was determined that for debt instruments issued by the central government and the BCCR, the central bank's book entry system (SAC) maintained by its Payment System Department maintains information on the owners of those instruments at the time of issue, including residency, as well as the International Securities Identification Number (ISIN) from June 2015 forward. Because the instruments are traded on the local stock exchange, the market price of each security can be determined at the required closing date. The information is maintained online, in other words, the respective balances can be obtained on a daily basis.

18. During the mission, the AESE formally requested that the Payment System Department provide the following information by means of direct access to the SAC:

Table 3. Report of Balances Recorded in the Book Entry System (SAC) at the Close of Each Day

Issuer of instrument	Instrument number	ISIN code	Currency of denomination	Nominal value held by	
				Residents	Nonresidents

19. This implements the following recommendation.

Recommendation 2:

- *Use the information from the BCCR book entry system (SAC) to determine the residency of holders of financial instruments issued by the government and the BCCR. A reconciliation table between the debt statistics published by the BCCR (IIP) and the Ministry of Finance (external debt) will be produced and posted on the internet after the authorities approve. Proposed exercise in Annex II.*

20. The final recommendation of the technical assistance mission on CDIS and CPIS advised that as part of their quarterly training, instruct BPS interviewers to advise firms responding to the BPS of the importance of reporting trade credit and advances in the items provided specifically for this purpose, not in other sections. This task was completed.

III. COORDINATION WITH INFORMATION SOURCES

21. Meetings were held with the Ministry of Finance Directorate General of Public Credit (DGCP), the Costa Rican Tourism Institute (ICT), SUGEVAL, and the Directorate General of Migration and Immigration (DGME).

22. The issue of the discrepancy between the total external debt figures published by the BCCR and the Ministry of Finance was discussed with the DGCP. The difference lies in the fact that the BCCR applies the criteria of residency to the available information (instruments issued abroad held by residents and locally issued instruments held by nonresidents) and converts the instruments to market value; while the Ministry of Finance uses nominal value without distinguishing the instrument holder's residency. It was agreed that the BCCR would develop a consistency table between the information published by the two institutions to be reviewed by the Ministry of Finance and then published on the web side. The Ministry of Finance could add a link to take users to the information. Similarly, it was recommended that

a note explaining the differences between the Ministry of Finance and BCCR figures be added to the QEDS form. These actions would be subject to consultation of the authorities of both institutions.²

23. The Ministry of Finance indicated that it had the required budget appropriations and was taking the administrative steps to procure SIGADE 6.0. This would facilitate the calculation of accrued interest and would provide the BCCR with more extensive access rights that it currently has (read only), enabling it to print tables predefined by the system or define other reports to meet its specific statistical requirements. The purchase, installation, and startup of the system are expected to occur in 2015.

24. The use of SIGADE 6.0 to manage domestic public sector debt, which is currently managed by the BCCR, is also under consideration. With respect to domestic debt, discussions were held on the subject of access for the national securities depository to information on holdings of Costa Rican and foreign securities. Independently, the BCCR is developing the SAC, which provides access to the holders of instruments at the first level and by residency.

25. A meeting was also held with the ICT. The ICT is the main source of information for the travel account. The information is processed by the Services and Construction Statistics Area (AESC), which provides it to the AESE to be entered to the travel account. Data on the number of travelers is obtained from the DGME. According to the ICT, the DGME only processes information obtained from the passports of persons arriving and departing via airports and borders. International migration cards are not yet digitized or used. As a result, the number of travelers crossing the border as same-day visitors is not captured, especially at land borders. The only travelers considered same-day visitors are those arriving on cruise ships.

26. In regard to surveys of travel spending, based on the ICT database for 2013, 8,435 questionnaires were processed for incoming travelers, including cruise passengers, and the database contains a total of 1,250 interviews of travelers departing from the various locations where the survey was administered, as shown in Table 4. The ICT financed this effort.

² Annex II presents a proposed reconciliation table and explanatory note (without the explanatory note).

Table 4. Total Surveys Comprising the Database Received from the ICT for 2013

	QTR I	QTR II	QTR III	QTR IV	TOTAL
Arrivals					8485
Santa Maria	1706	1281	1315	1379	5681
Oduber		663		612	1275
Land borders		265		292	557
Cruise lines				972	972
Departures					1250
Santa Maria		379		425	804
Land borders		204		245	449
Total Processed Entrepreneurs					9735

27. According to the ICT, because no information on travelers' residency is available, the ICT staff eliminate all Costa Ricans entering the country from the total number of arrivals, which means an indeterminate number of Costa Ricans residing abroad who visit Costa Rica are not counted³ because the spending survey for inbound tourists is administered only to foreigners. The spending survey for outbound tourists is administered to all Costa Ricans who leave the country, and is therefore possible that the responses include Costa Ricans residing abroad who are returning to their country of residence.

28. At the borders, the survey of traveler expenses is administered only to persons who stay overnight. In reviewing the results of the survey processed by the AESC, it was observed that foreigners from neighboring countries who report business as the reason for traveling show stays of 90 days or close to 90 days, when the average stay of business travelers arriving by air is six days at the most.

29. For this reason, traveler arrivals on the balance of payments is underestimated for Costa Ricans residing abroad and same-day visitors, but is overestimated for travelers who arrive by land and report business as the reason for travel but stay for close or equal to 90 days, because in reality these are foreigners residing in Costa Rica illegally who cross the border to avoid overstaying their tourist visas. Traveler departures, in turn, would appear to be overestimated through the inclusion of Costa Ricans residing abroad.

30. The AESC database was further analyzed to identify information that would improve the results or, in the alternative, estimate the value of rent imputed to nonresident travelers who stay in their own homes.

³ In reviewing the survey database, 13 instances of Costa Ricans residing abroad who visited their country were identified. The percentage of Costa Ricans residing abroad represents 0.1 percent of the total travelers, which appears to be quite low.

31. This aspect of the analysis served to identify the number of travelers and their average stay and compare the figures for travelers who stay in rental housing, in order to estimate the amount of imputed rent, which should be added to the inbound tourist spending.

32. Also, to ensure that this calculation is consistent with the treatment of a residence previously acquired by the nonresident, which should be recorded as FDI according to the BPM6 recommendations, the annual maintenance costs⁴ for the property are estimated as well as the income of the hypothetical unit, which would be given by the rent effectively paid by travelers who are not home owners and the corresponding rent imputed to the owner. The estimate for 2013 totaled US\$27 million. The proposed calculation method is presented in Annex III. This completes the following recommendation.

Recommendation 3:

Produce an estimate of income from real property received by nonresidents. The estimate will include the income attributable to the owners of vacation properties. The imputed income will be included on the credit side of the travel account: Estimate the imputed rent for nonresident tourists who vacation in their own homes, which should be added to expenses from the ICT survey as well as the income net of domestic costs attributable to foreign direct investment in real estate. The income will be recorded in the Primary Income Account, Debit 1.B.2 Investment income, 1.B.2.1 Direct investment, 1.B.2.1.1 Income on equity and investment fund shares, 1.B.2.1.1.1 Dividends and withdrawals from income of quasi-corporations (D42D), 1.B.2.1.1.1.1 Direct investor in direct investment enterprises. Prepare a reconciliation table between the BCCR and ICT including the estimated expense imputed to those tourists for the use of their homes in Costa Rica during their vacation on the credit side of the travel account.

33. A meeting was held with SUGEVAL staff to discuss the possible availability of information on nonresidents' holdings of instruments issued in Costa Rica. They indicated that brokerage firms did not have information on holdings by residency, and that this item would be considered in the context of the BCCR information request program for 2016. They also stated that at this time, the national securities depository was the custodian of those securities.

34. In view of this long timeframe, it was proposed that the BCCR make inquiries with a brokerage firm and key securities custodians to determine the possibility of classifying this information according to the *BPM6*.

⁴ Common expenses national and regional taxes, electricity, TV, cable, telephone, etc.,

35. From the visit to the DGME, the mission learned that the directorate had no breakdown of passengers by residency, and that the destinations reported by residents at the time of departure are the destinations later provided to the ICT.

36. They confirmed that the situation observed in the inbound tourism survey, concerning travelers who arrive by land, report business as the reason for travel, and remain for 90 days or close to 90 days, actually reflects citizens of neighboring countries who work in Costa Rica but have not formalized their residency status.

37. Regarding foreign retirees or pensioners residing in Costa Rica, the DGME maintains a cumulative, current register starting from 2006, which it will provide to the BCCR once it receives a formal request. Regarding temporary work permits, they believe that the number registered with the Ministry of Labor is overestimated, although they are aware that occasionally temporary workers no longer work for the firm that originally processed the work permit. Concerning border workers (i.e., sugar cane harvesters from neighboring countries) special documentation is being designed to enable them to be counted.

IV. IMPLEMENTATION STATUS OF BALANCE OF PAYMENTS AND IIP RECOMMENDATIONS

38. Recommendation 1 of the technical assistance mission on balance of payments and IIP concerning manufacturing services on physical inputs owned by others: continue the effort of identifying the amounts corresponding to these services for 2012 and 2013 as was done for 2011, with a completion date of March 2014. According to the technical assistance report, the BCCR had identified 15 firms performing the service including Intel Costa Rica, which is the largest. Based on the information from those 15 firms, an estimate of manufacturing services on physical inputs owned by others was calculated for the period 2011 to 2016, for publication of the balance of payments and IIP in accordance with *BPM6* in June 2014.

39. It was recently determined that the Roche company, which provides packaging services for medicines, brings in goods without transfer of ownership and then exports them. Three additional firms were identified that provide this type of service (T.P.E.S.A., General Microcircuits of Costa Rica (GMICR) S.A., and Original Mirrolure S.A.). Corrections were made for 2012 and following years in cooperation with the staff of the project to change the base year for the national accounts (PCAB). The information base for manufacturing services for the 15 firms identified is now revised from 1999 forward.

40. Concerning the splicing of financial intermediation services indirectly measured (FISIM) back to 1999, the data and consistency of series are being reviewed for all information bases and all sectors, in cooperation with the PCAB. The splicing of balance of payments and IIP from 1999 forward in accordance with the *BPM6* is expected to be available by end-2014.

41. Regarding presentation of the balance of payments under both manuals, the publication of figures under the *Balance of Payments and International Investment Position Manual, Fifth Edition*, will be discontinued with the change of base year for the national accounts, which is planned for December 2015.
42. Recommendation 2 of the technical assistance mission on balance of payments and IIP was to continue progress to request information from the Superintendency of Pensions (SUPEN) with a completion date of June 2014, which was postponed to March 2016. The same applies to Recommendation 3, to continue progress to request information from the Superintendency of Telecommunications (SUTEL) with a completion date of December 2014.
43. As indicated in the report of the February 2014 technical assistance mission, the BCCR needs to establish coordinating mechanisms to obtain detailed information on firms supervised by the Superintendency General of Financial Entities (SUGEF), the Superintendency of Pensions (SUPEN), SUGEVAL, the Superintendency General of Insurance (SUGESE), and SUTEL. The aim of the coordination is twofold: to develop technological tools to ensure the platforms are ready when the information in the databases is received, and negotiation with the providers of information. As to the first objective, significant progress has been made according to the established timetable—monetary and financial statistics have been automated, as well as construction statistics and external sector statistics.
44. Coordination with SUGEF and SUGESE is proceeding fairly well (agreements are now in place) and, following its process, with SUGEVAL as well; accordingly, they have been removed from the list of recommendations. As part of the monitoring in this area, it was determined that efforts are under way with SUGEF on classification of information; the register of transactions has been forwarded for the purposes of identifying residencies. SUGEF has established eight data blocks: accounting balance by financial entity; credit (balances, transactions, and currency); investments and deposits (coded by issuer); liabilities (deposits and domestic and external borrowing); minimum legal reserve; financial derivatives; financial group; and financial block (matching of maturity and currency). Identification by residency will be possible in all cases. In the interim, as indicated in the previous report of the balance of payments and IIP mission, the AESE is using a specific survey for banks.
45. The agreement with SUGESE covers information from the balance sheet, income statement, and premiums required for the national accounts, but the capture of data by residency is more complicated. The chart of accounts makes no provision for residency other than for investments. Underwriting reserves are an aggregate estimate, so there is no line item for residency. A request was made to create a new item to capture premiums by residency, if possible, for use in estimating reserves by residency. It is also not possible to separate life and nonlife insurance because the current classification system provides only for

personal and general insurance. For the time being, the AESE will continue with its current estimates, and the adjustment for volatility of expected claims will continue to be defined to eliminate situations of extraordinary risk that could arise in a given period.

46. There is still no agreement with SUGEVAL; however, it was learned that information will be available under assets on investment and deposits (of brokerage firms and investment funds) and under liabilities for stock and equity investments. The capture of this information is the third priority and is expected to be completed in the second half of 2015.

47. Specifically, in regard to the SUPEN information referenced in Recommendation 2, it was determined that the details of the securities portfolio are available and are in fact classified by residency. The information from this source is expected by first quarter 2016.

48. With respect to the SUTEL information referenced in Recommendation 3, an initial request was made in 2011 to measure the flow of investment. At the time, it was a new institution, and meetings were held jointly with the BCCR Institutional Sector Statistics Area (AESI) to discuss the requirements for the national accounts. The three existing operators providing mobile telephone services were identified. Cable television is attempting to enter fixed telephone services. The information request forms were designed based on this information but statistics took precedence due to lack of personnel.⁵ The offer was made to assist them with statistical tasks, since they are the only personnel authorized by law to compile information directly from the firms, but they did not accept the offer. The AESE has compiled information from the media regarding initial investments, but the firms' current transactions are not known. We recommend enlisting the support of senior management with SUTEL executives to bring the matter to a better conclusion.

49. Recommendation 4 of the balance of payments and IIP mission was to review the response rate for the EEE for questions relating to external transactions, and to supplement the sector business directories based on that information. Because the EEE is conducted annually, the mission recommends that the AESE revise the questions included on the form (April 2014).

50. In regard to the EEE, efforts were coordinated with the Ministry of Finance to increase the response rate. Information was requested from 1802 firms in trade, services, and manufacturing. In terms of general coverage, the response rate was 93 percent. The response rate to questions relating to external transactions was not determined, but we can infer that the response rate to those questions was lower than the overall rate because many firms report at the aggregate level but do not provide detailed information on residency; it is not known whether this is because they do not execute external transactions, because there is no

⁵ Two statistical yearbooks were published, 2012 and 2013, basically focusing on coverage and volume.

residency line item, or because of poor quality responses. For the same reason, the information from this directory could not be used to supplement the external statistics.

51. Concerning Recommendation 5 of the balance of payments and IIP mission, reference was made to the importance of identifying seasonal behavior in the provision of certain services abroad to determine the need to make quarterly adjustments according to the results. Work was performed on a model by type of service, resulting in a distribution at the estimation by quarters. Accordingly, the recommendation was implemented and the estimated information based on the new methodology provides a better approximation of the quarterly balance of the current account and at the same time it implicitly eliminates implicit records in the errors and omissions category. Annex IV presents the results.

52. Recommendation 6 of the technical assistance mission on balance of payments and IIP was to continue with the automation of AESE reporting processes relating to the development of tools to interconnect with sources, which would increase productivity and information security by reducing the margin for error and making maximum use of the information's analytical potential. Progress has continued in this area in cooperation with the IT Division. The automation of international reserves is expected to be concluded this year. Work is under way on providing input for the database, although the information has yet to be added. Also, the information from surveys is received online and processed through the LIMESURVEY program. The recommendation is maintained with the same completion date.

53. Recommendation 7 of the balance of payments and IIP mission was to review the information received in connection with the EEE regarding resident airlines, to validate the information reported and determine whether operating leases were in use. The survey responses were reviewed and no financial lease operations were identified. The information obtained from the airlines was of very poor quality. The mission was informed of an agreement with the Ministry of Finance whereby the airlines provide a global report of their worldwide operations, and a ratio is applied to profits based on costs reported at the country level for the purpose of calculating taxes. According to the information received, the national accounts unit is working on calculating production based on aggregation of costs. Accordingly, the mission suggests that the AESE review the national accounts unit's estimates for airlines to determine whether they can be used as an estimate for the external accounts (June 2015).

54. Recommendation 8 of the balance of payments and IIP mission was to direct the effort already undertaken to specify relationships among FDI firms so as to expand coverage of the functional category of direct investment by identifying not only immediate investors but also indirect investors and fellow enterprises. In particular, it recommended focusing efforts on identifying the firms that account for 75 percent to 80 percent of the Direct Investment Survey, with a completion date of December 2014. No progress has been made in this area, and therefore the recommendation is maintained with the same completion date.

55. Recommendation 9, concerning the current sources of information used to determine visitor spending, was to evaluate the following scenarios: (i) continue to use the current information on expenses from the ICT with greater input from the BCCR regarding stratification of the sample, and (ii) consider the option of an independent comprehensive survey by the BCCR that would capture all reasons for travel; coordinate with the ICT beforehand so that its survey does not include spending data. This is to avoid generating two sets of spending data, which could confuse the users.

56. Concerning this recommendation, as noted in paragraph 27, it was learned during the visit to the ICT that because of the methodology currently used by the ICT, the AESE is underestimating traveler arrivals and overestimating traveler departures. The BCCR is not considering the option of an independent survey at this time. The ICT, in turn, agreed to evaluate the effect of excluding nonresident Costa Rican travelers from the figures. The mission suggests that the AESE review this effect and, to the extent feasible, suggest to the ICT that it expand the sample (March 2015).

57. Recommendation 10 of the technical assistance mission on balance of payments and IIP was to coordinate with the Cost Rican Tourism Institute (ICT) to continue the work of estimating the timetable for foreign investment relating to expenditure according to progress of work on hotel and real estate projects. The problem to be addressed by this recommendation was the monitoring of hotel company transactions. While the initial investment is known and reinvestment is also reported to the ICT, the ICT is not informed of profits generated and other transactions with nonresidents. To this end, the BCCR is submitting a survey to the 15 largest hotels, using the form applied in the survey of services, to compile information on the hotels' transactions with nonresidents. The recommendation is therefore implemented.

58. Recommendation 11 of the balance of payments and IIP mission, concerning the information for recording public sector debt, was to monitor securities issued domestically and purchased by nonresidents, as well as their maturity dates (December 2014). The requests issued by SUGEVAL now include the criterion of residency. To date, only one operation is being monitored, the issuance of instruments in colones by Citibank. Because of the importance of this issuance of instruments, which were acquired by nonresidents, SUGEVAL is closely monitoring the operation and providing information to the BCCR. An adjustment was made in external debt to reflect this one-time operation.

59. During the mission, it was determined that the BCCR SAC system provides information for financial instruments issued by the central government and the BCCR; accordingly, the recommendation is implemented for those instruments because the AESE will be given access to the system under Reference Action 2. Also, a request was made to SUGEVAL through the presidency to expand coverage to all other instruments issued by residents. The recommendation is maintained for both cases with the same completion date.

60. With respect to commercial credits, Recommendation 12 of the balance of payments and IIP mission was to continue adding new firms identified as beneficiaries of trade credits to the directory as the research proceeds. As to this point, the forms used for the different samples include a question on commercial credits for direct investors as well as third parties. Of the 1,800 firms considered, between 300 and 400 are considered the most important. Those firms were asked to provide the accounting trial balances showing the creation of the commercial credit account, which were then compared with their responses to the form. The recommendations made at the time of the report regarding review of the EEE applies here as well (December 2014).

61. Recommendation 13 of the balance of payments and IIP mission was to continue efforts with the DGME to obtain information from visitors on residency so the expansion is adequate. Paragraphs 35 through 37 present the results of the mission's visit with the DGME.

62. Recommendation 14 of the balance of payments and IIP mission was to implement the actions agreed to facilitate the estimation of nonlife insurance transactions in accordance with *BPM6* guidelines. The AESI used the information available from insurance companies to make the necessary estimates. The recommendation was implemented, and the table reported to the IMF applying the methodology is presented in Annex I.

63. Recommendation 15 of the technical assistance mission on balance of payments and IIP was to continue the work of investigating potential transaction registries associated with pensions and health (December 2014). This effort is pending. Inquiries were directed to the DGME, and the mission was advised that the directorate had provided a migratory status of retiree (*pensionado*) or pensioner (*rentista*) according to its arrivals, which totaled roughly 3300 persons. The corresponding recording in the balance of payments is being evaluated. The recommendations are maintained with the same completion date.

64. With respect to total external debt, Recommendation 16 was to look into the possibility of the Ministry of Finance adding a note to its publications indicating external debt data according to residency as well as unmatured interest accrued (December 2014). During the meeting with Ministry of Finance staff, they indicated that they would submit the proposal to the authorities (see paragraph 19).

65. Annex VI presents the monitoring of recommendations of the February 2014 technical assistance mission on balance of payments and IIP.

Annex I. Inclusion in the CDIS of Net Position of Insurance Companies Previously Consolidated with Other Nonfinancial Firms

Table 1-i: Inward Direct Investment Positions, as of end-2012

Reporting Economy: Costa Rica

US Dollars, Millions

	Inward Direct Investment Positions	Inward Equity Positions (Net)	Inward Debt Instruments Positions				of which total Inward DI with Fellow Enterprises abroad			
			(Net)	Net Debt		Gross Debt Instruments		(Net)	Total Equity and Debt	
				Inward Debt: Resident Financial Intermediaries (Net)	Inward Debt: Resident Enterprises that are not Financial Intermediaries (Net)	Inward Debt Instruments Liabilities of DIE to DI (Gross)	Inward Debt Instruments Assets of DIE in DI (Gross) (Reverse Investment)		Inward DI with Fellow Enterprises (Gross Liabilities)	Inward DI with Fellow Enterprises (Gross Assets)
World	18.809,2	16.690,1	2.119,1	0,0	2.119,1	2.542,1	423,0			

Table 1-i: Inward Direct Investment Positions, as of end-2013

Reporting Economy: Costa Rica

US Dollars, Millions

	Total Inward Direct Investment (DI)	Equity (Inward-Net)	(Inward-Net)	Debt Instruments				Of which total Inward, DI with fellow enterprises abroad		
				Net Debt		Gross Debt Instruments		Net - Inward	Total equity and debt instrument liabilities	Total equity and debt instrument assets
				Resident financial intermediaries (Liabilities-assets)	All other resident enterprises (Liabilities-assets)	Total debt instrument liabilities	Total debt instrument assets			
World	22.100,7	19.457,6	2.643,0	0,1	2.642,9	3.592,2	945,8			

Table 1-o: Outward Direct Investment Positions, as of end-2012

Reporting Economy: Costa Rica

US Dollars, Millions

	Outward Direct Investment Positions	Outward Equity Positions (Net)	Outward Debt Instruments Positions				Of which total Outward DI with Fellow Enterprises abroad			
			(Net)	Net Debt		Gross Debt Instruments		(Net)	Outward DI with Fellow Enterprises (Gross Assets)	Outward DI with Fellow Enterprises (Gross Liabilities)
				Outward Debt: Resident Financial Intermediaries (Net)	Outward Debt: Resident Enterprises that are not Financial Intermediaries (Net)	Outward Debt Instruments Assets of DI in DIE (Gross)	Outward Debt Instruments Liabilities of DI to DIE (Gross) (Reverse Investment)			
World	1.543,8	1.234,8	309,0	0,0	309,0	338,0	29,0			

Table 1-o: Outward Direct Investment Positions, as of end-2012

Reporting Economy: Costa Rica

US Dollars, Millions

	Total Outward Direct Investment (DI)	Equity (Outward-Net)	(Outward-Net)	Debt Instruments				Of which total Outward, DI with fellow enterprises abroad		
				Net Debt		Gross Debt Instruments		Net-Outward	Total equity and debt instrument assets	Total equity and debt instrument liabilities
				Resident financial intermediaries (Assets-liabilities)	All other resident enterprises (Assets-liabilities)	Total debt instrument assets	Total debt instrument liabilities			
World	1.839,6	1.513,2	326,4	0,0	326,4	362,1	35,7			

**Annex II. Proposed Reconciliation Table for BCCR and Ministry of Finance Figures
for Debt Instruments Issued by the Central Government**

Reconciliation Table between the International Investment Position published by the BCCR and External Debt Statistics Published by the Ministry of Finance					
	BCCR	Reconciliation: Adjustments (USD millions)			Ministry of Finance
Name of table in each institutions' publication	International Investment Position 1/	Adjustment for instruments issued in Costa Rica	Adjustment for market price 3/	Adjustment for Residents' holdings	External debt contracted by Central Government by type of creditor 2/
Debt instrument: name used by institution	Total liabilities, portfolio investment, debt instruments, General Government				Eurobonds
Valuation criterion	Market price				Nominal value
Amounts recorded for each institution as at:					
IV Qtr 2012	2,102	380	22	-50	1,750

Annex III. Proposed Methodology for Estimating the Income Imputed to Nonresident Property Owners Who Stay in Their Own Homes When Vacationing in Costa Rica, and the Respective Income from Foreign Direct Investment in Real Estate.

ESTIMATION OF IMPUTED RENT

The information is obtained from a survey of travelers vacationing in Costa Rica who report using their own homes as accommodations.

The first filter corresponds to Variable A calculated for those travelers, with the following values to be calculated from the survey: number of members of the group responding on the form (Variable A1), total length of stay (Variable A2), and point of entry into the country. (Variable A3)

We then calculate the ratio between the number of travelers corresponding to (Variable A1) and the total surveys processed for the respective points of entry into the country. (Ratio 1)

The second filter (Variable B) corresponds to travelers who use rental housing for accommodations; for each questionnaire, we calculate the number of members (Variable B1), their average length of stay (Variable B2) and expense per person per day in rental housing for each point of entry into the country (Variable B3).

The amount of imputed rent per person per day is taken from Variable B, which is applied to the DGME information (Variable C) per point of entry by applying Ratio 1 to it. (Product).

INPUTS FOR ESTIMATION OF RENT IMPUTED TO PROPERTY OWNERS WHO STAY IN THEIR
OWN HOMES

Ref.	Number of interviews of travelers arriving by:	Owners	Renters: Average rent per person per day	Total rent imputed to owners
	AIR			
	Juan Santa Maria			
	Who use own homes			
Ratio 1	<i>Percentage</i>			
Variable A1	Members of group responding to survey			
Variable A2	Average stay (days)			
	AVG. DAILY EXPENSE PER PERSON			
Variable C	TOTAL ARRIVALS EXCL. MIGRATION			
Variable C by Ratio 1	TOTAL OWNERS			
	Daniel Oduber			
	Who use own homes			
Ratio 1	<i>Percentage</i>			
Variable A1	Members of group responding to survey			
Variable A2	Average stay (days)			
	AVG. DAILY EXPENSE PER PERSON			
Variable C	TOTAL ARRIVALS EXCL. MIGRATION			
Variable C by Ratio 1	TOTAL OWNERS			
	LAND			
	Who use own homes			
Ratio 1	<i>Percentage</i>			
Variable A1	Members of group responding to survey			
Variable A2	Average stay (days)			
	AVG. DAILY EXPENSE PER PERSON			
Variable C	TOTAL ARRIVALS EXCL. MIGRATION			
Variable C by Ratio 1	TOTAL OWNERS			
	TOTAL RENT IMPUTED TO NONRESIDENT OWNERS			

ESTIMATION OF INCOME ATTRIBUTABLE TO A HYPOTHETICAL ECONOMIC UNIT WHO OWN A PROPERTY USED BY THEM

The information is obtained from the survey of travelers vacationing in Costa Rica who report that they used rental housing.

The first filter corresponds to Variable 1 calculated for those travelers, with the following values to be calculated from the survey: number of members of the group responding on the form (Variable 1A), total length of stay (Variable 1B), and point of entry into the country (Variable 1C)

We then calculate the ratio between the number of travelers corresponding to (Variable A1) and the total surveys processed for the respective points of entry into the country. (Ratio 1)

The total rent paid by the travelers *Variable 1A* to the property owners would be the product of that amount times *Variable 1B* and by the amount resulting from applying *Ratio 10* to the DGME number of travelers for the respective points of entry.

The resultant estimate includes all the properties; the number of properties owned by nonresidents must then be estimated.

This information can be obtained from the property records used to estimate real estate investment (percentage of nonresidents over total homes sold) or through qualitative information from realtors.

The annual maintenance expense for the units can also be obtained from realtors.

Once the percentage of nonresidents and average annual expense for the units are obtained, the income would be calculated as follows:

Example:

Total paid by nonresidents vacationing in least housing 50,000,000

Percentage of nonresident owners over homes sold in the oceanfront area: 60 percent.

Total rent income effectively received by nonresidents:	30,000,000
Plus rent imputed to stay	27,000.000
EQUALS TOTAL INCOME OF HYPOTHETICAL UNIT	57,000.000
Annual maintenance expense (expressed as a percentage of Income) 30 percent	17,000,000
NET INCOME (RECORDED AS DISTRIBUTED)	40,000,000

IMPACT OF THE SUGGESTED CALCULATION ON THE BALANCE OF PAYMENTS:

	CREDIT	DEBIT	BALANCE
CURRENT ACCOUNT			
Travel			
Primary income account			
FINANCIAL ACCOUNT			
Assets			
Currency and Deposits NOTE			

Note: the owner is assumed to have withdrawn the net income.

Otherwise, it should be recorded in the Financial Account, FDI

Retained earnings

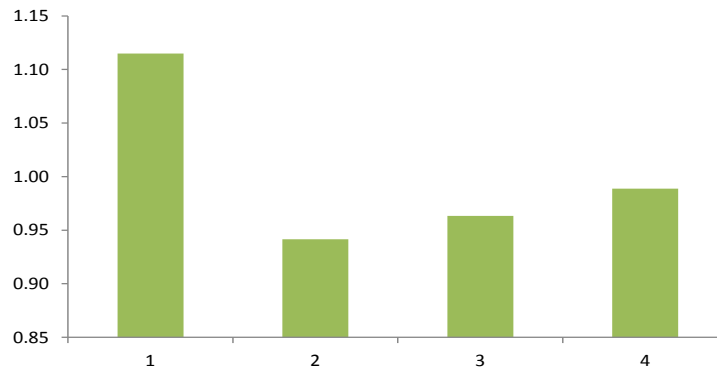
Annex IV. Calculation of Quarterly Seasonal Variation of Services (Credit and Debit)

1. Seasonal factors for services on the credit side

1.1 Total services

Seasonal factors	
1	1.114968
2	0.941566
3	0.963350
4	0.988788

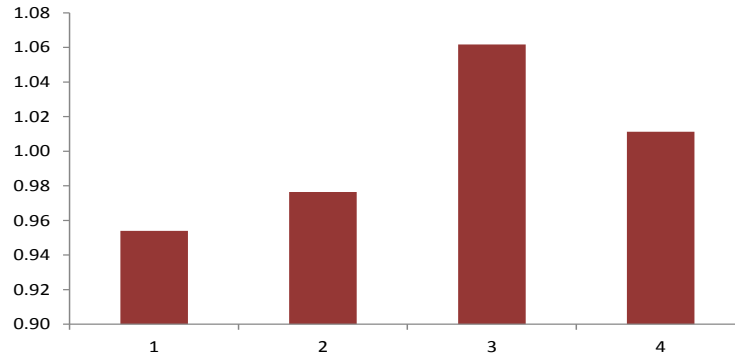
Figure 1
Seasonal factors: total services



1.2 Total services excluding travel

Seasonal factors	
1	0.953925
2	0.976370
3	1.061736
4	1.011242

Figure 2
Total services excluding travel

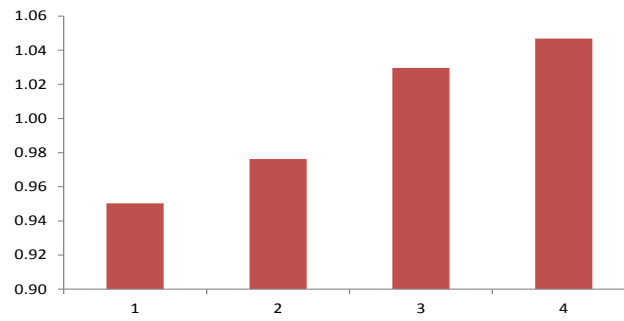


1.3 Communications services

Seasonal factors

1	0.950305
2	0.976235
3	1.029658
4	1.046862

Figure 3
Seasonal factors: Communications services

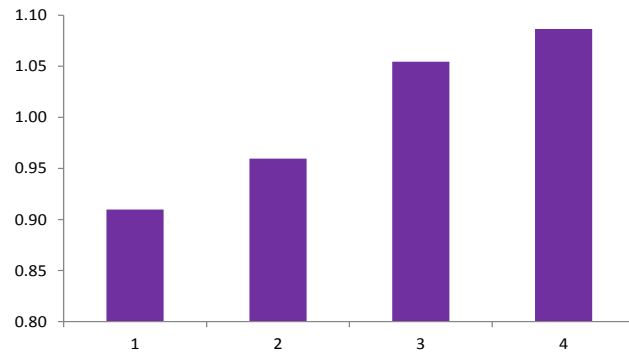


1.4 Financial services

Seasonal factors

1	0.909734
2	0.959488
3	1.054397
4	1.086530

Figure 4
Seasonal factors: financial services

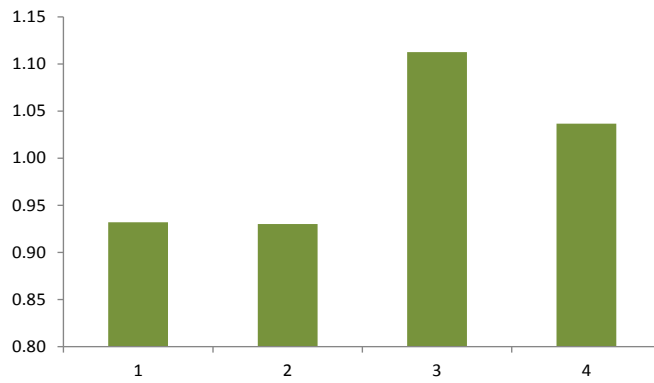


1.5 Information and IT services

Seasonal factors

1	0.932103
2	0.930159
3	1.112536
4	1.036728

Figure 5
Seasonal factors: Information and IT services

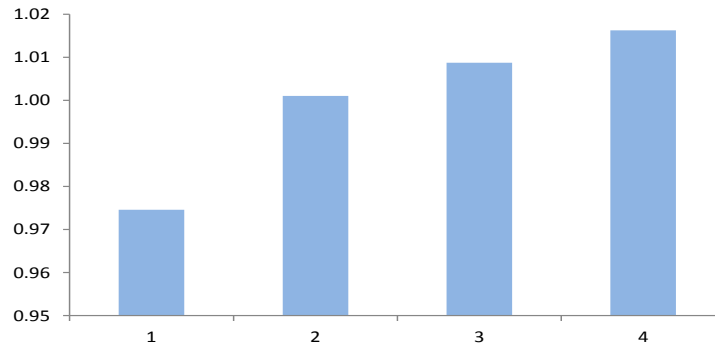


1.6 Other business services

Seasonal factors

1	0.974571
2	1.000996
3	1.008699
4	1.016231

Figure 6
Seasonal factors: other business services

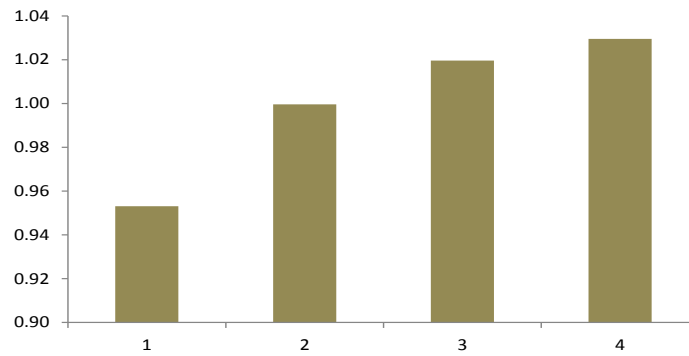


1.7 Transport services

Seasonal factors

1	0.953114
2	0.999590
3	1.019561
4	1.029485

Figure 7
Seasonal factors: transport services

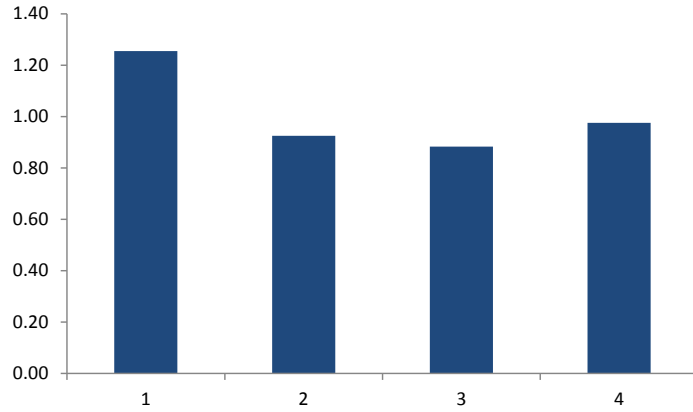


1.8 Travel

Seasonal factors

1	1.255176
2	0.924916
3	0.882693
4	0.975851

Figure 8
Seasonal factors: Travel

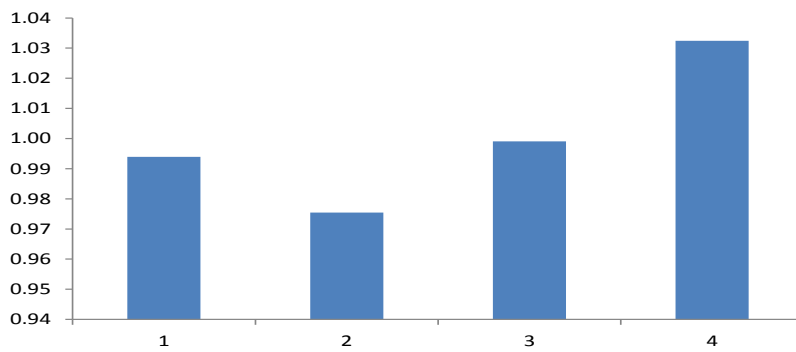


Seasonal factors for services on the debit side

2.1 Communications services

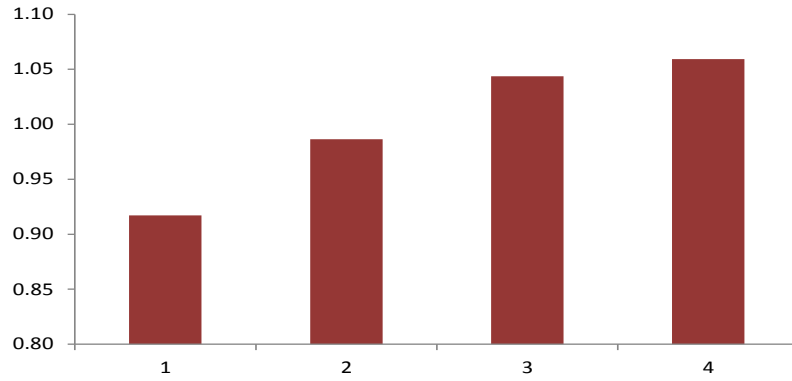
Seasonal factors	
1	0.993932
2	0.975445
3	0.999066
4	1.032396

Figure 9
Seasonal factors: Communications services



2.2 Financial services

Figure 10
Seasonal factors: financial services

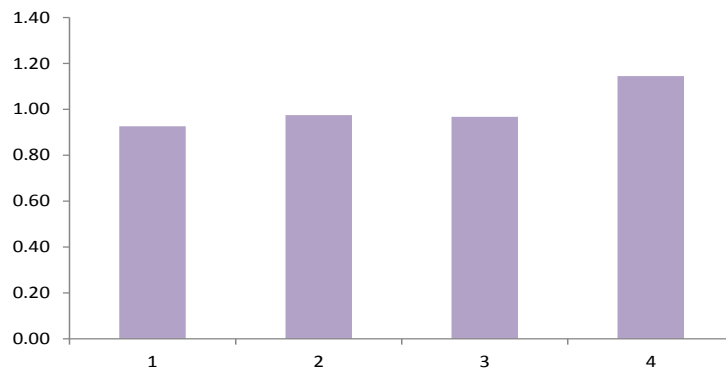


2.3 Information and IT services

Seasonal factors

1	0.926301
2	0.974791
3	0.967304
4	1.144916

Figure 11
Seasonal factors: Information and IT services

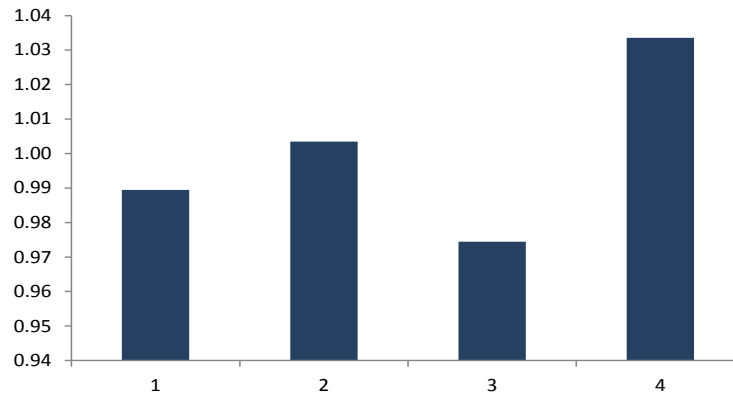


2.4 Other business services

Seasonal factors

1	0.989483
2	1.003478
3	0.974419
4	1.033566

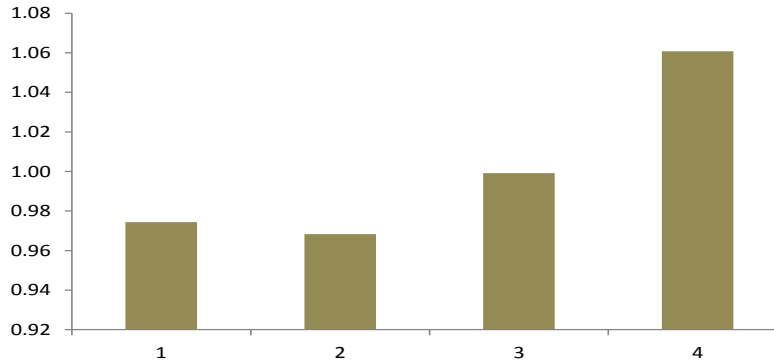
Figure 12
Seasonal factors: Business services



2.5 Royalties and license fees

Seasonal factors	
1	0.974399
2	0.968315
3	0.999132
4	1.060776

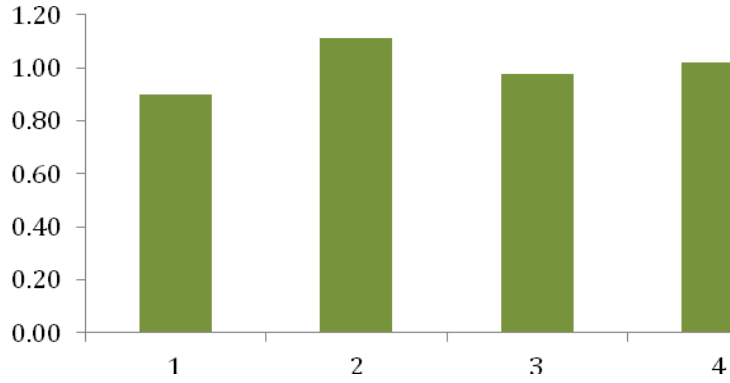
Figure 13
Seasonal factors: Royalties and license fees



2.6 Insurance services

Seasonal factors	
1	0.899522
2	1.111890
3	0.978709
4	1.021581

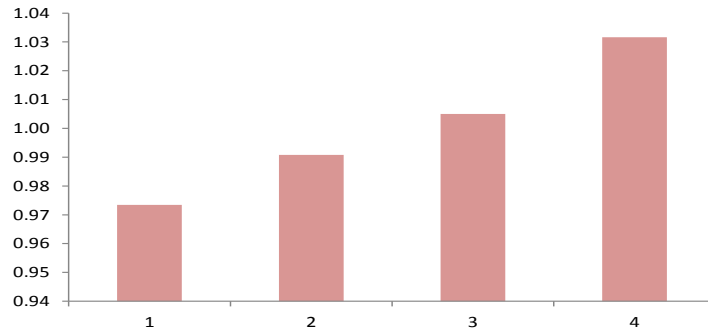
Figure 14
Seasonal factors: Insurance services



2.7 Transport services

Seasonal factors	
1	0.973456
2	0.990808
3	1.005025
4	1.031614

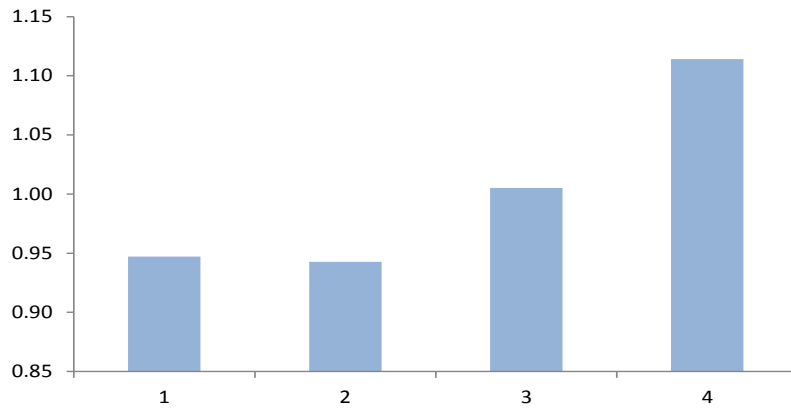
Figure 15
Seasonal factors: Transport services



2.8 Travel

Seasonal factors	
1	0.947216
2	0.942805
3	1.005118
4	1.114069

Figure 16
Seasonal factors: Travel



Annex V. Recommendations from the CDIS and CPIS Mission (March 2014) A. Sales

	Recommendation	Verifiable indicator	Completion date	Status
1	Continue efforts toward the dissemination of balance of payments and IIP statistics in accordance with BPM6 guidelines.	Publication on the BCCR website	June 2014	Complete
2	Finalize the methodological document to accompany the dissemination of statistics in BPM6-compliant format.	Publication on the BCCR website	Reference action June 2014	Complete
3	Approach senior authorities of the BCCR and the national statistics institute (INEC) to promote the promulgation of legal provisions authorizing the BCCR and the other public entities involved to obtain information from the various economic factors required to compile Costa Rica's macroeconomic statistics.	Promulgation of the corresponding legal provision.	Indefinite	Pending <u>Explore the possibility of using the legal mechanisms established by Law 7839 on the National Statistics System, without prejudice to the objective of amending the BCCR charter</u>
4	Include the firms with outward FDI operations identified by PROCOMER in the balance of payments and CDIS survey. The largest 10 such firms represent 93.2 percent of total outward FDI reported by PROCOMER. At least five of them should be visited in order to improve coverage.	Directory of BPS firms	June 2014	Of the 10 that refused to provide information to the BCCR, three were included in the quarterly survey and the remainder in the annual survey. <u>See comments in Recommendation on 3 on legal framework</u>
5	In the section of the BPS questionnaire on general company information, add an item requiring the name of firms with outward FDI operations to facilitate the identification of fellow enterprises that could not otherwise be identified.	Changes in the questionnaire form.	Reference action September 2014	Postponed to January 2015 <u>Evaluate the option of asking this question verbally to avoid</u>

	Recommendation	Verifiable indicator	Completion date	Status
				<u>impacting the response rate insofar as some firms may consider the information sensitive or confidential.</u>
6	Add a section to the BPS questionnaire for asset and liability positions between fellow enterprises for cases where the common parent is a resident firm.	Changes in the questionnaire form.	June 2015	Postponed to January 2015
7	In the column of the CDIS report for nonfinancial firms, separate the item on insurers' net position (inward and outward) in debt instruments, which is currently indistinguishable from other firms.	Semiannual CDIS reports to the IMF.	September 2014	Complete
8	For quality control purposes, compare the responses of firms surveyed in the economic study of businesses (EEE) – conducted by the AEE in the context of changing the base year for the national accounts – with the responses received through the BPS. The comparison should focus on the largest 130 firms surveyed for the EEE, which are the firms for which a questionnaire similar to the BPS was used.	Register or log of figures revised as a result of this exercise.	September 2014	Pending Postponed to fourth quarter 2015
9	Review the EEE business directory to expand the BPS directory by identifying firms whose EEE responses indicate operations with other economies, and adding them to the BPS directory.	Content of the business directory reflects the addition of new firms.	Reference action September 2014	Complete
10	Review responses to the memorandum items at the end of the BPS questionnaire (information on external liabilities of the nonfinancial private sector by residual maturity). In the same way, review the data available from the Integrated Data Management System (SIGADE) to include the corresponding data for both sectors in Table 3 of the Quarterly External Debt Statistics.	Publication of Table 3 in the QEDS system	September 2014	Complete Very few completed this request, and therefore the information received is not relevant. <u>Further comment on the legal framework in Recommendation 3</u>

	Recommendation	Verifiable indicator	Completion date	Status
11	In cooperation with the Superintendency of Securities (SUGEVAL) and/or national institutions serving as securities custodians, determine whether any nonresidents purchase securities issued in Costa Rica by residents (primarily the central government) in local currency and, if so, determine the amounts of and availability of information on such purchases. To the extent the purchases occur, the corresponding flows and positions are not currently reflected in the external debt.	Report of the investigation.	September 2014	Pending Likely date 2016
12	As part of their quarterly training, instruct BPS interviewers to advise firms responding to the BPS of the importance of reporting trade credit and advances in the items provided specifically for this purpose, not in other sections.	Increased response to BPS survey items specifically designed to capture data on these transactions.	June 2014	Complete

Annex VI. Recommendations of the Technical Assistance Mission on Balance of Payments and IIP (February 2014) C. Soto

	Recommendation	Verifiable indicator	Priority	Status
1	Manufacturing services on physical inputs owned by others: continue the effort of identifying the amounts corresponding to these services for firms already identified for 2012 and 2013 as was done for 2011.	Technical report	Reference action March 2014	Complete
2	Continue with progress to request the information from the Superintendency of Pensions (SUPEN).	Request made	High June 2014	Pending Postponed to March 2016.
3	Continue with progress to request the information from the Superintendency of Telecommunications (SUTEL).	Request made	High December 2014	We recommend requesting support from the authorities to accomplish this action
4	Review the response rate to the EEE for questions relating to foreign transactions. Supplement the sector business directories with this information. Because the study is conducted annually, we recommend that the AESE revise the questions included on the form.	Technical report	Medium April 2014	Modified. We recommend that the AESE revise the form to be used in the future so that questions or instructions can be clarified in order to be more useful for the statistical purposes in question (December 2014)
5	Identify seasonal behavior in the provision of certain services abroad to determine the need to make the quarterly adjustment based on the results.	Technical report	Medium June 2014	Complete
6	Continue with the automation of AESE reporting processes relating to the development of tools to interconnect with sources, which would increase productivity and information security by reducing the margin for error and making maximum use of the information's analytical potential. This action includes negotiation processes mentioned as a requirement in Recommendations 3 and 4.	Progress monitoring report	High December 2014	Pending Postponed to June 2015.

	Recommendation	Verifiable indicator	Priority	Status
7	Review the information obtained through the EEE on resident airline to validate the information reported and identify any operating lease operations.	Technical report	High June 2014	Complete. No results were obtained. We suggest that that AESE review the estimates concerning airlines prepared for the national accounts to determine whether they can be used for estimates for the external accounts (March 2015)
8	Direct the effort already undertaken to specify relationships among FDI firms to expand coverage of the functional category of direct investment by identifying not only immediate investors but also indirect investors and fellow enterprises. Focus efforts on identifying the firms that account for 75 percent to 80 percent of the Direct Investment Survey.	Technical report	High December 2014	Complete. A study was conducted with a sample of the firms indicated.
9	Regarding the current sources of information used to determine traveler expenses, evaluate the following scenarios: (i) continue to use the current information on expenses from the ICT with greater input from the BCCR regarding stratification of the sample, and (ii) consider the possibility of an independent comprehensive survey by the BCCR that would capture all reasons for travel; coordinate with the ICT beforehand so that its survey does not include expense data. This is to avoid generating two sets of spending data, which could confuse the users.	Technical report	High October 2014	Complete. We suggest that the AESE review the estimates by the ICT regarding the effect of not considering nonresident Costa Ricans in calculating average spending for the travel account. To the extent possible, we suggest that the ICT expand the sample.
10	Coordinate with the ICT to continue the work of estimating the timetable for foreign investment relating to expenditure according to	Report	December 2014	Complete

	Recommendation	Verifiable indicator	Priority	Status
	progress of work on hotel and real estate projects.			
11	Regarding the information for recording public sector debt, monitor securities issued domestically and purchased by nonresidents, as well as their maturity dates.	Technical report	December 2014	Partially completed (central government and BCCR). The information will be obtained from the BCCR's SAC system starting with third quarter 2014 Information was requested from SUGEVAL, maintaining the December 2014 date for all other instruments issued by the public and private sector.
12	Regarding commercial credits, continue adding new firms identified as beneficiaries of trade credits to the directory as the research proceeds.	Technical report	December 2014	Pending. The suggestion that the AESE revised IEEE form to make it more useful has been implemented.
13	Continue efforts with the Directorate of Migration and Immigration (DGME) to obtain information from visitors on residency so the expansion is adequate.	Technical report	December 2014	Complete The DGME stated that it does not have the information.
14	Implement the actions agreed to facilitate the estimation of nonlife insurance transactions in accordance with BPM6 guidelines.	Technical report	December 2014	Complete
15	Continue the research efforts regarding potential records of pension- and health-related transactions.	Technical report	December 2014	Pending
16	Total external debt: Determine the possibility of the Ministry of Finance adding a note to its publications indicating external debt data by	Note added	December 2014	Complete

	Recommendation	Verifiable indicator	Priority	Status
	residency as well as unmatured interest accrued.			Implementation of the action will be monitored.

Annex VII. Border Workers and Temporary Workers

Executive summary⁶

The field investigation, “Trabajadores transfronterizos y de temporada en Costa Rica 2013-2014” [Cross-Border and Temporary Workers in Costa Rica 2013-2014] was conducted primarily to approximate the income and expenses of the following workers: 1) temporary foreign workers, 2) border workers in Costa Rica, and 3) Costa Rican border workers in third countries.

This is the second field investigation on the subject and is conducted every two years by the Economic Surveys Area (AEE) at the request of the External Sector Statistics Area (AESE), following the recommendations of the IMF Balance of Payments and International Investment Position Manual, Sixth Edition (BPM6). The first estimate in this area covered the period 2011-2012.

To calculate the sample size, a two-stage sampling design of conglomerates of different sizes and equal likelihood was used⁷ and a 95 percent confidence level was determined.

The field investigation began November 25, 2013 and concluded on March 20, 2014, with a total of 681 interviews conducted. The instrument used to compile information in this investigation was a questionnaire, administered through personal interviews to:

1. Temporary foreign workers and foreign and national border workers.
2. Plantation managers or administrators who hire temporary and border workers.

Melon, sugar cane, orange, and coffee crops were identified as the principal economic activities in Costa Rica for which foreign workers are hired on a temporary basis. According to the sources consulted, the number of foreign workers who came to Costa Rica temporarily during 2013-2014 totaled approximately 40,886 persons, of whom 33,478 worked in the coffee sector, 1,836 in melons, 4,322 in sugar cane, and 1,250 in oranges. For the melon, orange, and sugar cane crops, 100 percent of the temporary workers were Nicaraguan nationals; and for coffee, approximately 69.5 percent were Panamanian, 30 percent were Nicaraguan, and 0.5 percent were Salvadoran.

With respect to border workers, an estimated 1446 Panamanians and 987 Costa Ricans worked in trade on the southern border with Panama (Paso Canoas), and about 623 Panamanians worked on the banana plantations located in Sixaola, Limón.

The principal finding of the investigation was the estimated employee compensation for the balance of payments current account for fourth quarter 2013 through third quarter 2014, which totaled \$70.4 million for temporary workers and foreign border workers, and \$6.6 million for Costa Rican border workers in Paso Canoas.

⁶The complete paper is available on the BCCR website at the following link:
http://www.bccr.fi.cr/publicaciones/politica_cambiarria_sector_externo/Documento_metodologico_TTT_2013_2014.pdf

⁷ López Pérez, César; Muestreo estadístico conceptos y problemas resueltos [Statistical sampling concepts and problems resolved] (2005), Pearson Prentice Hall; Madrid, Spain (pp. 304–07).