



DOMINICA

TECHNICAL ASSISTANCE REPORT—EXTERNAL SECTOR STATISTICS

April 2022

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TECHNICAL ASSISTANCE REPORT

DOMINICA

REMOTE TECHNICAL ASSISTANCE MISSION ON EXTERNAL SECTOR STATISTICS

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Glossary

<i>BPM6</i>	<i>Balance of Payments and International Investment Position Manual, sixth edition</i>
ECCB	Eastern Caribbean Central Bank
CARTAC	Caribbean Regional Technical Assistance Center
CBI	Citizenship by Investment
CD	Customs Department
DTIs	Deposit Taking Institutions
ESS	External Sector Statistics
FSU	Financial Services Unit
GDP	Gross Domestic Product
IIP	International Investment Position
MOF	Ministry of Finance
MTOs	Money Transfer Operators
SDD	Statistics Department of Dominica
STA	IMF's Statistics Department
TA	Technical Assistance

SUMMARY OF MISSION OUTCOMES AND PRIORITY RECOMMENDATIONS

1. **A remote technical assistance (TA) mission on external sector statistics (ESS) was conducted to the Statistics Department of Dominica (SDD) during August 30 to September 10, 2021.** The mission was carried out as part of the Caribbean Regional Technical Assistance Centre (CARTAC) work program on ESS. The balance of payments and international investment position (IIP) statistics for Dominica are compiled jointly by the SDD and the Eastern Caribbean Central Bank (ECCB).¹ In this context, three staff from the ECCB participated in the mission in their capacity of ESS compilers for Dominica. Fadhila Alfaraj of the IMF's Statistics Department (STA) joined the mission.
2. **The mission provided hands-on assistance to the SDD on statistical techniques and source data to review preliminary 2019 and fill data gaps in the compilation of the balance of payments and IIP statistics for 2020.** The mission focused on addressing data collection issues and compilation techniques, in the context of the COVID-19 pandemic. Data for 2019–20 on external transactions and positions for the economy were obtained by compilers primarily from administrative sources, including submissions to the ECCB and the Financial Services Unit of Dominica. The 2020 ESS survey had a response rate of 38 percent and with the inclusion of information from administrative sources, a transaction-weighted response rate of 89 percent was achieved.² Strengthening the institution for the collection of data from the private sector is essential as well as the reinforcement of data-sharing agreements to improve the availability and timeliness of data.
3. **Preliminary balance of payments estimates for 2020 indicate a current account deficit of EC\$401.9 million or 30 percent of gross domestic product (GDP).** The current account deficit declined by EC\$174.9 million when compared to the 2019 current account deficit of EC\$576.8 million (34.9 percent of GDP). This estimate reflects a deficit on the goods and the services sub-accounts. The largest contributor to the 2020 current account deficit is goods imports of EC\$506.6 million.
4. **The revised current account deficit for 2020 is higher than the estimate published in March 2021.** The balance of payments estimates for 2020 reflects a current account deficit that is EC\$26.9 million greater than the estimate of EC\$375.0 million published in March 2021 (see Appendix IV for additional details), mainly due to a higher deficit in services. The deficit of all sub-categories of services increased, except government services. Following the receipt of additional data from respondents and the implementation of the mission recommendations, the 2019–20 balance of payments and IIP estimates compiled during the mission, will be further revised.

¹ Dominica's official ESS are reported to the IMF's Statistics Department (STA) by the ECCB.

² Transaction-weighted response rate represents the total value of transactions received for entities survey, as a percentage to the estimated value of total transactions of these entities.

5. High frequency indicators of balance of payments transactions are available to the compilers. These includes data on transactions in goods (imports and exports), services (visitor expenditure, CBI related credits and debits), primary income (transactions of the Government and deposit taking institutions), secondary income (remittances), capital account (official grants and CBI related flows), financial account (transactions of deposit taking institutions (DTIs) and the Government) and reserves. The mission requested that the available quarterly data on external transactions and positions be published on the website of the ECCB and the SDD. Timely and reliable ESS are essential for informed economic policymaking by the authorities and will satisfy the data needs of key stakeholders to assess the country's external sector developments. These stakeholders include creditors, international credit rating agencies and other investors including direct investors.

6. The SDD has started to collect administrative data for compiling the 2021 ESS, such as information on trade in goods and visitor arrival statistics.

7. To support progress in the above work areas, the mission recommended a detailed action plan with the following priority recommendations.

Table 1. Dominica: Priority Recommendations

Target Date	Priority Recommendation	Responsible Institutions
December 2021	Disseminate balance of payments and IIP statistics for 2020.	ECCB and the SDD
June 2022	Publish available quarterly balance of payments selected indicators on the ECCB and the SDD websites, such as estimates for goods imports, goods exports, visitor expenditure, external transactions of the government, external transactions of DTIs, remittances, and other available data on external transactions.	ECCB and the SDD

DETAILED TECHNICAL ASSESSMENT AND RECOMMENDATIONS

A. Action Plan

8. The below action plan includes steps to be undertaken by the SDD to enhance the quality of ESS. Actions are prioritized (high (H) and medium (M)) and priority recommendations (PR) identified.

Priority	Action/Milestone	Target Completion Date
<i>Outcome: Source data are adequate for the compilation of these macroeconomic statistics (balance of payments and IIP statistics)</i>		
M	Follow up with the Sea and Airport for information on transactions with nonresidents ships, airlines, and other nonresidents and use the information to update the balance of payments transactions for 2020.	November 2021
M	Review the ratios used to estimate insurance and freight charges for fuel and non-fuel goods imports.	December 2022
H	Request information from Discover Dominica on the dates for the winter and the summer tourism period.	October 2021
H	Use the results from the survey of departing visitors in the winter tourist period to calculate average length of stay and average daily expenditure per person for visitors in the winter period only.	October 2021
H	Use the results from the survey of departing visitors in the summer tourist period to calculate average length of stay and average daily expenditure per person for visitors in the summer period only.	October 2021
H	Request from the Ministry of Finance and Discover Dominica information on the cost to quarantine visitors to the Island and the amount paid by nonresidents for this service.	November 2021
H	Revise travel credits to include updated estimates of average expenditure per day and average	December 2021

Priority	Action/Milestone	Target Completion Date
	length of stay for summer period and average expenditure per day and average length of stay for the winter period and the cost to quarantine visitors.	
H	Separate visitors in the category hotel-holiday visitors into long stay visitors and short-stay visitors and calculate the following: <ul style="list-style-type: none"> a) Average length of stay for short-stay and long-stay visitors, b) Average daily expenditure per person for short-stay and long-stay visitors. 	June 2022
H	Estimate total expenditure for short-stay and long-stay hotel-holiday visitors.	June 2022
H	Separate visitors in the category hotel-business visitors into long stay visitors and short-stay visitors and calculate the following: <ul style="list-style-type: none"> a) Average length of stay for short-stay and long-stay visitors, b) Average daily expenditure per person for short-stay and long-stay visitors. 	June 2022
H	Estimate total expenditure for short-stay and long-stay hotel-business visitors.	June 2022
H	Re-estimate travel credits to include new estimates of expenditure for hotel-holiday visitors, hotel-business visitors.	June 2022
H	Revise secondary income transfer debits to include the cost to quarantine visitors less amounts paid by nonresidents.	November 2021
H	Follow up with the Ministry of Finance and the Ministry of Health for information on grants received in the form of vaccines and other medical supplies that were received in 2020 and include	October 2021

Priority	Action/Milestone	Target Completion Date
	the value of these transactions in secondary income.	
H	Revise the estimates of imports to include an estimate for the value of grants received in the form of vaccines and other medical supplies.	October 2021
H	Follow up with the CBI unit for information CBI direct investment related flows for 2019 and 2020 and update the balance of payments and IIP with the information.	October 2021
H	Request from CBI related construction projects information on short-term construction services purchased from nonresidents on an ongoing basis.	Ongoing
H	Follow up with Deposit Taking Institutions (DTIs) for additional information and clarifications on transactions relating to reductions in accumulated retained earnings to validate the current classification of these flows and other investment-acquisition of financial assets and incurrence of liabilities.	October 2021
H	Use of video conference facilities for meetings with respondents in the absence of face-to-face interactions to collect data on external transactions and positions for 2021.	By May 2022 and ongoing
H	Review data submissions to the tax authority for additional data on external transactions and positions to improve the provisional balance of payments and IIP estimates.	Ongoing
Outcome: longer time series have been compiled and made available internally and/or disseminated to the public for balance of payments and IIP		
PR	Disseminate balance of payments statistics and IIP for 2020.	December 2021
H	Disseminate revised balance of payments and IIP statistics for 2019.	December 2021
Outcome: Improved timeliness of data made available internally and/or disseminated to the public (shorter delays) for balance of payments and IIP statistics		
H	Finalize the provisional balance of payments time series compiled for the period prior to 2014 in the <i>Balance of Payments and International Investment Position Manual</i> , sixth edition (BPM6) format,	December 2022

Priority	Action/Milestone	Target Completion Date
	which improves consistency with the 2014–2017 data.	
PR	Publish available quarterly balance of payments selected indicators on the ECCB and the SDD websites, such as estimates for goods imports, goods exports, visitor expenditure, external transactions of the government, external transactions of DTIs, remittances, and other available data on external transactions.	June 2022
<i>Outcome: Staff capacity increased through training, especially on developing source data, compilation methods, and dissemination</i>		
H	Nominate staff to participate in external sector statistics training courses.	Ongoing

9. The mission acknowledges progress in ESS compilation (see Appendix I for a detailed assessment of the implementation of the previous mission’s action plan).

Recommendations from the 2020 mission that were not fully implemented are included in the current action plan. The sub-sections below include detailed compilation information that was worked on with the authorities during the mission.

B. Compilation of Balance of Payments and IIP Statistics

10. The current pandemic has negatively impacted the completion of survey forms by respondents. The measures implemented to minimize the spread of the COVID-19 virus have reduced the number of working hours in the economy, including reduced number of persons or closure of some workspaces. Respondents to the ESS have limited time in their offices making it difficult to complete the surveys and for the compilers to successfully follow up with them. In previous years, the survey process was largely completed and the first draft of the balance of payments and IIP produced by end August.

11. In person meetings with entities surveyed are restricted. The mission emphasized the use of video conferencing facilities to supplement face to face meetings with respondents. In preparation of electronic meetings with respondents, the SDD should request that respondents have in hand a copy of their financial statements for 2020. During the meetings, the SDD should engage respondents in a general discussion on their primary external transactions and positions. During the discussions, SDD should request that they provide information on these transactions and positions for 2020. The SDD noted that it is sometimes difficult to communicate with the survey respondents as they may be working from home.

12. Information on external transactions and positions for 2020 were obtained by compilers primarily from administrative sources. That is the case for DTIs, insurance companies/agencies and money transfer operators (MTOs) and hotels. Information on other large transactions and positions of the economy are received from the CD (imports and exports), visitor arrival statistics and the visitor expenditure survey submissions to the ECCB by deposit taking institutions (DTIs), data provided by Government Ministries and Departments, reports from the Financial Services Unit (FSU) and published financial statements. Most of other private sector entities currently operating in the economy are small and do not conduct external transactions, except for transactions in goods which are captured from the Customs Department (CD) and transactions with foreign visitors which are captured by the visitor expenditure survey.

13. Information used to compile the balance of payments and IIP were reviewed. The compilation work-files were updated with the information provided by respondents and information from administrative sources. The information was reviewed for internal consistency as well as for historical consistencies. Opening IIP positions for 2020 were checked against closing positions for 2019. Where data gaps were identified, estimates were made for the missing information.³

14. The 2020 visitor expenditure survey was cancelled due to the COVID-19 pandemic. The last survey was conducted in December 2019, most of the visitors for 2020 occurred in the first quarter of the year. Data for January to December 2020 indicates that 85 percent of visitors to the island arrived before the ports were closed to international passengers in March 2020.

15. New balance of payments and IIP estimates were produced for 2019. The new estimates indicate a reduction of EC\$24.0 million in the preliminary current account deficit estimated for the year (see Appendix II for additional details) and an increase of EC\$6.5 million the preliminary IIP deficit (see Appendix III additional details).

Current Account

16. The current account deficit declined during 2020. The balance of payments estimates for 2020 indicates a current account deficit of EC\$401.9 million. This deficit declined by EC\$174.9 million when compared to the revised 2019 deficit of EC\$576.8 million. This estimate reflects a deficit on the goods and the services sub-accounts. The largest contributor to the 2020 current account deficit is goods imports of EC\$506.6 million. Table 2 below contains the estimates developed during the mission.

³ Guidelines on the *BPM6CG* were provided on checking data supplied like quality control checks or the requirement of extra information for consistency checks. Ways to estimate for low response or low coverage rates following the *BPM6CG* were also reviewed with compilers.

Table 2. Dominica: Balance of Payments Summary
(EC\$ millions)

	Revised 2019 (A)	Revised 2020 (B)	Change (B-A)
Current Account (EC\$ million)	-576.8	-401.9	174.9
Goods balance	-714.9	-458.6	256.3
Exports	43.7	48.0	4.3
Imports	758.6	506.6	-252.0
Services (net)	153.8	-44.8	-198.6
Primary Income (net)	-22.7	23.5	46.1
Secondary Income (net)	7.1	78.1	71.0
Capital Account	160.1	122.5	-37.6
Net Borrowing from the Current and Capital Account	-416.7	-279.4	137.3
Net Borrowing from the Financial Account	-605.5	-69.1	536.4
Direct Investment	-169.9	-60.3	109.5
Portfolio Investment	-15.1	18.2	33.3
Other Investments	-362.8	-53.5	309.3
Reserve Assets	-57.8	26.5	84.3
Net Errors and Omissions	-188.9	210.3	

Goods

17. During 2020 imports declined and exports increased. Data on goods imports and exports for 2020 were received from the CD. Data received indicates that imports, including insurance and freight cost, for 2020 was EC\$575.7 million. An estimate for insurance and freight charges were deducted from the estimates of imports received and included in the services account. The ECCB and the SDD estimate freight cost at 10 percent of imports and insurance cost of 2 percent of imports. Imports at free on-board values were estimated to be EC\$506.6 million and reflects a reduction of EC\$252.0 million or 33 percent when compared to the 2019 values. Imports for 2019 were impacted by reconstruction activities following hurricane Maria in 2017. Imports for 2020 were more consistent with values prior to hurricane Maria in 2017. For the three-year period ending 2016 imports averaged EC\$527.4 million. Exports for 2020 were estimated to be EC\$48.0 million, an increase of EC\$4.3 million relative to 2019.

18. The ratios used to estimate insurance and freight charges for goods imported should be reviewed. Estimated ratios have been used for several years and should be reviewed and revised if they are no longer valid. The mission and the compilers reviewed these ratios with an agent of a shipping company that transport goods to the country during the 2019 mission. The agent indicates that the estimate for insurance charges is representative of his estimates.

However, the estimate for freight charges appears to be low and suggests that a ratio of 15 percent might be more representative. To improve the estimates, freight and insurance charges should also be separated into charges for fuel and charges for non-fuel imports. The mission encouraged the compilers to continue the process and to revise these estimation ratios.

19. Additional data on goods procured in ports is required. Information received from the CD is also used to adjust for coverage to include estimates for goods procured in ports. Data for these adjustments are provided by the Airport and Sea Port Authority and oil importing companies on an annual basis. Information on fuel sales to nonresidents were provided by the large oil importing companies, however no information was received from the Airport and Seaport Authority. The compilers were encouraged to continue in their efforts to collect the requested data.

20. Data on imports should be revised to include an estimate for the value of non-cash grants received during 2020. The balance of payments accounts compiled for 2020 does not include an estimate for the value of grants received in the form of vaccines and other medical supplies. The mission requested that the SDD request information on these transactions from the Ministry of Finance and the Ministry of Health and include the value of these transactions in goods debits and secondary income credits. Data on imports from the CD include the volume of these goods, however, their values are not included in the value of total imports as the CD does not have information on the price of these items.

Services

21. Preliminary data indicate a decline in the services balance for 2020 compared to 2019. Available data suggests that the services balance declined by EC\$198.6 million from a surplus of EC\$153.8 million in 2019 to a deficit of EC\$44.8 million in 2020 (see Table 2). This resulted from reduced services credits that exceeded the reduction in services debits.

22. Services credits declined during 2020. Services credits declined by EC\$306.4 million. The largest contributor to the decline in services credits is travel credits which declined by EC\$284.4 million. This sub-sector account for 93 percent of the decline in services credits.

23. There was a decline in the surplus on net travel. The estimate of net travel for 2020 indicates a surplus of EC\$64.1 million, representing a decline of 79 percent relative to the estimate of EC\$310.9 million for 2019. Information from Discover Dominica indicates that for 2020 stop-over visitors declined by 76 percent and cruise passengers declined by 49 percent. This outturn was influenced significantly by the effects of the COVID19 pandemic. Most of the visitors arrived in the first quarter of the year, prior to the restrictions that were implemented on international travel. 85 percent of stop-over visitors and 100 percent of cruise passengers arrived in the first quarter of 2020.

24. Expenditure by the government to quarantine nonresidents should be included in travel services credits and secondary income debits. Visitors to Dominica during 2020 were

required quarantine and were permitted to stay in a government facility or in a hotel that is approved by the government. The SDD indicated that the cost to quarantine in a government facility was absorbed by the state.

25. Visitor Expenditure Surveys for 2020 were cancelled due to COVID-19. The last completed visitor expenditure survey was conducted in December 2019. Given the relatively small number of visitors after March 2020, estimates of average daily expenditure and average length of stay of visitors computed from the December 2019 survey were used to estimate the expenditure of visitors for 2020.

26. Adjustments are required to the implementation of the results from the survey of departing visitors. The surveys of departing visitors are conducted twice a year. The estimates of average length of stay and average daily expenditure are incorporated into the monthly estimates of visitor expenditure, starting with the estimates for the month that the results were processed. The incorporation of the results from the survey starting with the month that the results were processed contributes to errors in the estimates of visitors' expenditure. To improve the estimates of visitor expenditure, estimates of average expenditure per person per day and average length of stay developed from surveys conducted in the winter tourist period should be used to estimate visitors' expenditure for months in the winter tourism period only. Estimates of average expenditure per person per day and average length of stay developed from surveys conducted in the summer tourist period should be used to estimate visitor's expenditure for the summer months only.

27. Adjustments are required to the processing of the results from the survey of departing visitors. Changes in the estimates of average length of stay and average daily expenditure developed from different surveys during a year are sometimes very significant, and sometimes increasing by more than 100 percent. To improve these estimates, hotel-holiday and hotel-business visitors should be further separated into short-stay visitors and long-stay visitors. Estimates of average length of stay and average daily expenditure for each category of visitors should be calculated from the results of the visitor expenditure survey and the estimates of total visitor expenditure re-estimated by using the new estimates of average length of stay and average daily expenditure developed for short-stay hotel-holiday visitors, long-stay hotel-holiday visitors, short-stay hotel-business visitors and long-stay hotel-business visitors.

28. Services debits declined during 2020. Services debits declined by EC\$109.2 million. The largest contributors to the decline in services debits are travel services and transportation services. Travel services debits declined by EC\$37.5 million, reflecting a reduction in residents travelling abroad. Transportation services debits declined by EC\$46.2 million, resulting primarily from a reduction in freight cost.

29. Freight charges declined during 2020. Freight debits declined by EC\$28.6 million. These charges are estimated to be 10 percent of imports. Declines in imports in 2020 resulted in a reduction in freight cost from EC\$86.2 million in 2019 to EC\$57.6 million for 2020. The mission

reiterated the need to review the ratio used to estimate freight charges and to revise the ratio, if the new estimates are different from the current estimates.

Primary Income

30. Primary income balance recorded a surplus for 2020. Provisional estimate for 2020 indicates a primary income surplus of EC\$23.5 million. This result represents an increase in the primary income balance of by EC\$46.1 million, from a deficit of EC\$22.7 million in 2019, resulting primarily from the performance of direct investment income. Total direct investment income debits declined by EC\$49.0 million and was dominated by reinvested earnings component which declined by EC\$75.5 million from EC\$31.5 million in 2019 to negative EC\$44.0 million in 2020. This out-turn reflects the performance of DTIs, primarily the activities of one entity. The mission emphasized the need for the staff to follow up with this DTI for additional information on their transactions to confirm the data.

Secondary Income

31. There was an increase in the secondary income surplus. Preliminary estimates indicate a secondary income surplus of EC\$78.1 million in 2020, representing an increase of EC\$71.0 million relative to a surplus of EC\$7.1 million in 2019. The increase in this surplus reflects primarily improvements in personal transfers. Net personal transfers increased by EC\$66.3 million, accounting for 93 percent of the increase in the secondary income surplus. During 2020, personal transfers credits increased by EC\$56.9 million to EC\$176.1 million and debits declined by EC\$9.4 million to EC\$59.4 million. The estimates for 2020 were derived from submissions to the ECCB by DTIs, and submissions to the FSU by remittance companies. The compilers should follow up with DTIs and the FSU to confirm these numbers. Estimates of other secondary income transactions were derived from data provided by insurance companies and the Ministry of Finance.

Capital Account

32. The capital account balance declined during 2020. For 2020, there was a decline in the capital account surplus by EC\$37.6 million to EC\$122.5 million, due primarily to reductions in capital transfers to the general government. The estimate for general government transfers was developed from data provided by the Treasury Department and other entities of the Government.

Net Lending/Net Borrowing Position

33. There was a net borrowing position for 2020. There is a net borrowing position of EC\$279.4 million from the current and capital account. This position resulted from a current account deficit of EC\$401.9 million and a capital account surplus of EC\$122.5 million. The financial account provides information on how this borrowing position was financed. From the

available data, a net borrowing position of EC\$69.1 million was estimated for the financial account.

Financial Account

34. Direct investment recorded a net borrowing position of EC\$60.3 for 2020. Direct investment to Dominica largely reflects changes in retained earnings of DTIs and investments under the citizenship by investment (CBI) program. Transactions of the DTIs were estimated from submissions to the ECCB by these institutions and investments under the CBI program were estimated from the budget data. During 2020, direct investment liabilities recorded a net borrowing position of EC\$59.3 million relative to net borrowing of EC\$169.9 million for 2019.

35. Portfolio investment recorded a net lending position for 2020. Portfolio investment for Dominica largely reflects activities of DTIs and the Government. Transactions of the DTIs were estimated from submissions to the ECCB by these institutions. Transactions in debt securities by the Government were received by the SDD. For 2020 the economy net acquired portfolio investment assets of EC\$7.4 million relative to net acquisition of EC\$17.1 million in 2019. During the review year there was a decline in net portfolio liabilities of EC\$10.8 million relative to a net increase of EC\$22.2 million in 2019. These changes have resulted in a net lending position of EC\$18.2 million for 2020 relative to a net borrowing position of EC\$15.1 million for 2019.

36. Other investment recorded a net borrowing position of EC\$53.5 million. Net assets declined by EC\$26.4 million resulting from a decline in loan assets of the DTIs. Net liabilities increased by EC\$27.1 million with currency and deposits liabilities declining by EC\$90.0 million and an increase in loan liabilities of the Government of EC\$115.1 million. Transactions of the DTIs were compiled from reports submitted to the ECCB by these entities and government transactions were obtained from the survey form completed by the Treasury Department.

37. Reserve assets increased during the year. During 2020 Dominica's reserve assets increased by EC\$26.5 million. This is an improvement relative to a decline of EC\$57.8 million in 2019. Information on changes in imputed reserves was obtained from the records of the ECCB. Imputed reserves for Dominica are estimated from the economy's net claims on the ECCB.

38. Net errors and omissions are significant in 2020. The difference between the financial account, and the current and capital accounts for 2020 indicates net errors and omissions of EC\$210.3 million. For 2019 errors and omissions are negative EC\$188.9 million. This result would indicate that the net borrowing balance from the current and capital account is too large or that the net borrowing from the financial account is too short. Published 2020 balance of payments showed errors and omissions of EC\$78.9 million. The main contributor to the increase in errors and omissions compared to published data is the revised data of DTIs, other investment-net acquisition of financial assets which increased EC\$260.7 million, offsetting the increase of their net incurrence of liabilities (EC\$ 167.5). As indicated in *BPM6* paragraph 2.24 positive values of

net errors and omissions indicate the following (for a negative value of net errors and omission these imbalances are reversed):

- a) the value of credits in the current and capital accounts is too low; and/or
- b) the value of debits in the current and capital accounts is too high; and/or
- c) the value of net increases in assets in the financial account is too high; and/or
- d) the value of net increases in liabilities in the financial account is too low.

39. Additional information/clarification is required to reduce net errors and omission.

As mentioned above, the mission made recommendations to review estimations and to require clarification to data provided especially of DTIs:

- a) Estimated components of credits from services, exports decreased compared to published data,
- b) Estimated components of debits from services, imports increased compared to published data.
- c) Assets and liabilities of DTIs
- d) Revisions that should not affect errors and omissions are the reinvestment of income as the counterpart is in the financial account, in-kind grants which would be recorded in credits of the secondary income and imports of goods.

The change in the sign of net errors and omissions suggests that some transactions that are accounted for in the 2020 balance of payments might have occurred in 2019 and their timing were incorrectly reported. The compilers were advised to follow up with entities that conduct large external transactions, such as DTIs, for additional information which could minimize the estimated errors. During 2019, DTIs reported large transactions, some of which were reversed in 2020 and all counterpart transactions might not be accounted for in the balance of payments.

International Investment Position

40. The net liability position on the IIP increased during the year. The net liability position increased by EC\$58.4 million in 2020 from EC\$542.3 million at end-2019 to EC\$600.7 million at end-2020. Table 3 below contains the details on the IIP estimates. The provisional estimates for the financial account of the balance of payments and the IIP were developed from the same data set.

Table 3. Dominica: International Investment Position
(EC\$ millions)

	Revised 2019 (A)	Revised 2020 (B)	Change (B-A)
Net Position	-542.3	-600.7	-58.4
Assets	1,912.6	1,942.5	29.9
Liabilities	2,454.9	2,543.1	88.3
Direct Investment	-1,237.4	-1,297.7	-60.3
Assets	4.6	3.5	-1.0
Liabilities	1,242.0	1,301.2	59.3
Portfolio Investment	97.3	115.5	18.2
Assets	216.3	223.7	7.4
Liabilities	119.0	108.2	-10.8
Other Investments	147.6	104.7	-42.8
Assets	1,241.4	1,238.4	-3.0
Liabilities	1,093.9	1,133.7	39.8
Reserve Assets	450.3	476.8	26.6

Recommended Actions:

- Follow up with the Sea and Airport for information on transactions with nonresidents ships, airlines, and other nonresidents and use the information to update the balance of payments transactions for 2020.
- Re-estimate the ratios used to estimate insurance and freight charges for fuel and non-fuel goods imports.
- Request information on Discover Dominica on the date for the winter and the summer tourism period.
- Use the results from the survey of departing visitors in the winter tourist period to calculate average length of stay and average daily expenditure per person for visitors in the winter period only.
- Use the results from the survey of departing visitors in the summer tourist period to calculate average length of stay and average daily expenditure per person for visitors in the summer period only.
- Request from the Ministry of Finance and Discover Dominica information on the cost to quarantine visitors to the Island and the amount paid by nonresidents for this service.

- Revise travel credits to include updated estimates of average expenditure per day and average length of stay for summer period and average expenditure per day and average length of stay for the winter period and the cost to quarantine visitors.
- Separate visitors in the category hotel-holiday visitors into long stay visitors and short-stay visitors and calculate the following:
 - a) Average length of stay for short-stay and long-stay visitors,
 - b) Average daily expenditure per person for short-stay and long-stay visitors,
 - c) Total expenditure for short-stay and long-stay hotel-holiday visitors.
- Estimate total expenditure for short-stay and long-stay hotel-holiday visitors.
- Separate visitors in the category hotel-business visitors into long stay visitors and short-stay visitors and calculate the following:
 - a) Average length of stay for short-stay and long-stay visitors,
 - b) Average daily expenditure per person for short-stay and long-stay visitors,
 - c) Total expenditure for short-stay and long-stay hotel-business visitors.
- Estimate total expenditure for short-stay and long-stay hotel-business visitors.
- Re-estimate travel credits to include new estimates of expenditure for hotel-holiday visitors, hotel-business visitors.
- Revise secondary income transfer debits to include the cost to quarantine visitors less amounts paid by nonresidents.
- Follow up with the FSU for clarification on remittance flows for 2020 to confirm their validity.
- Follow up with the Ministry of Finance and the Ministry of Health for information on grants received in the form of vaccines and other medical supplies that were received in 2020 and include the value of these transactions in secondary income.
- Revise the estimates of imports to include an estimate for the value of grants received in the form of vaccines and other medical supplies.
- Follow up with the CBI unit for information CBI direct investment related flows for 2019 and 2020 and update the balance of payments and IIP with the information.
- Request from CBI related construction projects information on construction services purchased from nonresidents on an ongoing basis

- Request from CBI related construction projects information on short-term construction services purchased from nonresidents on an ongoing basis.
- Follow up with DTIs for additional information and clarifications on transactions relating to reductions in accumulated retained earnings to validate the current classification of these flows and other investment-acquisition of financial assets and incurrence of liabilities.
- Use of video conference facilities for meetings with respondents in the absence of face-to-face interactions to collect data on external transactions and positions for 2021.
- Review data submissions to the tax authority for additional data on external transactions and positions to improve the provisional balance of payments and IIP estimates for 2020.
- Disseminate balance of payments statistics and IIP statistics for 2020.
- Disseminate revised balance of payments and IIP statistics for 2019

C. High Frequency Indicators

41. High frequency indicators of balance of payments activities are available to the compilers. The primary source of data from the private sector is the annual balance of payments survey, however, data are available to the compilers that can be used to assess external transactions of most balance of payments items on a higher frequency, such as quarterly. These includes data on transactions in goods (imports and exports), services (visitor expenditure, CBI related credits and debits), primary income (transactions of the Government and deposit taking institutions), secondary income (remittances), capital account (official grants and CBI related flows), financial account (transactions of DTIs and the Government) and reserves. These data sources provide information on the largest external transactions and positions of the economy. The mission requested that the available quarterly data on external transactions and positions be published on the website of the ECCB and the SDD. The mission and compilers agreed that compilation and publication of quarterly balance of payments and IIP statistics will be included in the next work program.

Recommended Actions:

- Publish available quarterly balance of payments selected indicators on the ECCB and the SDD websites, such as estimates for goods imports, goods exports, visitor expenditure, external transactions of the government, external transactions of DTIs, remittances, and other available data on external transactions.

D. Special Purpose Entities (SPEs)

42. Special Purpose Entities (SPE) were not identified in Dominica. The compilers indicated that SPEs are not operating in the economy. The SDD should monitor development in

the economy and include transactions and positions of SPEs in the external sector statistics if they become relevant. SPEs are defined on page 10 of the publication “Special Purpose Entities: Guidelines for a Data Template” as follows:

- a) An SPE, resident in an economy, is a formally registered and/or incorporated legal entity recognized as an institutional unit, with no or little employment up to a maximum of five employees, no or little physical presence and no or little physical production in the host economy.
- b) SPEs are directly or indirectly controlled by nonresidents.
- c) SPEs are established to obtain specific advantages provided by the host jurisdiction with an objective to (i) grant its owner(s) access to capital markets or sophisticated financial services; and/or (ii) isolate owner(s) from financial risks; and/or (iii) reduce regulatory and tax burden; and/or (iv) safeguard confidentiality of their transactions and owner(s).
- d) SPEs transact almost entirely with nonresidents and a large part of their financial balance sheet typically consists of cross-border claims and liabilities.

43. The publication also provides a decision tree on page 10 to assist in identifying SPEs (<https://www.imf.org/external/pubs/ft/bop/2020/pdf/20-26.pdf>).

E. Training

44. **Training was provided to the staff.** During the remote meetings, the mission provided hands-on training on the compilation of ESS to the staff. Three staff that are new to the compilation of balance of payments statistics participated in the mission, two from the ECCB and one from the SDD. The compilers, in particular the new compilers, should participate in external sector statistics training, including distance learning programs offered via edX (<https://www.edx.org/course/compilation-basics-for-macroeconomic-statistics>) and regional training.

Recommended Action:

- Nominate staff to participate in external sector statistics training courses.

F. Officials Met During the Mission

Name	Institution
Lorna Prevost Stephens	SDD (Chief Statistician)
Nella Jules	SDD
Pamela Benjamin	SDD
Colin Dalrymple	SDD
Prunela Charles-Williams	ECCB (Head of Balance of Payments Unit)
Verne Cazaubon	ECCB
Shervone Alexander	ECCB

Appendix I. Assessment of the 2020 Action Plan

Priority	Action/Milestone	Target Completion Date	Implementation Status
Outcome: Source data are adequate for the compilation of these macroeconomic statistics (balance of payments and IIP statistics)			
PR	Follow up with the large entities, such as outstanding insurance companies/agencies, telecommunication companies, MTOs and hotels for information on their 2019 external transactions and positions.	March 2021	Completed,
H	Re-estimate the ratios used to estimate insurance and freight charges for fuel and non-fuel goods imports.	June 2021	To be completed with ECCB.
H	Request from the FSU to conduct the survey of money transfer operators.	March 2021	Ongoing.
H	Review and improve the estimates of imports as follows: a) Contact the CD and enquire if imports by the government and private sector entities that are exempted from duties are included in the value of total imports. b) If these values are excluded from imports, contact the Ministry of Finance (MOF) and the relevant private sector entities for information on the values of their imports. c) Use the information to revise the provisional estimates of missing imports.	June 2021	Ongoing. Discussions has occurred. Data validation and revision ongoing.
H	Verify if data provided by the airport authority include external transactions of the Sea Port Authority.	March 2021	Completed.
H	Follow up with the FSU and MTOs to identify the factors contributing to differences between data provided by MTOs and data from FSU.	March 2021	Ongoing. The information from the FSU reflects audited data and a

Priority	Action/Milestone	Target Completion Date	Implementation Status
			decision was taken by the compilers to use information from this source in the compilation of the balance of payments.
H	Reduce direct investment liability closing position for 2018 by the amount included for Ross University.	September 2021	Awaiting confirmation from the Government on the treatment of the assets of Ross University.
M	Use of video conference facilities for meetings with respondents in the absence of face-to-face interactions.	Ongoing	To implemented.
H	Review the estimates of average expenditure of students that are derived from the visitor expenditure survey to determine if tuition fees are properly compiled. If the visitor expenditure surveys is a deficient data source to estimate tuition fees, develop and compile alternative estimates from available data on number of students enrolled from the university and information on tuition fees that can be sourced from the university's website.	June 2021	Ongoing. Further investigation will be done to include the tuition fees. Currently adjusted by changes in enrollment.
H	Review the estimates of education services debits for 2019 to determine if it include tuition fees paid to nonresident universities, by resident students who are in schools abroad. If they are not included, develop estimates for these fees and include them in the balance of payments accounts.	June 2021	Government payments included in Treasury Form. Gap identified for students engaged in online learning.
H	Review data submissions to the tax authority for additional data on external transactions and positions to improve the	Ongoing	Ongoing

Priority	Action/Milestone	Target Completion Date	Implementation Status
	provisional balance of payments and IIP estimates for 2019.		
Outcome: longer time series have been compiled and made available internally and/or disseminated to the public for balance of payments and IIP			
H	Finalize the provisional balance of payments time series compiled for the period prior to 2014 in the <i>BPM6</i> format, which improves consistency with the 2014–2017 data.	December 2021	December 2022.
PR	Disseminate balance of payments statistics for 2019.	March 2021	Completed
PR	Disseminate IIP statistics for 2019.	March 2021	Completed
Outcome: Improved timeliness of data made available internally and/or disseminated to the public (shorter delays) for balance of payments and IIP statistics			
M	Develop an advance release calendar for ESS and publish it on the ECCB's website, as well as on the website of the MOF.	December 2021	Postponed to a later date, to be determined.
Outcome: Staff capacity increased through training, especially on developing source data, compilation methods, and dissemination			
H	Nominate staff to participate in external sector statistics training courses.	Ongoing	Continuous

Appendix II. Revised 2019 Balance of Payments

	Preliminary 2019	Revised 2019	Change
Current Account	(600.8)	(576.8)	24.0
Credits	726.3	728.0	1.7
Debits	1,327.1	1,304.7	(22.3)
Goods Balance	(709.5)	(714.9)	(5.4)
Exports	49.0	43.7	(5.3)
Imports	758.5	758.6	0.1
Services Balance	86.3	153.8	67.5
Exports	490.9	512.5	21.6
Imports	404.7	358.7	(45.9)
Primary Income	(26.7)	(22.7)	4.0
Credits	40.2	42.1	1.9
Debits	66.9	64.8	(2.1)
Secondary Income	49.2	7.1	(42.1)
Credits	146.2	129.7	(16.5)
Debits	97.0	122.6	25.6
Capital Account	131.4	160.1	28.7
Credits	131.4	160.1	28.7
Debits	-	-	-
General Government	130.9	143.8	12.9
Credits	130.9	143.8	12.9
Debits	-	-	-
Financial Corporations,	0.5	16.3	15.8
Credits	0.5	16.3	15.8
Debits	-	-	-
Net lending (+) / net borrowing (-) (balance from current and capital account)	(469.4)	(416.7)	52.7

Financial Account			-
Net lending (+) / net borrowing (-) (balance from financial account)	(614.5)	(605.5)	9.0
Direct Investment	(160.3)	(169.9)	(9.5)

	Preliminary 2019	Revised 2019	Change
Net Acquisition of Financial Assets	0.2	0.1	(0.0)
Net Incurrence of Liabilities	160.5	170.0	9.5
Portfolio Investment	(9.1)	(15.1)	(6.0)
Net Acquisition of Financial Assets	13.6	7.1	(6.5)
Net Incurrence of Liabilities	22.7	22.2	(0.5)
Other Investment	(378.9)	(362.8)	16.0
Net Acquisition of Financial Assets	(491.1)	(503.6)	(12.5)
Net Incurrence of Liabilities	(112.3)	(140.8)	(28.5)
Reserve Assets	(66.3)	(57.8)	8.5
Net Errors and Omissions	(145.1)	(188.9)	

Appendix III. Revised 2019 International Investment Position

	Preliminary 2019	Revised 2019	Change
Net Position	-535.8	-542.3	-6.5
Assets	1,927.5	1,912.6	-14.9
Liabilities	2,463.3	2,454.9	-8.4
Direct Investment	-1,251.7	-1,237.4	14.3
Assets	4.6	4.6	0.0
Liabilities	1,256.3	1,242.0	-14.3
Portfolio Investment	104.6	97.3	-7.4
Assets	222.8	216.3	-6.5
Liabilities	118.2	119.0	0.8
Other Investments	161.0	147.6	-13.5
Assets	1,249.8	1,241.4	-8.4
Liabilities	1,088.8	1,093.9	5.1
Reserve Assets	450.3	450.3	0.0

Appendix IV. Preliminary 2020 Balance of Payments

	Revised 2019 (A)	Revised 2020 (B)	Change (B-A)	Published 2020 (C)	Revised 2020 (B)	Change (B-C)
Current Account	(576.8)	(401.9)	174.9	(375.0)	(401.9)	(26.9)
Credits	728.0	478.3	(249.6)	437.3	478.3	41.0
Debits	1,304.7	880.2	(424.5)	812.4	880.2	67.8
Goods Balance	(714.9)	(458.6)	256.3	(465.8)	(458.6)	7.2
Exports	43.7	48.0	4.3	41.3	48.0	6.7
Imports	758.6	506.6	(252.0)	507.1	506.6	(0.5)
Services Balance	153.8	(44.8)	(198.6)	(2.9)	(44.8)	(41.9)
Exports	512.5	204.7	(307.8)	229.0	204.7	(24.3)
Imports	358.7	249.5	(109.2)	231.9	249.5	17.6
Primary Income	(22.7)	23.5	46.1	37.3	23.5	(13.8)
Credits	42.1	36.1	(6.0)	33.6	36.1	2.5
Debits	64.8	12.6	(52.1)	(3.7)	12.6	16.3
Secondary Income	7.1	78.1	71.0	56.4	78.1	21.7
Credits	129.7	189.5	59.8	133.4	189.5	56.1
Debits	122.6	111.4	(11.2)	77.0	111.4	34.4
Capital Account	160.1	122.5	(37.6)	128.9	122.5	(6.4)
Credits	160.1	122.5	(37.6)	128.9	122.5	(6.4)
Debits						
General Government	143.8	121.7	(22.1)	128.2	121.7	(6.6)
Credits	143.8	121.7	(22.1)	128.2	121.7	(6.6)
Debits						
Financial Corporations	16.3	0.8	(15.5)	0.6	0.8	0.2
Credits	16.3	0.8	(15.5)	0.6	0.8	0.2
Debits						

	Revised 2019 (A)	Revised 2020 (B)	Change (B-A)	Published 2020 (C)	Revised 2020 (B)	Change (B-C)
Net lending (+) / net borrowing (-) (balance from current and capital account)	(416.7)	(279.4)	137.3	(246.1)	(279.4)	(33.3)
Financial Account						
Net lending (+) / net borrowing (-) (balance from financial account)	(605.5)	(69.1)	536.4	(167.3)	(69.1)	98.1
Direct Investment	(169.9)	(60.3)	109.5	(67.9)	(60.3)	7.5
Net Acquisition of Financial Assets	0.1	(1.0)	(1.2)	0.2	(1.0)	(1.3)
Net Incurrence of Liabilities	170.0	59.3	(110.7)	68.1	59.3	(8.8)
Portfolio Investment	(15.1)	18.2	33.3	20.8	18.2	(2.6)
Net Acquisition of Financial Assets	7.1	7.4	0.3	8.1	7.4	(0.7)
Net Incurrence of Liabilities	22.2	(10.8)	(33.0)	(12.7)	(10.8)	1.9
Other Investment	(362.8)	(53.5)	309.3	(146.7)	(53.5)	93.2
Net Acquisition of Financial Assets	(503.6)	(26.4)	477.2	(287.1)	(26.4)	260.7
Net Incurrence of Liabilities	(140.8)	27.1	167.9	(140.4)	27.1	167.5
Reserve assets	(57.8)	26.5	84.3	26.5	26.5	-
Net Errors and Omissions	(188.9)	210.3		78.9	210.3	131.4

Appendix V. Reconciliation Between Merchandise Source Data and Total Goods on a Balance of Payments Basis

	Exports	Imports
Merchandise trade statistics, general merchandise data (Customs)		
Common adjustments:		
+ Goods procured in ports by carriers.	Yes	Yes
+ Fish catch, minerals from seabed sold from resident-operated vessels.	None	None
+ Illegal goods	Not recorded	Not recorded
+/- goods lost/destroyed in transit	Yes	Yes
+/- goods changing ownership in customs warehouses or other zones	None	None
-Migrants' personal effects ¹	Yes	Yes
-goods imported for construction projects by nonresident enterprises	Not recorded	Not recorded
-goods for repair or storage without change of ownership	Yes	Yes
-returned goods	Yes	Yes
-goods sent abroad or returned after processing without change of ownership	None	None
-returned goods	Yes	Yes
+/-high-value capital goods ²	Yes	Yes
-CIF/FOB adjustment	n.a.	Yes
+ net exports of goods under merchanting	None	n.a.
+ Nonmonetary gold	Yes	Yes
= Total goods on a balance of payments basis		
n.a. Not applicable		
¹ Personal property of people changing residency is not classified as transaction (no change of ownership). Identified when recorded by Customs.		
² Imports of high value capital goods have not occurred. In this event, If the change in economic ownership did not coincide with the period in which the transaction was recorded in Customs data the adjustment would be made.		

Appendix VI. Services Account—Collection of Data

	Exports (credits)	Imports(debits)
Manufacturing services on physical inputs owned by others	None	None
Maintenance and repair services n.i.e.	Survey forms	Survey forms
Transport	Survey forms	Freight calculation and survey forms
Travel	Visitor arrivals and expenditure surveys	Mirror data for regional travel and passenger movements. (GDP growth for historical data)
Construction ¹	Not recorded	Not recorded
Insurance and pension services	Survey forms and National Accounts data	Survey forms and National Accounts data
Financial services	Survey forms	Survey forms
Charges for the use of intellectual property n.i.e. ²	Survey forms	Survey forms
Telecommunications, computer, and information services	Survey forms	Survey forms
Other business services	Survey forms	Survey forms
Personal, cultural, and recreational services ¹	Survey forms	Survey forms
Government goods and services n.i.e.	Embassies and other official entities	Official entities
Total services		
n.i.e. not included elsewhere		
¹ Construction projects usually take more than one year and consequently are recorded under direct investment.		
² Survey forms require the information, the data reported is negligible.		