

Eleventh Meeting of the  
IMF Committee on Balance of Payments Statistics

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The Joint IMF/OECD  
Survey of Implementation of Methodological Standards for Direct Investment  
Metadata on Country Practices

Prepared by the Statistics Department  
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## I. INTRODUCTION

In May 1997, after consulting with the IMF Committee on Balance of Payments Statistics (the Committee) and the OECD Group of Financial Statisticians (GFS), the IMF and OECD launched the *Survey of Implementation of International Methodological Standards for Direct Investment* (SIMSDI). The SIMSDI results were used to determine the extent of adoption by countries of the recommendations on foreign direct investment (FDI) statistics depicted in the fifth edition of the *IMF Balance of Payments Manual* and the third edition of the OECD's *Benchmark Definition of Foreign Direct Investment* (see the final SIMSDI report, document BOPCOM98/1/12). SIMSDI also provided standardized information on data sources, collection methods, and dissemination practices for IMF member countries. Such a complete set of information on the data, or metadata, seems essential for conducting efficient bilateral comparisons of FDI data.

This paper describes the approach used by the IMF and OECD for jointly developing a metadatabase on the survey results. The work on the metadatabase was intended to meet two distinct objectives: (1) to provide an analytical tool for Fund and OECD economists and (2) to disseminate the survey results with a view to facilitating the exchange of bilateral FDI information among balance of payments compilers. **The Committee will be asked to comment on the approach used for developing the metadatabase and provide guidance on the best way to disseminate the metadata and keep it current.**

## II. METADATABASE

### A. Internet Database for Processing the Survey Results

The Fund and OECD have developed a Lotus Notes Internet database in order to *capture* the survey results. This database was established so that the Fund and OECD could share a common database to process the survey results. It is user-restricted and password-protected to insure data confidentiality. As a by-product, this database could also be used to provide FDI metadata for each country individually. At the April 1998 meeting of the GFS, the Fund and the OECD offered to participants the possibility of subscribing to this Internet database and accessing the survey information of each responding countries. The Internet site provides complete survey information on a country by country basis through a menu driven program that is easy to apply. Users have the possibility to scroll down an actual completed survey form by country and view the country's responses.

However, this Lotus Notes database is not an efficient tool for the *analysis* of the metadata. For example, it does not rapidly provide a list of countries that compile geographical breakdowns of FDI data. To obtain such information, users have to separately examine each country's survey form to determine which countries compile such data. Therefore, early in the design of the survey processing system, the Fund and OECD had agreed that Microsoft (MS) Access would be used for their own analysis of the SIMSDI results. MS Access is a software designed for the storage and analysis of relational data such as the FDI metadata.

## B. Analytical Metadatabase of the Survey Results

The OECD, in cooperation with the IMF, developed a MS Access metadatabase that was used for *producing* the final SIMSDI report. The MS Access database contains all the survey information and is used to extract and tabulate the results for any combination of survey questions, using pre-determined or customized reports. The analysts can select any combination of countries, economic organizations or geographical regions to be included in these reports.

However, the MS Access database cannot be posted on the Internet, therefore limiting its usefulness for the dissemination of FDI metadata. In addition, the reports produced by MS Access are not self-explanatory, thus not user friendly. Nonetheless, it remains a powerful tool for the storage and analysis of the survey results. Hence, it has been decided to draw on this database for providing access to FDI metadata tables.

## C. Metadata Dissemination via Internet

The Fund and OECD are developing a series of user friendly FDI metadata tables that would be posted on the Internet. Users of these tables would be able to select the metadata for various countries groupings from a list of economic and development organizations or UN Geographical regions, or from custom selections. The displayed information would be extracted from the MS Access database using a JAVA interface.

As this Internet solution would only provide access to the information included in the pre-determined tables, special attention was devoted to their design. The IMF and OECD have drafted about 50 tables with a view to including all the subjects covered in the SIMSDI survey. Appendix I provides a list of these tables grouped in two sections corresponding to the two major sections of the SIMSDI survey form. The first section provides information on data availability and sources under three headings: periodicity and timeliness of FDI data, geographical and industrial allocation, and data sources. The second section provides information on the status of implementation of FDI methodological standards subclassified as follows: definition of direct investment enterprise and investor, direct investment capital, direct investment income, direct investment position data, and special cases. Appendix II provides two examples of the format in which the tables would appear on the Internet. These FDI metadata tables should be available on Internet, in test version, during October 1998. **We would be grateful for the views of the Committee on whether the proposed list of tables provide sufficient information to support the bilateral exchange and comparison of FDI data.**

## III. THE WAY FORWARD

Before the work of providing Internet access to the FDI metadata is completed, it would be important to determine how widely this information should be made available. As the Internet site will be user-restricted and password-protected, it will be possible to restrict access to selected users. The issue is to determine whether access to the metadata should be restricted to balance of payments compilers of national agencies and those of international organizations or

made more widely available. As a first step, it would be important to identify if the Fund and OECD were given the mandate to release the information more broadly. When completing the survey form, the countries were asked if they would “... agree to the Fund and OECD making available, upon request by a member country or international organization, survey information for your country”. The prelude to the question specified that “*The availability of the metadata to compilers and users of direct investment data would allow the recipient countries to get a clear understanding of your country’s methodology...*” and that “*The Fund and OECD would like to make the metadata on your country available to other member countries.*” As stated, the question seems to allow for the dissemination of the survey data to balance of payments compilers and other authorities of IMF member countries as well as to international organizations. Thus, a possible approach would be to send letters to national balance of payments compilers offering them to subscribe to the Internet site that contains the metadata tables. These letters could stipulate that this offer is also extended to other authorities of the country. **We would be grateful for the views of the Committee on the best approach for disseminating the metadata.**

Over the last 6 months, participants in various international meetings showed significant interest in the FDI metadata from SIMSDI. Metadata tables were presented at the April 1998 meeting of the GFS, the May 1998 meeting of the Asia-Pacific Economic Cooperation (APEC) Trade and Investment Data Review Working Group, and the September 1998 OECD Technical Meeting on Collecting and Reporting FDI Statistics in the Commonwealth of Independent States (CIS). In all three instances, participants were enthusiastic about the potential of the forthcoming Internet FDI metadatabase for the analysis of the bilateral FDI data. The participants also highlighted the importance of keeping these metadata current.

At its meeting last year, the Committee encouraged the Fund and OECD to consider developing mechanisms to keep the metadata current. In support of this, the Fund and OECD circulated the individual survey responses of the countries that participated at the three abovementioned meetings. Participants at the meetings were requested to review and update their responses, and provide this information to the OECD or the Fund, as appropriate. A similar procedure could be used for all countries included in the survey. The Fund and OECD could dispatch, every two years, a survey form showing individual country’s responses. The Fund and OECD would request countries to provide their most recent information. In order to include countries that have not responded to the original survey dispatch, blank survey forms would also be sent to non-respondents requesting their participation to the survey. With this two years time frame in mind, a new dispatch of the survey forms could take place in May 1999. **We would be grateful for the views of the Committee on the best approach to insure the currentness and completeness of the metadatabase.**

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**Example 1**

Table 1-A Periodicity of the “most timely transactions data”  
for direct investment in the reporting economy  
(Survey section 1.1.2 Frequency of dissemination)

Countries	Income on equity	Income on debt	Equity capital	Reinvested earnings	Other capital
Albania	Q	Q	Q	N	N
Argentina	Q	N	Q	Q	N
...					

M- Monthly; Q- Quarterly; S-A - Semi-annual; C- Calendar year; F- Fiscal year; I- Irregular; N- Never.

**Example 2**

Table 20-A Components of earnings included in the statistics  
of direct investment in the reporting economy  
(Survey section 2.2.1 Direct investment earnings)

Countries	Earnings statistics that:				Countries that apply the “Current operating performance concept”
	Make allowance for:		Include:		
	Provisions for depreciation of capital	Provisions for host-country income and corporation taxes	Capital gains or losses	Write-offs	
Albania	N/A	N/A	N/A	N/A	Yes
Argentina	Yes	Yes	Yes	Yes	No
...					

Argentina: Inward: Earnings related to normal operations of the enterprises as well as those relating to extraordinary items are included in earnings. Capital gains from asset revaluation are not included.