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Progress on the Coordinated Direct Investment Survey

**Prepared by the Statistics Department
International Monetary Fund**

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I. INTRODUCTION

1. The purpose of this paper is to update the IMF Committee on Balance of Payments Statistics (Committee) on progress in implementing the Coordinated Direct Investment Survey (CDIS) since the last report to the Committee at its meeting in 2008.

II. BACKGROUND

2. The information to be collected on the CDIS is: data on inward and outward direct investment positions, by immediate counterpart country, broken down between equity and debt, as of end-December 2009. Further breakdowns of information, showing positions between fellow enterprises separately from those with direct investors/direct investment enterprises, and separating positions of resident financial intermediaries from other direct investment positions, is encouraged. As part of the overall reporting to the IMF, countries will be asked to provide metadata and an assessment of what improvements have resulted, at least in part, due to their participation in the survey.

II. IMPLEMENTATION

Finalization of Model Questionnaires and the CDIS Guide

3. At the 2008 Committee meeting, the Statistics Department was asked to include in the CDIS Guide (Guide) further model survey questionnaires to include transactions and other changes on direct investment, so that opening and closing positions can be reconciled with transactions. In addition, the Guide also now includes a model survey questionnaire that is designed to cover all elements of the IIP, including the needs of the CDIS. These questionnaires have been incorporated into the Guide, which has now been finalized. It has also been translated into Arabic, Chinese, French, Russian, and Spanish.¹

¹ See the CDIS website at <http://www.imf.org/external/np/sta/cdis/index.htm>

Table 1. Countries Indicating an Interest in Participating in the 2009 CDIS, as of October 2009

<i>N. America & Caribbean</i>	<i>Latin America</i>	<i>Europe: EU</i>	<i>Europe: Non EU</i>	<i>Former nonEU</i>	<i>Middle East and North Africa</i>	<i>Sub-Sahara Africa</i>	<i>East and South Asia and Pacific</i>
Aruba	Argentina	Austria	Albania	Armenia	Bahrain	Benin	Australia
Barbados	Bolivia	Belgium	Bosnia	Azerbaijan	Iran	Botswana	Bangladesh
Canada	Chile	Bulgaria	Croatia	Belarus	Israel	Burundi	Bhutan
Grenada	Costa Rica	Czech Rep	Iceland	Georgia	Jordan	Cameroon	Cambodia
Guyana	Ecuador	Denmark	Macedonia	Kazakhstan	Kuwait	Cape Verde	China PR
Haiti	El Salvador	Estonia	Montenegro	Kyrgyz	Lebanon	Comores	China HK SAR
Jamaica	Honduras	Finland	Norway	Moldova	Libya	Congo (Brazzaville)	China Macao SAR
Netherlands Ant Trinidad and Tobago	Mexico	France	Serbia	Russia	Oman	Cote d'Ivoire	Fiji
USA	Nicaragua	Germany	Switzerland	Tajikistan	Syria	Ethiopia	India
10	Panama	Greece	Turkey	Ukraine	9	Gabon	Indonesia
	Paraguay	Hungary	10	10		The Gambia	Japan
	Peru	Ireland				Ghana	Korea (Rep of)
	Uruguay	Italy				Guinea-Bissau	Malaysia
	13	Latvia				Guinea	Maldives
		Lithuania				Kenya	Mongolia
		Luxembourg				Madagascar	Myanmar
		Malta				Mauritius	Nepal
		Netherlands				Morocco	New Zealand
		Poland				Mozambique	Pakistan
		Portugal				Namibia	Philippines
		Romania				Rwanda	Samoa
		Slovakia				Seychelles	Solomon Islands
		Slovenia				Sierra Leone	Sri Lanka
		Spain				Somalia	Thailand
		Sweden				South Africa	Tonga
		UK				Swaziland	25
		26				Tanzania	
						Uganda	
						Zambia	
						29	
Total	132						

Additional Countries Expressing Interest in Participating

4. Since the 2008 Committee report, two additional countries, Russia and Aruba, have expressed interest in participating in the CDIS, bringing the total number to 132. Many other countries have also informally indicated that they may participate.

Outreach: Regional Seminars

5. During 2008, the IMF conducted 10 regional seminars, in all regions of the world, with participation by 128 jurisdictions. In 2009, the Statistics Department adopted a modified approach. Instead of focusing on seminars, the Statistics Department conducted 4 regional workshops (and a fifth will be held in December 2009). See Table 2. Fifty seven jurisdictions attended the workshops conducted so far in 2009, with 73 participants. A further 21 jurisdictions and 25 participants are expected to attend the workshop to be held in Barbados in December.
6. The focus of these workshops was participants' plans for implementing the CDIS and the problems they have encountered. In particular, much of the time in these workshops was spent on reviewing participants' draft survey questionnaires. The additional model survey forms (referred to above) were used as a focus of these discussions. In addition, the workshops emphasized the importance of communication by compilers with potential respondents, and the development of a communication strategy so that respondents would be aware that the survey is to be conducted, the reasons for the survey, and the reporting requirements, so that they could set up their information systems well in advance of the report date.
7. In addition to large workshops with many countries attending from a given region, the Statistics Department conducted smaller workshops with China PR and Russia (see Table 2). The workshops were generally of two to three days but, as the workshop to be held in Barbados will also cover the IIP and the CPIS, it will last a week.

Table 2: Outreach on the CDIS in 2009
Workshops With Number of Participants in the CDIS

Date	Location	Region/country	Number of jurisdictions/ participants
April 2009	Abu Dhabi	Middle East and North Africa	19/32
June 2009	Beijing, China PR	China PR	1/25
June 2009	Moscow, Russia	Russia	1/50
August 2009	Pretoria, South Africa*	Anglophone Africa	12/13**
September 2009	Tunis, Tunisia	Francophone Africa	10/10
October 2009	Pune, India***	East and South Asia	16/18
December 2009	Barbados****	Caribbean and Atlantic	21/25

* Hosted by the South African Reserve Bank

** Including a representative from MEFMI.

*** Hosted by the Joint India Training Program

**** Hosted by the Caribbean Technical Assistance Center

Development of Data Report Form, Metadata Questionnaire, and the Questionnaire on Improvements in Direct Investment Statistics that Resulted from Participation in the CDIS

8. In 2009, the Statistics Department began developing the collection, processing and dissemination tools for the CDIS. It is expected that the data report form will be ready very soon. It will be sent to countries early in 2010.
9. The Statistics Department is also close to finalization of the metadata questionnaire (see Annex 1: Metadata). The answers will, for the most part, be readily aggregatable so that tables can be created to summarize how countries are addressing various issues. These tables will be posted to the CDIS webpage some time after the preliminary data have been released. In addition, each country's responses will also be posted to the CDIS webpage so that users will be able to understand the methodology used in compiling the data.
10. In addition, the Statistics Department is close to finalization of the questionnaire that seeks input from countries on how their data on direct investment has improved at least partly as a result of participation in the CDIS (See Annex II: Overall impact on quality of conducting the CDIS). The results of the questionnaire will be used to report to IMF Management, to demonstrate what has been achieved, and to show the effectiveness of the funds provided for the CDIS. This report will be prepared soon after the release of the first datasets.

III. NEXT STEPS

Further Assistance to Participants

11. The Statistics Department plans to conclude its development of the data report form and questionnaires (described above) over the next two to three months, although full testing of reporting systems may take longer. The Statistics Department is planning to approach a few countries to pilot the process to try and iron out as many bugs as possible before going "live".
12. In early 2010, the Statistics Department will send to participants the data report form, the metadata questionnaire, and the questionnaire on how participation in the CDIS may have affected quality. Participants will be asked to report preliminary direct investment position data to the Statistics Department by the end of September 2010. The Statistics Department plans to release these data toward the end of 2010 or early in 2011, depending on how quickly the results can be processed, edited, checked, followed up on where necessary, and re-entered and re-edited. Once the reported data for individual countries have been processed, derived counterpart data will be

generated. These may highlight further questions. Prompt reporting of the preliminary data and quick responses to any follow up questions will greatly assist the process.

13. More complete results will be requested at the end of March 2011. These data may take longer to process and edit as they are likely to be more comprehensive, and the derived counterpart data will be more extensive. However, as the Statistics Department will have had the experience of processing the preliminary data, it is hoped that the processing time for the more complete data will take no more than several months but, as with the preliminary data, the release of the data will be dependent, to a certain extent, on the quality of the data as initially reported.
14. Participants will be asked to provide the metadata questionnaire and the questionnaire on data improvements at the same time as they provide the data report form. The metadata will be posted to the CDIS webpage at the time of the release of the data. When the revised data are submitted in March 2011, countries will be asked whether they wish to modify their metadata. Any changes will be posted when the revised data are posted in mid-2011.
15. The Statistics Department is also considering conducting a series of regional post-survey workshops. The purpose of these workshops would be to allow participants to discuss their results, compare them with the counterpart data, review their practices to see to what extent they can learn from the experiences of other participants, so as to modify their procedures for the next survey. These workshops could be held beginning some time early in 2011. They might be held for, and in, the same regions as the seminars that were held in 2008. It is still early in the process for planning for such potential workshops.
16. In regard to the possibility of conducting a follow-on CDIS survey, there has been much advance notice and discussion as to whether the CDIS should be an annual undertaking, and most participants probably expect that the next survey would be as of end-2010. A decision will need to be taken now rather than after the first results are available, to avoid a three year break in time series and to maintain the momentum provided by conducting the initial CDIS for the 2009 reference year. That is, countries (and responding companies) have invested considerable time, effort, and resources, in developing the necessary information and processing systems, and might find it very expensive to start them up again. Continuing a survey is easier than re-commencing one, and there is less risk of a loss of human capital or erosion of data collection and processing systems.
17. It should be noted that the first Coordinated Portfolio Investment Survey was conducted in 1997, with just 39 jurisdictions participating. There was no expectation at the time that it would become an annual undertaking. It was decided in 2000 to

conduct it annually and the next survey was held as of end-2001. The result was a break in the time series of four years, which hampered the usefulness of the data and likely impacted data quality.

Question for the Committee

1. *Do the members of the Committee have any comments about the process in conducting the CDIS?*
2. *Do the members of the Committee agree that the CDIS should be conducted annually, so that the next survey would have a measurement date as of end-2010?*
3. *Do the members of the Committee have any suggestions on the metadata questionnaire, or on the questions on data improvements of direct investment, in the annexes to this document?*
4. *Do the members of the Committee have any views on post-survey workshops?*
5. *Are any members of the Committee prepared to be part of the pilot group to ensure the data report forms and questionnaires are efficiently designed and that the software works?*

Annex I

Metadata

In addition to the data in the templates, the IMF seeks descriptive information or metadata from participants. The following information will be sought on both inward and outward direct investment.

A. Are the data for direct investment based on a sample survey or a census?

Inward

- Sample
- Census

Outward

- Sample
- Census

B. Is the reporting unit an enterprise or a local enterprise group?

- Enterprise
- Local enterprise Group
- Mixed
- Don't know

Please **describe in detail** whether this statistical unit may consist of a group of corporations under common control, whether it is a single corporation, etc. That is, please describe the level of consolidation in your reporting units.

C. Are asset and liability positions of/with fellows recorded on a straight asset/liability basis (asset positions recorded in outward direct investment and liability positions recorded in inward direct investment), or are they recorded in outward (or inward) direct investment, depending on whether the Ultimate Controlling Parent (UCP) is a resident (or nonresident)?

- Straight asset/liability basis
- According to UCP concept
- Mixed
- Don't know

D. If you use the UCP concept, do you consider the UCP to be the common parent of the resident and nonresident fellow enterprises or do you consider the UCP to be the controlling parent of the resident enterprise, even where it is not the controlling parent of the nonresident fellow enterprise?

Common parent of resident and nonresident fellow enterprises

or

Controlling parent of resident enterprise even where it is not the controlling parent of the nonresident enterprise

or

Don't know

or

Other (please specify)

E. Where a resident fellow is not controlled by any other person (i.e., it is an associate), who is its UCP:

do your instructions request that your respondents regard the associate as having no UCP?

or

do your instructions request that your respondents regard the UCP to be *the ultimate controller of the immediate foreign direct* investor in the resident enterprise?

or

do you regard a resident associate enterprise to be its own UCP, that is, the UCP of resident associates are judged to be residents, in the circumstance where no enterprise owns a controlling interest?

or

your instructions do not cover **this point**.

If relevant, please specify what method you use where 2 or more foreign direct investors hold the same equity interest.

F. Valuation principle for equity

F. 1 What methods are used in valuing listed equity investment?

- Market price(i.e., published or listed prices)
- Historic cost
- Own funds at book value
- Directors' valuation
- Net asset value
- Don't know
- Other (please specify)

F. 2 What methods are used in valuing unlisted equity investment?

- Historic cost
- Own funds at book value
- Directors' valuation
- Net asset value
- Don't know
- Other (please specify)

G. Debt instruments

G. 1 Debt securities

G.1.1 What methods are used in valuing direct investment positions for debt securities?

- Market value
- Historic cost
- Amortized cost
- Par (face) value
- Issue price
- Fair value
- Don't know
- Other (please specify)

G.1.2 Is accrued interest on debt included in the value of the debt position?

- Yes
- No
- Mixed
- Don't know

G.1.3 If a debt security is denominated in a foreign currency, has the exchange rate at reference date been used?

- Yes
- No
- Mixed
- Don't know

G.2. Debt instruments other than debt securities

G.2.1. What methods are used in valuing direct investment positions for debt instruments other than debt securities?

- Nominal
- Fair value
- Don't know
- Other (please specify)

G.2.2. Is accrued interest included in the value of these debt instruments?

- Yes
- No
- Mixed
- Don't know
- Other (please specify)

G.2.3 If a debt instrument is denominated in a foreign currency, has the exchange rate at reference date been used?

- Yes
- No
- Mixed
- Don't know

H. What method(s), if any, did you use in estimating data for nonresponding enterprises?
Please be specific.

I. What were your primary sources of information in building your sample frame of resident direct investment enterprises, and of resident direct investors?

- Publicly available information from news media and the like
- Trade associations' directories
- Enterprise lists used as sample frames for other (non-direct investment) data collections
- Telephone directories
- Other (please specify)

Annex II***Overall impact on quality of conducting the CDIS***

Please report improvements that may have been implemented in your direct investment estimates at least partly as a result of your participation in the CDIS. In particular:

A. Has your organization expanded its surveys, to more fully cover positions involving resident and nonresident fellow enterprises?

- Yes
 No

B. Did your organization change its method of valuing direct investment equity investment, to be more consistent with the standards?

- Yes
 No

In particular,

did you change the valuation principle for measuring unlisted equity at own funds at book value for bilateral positions?

- Yes
 No
 Own funds at book value was already used

did you change the valuation principle for measuring listed equity at published or listed prices?

- Yes
 No
 Published or listed prices were already used

C. Did your organization change its method of valuing direct investment debt investment, to be more consistent with the standards?

- Yes
 No

In particular,

did you change the valuation principle for measuring loans and other intercompany debt positions – except for securities – to nominal value?

For inward

- Yes
- No
- Nominal value was already used

For outward

- Yes
- No
- Nominal value was already used

did you change to market value principle for measuring positions for debt securities?

For inward

- Yes
- No
- Market value was already used

For outward

- Yes
- No
- Market value was already used

D. Does your organization now exclude all permanent and nonpermanent debt positions between related financial intermediaries (except insurance companies and pension funds), or try to more fully exclude such debt positions than previously?

- They are now excluded, whereas previously they were included
- Attempts are made to exclude them but results are not clear
- We have not attempted to identify such positions
- Such positions were already excluded from direct investment

E. Has your organization updated or improved the data collection instrument (i.e., the survey form of direct investment enterprises and/or of direct investors), to clarify language?

- Yes
 No

F. Has your organization added wording to its enterprise surveys on Ultimate Controlling Parents?

- Yes If yes, please send a copy of the wording to us by email, to _____.
 No

G. In processing these surveys, has your organization added companies to its mailing lists?

- Yes
 No

Did your organization more fully follow up on nonrespondents?

- Yes
 No

If yes, please specify.

Did your organization release data at a more detailed geographic level than previously?

- Yes
 No

Did your organization make other processing improvements, at least partly because of its participation in the CDIS?

- Yes
 No

If yes, please specify.

H. Please provide any other relevant comments about your organization's participation in the CDIS.

I. Please provide an overall assessment of the impact of direct investment data improvements on overall direct investment data quality:

- Highly substantial
- Substantial
- Significant
- Not significant