



Twenty-Eighth Meeting of the IMF Committee on Balance of Payments Statistics

Rio de Janeiro, Brazil
October 27–29, 2015

BOPCOM—15/05

Progress in Implementing *BPM6*

Progress in Implementing *BPM6*¹

During FY2015, the IMF continued to focus on increasing the number of economies reporting BPM6-based data, and on improving the periodicity and timeliness of data dissemination through its capacity building activities, consultations in the context of IMF surveillance, outreach, and partnership with multilateral institutions and donors. In response to users need for longer time series for analytical purposes, the IMF released balance of payments and international investment position (IIP) data on the basis of BPM6 for the period prior to 2005. To assist countries in adopting BPM6, compiling high-quality balance of payments and IIP data, and filling data gaps in other key external sector statistics datasets, the IMF also launched two new training courses on the compilation of balance of payments statistics and on cross border position statistics. With the finalization of the BPM6 Compilation Guide in 2014, STA plans to begin the update of the BPM5 Textbook in 2016.

I. INTRODUCTION

1. This report updates the Committee on progress in implementing the sixth edition of the *Balance of Payments and International Investment Position Manual (BPM6)* since the 2014 meeting. It also describes the new capacity development initiatives in external sector statistics that were initiated during the IMF's fiscal year 2015, and briefs the Committee on plans to update the *BPM5 Textbook*.
2. Progress in implementing *BPM6* continues to be the result of the active role of compilers in IMF member countries, with technical assistance and training from regional and international organizations, including the IMF. Collaboration and cooperation among interagency partners have contributed to the successful implementation of the *BPM6* in their member countries. For example, the European System of Central Banks and Eurostat were regularly monitoring the progress by their member states in implementing *BPM6*.²

II. PROGRESS IN IMPLEMENTING *BPM6*

Status of Implementation of *BPM6* Standards

3. As of September 2015 *International Financial Statistics (IFS)*, the total number of economies reporting balance of payments data on a *BPM6* basis to the IMF's Statistics Department (STA) is 107 (89 quarterly and 18 annual reporters) and the total number of economies reporting international investment position (IIP) data on a *BPM6* basis to STA is

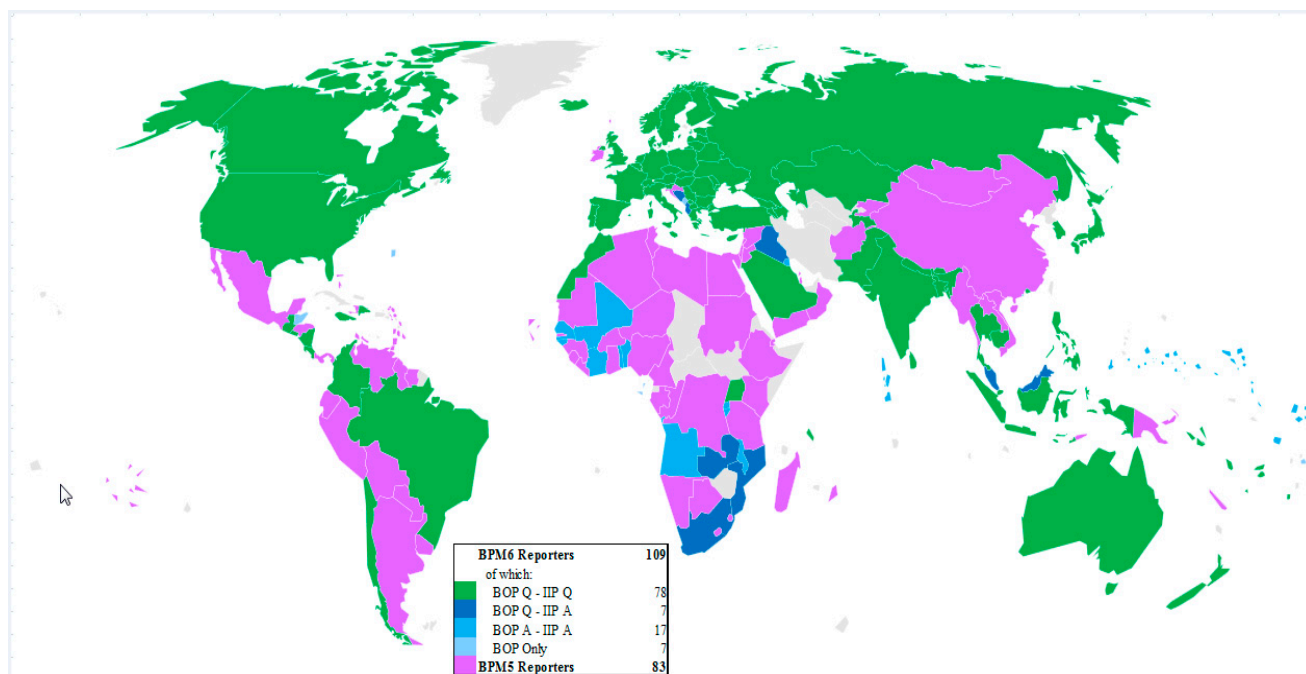
¹ Prepared by Alicia Hierro and Emma Angulo, Balance of Payments Division, STA.

² The first transmission to Eurostat and the ECB of data compiled according to *BPM6* took place on 24 June 2014, covering the first quarter of 2014 and monthly data for the January-April 2014 period.

93 (71 quarterly and 22 annual reporters). See Appendix I for details on frequency and length of *BPM6* time series reported by economy.

4. STA continues work on increasing the number of economies reporting *BPM6*-based data, and on improving the periodicity and timeliness of data dissemination.

Graph 1: *BPM6* Reporters: BOP and IIP Data Frequency



Timeliness

5. As shown in Table 1, only 48 economies reported quarterly *BPM6*-based balance of payments data to STA with quarterly timeliness for 2015Q1. This represents 54 percent of the quarterly *BPM6*-based BOP reporters, and underlines the need for improving the timeliness of reporting.

6. For the IIP, only 37 reported quarterly *BPM6*-based data to STA with quarterly timeliness for 2015Q1, which represents 52 percent of the quarterly *BPM6*-based IIP reporters.

Table 1. Number of *BPM6* Reporters and Reference Date of Last Data Provided

	Total	Last data provided					
		Up to 2013		2014		2015Q1	
		BOP	IIP	BOP	IIP	BOP	IIP
<i>BPM6</i> Reporters¹	109	23	26	36	30	48	37
of which:							
BOP Q - IIP Q ²	78	4	5	29	29	43	37
BOP Q - IIP A	7	2	7	2		3	
BOP A - IIP A ³	17	15	14	2	1		
BOP Only	6 Q and 1A	2		3		2	
<i>BPM5</i> Reporters¹	83						

¹ As of September 2015 *IFS*

² Of which 7 economies only report BOP on a *BPM6* basis and 2 only report IIP on a *BPM6* basis

³ Of which 2 economies only report BOP data on a *BPM6* basis

Length of Revised Historical Series and Methodological Breaks in Time Series

7. The migration of historical data to *BPM6* is voluntary; therefore, the length of revised historical series varies substantially by economy (see Graph 2 for G-20 economies). Some economies have converted their complete historical series to a *BPM6* basis and do not show any breaks in the series. However, other economies show breaks in the series that can be explained by various reasons. Some countries compiled data on *BPM6* basis starting from a specific period and prior to that only *BPM5* data series are available. These series therefore could show a break between the **data converted by STA, using the generic conversion tool, and the data officially reported in *BPM6* basis** by the authorities, which may include additional splits, for example, the split of other business, telecommunications, and insurance services or income on reserve assets.

Graph 2. Length of *BPM6* Historical Series (G-20 Economies)

As of September 2015 *IFS*



8. Some of the methodological changes introduced in *BPM6* imply a **reclassification of standard components** and therefore breaks in the affected series arise from the date those changes are implemented. For example; (i) the values of other accounts receivable and payable are significantly reduced because under *BPM5* they included among others, insurance technical reserves, which is a separate component in *BPM6*; (ii) income on reserve assets is also a separate component in *BPM6*, which was included under other components of investment income in *BPM5*; and (iii) permanent debt between selected affiliated financial corporations was included in direct investment in *BPM5*.

9. The data series can also show breaks when the **additional breakdowns** recommended in *BPM6* are only provided from a specific point in time. Additional details include for example: direct investment with fellow enterprises, other equity, and the split of other financial and nonfinancial corporations (e.g., France provides additional breakdowns from 2008).

10. Some countries have converted balance of payments estimates from a different date than IIP data (e.g., Germany provided *BPM6* balance of payments data from 1991 and *BPM6* IIP data from 2008). However, the enhancements are usually introduced at the same time providing consistent and comparable data (e.g., Germany provides the OFCs breakdown from 2012 in IIP and from 2013 in BOP).

11. Some countries apply extensive confidentiality rules to *BPM6* beyond what was applied to their *BPM5* submission resulting in fragmented data availability (for example, Spain and Ireland).

12. Currently, special attention is given to expanding the compilation program to include the main enhancements contained in *BPM6*: (i) the identification of the nonbank financial institutions; (ii) standardized reporting for the currency composition of foreign assets and liabilities; (iii) additional detail on remaining maturity of debt liabilities; and (iv) reserve-related liabilities (see *BPM6* Appendix 9 and also BOPCOM paper 15/13 on Enhancements to IIP).

Dissemination of Converted *BPM6* Historical Series

13. Balance of payments and IIP data on the basis of the *BPM6* for the period prior to 2005 were released by STA on August 24, 2015 in the online version of the Balance of Payments Statistics database. The new series were also disseminated in the September 2015 issue of the *IFS*.

14. Starting with the August 2012 editions of the *IFS* and the *BOPS* database, STA began publishing the BOP and IIP data on the *BPM6* presentational basis for the period 2005 and onward, but data for prior periods were not released. However, users, both inside and outside the IMF, have been requesting pre-2005 series citing the need for longer time series for analytical purposes. Also, many economies have now implemented *BPM6* and started to

report back series according to the *BPM6* methodology to STA. But, these official *BPM6*-based BOP and IIP series had not been re-disseminated in STA publications.

15. Official *BPM6*-based historical series are now disseminated in cases where economies have reported such data to STA (as of the *September 2015 IFS*, 109 economies reported their official *BPM6*-based series to STA). If an economy has not submitted their official *BPM6*-based series or has submitted only recent *BPM6*-based series, the data reported on a *BPM5*-basis are converted by STA into a *BPM6* presentation format using a standardized conversion framework.

16. STA shared the converted *BPM6*-based series with each economy for comments prior to disseminating these data, resulting in the release of the pre-2005 data for 157 economies in the September issue of the *IFS*. STA continues to work on the data for the remaining economies to release them in a few months. Most of the outstanding issues relate to reviews pending from national authorities.

17. Starting with the July 2015 *IFS* and the online Balance of Payments Statistics (*BOPS*) database, BOP data exclude migrants' transfers. These had originally been retained since the 2012 launch of the *BPM6*-basis "generic" converted series to ensure consistency with the balance of capital account and net errors and omissions series in the *BPM5*-based series.

18. The rules of the conversion from a *BPM5* to *BPM6* basis by STA are explained in FAQs (<http://www.imf.org/external/pubs/ft/bop/2007/bpm6faq.pdf>), which have been updated.³ The introduction of the *IFS* and the *BOPS* database documentation files includes a table that clarifies the period for which economies submitted their official *BPM6*-based series, so that users can distinguish them from the converted *BPM6* series. The data series also have a flag that shows the splice point of the converted *BPM6* series and official *BPM6* series reported by national authorities.

National Dissemination Practices

19. An analysis of economies' national dissemination practices revealed that a number of economies notably in Asia apply the *BPM5* sign convention for data compiled on a *BPM6* basis. This leads to the dissemination of balance of payments data using two different presentation formats – one at the national level and the second at the international level (in IMF statistical publications).

³ The updated version informs STA started disseminating an economy's own official *BPM6*-basis estimates for all years for which the economy developed such estimates, and converted *BPM5*-basis estimates for years where there are no official *BPM6*-basis estimates. It also takes into consideration the changes resulting from the exclusion of migrants' transfers from BOP data.

III. CAPACITY DEVELOPMENT INITIATIVES

20. STA's Balance of Payments Division has an active capacity development (CD) program designed to help countries bring their external sector statistics in line with international standards and enhance their reporting to STA. Twenty-four training missions and 156 technical assistance (TA) missions were fielded in the 2015 fiscal year, with a geographical focus on the Western Hemisphere and Asia/Pacific regions (each accounting for one-third). Four long-term advisors have been providing CD support at the three regional technical assistance centers (RTACs) in Central America, the Middle East, and the Pacific, as well as at the Technical Assistance Office for the Lao PDR and the Republic of the Union of Myanmar (TAOLAM) office in Bangkok benefitting Myanmar and Lao PDR. External sector statistics training activities have been organized in partnership with the IMF's Institute for Capacity Development, the RTACs, and regional and national organizations, but have also increasingly featured under donor-funded projects.

Donor-Financed Projects

21. The division has expanded its CD work thanks to several donor-financed projects. They include:

- **A 20-country external sector statistics project financed by Japan in the Asia-Pacific region.** This Japan-funded three-year project (now in its final stage) aims to improve the accuracy, availability, comparability, and timeliness of external sector statistics in the Asia-Pacific region, through country-specific TA and regional training. During the first year of the project, progress was made mostly in identifying shortcomings, designing plans for improvement, and enhancing the foundations of the collection frameworks. In the following years, the key targeted outcomes began to materialize;
- **A new 18-month project financed by Switzerland for three Central Asian countries** (Azerbaijan, Kyrgyz Republic, and Tajikistan), with promising first outcomes; for example, Tajikistan now compiles IIP statistics for the first time and adopted the *BPM6* for the balance of payments;
- **Phase I of the Enhanced Data Dissemination Initiative (EDDI) financed by the United Kingdom (UK) Department for International Development (DFID)**, which ended in March 2015, with all six countries in this module (The Gambia, Ghana, Kenya, Mauritius, Mozambique, and Nigeria) having completed private capital flows surveys that led to improved source data for external sector statistics; and

- **A new five-year EDDI successor project** starting in May 2015 comprises two external sector statistic modules and covers additional economies.⁴

22. Evaluating the effectiveness of CD initiatives remains an integral component of STA's work. Based on an already strong track record, STA is redoubling its efforts to enhance accountability, by increasingly gearing TA delivery toward achieving measurable outcomes. In this context, STA is actively participating in efforts within the IMF to put in place a Results-Based Monitoring Framework (RBM).

Introduction of New Training Courses

23. STA has developed two new training courses—on the compilation of balance of payments statistics and on cross border position statistics—to assist countries in adopting *BPM6*, compiling high-quality balance of payments and IIP data, and filling data gaps in other key external sector statistics datasets. STA conducted the first courses on the compilation of balance of payments statistics at the Joint Vienna Institute (JVI) during September 14-25, 2015; and in China during September 14-18, 2015 for officials of the State Administration of Foreign Exchange. The first two-week course on cross border position statistics was conducted at the Center for Economics and Finance in Kuwait during August 30-September 10, 2015.

Compilation of Balance of Payments Statistics

24. This new, from one to two-week course is aimed at bridging the gap between the conceptual framework, as described in *BPM6*, and the compilation of external sector statistics. It identifies the problems that are encountered by officials in their efforts to compile the international accounts statistics in their countries, and provides solutions to overcome those problems. The course consists of a series of discussions and hands-on sessions on compilation practices, including data sources and methods that may be used to compile the various accounts. It focuses on areas that are new in *BPM6* and/or which raise complex methodological questions, such as FISIM, insurance, and direct investment. Participants have the opportunity to discuss specific problems encountered in their current work in compiling the balance of payments and IIP data. STA is planning to conduct additional courses in Brazil, Senegal, Swaziland, and United Arab Emirates (hosted by the Arab Monetary Fund) during this fiscal year.

⁴ Module 1 will focus on improving external sector statistics in selected African countries (Ethiopia, Burundi, Liberia, Rwanda, Sierra Leone Swaziland, Zambia, and Zimbabwe), and Module 2 will provide assistance to the five countries in the East African Community (EAC) region (Burundi, Kenya, Rwanda, Tanzania, and Uganda) in support of their objective to harmonize regional external sector statistics over the medium term.

Cross Border Position Statistics

25. This new course provides training on the methodology for compiling and disseminating cross border position statistics, including the IIP and external debt statistics, and for participating in the IMF's Coordinated Portfolio Investment Survey (CPIS) and Coordinated Direct Investment Survey (CDIS). Special attention is given to expanding the compilation program to include memorandum and supplementary items of the IIP; currency composition, remaining maturity, and reserve-related liabilities (as published in the tables appearing in *BPM6* Appendix 9); to data collection tables on external debt (currency composition, remaining maturity, and debt service schedule); and to CPIS data enhancements (including coverage of sectoral data). The course is based on the *BPM6*, the *BPM6 Compilation Guide*, the *2013 External Debt Statistics: Guide for Compilers and Users*, the CPIS and CDIS Guides, and the Guidelines for a Data Template. The course highlights the relevance of the consistency across macroeconomic datasets and discusses ways to overcome data compilation and dissemination challenges.

26. Participants will have the opportunity to discuss specific problems encountered in their work in compiling the external position data sets. At the same time, the course is considered an opportunity to discuss with authorities their plans for expanding the compilation program to include memorandum and supplementary items of the IIP, encouraged tables for external debt on QEDS, as well as joining the CDIS and CPIS initiatives.

27. Three more courses are planned to be conducted in Singapore, Slovenia, and Mexico for the second half of calendar year 2015.

IV. PLANS ON UPDATING THE *BPM5* TEXTBOOK

28. As noted in last year's report to BOPCOM, with the finalization of the *BPM6 CG*, STA plans to begin the update of the *BPM5 Textbook* in 2016, which is another companion document to the *Balance of Payments Manual*. Last published in 1996, the *Textbook* has been seen as one of the main reference materials for training courses in balance of payments methodology. It provided information on the applications of concepts, definitions, classifications, and conventions contained in the *Balance of Payments Manual* and afforded compilers with opportunities for enhancing their understanding of balance of payments methodology and compilation.

29. The *Textbook* will be posted on the IMF's external website rather than appearing in hard copy, so that it may be updated regularly. This approach provides flexibility and prevents the *Textbook* from becoming quickly outdated. STA plans publishing chapters as they become available and plans to complete the draft tentatively by mid 2017.

Questions for the Committee:

- 1. What are the Committee's views on improving the timeliness of BOP/ IIP on a BPM6 basis?*
- 2. What members should do to provide longer BPM6-based historical series?*

Appendix I. Details on Frequency and Length of *BPM6* Time Series by Reporting Economy

Country Name	BOP BPM6 Start	BOP Frequency	Latest BOP Data^{1/}	IIP BPM6 Start	IIP Frequency	Latest IIP Data^{1/}
Albania	2013	Q	2015Q1	2008	A	2013
Angola	2009	A	2013	2009	A	2013
Armenia, Republic of	1993	Q	2015Q1	1997	Q	2015Q1
Australia	1995	Q	2015Q1	1989	Q	2015Q1
Austria	2006	Q	2015Q1	2006	Q	2015Q1
Azerbaijan, Republic of	2013	Q	2015Q1			
Bangladesh	2005	Q	2014Q4	2005	Q	2015Q1
Belarus	2000	Q	2015Q1	1999	Q	2015Q1
Belgium	2008	Q	2015Q1	2008	Q	2014Q4
Belize	2011	Q	2015Q1			
Benin	2011	A	2012	2011	A	2012
Bermuda	2006	Q	2014Q1			
Bhutan	2006	Q	2014Q2	2007	Q	2014Q2
Bosnia and Herzegovina	2007	Q	2015Q1	2005	A	2013
Brazil	2014	Q	2015Q1	2001	Q	2015Q1
Brunei Darussalam	2012	Q	2012Q4			
Bulgaria	2014	Q	2014Q4			
Burundi	2005	A	2013	2005	A	2013
Cambodia	2005	Q	2013Q4	2006	Q	2013Q4
Canada	1981	Q	2015Q1	1981	Q	2015Q1
Chile	2009	Q	2015Q1	2009	Q	2015Q1
China, P.R.: Hong Kong	1998	Q	2014Q4	2000	Q	2014Q4
China, P.R.: Macao	2002	A	2013			
Colombia	2000	Q	2014Q4	2000	Q	2014Q4
Costa Rica	2009	Q	2014Q4			
Côte d'Ivoire	2011	A	2013			
Cyprus	2013	Q	2014Q4	2012	Q	2014Q4
Czech Republic	2008	Q	2014Q4	2008	Q	2014Q4
Denmark	2013	Q	2014Q4	2013	Q	2014Q4
Dominican Republic	2010	Q	2014Q1	2009	Q	2014Q4
El Salvador	1976	Q	2015Q1	1996	Q	2015Q1
Estonia	2013	Q	2015Q1	2013	Q	2015Q1
Euro Area	2014	Q	2015Q1	2014	Q	2015Q1
Fiji	2005	Q	2014Q1	2005	Q	2014Q1
Finland	2005	Q	2014Q1	2005	Q	2014Q1
France	1999	Q	2015Q1	1999	Q	2015Q1
Georgia	2000	Q	2015Q1	2000	Q	2015Q1
Germany	1991	Q	2015Q1	2008	Q	2015Q1

Country Name	BOP BPM6 Start	BOP Frequency	Latest BOP Data^{1/}	IIP BPM6 Start	IIP Frequency	Latest IIP Data^{1/}
Greece	2009	Q	2015Q1	2008	Q	2015Q1
Guatemala	2008	Q	2014Q4	2013	Q	2014Q4
Guinea-Bissau	2007	A	2012	2007	A	2011
Hungary	1995	Q	2015Q1	1995	Q	2015Q1
Iceland	1995	Q	2014Q4	1995	Q	2014Q4
India	2009	Q	2014Q4	2006	Q	2015Q1
Indonesia	2010	Q	2015Q1	2013	Q	2015Q1
Iraq	2013	Q	2013Q2	2012	A	2012
Italy	2008	Q	2014Q4	2008	Q	2014Q4
Jamaica	2011	Q	2015Q1	2009	Q	2015Q1
Japan	2005	Q	2015Q1	2005	Q	2014Q4
Kazakhstan	2005	Q	2013Q4	2005	Q	2013Q4
Kiribati	2006	A	2012	2007	A	2012
Korea, Republic of	1980	Q	2015Q1	1994	Q	2015Q1
Kosovo, Republic of	2013	Q	2015Q1	2013	Q	2015Q1
Kuwait	2009	A	2014	2009	A	2014
Latvia	2000	Q	2015Q1	2000	Q	2015Q1
Lithuania	2004	Q	2014Q4	2004	Q	2014Q4
Luxembourg	2002	Q	2015Q1	2002	Q	2015Q1
Macedonia, FYR	1998	Q	2015Q1	2003	Q	2015Q1
Malawi	2003	A	2012	2002	A	2013
Malaysia	2010	Q	2013Q4	2005	A	2013
Maldives	2011	A	2014			
Mali	2005	A	2013	2005	A	2013
Malta	2008	Q	2015Q1	2008	Q	2014Q4
Marshall Islands	2005	A	2013	2010	A	2013
Micronesia	2009	A	2013	2009	A	2013
Moldova	2014	Q	2014Q4			
Montenegro	2013	Q	2015Q1			
Morocco				2013	Q	2014Q3
Mozambique	2009	Q	2014Q2	2010	A	2013
Nepal				2012	Q	2013Q4
Netherlands	2004	Q	2015Q1	2003	Q	2015Q1
New Zealand	2000	Q	2015Q1	2000	Q	2014Q4
Nicaragua	2005	Q	2014Q4	2005	Q	2014Q4
Norway	2012	Q	2014Q3	2012	Q	2014Q3
Palau	2005	A	2013	2005	A	2013
Pakistan	2013	Q	2014Q4			
Philippines	2005	Q	2015Q1	2011	Q	2015Q1
Poland	2011	Q	2014Q3	2014	Q	2014Q3
Portugal	2005	Q	2015Q1	2005	Q	2015Q1

Country Name	BOP BPM6 Start	BOP Frequency	Latest BOP Data ^{1/}	IIP BPM6 Start	IIP Frequency	Latest IIP Data ^{1/}
Romania	2013	Q	2015Q1	2013	Q	2015Q1
Russian Federation	2000	Q	2015Q1	2004	Q	2015Q1
Rwanda	2013	A	2013	2013	A	2013
Samoa	2005	Q	2014Q2			
São Tomé and Príncipe	1997	Q	2014Q4			
Saudi Arabia	2005	Q	2015Q1	2007	Q	2015Q1
Senegal	2005	A	2011	2005	A	2011
Serbia, Republic of	2012	Q	2013Q4			
Seychelles	2007	Q	2015Q1			
Singapore	1995	Q	2015Q1	2001	Q	2014Q4
Slovak Republic	2013	Q	2014Q4	2013	Q	2014Q4
Slovenia	2009	Q	2015Q1	2009	Q	2015Q1
Solomon Islands	2006	Q	2014Q2	2006	Q	2014Q2
South Africa	2002	Q	2015Q1	1998	A	2013
Spain	2013	Q	2014Q4	2013	Q	2014Q4
Sri Lanka	2012	Q	2015Q1	2011	Q	2015Q1
Sweden	2013	Q	2014Q4	2013	Q	2014Q4
Switzerland	1999	Q	2015Q1	1999	Q	2015Q1
Tajikistan	2014	Q	2014Q4	2014	Q	2014Q4
Thailand	2005	Q	2015Q1	2005	Q	2015Q1
Togo	2011	A	2012	2011	A	2012
Tonga	2011	Q	2013Q2	2010	Q	2013Q4
Turkey	2006	Q	2015Q1	1996	Q	2014Q4
Tuvalu	2001	A	2013	2001	A	2013
Uganda	2001	Q	2014Q1	1999	Q	2014Q1
Ukraine	2005	Q	2015Q1	2010	Q	2015Q1
United Kingdom	1999	Q	2015Q1	1999	Q	2015Q1
United States	1999	Q	2015Q1	1976	Q	2015Q1
Vanuatu	2010	Q	2014Q1	2010	Q	2012Q4
Zambia	2005	Q	2014Q4	2006	A	2013

^{1/} "Latest Data" reflect data published in the *September 2015 IFS*.