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For information

Progress Report on Other External Sector Statistics Initiatives Underway in the IMF's Statistics Department

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PROGRESS REPORT ON OTHER EXTERNAL SECTOR STATISTICS INITIATIVES UNDERWAY IN THE IMF'S STATISTICS DEPARTMENT¹

There are several initiatives underway in the IMF's Statistics Department (STA) in the areas of capacity development, coordinated portfolio investment survey, collection of currency composition data requested in Balance of Payments and International Investment Position Manual, sixth edition (BPM6), and others. This paper updates the Committee on developments in these areas since the last meeting in October 2020 and introduces measures undertaken to support the IMF members in producing external sector statistics in the current COVID-19 circumstances.

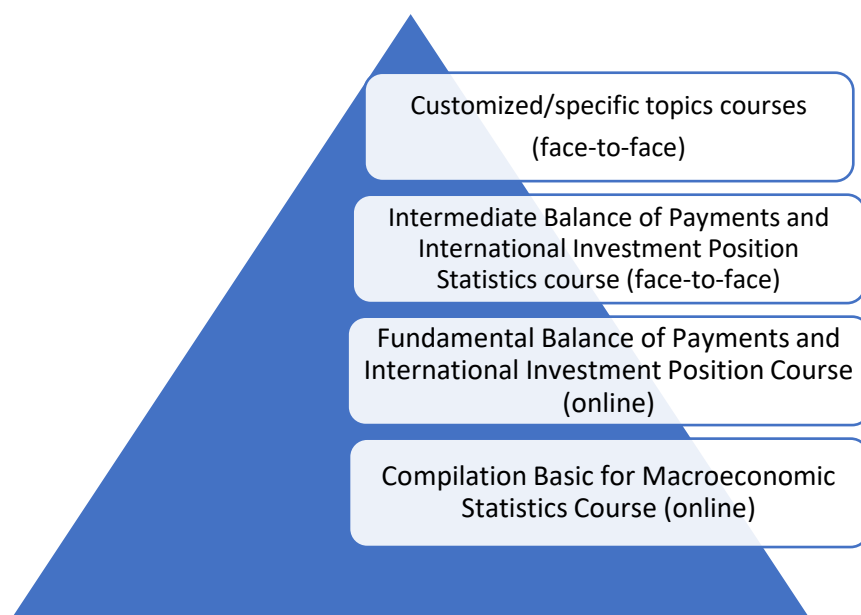
CAPACITY DEVELOPMENT

TRAINING

1. In 2018, STA's Balance of Payments Division (BP) developed a general architecture for training in external sector statistics (ESS). The architecture was designed for making the training more data-driven and user oriented, benefitting from STA's role as an international standard-setter and from its unique methodological expertise in ESS. The architecture was aimed at diversifying the training in ESS, considering the different levels of expertise of the recipients, and using a combination of approaches and modes of delivery—calibrated to face different recipients' potential and needs. Also, it was oriented to play a supportive role in providing the IMF membership with high-quality data and in supporting surveillance.
2. The ESS training architecture is presented in Figure 1 below and is consistent with STA's general training concept, increasingly supported by online training courses. It included four interrelated layers consisting of (i) STA online basic course on compilation of macroeconomic statistics; (ii) online fundamental course on balance of payments and international investment position (IIP); (iii) intermediate face-to-face course on balance of payments and IIP statistics; and (iv) a series of thematic (customized) face-to-face courses covering in depth different aspects on ESS.
3. The first component—Compilation Basic for Macroeconomic Statistics—was developed as a common effort of four topical areas (monetary and financial, government finance, real sector, and external sector) of statistics and was launched in 2019. The fourth component—customized face-to-face courses on specific topics—includes training in external debt statistics, trade in goods and services, cross-border positions statistics, and reserve assets statistics. The course on Trade in Goods and Services Statistics was designed in 2018 in recognition of challenges in the compilation of certain services categories, such as manufacturing and merchanting, insurance, financial services, and construction, especially in the era of globalization. A fifth customized course on Measuring the Digital Economy comprising both real sector and external sector statistics was prepared in 2020. Due to the pandemic lockdown, the first delivery of this course (planned to be launched in Thailand in June 2020) had to be postponed.

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Figure 1. Architecture of Training in ESS



4. The remaining two components of the architecture's tree—the online fundamental course on Balance of Payments and IIP (BOP-IIPx) and the intermediate course on Balance of Payments and IIP Statistics—have been developed in 2020.

5. The three-week intermediate course was conducted for the first time in Washington, D.C., during February 24–March 13, 2020, in collaboration with the IMF's Institute for Capacity Development (ICD). It was the last course delivered face-to-face before the pandemic lockdown. Forty-one officials from the IMF member countries attended. The course was designed to feature how the compilation of data is impacted by such events as globalization and digitalization, and other developments in the global economy. Further, during the plenary sessions, participants were asked to role play from a user point of view so as to gain further insights into data relevance. Finally, the course showcased the analytical uses of ESS in the IMF's multilateral and bilateral surveillance operations. The selection for the course included some prerequisites for admission such as a certain number of years of experience in the compilation of ESS. This was for assuring a relatively homogeneous level of participants able to absorb the intermediate level of the course.

6. The last component of the new training architecture—the online fundamental course—will conclude the implementation of the new architecture of training in ESS. Its development started in January 2020, and it will be launched on November 11, 2020, thanks to common efforts of teams from BP and the ICD (see the course postcard below).² It comprises nine modules covering the fundamental balance of payments and IIP concepts and accounting principles as well as classification of transactions and positions following the *BPM6* framework.

² The link to the promotional video for the BOP-IIPx course: <https://youtu.be/xXNUyPIJRhE>

Figure 2. Postcard for the Online Fundamental Balance of Payments and IIP Course

BOP-IIPx
BALANCE OF PAYMENTS AND
INTERNATIONAL INVESTMENT POSITION
STATISTICS

New **free online course** is for anyone interested in learning the fundamentals of compiling international accounts that cover balance of payments and international investment position statistics according to the internationally accepted standards.

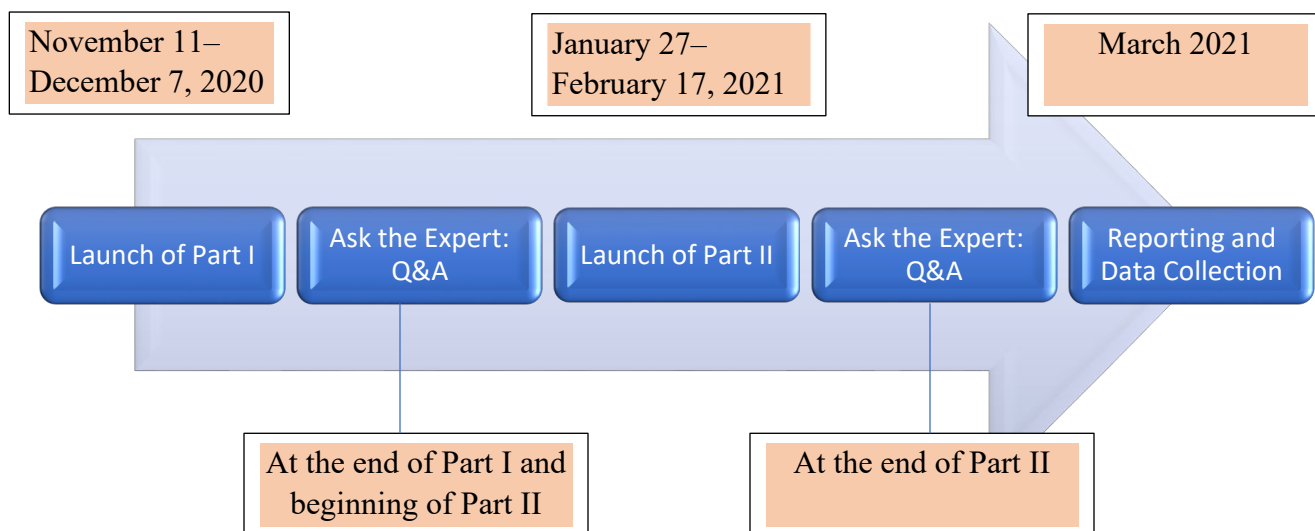
REGISTER NOW!

Open to government officials for registration <https://www.imf.org/en/CapacityDevelopment/Training/ICDTC/Courses/BOP-IIPX>

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7. The course will be launched in two parts: Part I comprises Modules 0–4 covering a conceptual introductory part and the current and capital accounts; Part II comprises Modules 5–8 covering the financial account and the international investment position. Splitting the course into two parts was intended to reduce potential dropouts in the middle of the course as well as to avoid launching modules during winter holidays. The timeline for launching the fundamental online course is presented in Figure 3.

Figure 3. Timeline for Launching the BOP-IIPx Course



CAPACITY DEVELOPMENT DURING THE COVID-19 ERA

8. Starting with 2020, due to the COVID-19 pandemic lockdown, the modality of capacity development (CD) delivery was adjusted to accommodate the extraordinary circumstances. Three guidance notes have been prepared that included guidance on how to compile the ESS in the current environment, particularly (i) Ensuring Continuity in the Production of External Sector Statistics During the COVID-19 Lockdown, (ii) How to Record Debt Relief under the Catastrophe Containment and Relief Trust in Macroeconomic Statistics, and (iii) How to Record Debt Reorganization in Balance of Payments and Government Financial Statistics—Debt Service Suspension Initiative (DSSI).³

9. The notes focused, among others, on (i) identifying traditional and alternative data sources that can be used to compile the balance of payments components, (ii) providing advice on data collection and compilation to ensure continuity, and (iii) discussing possible non-standard data sources. In addition, to satisfy the increased appetite for methodological advice on the ESS treatment of extraordinary financing support provided by the IMF to its membership, a dedicated note was prepared with methodological guidance on how to record COVID 19-related debt relief and diverse mechanisms for financial support.

10. The international travel restrictions imposed by the pandemic resulted in suspension of traditional face-to-face mission while the need for methodological advice increased due to the extraordinary financing actions undertaken by countries' authorities. Remote assistance (via COVID-dedicated webinars plus technical assistance (TA) remote missions) has been provided to countries to guide them in addressing challenges in the compilation of ESS due to the COVID-related reduction of statistical capacities.

11. To gauge the need for operational support for ensuring the availability of accurate and timely ESS as well as to test countries' capacity to participate in new and remote forms of TA delivery, a survey of 64 low and lower middle-income countries has been undertaken. The survey results indicated an increased demand for remote consultations that could be provided via thematic webinars, customized regional remote training, and remote short-term missions. Based on the results of the survey, potential beneficiaries of short-term remote/onsite missions have been identified, as well as the topics for tailored regional webinars.

12. The unprecedented circumstances due to the COVID-19 required an adjustment to the forms of TA delivery. Current TA is a combination of (i) fully-fledged missions delivered remotely, (ii) short on-demand customized country-specific remote hands-on training/consultations on selected issues, and (iii) regional webinars on topics relevant for countries in the region.

13. Five three-/four-day webinars "External Sector Statistics During the COVID-19 Era" have been conducted during September–October 2020. The webinars have been attended by about 250 participants from Africa, Asia, Middle East, and Eastern Europe. They focused on the implications of the COVID-19 pandemic on the collection, compilation, and dissemination of ESS; discussed ways to address the challenges to ensure the continuity of ESS; and provided practical guidance on the recording of transactions related to debt-relief due to COVID-19.

³ The first two notes are available at: <https://www.imf.org/en/Publications/SPROLLS/covid19-special-notes#stats>.

COORDINATED PORTFOLIO INVESTMENT SURVEY (CPIS): FIRST ANNUAL EXCHANGE OF SECTOR INFORMATION ON SECURITIES ISSUERS

14. Following a successful Proof of Concept in 2019, the IMF Committee on Balance of Payments Statistics confirmed its strong support to conduct an Annual Exchange of Sector Information on Securities Issuers (ESI). The first ESI exercise was conducted during March–July 2020, with the voluntary participation of 30 economies,⁴ representing 57.4 percent of total CPIS holdings. It included, among others, major portfolio issuers like USA, Germany, France, United Kingdom, Italy, Spain, Netherlands, Russian Federation, Luxembourg, etc.

15. Participating economies were able to sectorize more than 43,000 ISIN codes of individual securities. This information, stored in a newly created STA's centralized database, was made available to more than 80 CPIS reporting economies. Going forward, the intention is to conduct the ESI exercise annually during the second quarter of each year, allowing CPIS reporters to have access to high-quality sectorized information for individual securities. Invitations to participate in the second annual exchange will be sent in early 2021.

16. The platform used for the data exchange was IMF's ICS, which is a web-based data reporting system developed by STA for use by country data reporters. It provides data reporters with an efficient method of sending data to the IMF in a secure Internet environment. There was no bilateral data exchange among participants, but participants had access to contact STA and/or other participants for inquiries.

17. The centralized database was designed to be a safe environment for participants to exchange information on issuer sectors. Non-participating CPIS economies were given access to the database, such that the database benefits can be extended to all CPIS reporters. In this first occasion, all CPIS reporters were given access to the centralized database through a secure IMF site. In the future results of the sectorized ISIN codes are expected to be circulated to CPIS compilers via ICS.

18. Access to the centralized database will permit CPIS reporters to decompose their portfolio assets by (nonresident) issuer sector and provide users with from-whom-to-whom CPIS positions by economy and sector of holders and issuers. This information will facilitate more comprehensive measures of concentration and interconnectedness; and enable robust analysis of cross-border risks and vulnerabilities associated with portfolio investment.

CURRENCY COMPOSITION DATA REQUESTED IN *BPM6* AND THE SECOND PHASE OF THE DGI

19. The *BPM6* introduced enhancements to the IIP, including compilation of currency composition data. Appendix 9 of the *BPM6* presents tables on currency composition for debt claims and liabilities as well as notional values of financial derivatives. The Second Phase of the G20 Data

⁴ Participants in the first ESI were: Albania, Belarus, Bulgaria, Chile, Costa Rica, Cyprus, Denmark, France, Germany, Iceland, Italy, Kazakhstan, Kosovo, Lebanon, Luxembourg, Mauritius, Mexico, Netherlands, North Macedonia, Norway, Pakistan, Philippines, Romania, Russia Federation, Saudi Arabia, South Africa, Spain, Thailand, United Kingdom, and United States.

Gap Initiative (DGI-2) also included a recommendation for IIP enhancements (Recommendation II.10). Namely, compilation of quarterly IIP according to *BPM6*, separate identification of other financial corporations, and compilation of currency composition data. STA has been closely monitoring the compilation status in G20 economies and reported the developments to G20 economies through the Secretariat of the DGI-2.

20. To assist countries, STA introduced a session on IIP enhancements in its training courses and has been providing TA on the compilation of the data. However, the compilation of currency composition data remains challenging for many countries. As of September 2020, only 13 countries reported currency composition data to STA for re-dissemination at the IMF's website. In an STA survey conducted in 2016, countries indicated the lack of source data, resource limitations, respondent overburden, and confidentiality concerns as main obstacles for the compilation.⁵

21. To further assist countries in compiling currency composition data, the G20-DGI workshop on the Compilation of Currency Composition Data was originally scheduled for March 2020 to share experiences of compiling IIP currency composition data with other countries and improve source data and estimation techniques for the compilation. The workshop was postponed due to the COVID-19 pandemic, planning to schedule it again when the travel restrictions are lifted. Currently, STA is exploring ways to conduct the workshop virtually before the DGI-2 is completed at the end of 2021.

COORDINATED DIRECT INVESTMENT SURVEY (CDIS)

22. The CDIS is a worldwide survey of bilateral foreign direct investment positions conducted annually by STA since 2009. The CDIS database presents detailed data and metadata on “inward” direct investment (i.e., direct investment into the reporting economy) and “outward” direct investment (i.e., direct investment abroad by the reporting economy), cross-classified by economy of investment. It offers from–whom–to–whom cross border data, complementing the IMF's Coordinated Portfolio Investment Survey (CPIS) and the BIS International Banking Statistics.

23. In December 2019, the latest CDIS results were released, covering 2018 data and revised data for 2009 to 2017. One hundred and ten economies reported end-December 2018 data for the release (the highest participation since the CDIS started), including all G-20 economies, with the exception of Saudi Arabia. Algeria and Eswatini reported data for the first time and China P.R. Mainland reported outward direct investment data for the first time. STA is now compiling CDIS data for end-2019 and plans to release the results in December 2020.

ASSISTANCE FOR ANDORRA TO BECOME A NEW IMF MEMBER

24. Andorra applied for IMF membership in January 2020. Although balance of payments and IIP data were required essential for calculating Andorra's quota in the IMF, Andorra had not yet produced those statistics. STA participated in a mission led by the IMF's European and Finance Departments and assisted in producing the first estimates of Andorra's balance of payments and IIP data. The estimates were used to calculate Andorra's quota as well as for conducting the IMF's initial

⁵ For details of the survey results, please refer to the BOPCOM paper “Implementation of the IIP enhancements—Survey Results (BOPCOM 16/9).”

surveillance, particularly to assess external vulnerabilities of the Andorran banking system and other sectors, considering Andorra's unique situation as a country without a central bank using the Euro as legal tender without participating in the Eurosystem. The IMF's Board of Directors approved Andorra's membership in August 2020.