

**Seventeenth Meeting of the
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**2003 Survey of Implementation of Methodological Standards for Direct Investment
(SIMSDI): Progress Report**

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The views expressed in this paper are those of the author and should not be attributed to the International Monetary Fund, its Executive Board, or its management.

2003 SURVEY OF IMPLEMENTATION OF METHODOLOGICAL STANDARDS FOR DIRECT INVESTMENT (SIMSDI): PROGRESS REPORT

I. BACKGROUND

1. In May 1997, with the approval of the IMF Committee on Balance of Payments Statistics (the Committee) and the OECD Working Party on Financial Statistics (WPFS)¹, the IMF and the OECD launched the first Survey of Implementation of Methodological Standards for Direct Investment (SIMSDI). The aim of the survey was to determine the extent to which countries had adopted the international standards for compiling foreign direct investment (FDI) statistics as set out in the fifth edition of the IMF's *Balance of Payments Manual (BPM5)* and the third edition of the OECD's *Benchmark Definition of Foreign Direct Investment*. The results of that survey, to which 114 countries responded, were published in 2000 in a joint IMF/OECD report, copies of which were posted on the IMF and OECD websites and sent by the IMF to all its member countries.
 2. In 2000 the Committee and the WPFS agreed that the information obtained from the 1997 SIMSDI should be updated, and that a new survey should be launched at the end of 2002 that would incorporate revisions to the content and the presentation of the 1997 questionnaire to take account of the methodological changes that have been implemented in recent years.²
 3. As an interim measure, the information from the 1997 SIMSDI was updated as at the end of 2001 for 61 countries—the 30 OECD countries and 31 other countries, including all subscribers to the Special Data Dissemination Standard (SDDS) at that point in time. For the first time, the IMF also prepared summary metadata that described the practices of each country and clearly indicated whether or not those practices were in accordance with the international methodology. Cross-country comparison tables were also prepared for the participating countries.
 4. The metadata summaries and cross-country comparison tables for the 56 of the 61 countries that had agreed to their information being released to the general public³ were posted on the IMF website in October 2002, and a joint IMF/OECD report on the outcome of the 2001 SIMSDI update, which included cross-country comparison tables for all 61
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- ¹ Now known as the OECD Workshop on International Investment Statistics (WIIS).
- ² The launch date was changed to the end of 2003 at the 2001 Committee meeting.
- ³ Five countries (Brazil, China, El Salvador, India, and Lithuania) chose to make their information available only to national compilers of FDI statistics.

participating countries, was published in October 2003. Copies of that publication, *Foreign Direct Investment Statistics: How Countries Measure FDI, 2001*, were also posted on the IMF and OECD websites and sent by the IMF to all its member countries.

5. The results of the 2001 SIMSDI update have been used in papers discussed by the IMF Executive Board at a seminar on FDI held in late 2003⁴, and published by the IMF in September 2004.⁵ The information from the 2001 update was also used to identify aspects of the present methodology that would be reviewed in the process of revising *BPM5*.

II. IMPLEMENTATION OF THE 2003 SIMSDI SURVEY

6. Following revision of the questionnaire during 2002 by an international group of FDI experts, and approval by the Committee and OECD WIIS, the 2003 SIMSDI survey was launched in December 2003. Questionnaires were sent to a total of 166 countries—the 30 OECD countries, and 136 other IMF member countries. Respondents were asked to describe their countries' practices as at the end of 2003, and to return the completed questionnaires to the relevant agency by the end of March 2004, in the case of the IMF, and by April 2, 2004, in the case of the OECD.

7. The two organizations took different approaches to conducting the survey. Because of the communication difficulties faced by many of its member countries, the IMF chose to use the same method as used for the 2001 SIMSDI update, namely, the distribution of the questionnaire as a Word document either as an e-mail attachment, or as a diskette sent by courier. The OECD, on the other hand, chose to develop an electronic questionnaire, where the countries entered their information into a computer screen which fed directly into an underlying central database at the OECD. This method has been used by most OECD respondents to date.

8. At the time of writing in late September 2004, completed questionnaires had been received from 107 countries, comprising 25 of the 30 OECD countries, and 82 other countries. A further 12 completed questionnaires are expected—from the 5 remaining OECD countries (Belgium, Canada, Denmark, Korea, and New Zealand), from the 3 remaining other countries that participated in the 2001 update (Botswana, China, and Nigeria) and from a further 4 other countries (Egypt, Fiji, Saudi Arabia, and the Ukraine.) In total, approximately 120 countries are expected to participate, comprising 30 OECD

⁴ IMF Statistics Department, 2003. *Foreign Direct Investment Trends and Statistics, Foreign Direct Investment Trends and Statistics: A Summary* (see <http://www.imf.org>)

⁵ Neil Patterson, Marie Montanjees, John Motala, Colleen Cardillo, 2004, *Foreign Direct Investment: Trends, Data Availability, Concepts, and Recording Practices* (Washington, D.C.)

countries, and 90 other IMF members. The respondents cover all regions—the expected 119 participants include all 23 of the industrial countries, 25 of the 29 European countries, 25 of the 36 Western Hemisphere/Caribbean countries, 18 of the 29 Asian/Pacific countries, 21 of the 51 African countries, and 7 of the 16 Middle East countries.⁶

9. To date, 98 countries, including the 5 OECD countries that have yet to submit their completed questionnaires, have agreed to their information being released as summary metadata on the IMF website, and a further 5 have yet to decide⁷—only 9 countries have decided not to make their information available to the general public.⁸ All 4 of the 5 countries that participated in the 2001 SIMSDI update that chose not to make their information available to the general public at that time have now agreed to release the information from the 2003 survey, including both Brazil and India.

III: PROGRESS IN PROCESSING THE RESULTS OF THE 2003 SURVEY

10. The task of processing the results of the 2003 SIMSDI survey is a very large undertaking and resources are extremely limited. The questionnaire itself is long and complex and all countries for which draft metadata has been prepared to date have had internal inconsistencies in their responses that have given rise to additional queries.

11. The process of preparing the draft metadata inevitably results in additional issues not identified in the OECD validation process. The OECD is requiring their member countries to revise their responses in the electronic questionnaire once they have approved the final version of their summary metadata. This is being done in order to ensure that there will be consistency between the completed questionnaire and cross-country comparisons tables for the OECD countries that the OECD plans to post on its website, and the summary metadata and cross-country comparison tables that will be posted on the IMF website.

12. At the time of writing, draft metadata have been prepared by the IMF and sent to the authorities in 37 countries, including all 25 of the OECD countries for which database output on questionnaire responses has been received from the OECD. Responses to the queries have been received from 19 countries, including 11 OECD countries, and metadata have been approved for release by 10 countries, including 3 OECD countries.

⁶ The regional breakdown is that used in the 2003 edition of the *Balance of Payments Statistics Yearbook*.

⁷ All OECD countries are required by the WIIS to make their information available to the general public.

⁸ Barbados, Cambodia, Cote d'Ivoire, Guinea, Guyana, Honduras, Madagascar, Panama, and Sri Lanka.

14. A database that corresponds to the 2003 questionnaire has been developed by the IMF, and output tables covering all aspects of the questionnaire, as well as cross-country comparison tables suitable for publication, are in the process of being developed. The IMF plans to prepare draft metadata, resolve all queries, and obtain approval of final metadata by the end of 2004 for 60 of the 61 countries that participated in the 2001 SIMSDI update. That metadata will then be posted on the IMF website by the end of 2004 to replace the now outdated metadata from the 2001 SIMSDI update. It is expected that the cross-country comparison tables for those 60 countries will be posted on the IMF website in early 2005.

15. The metadata for the remaining 60-odd countries, and updated cross-country comparison tables, will be added to the IMF website in batches during the first half of 2005, as they are finalized. A letter will be sent to those countries apologizing for the delay and explaining that we plan to be back in touch with them in early 2005 with draft metadata.

16. Once the results for all 120-odd participants in the 2003 SIMSDI survey have been finalized, a report on the survey results will be prepared with the intention of publishing in late 2005.

Issues for the Committee

Committee members are asked to note:

1. *The progress in conducting the 2003 SIMSDI survey, and processing the completed questionnaires.*
2. *The proposed timetable for preparing summary metadata for the approximately 120 participating countries, posting of the metadata and cross-country comparison tables on the IMF website, and preparation of a report on the 2003 survey results.*