

CHAPTER 6. DATA FROM OFFICIAL AND ADMINISTRATIVE SOURCES

A. Overview

6.1 This chapter covers sources of data on transactions and positions in external financial assets and liabilities of the general government and the central bank sectors.¹ These transactions and positions can have a significant impact on the balance of payments; therefore, their measurement requires careful attention. The chapter also examines data (which may be relevant to the balance of payments) gathered by government sector institutions as a by-product of carrying out their various functions. Examples are data from applications to invest, to acquire foreign exchange, and to export, and data from taxation, education, and health authorities.

6.2 Data sources described in this chapter may be the sole sources for various balance of payments and IIP items. These sources also may be used to supplement sources such as an ITRS or enterprise survey, or the sources may be used to validate data collected elsewhere.

6.3 It is useful to consider alternative sources of data on the general government and central bank sectors. Data on international activities of the central bank may be obtained directly from the bank or from an ITRS—if the central bank is included as reporter. While many agencies of general government may be involved in international activities, payments or receipts associated with most of these activities would be recorded, in the government ledger, by the central accounting unit of the government. These transactions and positions are often settled through the central bank, when it acts as banker to the government.

6.4 Government debt management functions are likely to be organized separately in a debt control or management office, and the central bank is likely to be the banker. Therefore, to collect data on international transactions and positions of the general government sector, as well as of nonfinancial or financial corporations debt guaranteed by the government, the compiler may need to approach either the central accounting office or the debt office (through a specific collection) of the government or the central bank.

6.5 It may be necessary to approach other units of government to obtain complete information on some general government international activities. Tax authorities may be an appropriate source of data on withholding taxes and other taxes payable by nonresidents. Port and transport authorities may be good sources of various transport fees payable to the government. Certain government entities that take delivery of goods and services from abroad may have the responsibility for making payments, and it may be necessary to approach these entities directly to acquire information required for balance of payments and IIP purposes. These entities may include the ministry of defense, the ministry of foreign affairs, the ministry of public works (particularly if the ministry is responsible for organizing projects funded from foreign aid), the foreign aid office, the ministry of education, and the

¹ Monetary authorities sector has to be identified when institutions other than the central bank carry out certain operations usually attributed to the central bank (see *BPM6*, paragraph 6.66).

ministry of health. It may also be necessary to approach government agencies providing technical staff or employing staff on secondment from abroad in respect of these activities.

6.6 Furthermore, in addition to the central government, there may be other levels of government, such as state, provincial, and local, that are involved in international transactions and positions. If so, the compiler may have to approach the appropriate institution(s) within each level of government in order to measure particular types of international transactions and positions.

6.7 While many government-owned companies may be involved in international activities, these corporations are considered enterprises and, as such, are not considered to be part of the general government sector. Government-controlled enterprises that (a) produce market output (i.e., charge prices that are economically significant), and (b) have complete sets of accounts are excluded from general government and are included as public enterprises in the appropriate nonfinancial or financial corporations sector (*BPM6*, paragraph 4.92)

B. Data on the General Government and the Central Bank

6.8 The compiler should develop a good understanding of expenditure, revenue, and finance patterns of general government and the central bank. It is especially important, as well, for the compiler to understand how data are recorded in government accounts at different (central, regional (state, province), and local) levels. Government institutions that have a significant impact on the balance of payments should be accorded high priority for the purpose of data collection.

6.9 For the central government, there is often a central accounting unit—typically within the ministry of finance—that is responsible for collecting information on most, if not all, receipts and expenditures. While there may be some delegation of authority to make payments, the central accounting unit should have reliable accounting data on the majority of international transactions and positions undertaken by central government. Therefore, it should be possible to use these central accounts—often called “the general ledger”—to extract the balance of payments and IIP data required. In some countries, all government payments made abroad are identified and extracted each month from the central government ledger for the purpose of compiling balance of payments items relating to government transactions, and IIP items relating to government positions. As the government accounting system is generally computerized, required data may be available a day or two after the end of the month (though there is sometimes a longer lag than this).

6.10 However, as these centralized accounting units are usually concerned with receipts and expenditures, they may not be a good source for all data items.² For example, to measure trade credit on imports, it is necessary to establish actual change of ownership (delivery) dates for goods and services, as well as dates when payments are made. For information on

² Moreover, in some countries, there may be a more decentralized system of accounting. All units involved in general government transactions and positions with nonresidents need to be covered in any process for compiling data involving nonresidents.

delivery dates, a government accounting unit at a lower level may be a more satisfactory source of information because central government accounting units often rely on lower levels of government to organize contractual arrangements and to ensure that goods have been delivered, etc. Similarly, for data on foreign military and development assistance, government authorities directly concerned with these activities may be the most appropriate source as many of the transactions may not involve cash payments. It may even be desirable and necessary to collect such data on a project by project basis.

6.11 Once appropriate source(s) of data have been identified, the compiler should negotiate with relevant authorities to achieve any modifications required to extract required data and classifications from the government accounting system and to arrange a suitable and timely reporting mechanism. It is desirable for the balance of payments compiler to coordinate requirements with the compiler of government finance statistics (GFS). The linkages between balance of payments and GFS are presented in Appendix 6, Part C.

Embassy and Defense Transactions

6.12 Direct expenditures made abroad for goods and services used by embassies, consulates, military installations, aid missions, information agencies, and other government institutions located abroad are included in government goods and services n.i.e. in the balance of payments. Wages and salaries payable to host country residents who work for embassies, etc. should also be measured and included in the balance of payments as compensation of employees. Wages and salaries paid to diplomats and other staff posted to these institutions do not represent balance of payments transactions. However, the compiler may assume that all or a certain percentage³ of salaries paid to such personnel will be spent in the host country and, as such, included in government goods and services n.i.e. Expenditures associated with provision of joint military arrangements and peace-keeping forces should also be included in this item (*BPM6*, paragraphs 10.174-10.178).

6.13 Information on transactions related to embassies, defense, and other government establishments located abroad will typically be available from the government ledger or from agencies such as the ministries of foreign affairs and defense. For balance of payments purposes, the times at which these transactions are recorded (usually on a cash basis) in government records are normally considered to provide reasonable approximations of changes of ownership. However, if significant discrepancies arise between provision of a service and payment for it, an account payable (receivable) should be created in the balance of payments and in the IIP.

6.14 While classification of embassy, defense service, and similar transactions into income (compensation of employees) and service components are all that is required for balance of payments purposes, it may be advantageous if the compiler examines the various cost factors involved and classified the data by partner country. Subdividing payments into rent, services, entertainment, salaries, and other components and comparing these with the number of staff

³ It is recommended that the basis for making such assumptions be based on a survey or some other source of information that may provide a means for estimating the amounts diplomatic, military, etc. personnel spend while abroad on official government business.

employed by country may be useful for balance of payments extrapolation purposes and for estimating foreign government expenditure in the home economy.

Other Current Expenditures and Revenues of the Government

6.15 Other current expenditure of the government includes payments for government imports, travel abroad by government employees, in some instances tuition and scholarship, other services acquired by government, and pensions paid to former nonresident employees and to former residents who have emigrated. These data should be available from government accounts and be appropriately classified for balance of payments compilation purposes. On the revenue side, data should be available on various fees, taxes, and charges payable to government. These may include:

- Withholding and income taxes collected from nonresidents;
- Airport departure tax collected from nonresidents;
- Offshore fishing and other license fees for use of natural resources or other types of activity collected from nonresidents; and
- Transport fees and service payments, such as airport landing fees and stevedoring charges, collected by government authorities.

Public Sector External Debt⁴

6.16 A country's debt management office may be responsible for managing or monitoring government debt, and, sometimes, for monitoring government-guaranteed debt. This office could be approached for data on the external liabilities and assets (other than reserves) of the general government sector, and for data on external debt of sectors that issued government-guaranteed debt (such as other deposit taking corporations, except the central bank and other sectors). Data on government-guaranteed debt should not be included in government sector debt unless actually acquired by the government but it is very useful additional information for understanding potential government exposure. These data should be included in the sector that incurred the debt; however the compiler should assure that the double counting is avoided if data on external assets and liabilities are collected also through enterprise surveys.

6.17 Basic information on each debt instrument should normally be available from the loan or credit agreement or related documentation, a copy of which should be deposited—preferably under legal statute—with the debt office for all government or government-guaranteed debt instruments. If the debt management office has data on other sectors—for example, government-owned enterprises or government-guaranteed debt of other enterprises—these data may also be collected but should be compiled separately. Compilers

⁴The *public sector* includes the general government, the central bank, and those in the deposit-taking corporations, except the central bank, and other sectors that are public corporations (see *External Debt Statistics: Guide for Compilers and Users*, paragraph 5.5).

of these data should consult the IMF's *External Debt Statistics: Guide for Compilers and Users*.⁵

6.18 Some countries collect external debt data on a loan-by-loan basis, maintaining a comprehensive inventory of loans. However, not all debt components required for balance of payments may be available to the debt management office (e.g., trade credit and advances or other accounts receivable/payable).

6.19 In most of the countries, data on credit and loans with the IMF are readily available from the central bank or debt management office. Close consultation between the compiler and the central bank's accounting office or the debt management office should guarantee that the compiler gathers all the required data. It is recommended that the compiler of external debt statistics, if outside the debt office, utilize these data rather than develop alternative sources.

6.20 Table 6.1 sets out the standard components the compiler should collect from the government and central bank in respect of external financial assets and liabilities, excluding reserve assets.⁶ Details for central bank and general government sectors should be compiled separately (and monetary authorities where relevant).

6.21 The information shown in table 6.1 may be classified by country of creditor (liabilities) or debtor (assets). In the country classification, a separate category should be shown for international organizations (as these are not considered to be residents of the economies in which they are physically located). It may also be desirable to classify data by sector of nonresident party. That is, each cell in table 6.1 would be further subdivided by sector of the nonresident counterpart (e.g., multilateral organizations (broken down by central bank of currency union, other international financial organizations, and other multilateral international organizations), general government (excluding multilateral organizations), central bank, deposit-taking corporations, except the central bank, and other sectors).

6.22 Data collected on the currency composition (currency of denomination) of external assets and liabilities are particularly important in order to monitor currency risks facing the economy. For balance of payments compilation, the currency composition is important when the financial flows are calculated as differences in of positions at the end and at the beginning of the reporting period⁷ (e.g., based on monetary and financial statistics which are compiled in domestic currency). The currency composition would be used to split the position data by currency of denomination and to calculate transactions as differences in positions for each currency of denomination. This would allow for the exclusion of changes due to exchange rate changes in calculating estimates of transactions.

6.23 In the case of debt instruments, a split of the data according to original maturity (short-term or long-term) is shown in the standard components of the external accounts. The

⁵ <http://www.imf.org/external/np/sta/ed/guide.htm>.

⁶ Table 10.2 in Chapter 10 includes reserve assets components.

⁷ The estimation of e transactions from positions data is discussed in Chapter 10, Box 10.2.

compiler is encouraged to also obtain data on remaining maturity; and on the interest rate structure (variable- or fixed-rate) of external assets and liabilities; these breakdowns are requested as supplementary items in the IIP.

6.24 Securities issued in the domestic market and purchased by nonresidents can pose special collection problems, and these are discussed in Chapters 3 and 10. For securities issued abroad, the government or central bank should have the required data or may be able to obtain data from security brokers located abroad. Caution should be used before assuming that all the issue has been taken up by nonresidents. Discussions with the issuing agent(s) could be undertaken to provide an indication of the amounts that may have been purchased by residents.

Table 6.1. Standard Components for the General Government and the Central Bank⁸ on External Financial Assets and Liabilities, Excluding Reserve Assets

	Beginning of period	Financial Account Transactions (net)	Other Changes in Financial Assets and Liabilities Account			End of period	
			Changes in position due to:				
			Other changes in volume	Exchange rate changes	Other price changes		
Assets							
Direct investment ⁹							
Equity and investment fund shares							
Direct investor in direct investment enterprise							
Debt instruments							
Direct investor in direct investment enterprise							
Portfolio Investment							
Equity and investment fund shares							
Debt Securities							
Short-term							
Long-term							
Financial derivatives (other than reserves) and employee stock options							
Other investment							
Other equity							
Currency and deposits							
Short-term							
Long-term							
Loans							
Credit and loans with the IMF (other than reserves)							
Other short-term							
Other long-term							
Trade credits and advances							
Short-term							
Long-term							
Other accounts receivable							
Short-term							
Long-term							
Liabilities							
Portfolio Investment							
Debt Securities							
Short-term							
Long-term							

⁸ The same breakdown is required for monetary authorities, where relevant.

⁹ Only applies to general government.

Financial derivatives (other than reserves) and employee stock options	
Other investment	
Currency and deposits	
Short-term	
Long-term	
Loans	
Credit and loans with the IMF	
Other short-term	
Other long-term	
Insurance, technical reserves, and standardized guarantee schemes	
Trade credits and advances	
Short-term	
Long-term	
Other accounts payable	
Short-term	
Long-term	
Special drawing rights (allocations)	

Reserve Assets

6.25 Data on reserve assets should be available from the relevant department of the central bank. Ideally, the data set out in Table 10.2 will be available.

6.26 Table 10.2 emphasizes that transactions should be measured separately from other flows that affect the positions to obtain reliable data on reserve asset transactions. The monetization and demonetization of gold bullion should be included in other changes in the volume (*BPM6*, paragraph 3.21). Allocations and holdings of special drawing rights should be reported as other investment-liabilities and reserve assets, respectively. It is important to obtain, if possible, the complete instrument breakdown shown in the table. It is preferable if data are classified by country of the nonresident party. Data should be converted to the domestic currency or unit of account applying the principles described in footnote 7.

6.27 The compiler may only have access to data on the position of reserve assets. The method for converting such data to a transactions basis is outlined in Chapter 10, Box 10.2. To apply this methodology properly, the compiler must know the currency composition of reserves (as well as any price changes that may have occurred during the period).

Measurement of Development Assistance in Donor Countries¹⁰

6.28 The development assistance agency in donor countries is a very valuable source for measuring development assistance because this agency is usually responsible for disbursement of the major part of development assistance grants and loans and for overseeing and monitoring the foreign development assistance program. While development assistance is not a standard component item in the balance of payments, the compiler may wish to

¹⁰ See also Development Assistance Data in Chapter 7.

compile the item separately for analytic reasons. The components of development assistance will generally be reflected in several items in the balance of payments.

6.29 In developing statistics on development assistance for balance of payments purposes, the compiler should distinguish clearly between current grants (which are included in the secondary income account), capital grants (which are included in the capital account)¹¹, and loans (which are recorded in the financial account and in the IIP). For grants, it is necessary that counter entries (such as exports of goods, provision of education services, other technical assistance, and provision of cash) be identified and included appropriately in the balance of payments. Chapters 14 and 15 provide further information on recording grants in the balance of payments.

Measurement of Development Assistance in Recipient Countries¹²

6.30 Data on international development assistance in recipient countries is often poorly measured; also in some countries a large portion of development assistance may be channeled through non-government organizations. As a result, the value of foreign assistance is understated. Because of this understatement, the impact of such assistance on other major economic variables is difficult to measure. Measurement problems in recipient countries have also led to balance of payments global asymmetries for data on transfers. The following paragraphs provide possible sources that the compiler could use to measure the receipt of development assistance.

6.31 Most compilers in recipient countries can easily identify cash grants or payments received in development assistance because the information is often readily available from government records on revenue.

6.32 Many countries have established various administrative units to administer program or project aid. Complete accounts are often established to analyze costs, monitor progress, make reports to donors, and prepare invoices to claim cash payments from donors. These project accounts should include the value of materials and services supplied by donors. The compiler should encourage good record-keeping practices in this area. In addition, administrators of such aid projects should (if they are not already doing so) be encouraged to obtain, from donors with whom they maintain contact, data on the valuation of assistance received in kind.

6.33 It is necessary that offsetting entries to the aid be recorded in balance of payments accounts. To ensure proper recording, the compiler could, for example, undertake audit checks to verify that goods received under project aid are recorded in IMTS at correct valuations. If project accounts are the only source of data for certain noncash items in the balance of payments, the compiler would use information from such accounts to record corresponding items in the balance of payments. For example, if a foreign technical assistance expert stationed in the host economy for less than one year and funded under an

¹¹ For the distinctions between current and capital transfers see *BPM6*, paragraph 12.12.

¹² Measurement of development assistance in donor countries is described in Chapter 7.

official aid program is employed by a local project, income earned by the expert should be included in the balance of payments of the host economy as a compensation of employees debit in the primary income account and a transfer credit in the secondary income account. The balance of payments treatment of technical assistance and other forms of project aid is further discussed in Chapters 13, 14, and 15.

6.34 Many countries receiving food and other humanitarian aid have a centralized government agency responsible for distributing the food, and such agencies are generally a good source of information on this type of aid. When approaching distribution agencies for information, the compiler should ensure that both food imports and offsetting transfer entries are measured in accordance with balance of payments principles. Chapter 14 should be consulted for a discussion of the balance of payments treatment of food aid.

6.35 In countries where residents receive educational assistance from foreign governments, there may be a government agency responsible for administering the program on behalf of nonresident donors. This agency could be a useful source of data for the balance of payments. The value of educational assistance should be measured at the cost to the donor. If such details are not readily available, balance of payments estimates could be based on the number of students studying abroad, classified by various types of educational institutions and length of stay. These data could then be used—in conjunction with per capita data (either actual or estimated) of the cost of tuition fees, accommodation, passenger fares, and other expenses paid by donor countries for each category of student—to estimate the transfer credit item. Having compiled these estimates, the compiler should ensure that relevant offsets are included in the current account. Typically, offsets (other than those for international passenger fares which are included in transport) will be shown in the travel item as debits.

Administrative By-product Data

6.36 While conducting various functions, official institutions frequently obtain data useful for compiling the balance of payments. Often these functions require applicants, or persons who must pay fees or taxes, to complete forms that could be relevant to the balance of payments. The compiler might be able to influence the design of collection forms or administrative procedures to maximize, from a balance of payments viewpoint, the usefulness of the data. IMTS, migration statistics, and in some instances ITRS data, are examples of information collected as a by-product of administrative functions and essential to balance of payments statistics. These particular collections are discussed in chapters 3, 4, and 5. This chapter examines lesser known by-product collections.

6.37 Administrative by-product data may be available at different levels of processing, including individual collection forms, semi-processed data (which may consist of records of individual collection forms, special tables, or reports), or statistical aggregates. The appropriate level, from the compiler's viewpoint, will depend upon a number of factors. If sufficient details and cross-classifications are available, statistical aggregates may be sufficient for the compiler's purpose. Nevertheless, it is often desirable for the compiler to have access to completed collection forms or records of collection forms. Even data that cannot be used directly by the compiler may still be useful for balance of payments purposes. Subsequent paragraphs note some examples.

Foreign Investment Approvals

6.38 Many countries have foreign investment boards or similar institutions that promote, place conditions on, or monitor various forms of foreign investment. To make certain types of investments or to expand existing investments, investors may be required to submit application forms to the investment board, which may be required to give approval of the investment before it can proceed, which may also assist investors in establishing enterprises and may ensure that investments comply with government guidelines. These application forms may contain useful information and, in a number of countries, detailed statistics are published on foreign investment approvals.

6.39 These statistics are generally not directly usable for balance of payments compilation purposes as they relate to intended investments rather than actual investments and reporters sometimes record the expected value of the investment, including total financing not just the external investment. However, they may be useful for some balance of payments estimation purposes.

6.40 This source is best used to identify new direct investment projects, and compilers would need other sources such as financial statements and enterprise surveys to measure these positions and to capture additional components requested for direct investment transactions and positions. It is also important to consider that significant time lags between approvals and actual investments may occur.

6.41 More importantly, individual application forms may serve as a very useful data source for compiling population lists of direct investment enterprises (DIENT), direct investors or fellow enterprises. In some countries, application forms have proved particularly useful for identifying nonresidents who invest in real estate.

Applications to Obtain Foreign Exchange or to Borrow from Abroad

6.42 It is a requirement in some countries for residents to obtain approval to purchase foreign exchange or to borrow from abroad. These approval applications should not be confused with actual foreign exchange transactions measured in an ITRS. Chapter 4 describes cases in which residents borrow or lend abroad, but no corresponding cash transaction appears in the ITRS until a repayment or interest payment is made. To identify these drawings, foreign borrowing applications could be monitored and followed up with the borrower or the lender. Once the drawing is made, details of the operation should be recorded and included in the balance of payments and IIP. Data on foreign borrowing approvals could also be used to establish a list for conducting a survey of residents with external borrowings.

6.43 In some countries, DIENTs are required to obtain approval before remitting, in the form of foreign exchange, dividends or profits abroad. As part of the application process, companies submit details of their profit and loss statements. These details could be used by the compiler to measure reinvested earnings as well as dividends and profits paid/payable to investors.

Applications to Export

6.44 Residents of some countries are required to complete applications before exporting goods. Sometimes, these applications are used as a data source to compile goods items in the balance of payments. Alternatively, applications may provide a starting point for obtaining a list of exporters to improve coverage of an IMTS, or these applications may serve as a coverage source for an exploratory survey designed to identify enterprises engaged in certain balance of payments activities, such as trade credit.

Tax Data

6.45 Tax data can be used in a number of ways. Data, which are obtained from tax authorities, on dividend and interest withholding taxes payable by nonresidents may be used to compile part of government transfer credits (current taxes on income, wealth, etc.). Lists of companies paying withholding taxes on behalf of nonresident investors may be a useful source for identifying enterprises with external borrowings or nonresident shareholders.

6.46 Tax records of DIENTs could provide data on intercompany services and remitted and retained profits when other sources are not readily available. Lists obtained from tax files of enterprises with direct investment transactions could also be used as a source of coverage for enterprise surveys of direct investment. Tax records often identify income from foreign sources separately from income earned from domestic operations. These records can be useful, for conducting surveys or for checking information obtained from other sources,¹³ because they identify enterprises and individuals with investments abroad.

6.47 Tax authorities may conduct surveillance of certain transactions, particularly those associated with tax havens, to ensure that certain taxes are not avoided. Forms filed with tax authorities in respect of certain classes of foreign exchange remittances could provide a coverage source for listing the population for enterprise surveys (for more details on coverage of taxes in government finance statistics see Appendix 6, Part C).

Education and Health Data

6.48 Governments may maintain data on education (including scholarships) and health services provided to or by nonresidents.¹⁴ For education, data may be available from the ministry of education or other body in charge of education on the number of students, costs of tuition, and other services provided by educational institutions (e.g., accommodation for students living on campuses or boarding at school), and other expenses of nonresident students studying in the host country or resident students studying abroad. It is also important to know what proportion of these costs is funded by development assistance grants. The

¹³ As used by tax authorities, definition of the terms foreign and income may differ from those used in the balance of payments. The compiler should take care, in using tax data directly in balance of payments compilation that any such differences are correctly handled.

¹⁴ Many of the education and health services provided to or by nonresidents are provided to persons traveling outside their home countries. Accordingly, these services should be recorded in the travel item of the balance of payments.

compiler should also seek data that may be available on health care services and expenditures of patients who cross international frontiers to seek health care. In countries that have universal health care systems funded or administered by the government, nonresident patients can often be identified separately because such patients will typically be responsible for the full cost of their health care.

Data from Trade, Industry, and Other Professional Associations

6.49 In some countries, different trade, industry, professional bodies (e.g., industry and trade associations) may maintain useful information on cross-border activity. The compiler may consider requesting the available information from such bodies, including the list of their members and their financial size that could be used for improving the coverage of survey population.