

INTERNATIONAL MONETARY FUND

Statistics Department



Sectoral Classification of International Organizations

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This note clarifies that the sectoral classification of global international organization should not follow concepts designed for domestic institutional units. According to the recommendations of the sixth edition of the IMF's Balance of Payments and International Investment Position Manual (BPM6) such organizations are treated as not being resident of the territories in which they are located (paragraph 4.105) with a separate identification of additional sectors for counterpart data according to the nature of their activity (Table 4.2.). The International Monetary Fund should be coded as an "international financial organization". This guidance does not apply to currency union or economic union institutions, which are residents of the union as a whole and may be presented as an institutional sector in some cases (paragraph 4.106). For instance, the currency union central banks should be classified as central banks.

I. RECOMMENDED SECTOR CLASSIFICATION OF INTERNATIONAL ORGANIZATIONS

1. Paragraphs 4.173-4.176 of the *2008 System of National Accounts (2008 SNA)* and paragraph 4.103 of the *BPM6* recognize special characteristics of international organizations. In addition, Table 4.1 in the *BPM6* identifies within the rest of the world sector two types of international organizations: international financial organizations and international nonfinancial organizations and Table 4.2 provides a list of additional sectors for counterpart data, which includes, among others, international financial organizations and other international organizations. Paragraphs 4.17 of *2008 SNA* and 4.57 of the *BPM6* indicates that institutional units are allocated to institutional sectors according to the nature of the activities they undertake; the units in each sector have similar economic objectives, functions, and behaviour.
2. Sectoring of resident institutional units is a key element in the compilation and presentation of macroeconomic statistics; however, international organizations, some of them international financial institutions, are by definition economic territories in their own right and, therefore, not considered residents of any domestic economy and treated as extra-territorial. A special kind of international organizations—the central bank of a currency union—is described in paragraph 4.176 of the *2008 SNA* where it is stated that the central bank of a currency union is treated as being nonresident in any of the member countries of the currency union but is resident in the currency area as a whole.
3. The sectorization of international organizations should not follow the same logic applied to domestic institutional units. International organizations should instead be included in the Rest of the World in national accounts with a separate code according to the nature of their activity, and in additional sectors for counterpart data in balance of payments. The exception is for currency union or economic union institutions, which are residents of the union as a whole and may be presented as an institutional sector in some cases

(paragraph 4.106 of the *BPM6*). For instance, the central banks of a currency union should be classified as central banks.

Based on the arguments listed above, the IMF should not be classified into any domestic institutional sectors but rather into the rest of the world in national accounts with a separate code according to the nature of its activities, for example, as an “international financial organization”, and as international financial organization in balance of payments. The classification of the IMF as a financial organization is done considering its main function of making its resources temporarily available to its members, according to Article I of the IMF’s Articles of Agreement.

II. CONCLUSIONS

4. It is a stretch to attribute global international organizations to sectors using concepts designed for domestic institutional units. Therefore, this note clarifies that international organizations (with the exception of currency union or economic union institutions), should be included in the rest of the world in national accounts (not resident in any country’s economic territory) with a separate code according to the nature of their activity. In balance of payments they should be included in one of the additional sectors for counterpart data. Along these lines, the IMF is to be classified as an “international financial organization”.