

INTERNATIONAL MONETARY FUND

Statistics Department

Direct Investment Task Team: Terms of Reference

I. MANDATE AND OPERATIONS

1.1 Mandate

The Direct Investment Task Team (DITT)¹ is one of the four Task Teams² (TTs) established by the IMF's Committee on Balance of Payments Statistics (the Committee) to contribute to the work related to revising the IMF's *Balance of Payments and International Investment Position Manual, sixth edition (BPM6)*. DITT will provide technical inputs and make recommendations on the methodology of direct investment statistics within the framework of the revision. Given the specificity of this TT, it will also coordinate closely with the OECD Working Group on International Investment Statistics³ (WGIIS) as the outcomes of DITT's work are also expected to inform the update of the [OECD Benchmark Definition of Foreign Direct Investment, fourth edition \(BD4\)](#). To ensure overall consistency and no duplication of work, DITT will also work closely with the Balance of Payments Task Team (BPTT) which is responsible for sending DITT's Guidance Notes to the Committee for final endorsement. BPTT should ensure coordination with ongoing work in other statistical domains, most notably in the area of National Accounts.

The *BPM6* update process has a five-year timeline—split into two phases⁴—ending in March 2025. DITT's mandate spans mostly during Phase I of the update process, which is from March 2020 to March 2022. Within that time frame, DITT is expected to undertake thorough research on issues drawn from the Committee's research agenda, discuss and reach conclusions, and present proposals for endorsement by the Committee. Key issues to be addressed by DITT are presented in the Compendium of Issues adjoining this terms of reference.⁵ DITT may also be consulted throughout Phase II on an as-needed basis, should any significant issues arise during the worldwide consultation process.

¹ The membership of DITT is presented in Annex I.

² The three other TTs are the Balance of Payments (BPTT), the Current Account (CATT), and the Financial and Payments Systems (FITT). The BPTT plays an overseeing role.

³ <https://oecdggroups.oecd.org/Bodies/ShowBodyView.aspx?BodyID=7250>

⁴ The update process encompasses Phase I – research on issues appropriate for the subject of each TT, discussions and conclusions, and Phase II – drafting of the *BPM7*.

⁵ Additions to the list of research issues would be considered by DITT on a case-by-case basis.

1.2 Operational Framework

Composition: the IMF and the OECD will co-chair DITT, with both agencies also providing secretarial support. DITT will comprise representatives from IMF member countries and international organizations. Representation shall consider both members' depth in conceptual and practical expertise to address the issues identified, as well as geographical balance, to portray Fund members' views across varying degrees of statistical capacity. Members of DITT will work on a voluntary basis, with the capability of making enough commitment of time, and shall not be remunerated by the IMF.

Communication: the working language of DITT is English, without any translation of documents or interpretation at meetings and videoconferences. DITT will work primarily through electronic means, including video conferences, while the co-chairs may convene one or more physical meetings, as necessary, and possibly jointly with the OECD's Working Group International Investment Statistics (WGIIS) meetings. To facilitate electronic communication between DITT members, the IMF will provide the requisite support by facilitating virtual meetings and using appropriate technologies for document flow and management. The IMF will host a dedicated DITT webpage where the terms of reference, the list of specific issues as well as agreed recommendations/guidance notes will be accessible. DITT secretariat will be responsible for managing the webpage content.

II. GUIDANCE NOTES, WORKING PROCEDURES, AND REPORTING

In addition to the list of topics identified in the Compendium of Issues, DITT may consider, as appropriate, other direct investment issues raised by its members, which can be relevant for the *BPM6* and *BD4* updates. Research issues labeled as high priority should be the core of the work of the group. It is intended that after **June 2022** no new issues will be considered for inclusion in the new manual. This cutoff date is necessary to accommodate the broad process of review and consultation that will take place before the manual is finalized by the end of 2024.

2.1 Guidance Notes

To foster focused and efficient discussions and for a consistent and complete coverage of the review items, DITT's key documentation will be in the form of a "Guidance Note" for each item/concept. Guidance Notes will comprise two sections—the first detailing the issue, and the second explaining the recommendations—presented according to a standard format as described in Annex II. Additional background documentation may also be considered/attached.

Guidance Notes will be discussed by written consultations or videoconferencing. Once a conclusion is reached, the recommendations will be summarized in the second section of the Guidance Note, will be sent to BPTT and WGIIS for initial review; those that may impact the *2008 System of National Accounts (2008 SNA)* will also be sent to the AEG for initial review.

The draft Guidance Note is then made publicly available for wider consultation—including with national compilers, such that they can test the practicality of the proposals.

The revised Guidance Note will undergo a second round review by BPTT and WGIIS⁶ only if there are significant changes to the draft version before being presented to the Committee for endorsement (those that may impact the *2008 SNA* will also be resent to the AEG for a second review before being presented to the Committee and ISWGNA).

The key working procedures and review processes for Guidance Notes are outlined in Figure 1 and detailed in Table 1.

2.2 Working Procedures

In attaining its objective and with a view to avoiding duplication of effort, DITT should take into account current or completed work on certain direct investment topics. Accordingly, the DITT will coordinate its work with any specific Task Forces or Working Groups (including with the AEG Task Team on Globalization) on cross-cutting issues.

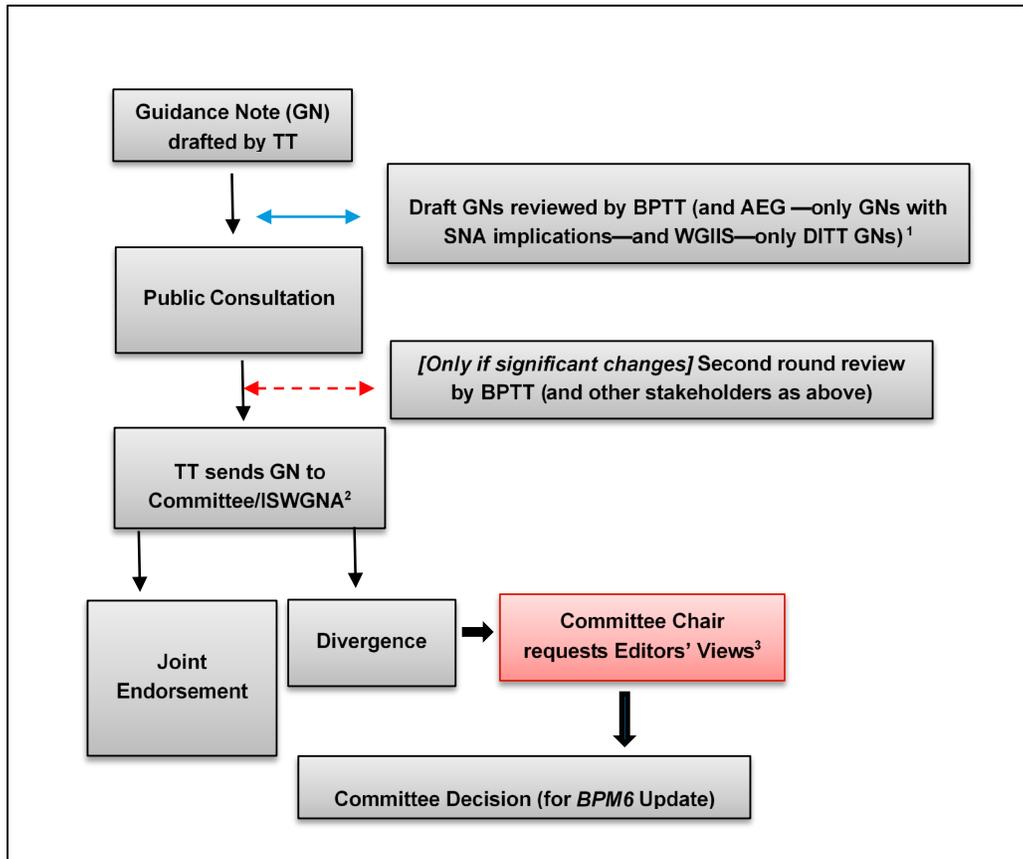
DITT will strive to take decisions by consensus. If decisions cannot be taken by full consensus, minority dissenting opinions will be properly documented in the Guidance Notes (for instance, via footnotes). Decisions on the acceptance of DITT recommendations for the *BPM6* Update reside with the Committee, with close consultation with the WGIIS, and with the ISWGNA on those recommendations that impact the SNA.

2.3 Reporting

While submission of the Guidance Notes to BPTT and the Committee may take place as soon as any recommendations are ready, through its Chair, DITT will submit periodic reports to the Committee. Key among these are progress reports to the Committee's annual meeting (usually in October), which will include both the outcomes and recommendations on the issues considered through the Guidance Notes. DITT will also share these reports to the Committee with the OECD WGIIS for information. Final decisions on endorsing DITT's conclusions and proposals reside with the Committee in close consultation with the ISWGNA on issues of common interest.

⁶ BPTT plays an oversight role for other BPM TTs and a coordinating role with the Joint TTs (and the SNA Task Teams). It reviews the draft Guidance Notes primarily for overall consistency by ensuring the proposals have considered related proposals/discussions of other TTs including SNA TTs.

Figure 1. Life Cycle/Governance of TT Guidance Notes



1. In its oversight/coordinating role, BPTT reviews primarily for overall consistency of the proposals. First review by AEG of GNs required only for those of: (i) joint groups (FITT, IETT, IFTT, IPTT); and (ii) GNs of BPTT, CATT and DITT if issue impacts SNA.
2. BPTT and other BPM TTs send to ISWGNA only those GNs that impact the SNA, while joint TTs send their GNs to both the Committee and the ISWGNA.
3. For GN of Joint TTs, Chairs of both the Committee and the ISWGNA make the request. The Committee may also utilize this option if it has reservations about the TT's proposals.

Table 1. Approval Process for Guidance Notes by Task Team

BPTT Guidance Note		Other TT Guidance Note		Joint TT Guidance Note
Both sections of Guidance Note (GN) are drafted and discussed and agreed by TT				
Draft GN is sent to AEG if GN topic impacts the SNA.		Draft GN is sent to BPTT (and to AEG if GN topic impacts the SNA).		Draft GN is sent to AEG and BPTT (and to WGHS for GNs produced by DITT).
GN is posted for public comment				
TT finalizes GN taking account of public comments. If changes are significant, the following second round review step below applies.				
Revised GN is sent to BPTT and AEG if GN topic impacts the SNA (and to WGHS for GNs produced by DITT).				Revised GN is sent to AEG and BPTT (to WGHS for GNs produced by DITT)
Sent to Committee (and to ISWGNA if it impacts the SNA).		BPTT transmits to Committee (and AEG sends to ISWGNA if it impacts the SNA).		BPTT and AEG send to Committee and ISWGNA, respectively.
Committee/ISWGNA agrees	Divergence of views	Committee/ISWGNA agrees	Divergence of views	Endorsement of Joint TT recommendations reside with the Committee and the ISWGNA (using their respective procedures). If divergent views emerge, Committee and ISWGNA Chairs request SNA/BPM editors' views. If the editors' views also diverge, the Committee and the ISWGNA may consider adopting their respective positions, with transparent documentation of the points of departure.
	Committee's Chair requests SNA/BPM Update editors' views.		Committee's Chair requests SNA/BPM Update editors' views.	
Final endorsement of recommendations on the <i>BPM6</i> Update resides with the Committee; and should take account any new perspectives/considerations raised in the editors' views. Should the Committee have reservations about the TT's proposal, it may also seek the editors' views. In this regard, the Committee should also carefully consider retaining the status quo (i.e., no change) and placing the issue on a future research agenda.				Final endorsement of recommendations on the <i>BPM6</i> Update resides with the Committee; and should, in the absence of agreement with the ISWGNA, carefully consider retaining the status quo (i.e., no change) and placing the issue on a future research agenda.
If decision is to change/update the guidance in <i>BPM7</i> , this is reflected in the annotated outline and issue is closed.				

ANNEX I. DIRECT INVESTMENT TASK TEAM (DITT)

Co-Chairs⁷:	Ms. Maria Borga (IMF STA) and Mr. Krzysztof Makowski (OECD nominee from National Bank of Poland)
Secretariat:	Ms. Padma Hurree-Gobin (IMF STA) and Ms. Emilie Kothe (OECD)
Members:	
Australia	Mr. Michael Abbondante
Brazil	Mr. Fernando Lemos
Canada	Mr. Éric Simard
China	Ms. Yang Can
France	Mr. Bertrand Pluyaud
Germany	Mr. Mirco Lattwein
Japan	Ms. Sakiko Ohtsuka
Luxembourg	Mr. Paul Feuvrier
Russia	Mr. Fedor Kharlashin
Spain	Mr. Fernando Nieto
United Kingdom	Mr. Lee Mallet
United States	Mr. Ray Mataloni
South Africa	Mr. Piet Swart
Zambia	Mr. Wilson Phiri
ECB	Ms. Carmen Picón Aguilar
Eurostat	Ms. Irene Madsen
UNCTAD	Mr. Astrit Sulstarova
IMF	Mr. Artak Harutyunyan (STA Balance of Payments)
	Ms. Emma Angulo (STA Balance of Payments)
	Mr. Thomas Elkjaer (STA Balance of Payments)
	Ms. Fadhila Alfaraj (STA Balance of Payments)

⁷ The DITT was established and launched under the chairmanship of Mr. Artak Harutyunyan (co-chair until July 13, 2020).

ANNEX II. STANDARD FRAMEWORK OF GUIDANCE NOTES

Title/name of the topic to be addressed

SECTION I: THE ISSUE

Background (not exceeding two pages)

- A clear statement of the issue (problem statement); and a quantitative size of the issue if known
- Current international standards for the treatment of the issue, including specific references to the manuals and paragraph or page numbers
- Concerns/shortcomings of the current treatment, if any (on practical as well as methodological grounds)

Issues for Discussion (not exceeding two pages, excluding annexes)

- Possible alternative treatments/options (clearly distinguishing between those which would require a change in the core framework/concepts from those which would be developed outside the framework)
- Questions/points for discussion

Supplementary Information (in annexes)

- Including references to other documentation

SECTION II: OUTCOMES (not exceeding two pages)

- Recommendation: either
 - (a) to revise: describe the proposed revision, rationale, and practical feasibility; or
 - (b) not to revise: provide arguments in support of the position
- Rejected alternatives, setting out reasons for rejection
- Identify changes required to the current statistical standards
- If relevant, identify in an annex all chapters/paragraphs in the current statistical standards which would need to be updated (with suggested text) to introduce/retain/ensure consistency across statistical domains