



DOMINICAN REPUBLIC

TECHNICAL ASSISTANCE REPORT—BALANCE OF PAYMENTS STATISTICS AND INTERNATIONAL INVESTMENT POSITION (APRIL 27–MAY 1, 2015)

February 2018

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DOMINICAN REPUBLIC

REPORT OF THE MISSION ON BALANCE OF PAYMENTS STATISTICS AND INTERNATIONAL INVESTMENT POSITION

April 27–May 1, 2015

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May 2015

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GLOSSARY

BCRD	Central Bank of the Dominican Republic
BP	Balance of Payments
<i>BPM6</i>	Sixth edition of the <i>Balance of Payments and International Investment Position Manual</i>
CAPTAC-DR	Central America, Panama, Dominican Republic Regional Technical Assistance Center
CDIS	Coordinated Direct Investment Survey
CNZFE	National Council of Export Processing Zones
CPIS	Coordinated Portfolio Investment Survey
DCNEE	Department of National Accounts and Economic Statistics
DE	Business Directory
DGIII	General Directorate of Internal Revenue
DI	International Department
DQAF	Data Quality Assessment Framework
EDS	External debt statistics
EPZ	Export processing zone
ESS	External sector statistics
EXD	External debt
FDI	Foreign direct investment
FISIM	Financial Intermediation Services Indirectly Measured
ICS	Integrated Collection System
IIP	International Investment Position
IMF	International Monetary Fund
IRFCL	International reserves and foreign currency liquidity
MEPD	Ministry of Economy, Planning, and Development
MF	Ministry of Finance
QEDS	Quarterly External Debt Statistics
RHPESS	Regional Harmonization Project on External Sector Statistics
SBRD	Superintendency of Banks of the Dominican Republic
SDBP	Balance of Payments Subdirectorato
SDDS	Special Data Dissemination Standard
SI	Secondary income
SIGADE	Debt Management and Analysis System
TA	Technical assistance
WB	World Bank

EXECUTIVE SUMMARY

As part of the Regional Harmonization Project on External Sector Statistics (RHPESS) developed by the Central America, Panama, Dominican Republic Regional Technical Assistance Center (CAPTAC-DR), a technical assistance (TA) mission on Balance of Payments (BP) and International Investment Position (IIP) visited Santo Domingo, Dominican Republic, during April 27–May 1, 2015.

The purpose of the TA mission was to advise the Central Bank of the Dominican Republic (BCRD), the institution responsible for compiling BP, IIP, and external debt statistics (EDS), on further improving the collection, compilation, and dissemination of the external sector statistics (ESS).

The BCRD disseminates quarterly BP and IIP, following the guidelines of the sixth edition of the *Balance of Payments and International Investment Position Manual (BPM6)*. Quarterly IIP is disseminated semi-annually, and BP is compiled and disseminated quarterly.

The BCRD has made considerable progress in disseminating ESS. It will soon disseminate monthly the international reserves and foreign currency liquidity (IRFCL) data template to the IMF and data for Table 6 (Gross External Debt Position: by Sector) in the *Quarterly External Debt Statistics (QEDS)* to the World Bank (WB). Similarly, it has implemented several recommendations for the compilation and dissemination of the Coordinated Direct Investment Survey (CDIS) and the Coordinated Portfolio Investment Survey (CPIS).

Regarding other recommendations, the BCRD has disseminated consistent external trade in goods statistics from the various institutions involved in their production, and a start has been made on the project to improve the statistics on trade with Haiti. There has been a significant increase in the rate of response to the CDIS, and investment in foreign securities by the main financial institutions has been evaluated.

Much progress has been made on the project to compile data on manufacturing services on inputs owned by others. The report form and instructions for filling in this information have been improved and will soon be used in online reports. Progress has also been made in improving the Business Directory (DE) with the collaboration of the General Directorate of Internal Revenue (DGII).

The regulation in article 5 of Law 183.02 on the obligation to provide information to the BCRD for statistical purposes is still pending, and this affects the rate of response to the BP surveys and limits the availability of the required information.

The mission and the staff of the International Department (DI) agreed on two benchmark actions:

- The BCRD will coordinate with the Ministry of Finance (MF) to compile and report table 6 in the QEDS consistent with the IIP (September 2015); and
- The BCRD will submit monthly the IRFCL data template (September 2015).

At the end of the TA mission a meeting was held with Mr. Rafael Capellán, Director of the DI, and Ms. Letty Gutierrez, head of the Balance of Payments Subdirectorate (SDBP) to present the main recommendations for improving the compilation of ESS. During the meeting the BCRD expressed its interest in following the work plan established for fiscal year 2016 in the RHPRESS context.

ACTION PLAN

The action plan shown below was prepared jointly with technical staff of the BCRD. With a view to consolidating into a single document the recommendations pending to date, we have listed together in the table below the recommendations of the mission on BP and IIP of January 2014, of the mission on CDIS and CPIS of March 2014, and of the TA mission on BP, IIP, and secondary income (SI), expected to be implemented in the upcoming months.

	DQAF	Recommendation	Paragraph	Verifiable indicator	Priority
1	0.1.4.	Help the BCRD authorities in making the pertinent regulations viable with a view to strengthening the legal basis for the compilation of information on the non-financial private sector statistics.	1	Technical report	Average December 2015
2	3.1.1	Move ahead with the construction of a unified directory of all businesses that report external transactions, using all the available sources, as well as with the definition of a survey framework that takes account of the relative importance of each business. This will make it possible to assess the consistency and representativeness of the BP and IIP estimates and to detect activities where external transactions are only partially covered, which could be the source of errors and omissions. It is equally important to establish procedures for the management of non-responses, the replacement of non-reporting businesses, and the entry of missing data, among other statistical principles.	2-6	Directory of the businesses that produce ESS and definition of what is to be deemed representative in the case of each survey	High December 2015
3	3.1.1	Complete implementation of the project to improve the statistics on external trade with Haiti that the BCRD will lead, with the participation of the institutions involved in reporting on external trade, using the methodology designed for that purpose.	7-11	Technical report	High June 2016

	DQAF	Recommendation	Paragraph	Verifiable indicator	Priority
4	2.3.1.	As regards services on manufacturing owned by others: (i) Pursue implementation of the project for the online use of a new report form for businesses in export processing zones (EPZs), with a view to revising the current register of manufacturing services on inputs owned by others; (ii) Revise the instructions to clarify the term “transfer of ownership”; (iv) Once the new form has been introduced and depending on the result obtained, consider the preparation of <i>BPM6</i> table 10.2.	12-15	New form in use	High (i) and (ii): December 2015; (iii): March 2016
5	3.3.2.	Periodically review the results of the survey on the expenditure of travelers entering the country, in particular their statements of reasons for their travel.	16-18	Report on completed review	Average Continuous
6	2.4.2.	In the case of interest on public external debt, record the accrued figure non-receivable in accordance with <i>BPM6</i> , using <i>SIGADE6</i> .	19-20	Recorded	High December 2015
7	3.4.1.	Insofar as the information currently provided by the DGII continues to be received, use it as a means of contrasting the earnings for the period covered in the CDIS report.	21	Contrast of information and methodology	Average September 2015
8	3.1.1. 5.2.1.	As regards the recording of SI: (i) Continue assessing the quality of the new data source for the recording of grants, produced by the Ministry of Economy, Planning, and Development (MEPD); once validated, incorporate them into the BP; (ii) Disseminate a greater breakdown of the available information in the case of personal transfers, once the gross data are available, by country of origin and by use.	23-24	Record revised. More detailed dissemination.	High September 2015

	DQAF	Recommendation	Paragraph	Verifiable indicator	Priority
9	2.3.1.	As regards the recording of FDI: (i) Maintain the effort to improve the coverage of the recording of FDI in the hotel sector; (ii) Complement the controls for validation of the information received from the questionnaires by verifying that the initial balances in the new period covered by a report coincide with the final balances in the last form received; (iii) Undertake detailed work to ensure consistency of the CDIS and the IIP; (iv) Participate in the CDIS for positions at end-2013.	26-29	CDIS reported to the IMF	High December 2015
10	3.1.1.	With the sources of information identified, participate in the CPIS with information as of December 2013.	30-32	CPIS reported to the IMF	High December 2015
11	3.4.1.	Undertake further formal consultations with the group of investors that participated in the sale of an iconic local business to obtain information on the characteristics of its portfolio investments, so as to facilitate the provision of improved coverage and details of the data to be reported, for the benefit of the international comparability of the CPIS.	33	Consultation done and record corroborated	High September 2015
12	3.4.1.	Periodically monitor residents' investment in securities issued abroad by the public sector. Where such investment is found, conduct an exercise to calculate the external debt of the general government sector based on residency.	36	Monitoring and report done	Average Continuous
13	4.2.1	Establish the coordination necessary between the BCRD and the MF for achieving a single dispatch of the QEDS form in accordance with the information reported in the IIP.	37-39	Report submitted to the WB	Benchmark action September 2015
14	4.1.1.	Submit the IRFCL data template monthly to the IMF.	40	Data template submitted to the IMF	Benchmark action September 2015
15	4.1.1	Publish the ESS metadata.	42	Publication done	High September 2015 September 2015

	DQAF	Recommendation	Paragraph	Verifiable indicator	Priority
16	4.1.1.	Disseminate quarterly on the BCRD website a table on the balance of services, by purpose.	43	Table disseminated on the BCRD web page	Average September 2015

I. CAPTURE AND MANAGEMENT OF INFORMATION

1. Recommendation 1 of the TA mission on BP and IIP was to help the BCRD authorities by December 2014 in making the pertinent regulations viable, with a view to strengthening the legal basis for the compilation of information on the non-financial private sector statistics. Similarly, recommendation 3 of the TA mission on CDIS and CPIS was to try and implement as soon as possible the rule in article 5(d) of Law 183.02, published in the Official Gazette of December 3, 2002, that refers to the “Obligation for individuals and legal entities, whether public or private, to provide the BCRD with any information necessary for the performance of its functions in the manner stated in this Law and established in regulations...” This recommendation is pending.
2. Recommendation 8 of the TA mission on BP and IIP was to construct by September 2014 a unified database for all businesses that report external transactions, so that the consistency and representativeness of the BP and IIP estimates can be assessed. This will enable the BCRD to detect activities where the coverage of those transactions is partial or weaker and could be the source of errors and omissions.
3. In the same respect, recommendation 4 on BP, IIP, and SI was to construct by June 2014 a DE with the businesses that report external transactions, so as to assess to what extent the BP and IIP estimates are consistent and representative. This will make it possible to detect the level of relevance as regards coverage of the reporting businesses overall and by sector.
4. Similarly, recommendation 10 of the mission on BP and IIP indicated that it was advisable to conduct by June 2014 statistical monitoring of the representativeness of the sample of businesses subject to surveys. This implies the construction of a survey directory or framework in which the relative weight of each business is taken into consideration and under which statistical procedures are defined for managing non-responses, replacing non-reporting businesses, and entering missing data, among other statistical principles.
5. To complement the above and with the aim of providing data for the directory, recommendation 9 of the mission on BP and IIP was to work by December 2014 in coordination with the foreign exchange department on the project to improve the information in question, so as to ensure its use as a data source for compilation of the ESS.
6. The earlier recommendations are being implemented. The BCRD Management has approved the creation of a unit with the function of managing the surveys that provide information for external statistics purposes. This unit will have the DE as a basic tool. At this time its operational aspects, its role, scope, and most practical operating form are being designed. Accordingly, they have the mission of taking the directory project forward and will be responsible for the statistical monitoring of surveys. A platform has already been designed for storage of the information on businesses identified with the national registry of taxpayers (RNC) and the sector to which they belong. The involvement of the management of surveys with the technical users of the information is being taken into account in the design of the information management processes, and this ensures that the

process of validation of the information received is appropriate. The recommendations indicated in paragraphs 2-5 are incorporated into the following recommendation:

Move ahead with the construction of a unified DE of all businesses that report external transactions, using all the available sources, as well as with the definition of a survey framework in which the relative weight of each business is measured. This will make it possible to assess the consistency and representativeness of the BP and IIP estimates and to detect the activities where coverage of the transactions in question is partial and could be the source of errors and omissions. It is equally important to establish procedures for the management of non-responses, the replacement of non-reporting businesses, and the entry of missing data, among other statistical principles.

II. EXTERNAL TRADE

7. Recommendation 2 of the TA mission on BP and IIP indicated that by April 2014, in the context of the Interinstitutional Committee on External Trade, statistical consistency on international trade, including the EPZs, should be promoted. Encouragement should also be given for trade to be reported by geographic area, after revision by the institutions involved. Prepare a report on the topic.

8. In this regard, the Committee's configuration has been extremely beneficial, as it has facilitated smooth communications among all the entities that produce and use external trade information. To date, the trade figures have been harmonized up to 2014. The pertinent harmonization work is continuously under way.

9. Recommendation 15 of the TA mission on BP, IIP, and SI was to pursue, by December 2015, the efforts made to fine-tune the figure for informal trade with the Republic of Haiti.

10. Considerable progress has been achieved on that project. The BCRD has already approved the budget for its full implementation within a maximum estimated period of 18 months. The BCRD, as the project's lead agency, convened all the institutions involved in external trade to discuss the methodology to be applied. Technicians from all of the institutions went over the points at which the survey would be applied, based on an assessment of market conditions, and revised the programmed implementation plan. The instruments for capturing information were designed and reviewed with National Accounts and the other institutions. The mission learned of the project's phases and of the methodology to be applied, and deemed them adequate.

11. Accordingly, the recommendation is reworded as follows:

Complete the implementation of the project to improve the statistics on external trade with Haiti, to be managed by the BCRD with the participation of the institutions involved in the reporting of external trade, following the methodology designed for this purpose.

III. MANUFACTURING SERVICES ON INPUTS OWNED BY OTHERS

12. Recommendation 6 of the mission on BP and IIP indicated as a benchmark action by June 2014 to continue making inquiries for validation of the responses provided by businesses receiving benefits under EPZ rules as regards manufacturing services on inputs owned by others. This recommendation incorporated those stated during the mission on BP and IIP Topics carried out in November 2013, under recommendations 15 and 16. Depending on the result to be obtained in this investigation, assess the preparation of *BPM6* Table 10.2 (mentioned in recommendation 18 of the mission on BP and IIP of July 2013). Action on this recommendation is pending. The progress made in this regard is the closer coordination and direct support of the National Council of Export Processing Zones (CNZFE) for the use of surveys and responses to them. The CNZFE imposes sanctions that affect the business of businesses in the event of non-compliance with the requirement for statistical reporting.

13. In the same respect, recommendation 13 of the mission on BP, IIP, and SI indicated as a benchmark action for June 2015 that the questionnaire used in the EPZ census should be revised to ensure full capture of manufacturing services involving goods owned by others. To that end, use the survey that the mission provided. Similarly, recommendation 14 of the mission on BP, IIP, and SI was to add instructions to the census applied to EPZs by June 2015, clarifying the salient concepts.

14. The BCRD revised the form to be applied to the businesses in EPZs, following as far as possible the recommendations indicated during the previous mission. The mission revised the amended form, so that it now contains the principal variables necessary for the capture of information on manufacturing services owned by others. Furthermore, steps were taken to revise the instructions to be handed out together with the form, in order to explain the terms used. It was recommended to include an explanation on transfer of ownership. This new form would be put into use when online reporting is implemented. On this matter, its implementation is currently in the phase of revision by the Information Technology (IT) Department as regards information security. It should subsequently be passed to the Office of the Controller for review.

15. In accordance with the revisions made, the earlier recommendations are merged, as follows:

- (i) *Continue with the project for online use of a new form for data reporting by the businesses in EPZs, with a view to revising the current register of manufacturing services on inputs owned by others;*
- (ii) *Revise the instructions to clarify the term “transfer of ownership”; and*
- (iii) *Once the new form is in use and depending on the result obtained, consider preparing BPM6 table 10.2.*

IV. TRAVEL

16. Recommendation 5 of the mission on BP and IIP was to consider the possibility of breaking down travel income by purpose (personal and business). During the mission, a meeting was held with the Department of National Accounts and Economic Statistics (DCNEE).

17. The mission learned of the form used for travelers entering the country by airport and cruise ship. It was also advised of the methodology used, which maintains consistency with international practices. Information is collected continuously throughout the 52 weeks of the year by fixed personnel. The sample is selected on the basis of considerations about the population of non-resident travelers during the same period of the previous year. Given that the sample is stratified by region of origin of the traveler, it is not possible to give a result by reason for travel. However, the survey asks for such reasons, and it was found that between 2007 and 2015, the proportion of travelers who entered the country with fully pre-paid packages virtually remained at 83 percent, which indicates that most travelers entering the country do so for the purposes of tourism. Accordingly, adding further stratification would entail an extremely high cost for a relatively small sample.

18. In that regard, the recommendation is reworded as follows:

Periodically review the results of the expenditure survey for travelers entering the country, in particular the statements of their reasons for travel.

V. PRIMARY INCOME

19. Recommendation 3 of the TA mission on BP and IIP was to coordinate with the MF by June 2014 calculation of the amount of non-due interest accrued on the public external debt and make the pertinent adjustments. This recommendation is related to recommendation 8 of the mission on BP and IIP Topics to reiterate the request to the MF for access to a screen for consulting the SIGADE. Similarly, recommendation 10 of the TA mission on BP, IIP, and SI was to apply by March 2015 the accrual principle, in particular as regards interest of general government, whether through an internal calculation or with information provided by the MF.

20. The MF purchased version 6 of the SIGADE and in the process facilitated its use by the BCRD. For the time being, the necessary training is awaited so that information can be entered directly, following the guidelines in *BPM6*. The recommendations are maintained and unified.

21. On the other hand, recommendation 9 of the TA mission on BP, IIP, and SI was to clarify by December 2014 whether the interest item currently reported by the MF included only interest paid, or whether capitalized interest was included. In that regard, it was confirmed that both interest paid and interest capitalized were reported:

For interest on the public external debt, record the non-due accrued amount as suggested in BPM6, using SIGADE 6.

22. Recommendation 12 of the TA mission on BP and IIP was to create by June 2014 mechanisms for the contrast of earnings for the period reported in the survey of FDI, following the methodology already used to calculate the earnings of businesses in the EPZs, and to include on the FDI forms the question on production costs. The objective of this recommendation was to receive information on the status of results of the business to validate the information reported. However, at present, given the coordination done with the DGII, the latter is sharing figures that make it possible to cross-check the reports given by businesses in surveys. Insofar as the information from the DGII continues to be received, it will serve as a means of validation.

VI. SECONDARY INCOME

23. Recommendation 1 of the TA mission on BP, IIP, and SI was to continue by March 2015 assessing the quality of the new data source for the recording of grants, coming from the MEPD. Once those data are validated, incorporate them into the BP. Action on this recommendation is pending.

24. Recommendation 2 of the TA mission on BP, IIP, and SI was to disseminate by March 2015 a greater breakdown of data related to the SI account, in particular on personal transfers, containing gross information, by country of origin and by use. In that regard, the necessary authorizations are being requested for the power to make a more detailed breakdown of this item. This recommendation is maintained and joined with the previous one.

25. Recommendation 3 of the TA mission on BP, IIP, and SI was to clarify by March 2015 in the current publication the “family remittances” item and to align it with the items used in “International Transactions in Remittances. Guide for Compilers and Users.” This recommendation was implemented.

VII. FOREIGN DIRECT INVESTMENT

26. Recommendation 11 of the TA mission on BP and IIP was to pursue the effort by June 2014 as regards the recording of foreign direct investment (FDI), with a view to increasing any data sources that make it possible to define the current situation of the businesses that reported holding shares in capital abroad in previous years but on which there is no up-to-date information. The balance of this investment represents 45.5 percent

of the FDI liabilities reported as at December 2012, and the non-reporting of new FDI is significant mainly in the services, energy, construction, EPZ, tourism, and other services sectors. Action on this recommendation is maintained continuously. As mentioned below, the BCRD has information provided by the DGII that has enabled it not only to improve the DE but also to engage in greater validation of the information reported. The principal weakness recognized at this time is the reporting of information by the hotel sector; this is so in the case of all the institutions. The BCRD's objective for this year is to undertake detailed monitoring of these businesses. To that end, the recommendation is reworded as follows:

Pursue the effort to improve the coverage of the recording of FDI in the hotel sector.

27. Recommendation 22 of the mission on BP and IIP was to participate by June 2014 in the CDIS for positions as at end-2013. Action on this recommendation is pending. Reporting exercises have been carried out since 2013 and are still being reviewed.

28. Recommendation 1 of the TA mission on CDIS and CPIS indicated, as a benchmark action by March 2015 within the framework of the interinstitutional cooperation between the BCRD and the DGII, to process in the latter's presence the list of businesses registered with the DGII and reporting that they have foreign direct investors. The information should contain a weighting of the businesses on the basis of sales and net worth variables, for the preparation of a new sample as well as the identification of those businesses that constitute business groups. In the event that tax secrecy inhibits the direct assignment to each business of the value of those variables, seek aggregated reports broken down into strata, following the models proposed. This recommendation has been followed. In the context of cooperation with the DGII, the BCRD already has information that will be extremely helpful to it for improving the DE and the validation of the reported information.

29. Recommendation 2 of the TA mission on CDIS and CPIS indicated, as an immediate benchmark action, to complement the controls for validation of the information received from the questionnaires by verifying that the initial balances for the new period covered by the report are consistent with the final balances on the last form received. Should there be discrepancies, require from the reporting entity confirmation of the final figure so as to make corrections in the pertinent periods and items. This recommendation is being followed. As regards the IIP, work has been ongoing with an initial FDI balance, to which flows have been added as they accrue. For initiation of the CDIS report, detailed work will be needed to ensure the consistency of the CDIS and the IIP.

VIII. PORTFOLIO INVESTMENT

30. Recommendation 4 of the TA mission on BP and IIP mentioned to monitor by December 2014 the investments of banks and other financial institutions so as to identify possible holdings of securities issued abroad. This recommendation has been followed. Monitoring visits were performed, and the information received from the Superintendency of Banks of the Dominican Republic (SBRD) was assessed. Consultations were also held with insurance companies regarding their foreign assets from investments of this type.

From the inquiries made, it is concluded that only the banks are making portfolio investments abroad.

31. Recommendation 12 of the mission on BP, IIP, and SI was to pursue by March 2015 the ongoing efforts to obtain data on the investment portfolios of the largest institutional investors (e.g., securities exchanges) possibly holding general government bonds issued abroad, to ascertain their share in total investments abroad. Consultations have been held, in particular with the banks, and no positive responses have been found.

32. Recommendation 15 of the TA mission on BP and IIP mentioned the need, as regards the borrowing and lending investment portfolio, to explore by June 2014 the possibility of implementing the CPIS, given the limited coverage of the current sources for the measurement of portfolio investment, in particular of assets. Prior to that, it was suggested to analyze the normative framework under which the cooperation of businesses in the financial and non-financial public sector can be obtained. Also, recommendation 23 of the TA mission on BP and IIP was to assess participation in the CPIS by December 2014. The assessment work has already been done. All possible data sources have been reviewed, and it is found that for the time being, the only available information is that concerning the investments of banks. Work is under way to ensure consistency between the information to be reported in the CPIS and that recorded in the IIP.

33. Recommendation 3 of the TA mission on CDIS and CPIS was to undertake by September 2014 further formal consultations with the group of investors that participated in the sale of an iconic local business with a view to obtaining information from them on the characteristics of their portfolio investments, so as to facilitate the provision of better coverage and details of the data to be reported, with a view to enhancing the international comparability of the CPIS. Action on this recommendation is pending.

IX. EXTERNAL DEBT

34. Recommendation 13 of the TA mission on BP and IIP was, as regards private external debt, to include a question on debt modalities in the case of the form to be used by private financial institutions (Form 5). It is also recommended to reinsert in the form on external debt to suppliers (liabilities and assets) the question on the “average financing term,” once it is described as a simple average rather than as an amount-weighted average. In this regard, the survey now covers the principal procedures followed in the incurring of debt. Similarly, an assessment was done of the average term of trade financing for businesses, and it was confirmed to be quite short, not exceeding three months; the objective of the recommendation has therefore been achieved.

35. Recommendation 14 of the mission on BP and IIP was, as regards private external debt, to use by December 2014 the information provided by businesses on the forms covering the financing terms of loans, to calculate interest on an accrual basis rather than on a cash basis. In this connection, the survey contains instructions specifying that the information reported was recorded on an accrual basis; the objective of the recommendation has therefore been achieved.

36. Recommendation 11 of the TA mission on BP, IIP, and SI was, as a benchmark action, to conduct an exercise by March 2015 with the information provided by the SBRD to calculate the external debt of the general government sector based on residency, after prior cross-checking of the information with the monetary aggregates. From a review of the available information, it was verified that for the time being the banks or other financial institutions were not holders of government bonds issued abroad. The recommendation is reworded as follows:

Periodically monitor residents' investment in securities issued abroad by the public sector. Where such investment is found, an exercise should be conducted to calculate the external debt of the general government sector based on residency.

37. Recommendation 18 of the mission on BP and IIP was to undertake by June 2014, as a benchmark action, the necessary coordination between the BCRD and the MF for unified submissions of the QEDS form in accordance with the information reported in the IIP. Similarly, recommendation 19 of the TA mission on BP and IIP was to construct internally by June 2014 the statistical table on total external debt in accordance with the QEDS parameters, in such a way as to ensure compatibility with the BP and the IIP. Also, recommendations 6 and 8 of the mission on BP, IIP, and SI were to compile and prepare by December 2014 the table on total external debt, by institutional sector, in accordance with the format in QEDS table 5; verify its consistency with the IIP table; and report it to the WB. In this regard, the BCRD and the MF have held meetings to coordinate the production of the current QEDS table 6. The BCRD has provided information on the external debt of the other economic sectors. However, to date it has been impossible to act on the report. Follow-up of these recommendations is pending.

38. Recommendation 7 of the TA mission on BP, IIP, and SI was to take action by December 2014 on the steps necessary for agreeing on which institution would be responsible for submitting external debt data to the WB. Coordination took place between the MF and the BCRD, and it was agreed to submit the information through the MF.

39. Recommendation 7 of the TA mission on BP and IIP was to exclude from the reserve assets by December 2014 the bolivar-denominated deposit held at the Central Bank of Venezuela and to include it as a part of "other foreign assets" in "other investment." This recommendation has already been followed.

X. OTHER DISSEMINATION MATTERS

40. Recommendation 21 of the TA mission on BP and IIP was to ensure by June 2014 the monthly dissemination of the reserves data template with the timeliness required by the Special Data Dissemination Standard (SDSS). Similarly, recommendation 4 of the TA mission on CDIS and CPIS was to submit the IRFCL data template monthly to the IMF's Statistics Department (STA) through the Integrated Collection System (ICS). The reserves data template is disseminated on the BCRD's web page. However, it has not yet been officially sent to STA. Action on these recommendations is pending.

41. Recommendation 16 of the TA mission on BP and IIP was to revise by December 2014 the ESS dissemination schedule to incorporate the quarterly publication of the IIP and maintain consistency with the information published in the BP. To the extent possible, dates should be set in advance for the dissemination of these statistics. This recommendation was followed; the IIP is incorporated into the publication schedule that the BCRD disseminates.
42. Recommendation 17 of the TA mission on BP and IIP was to publish the ESS metadata by June 2014. The form currently submitted to the IMF will be revised on the basis of the document on methodology already published as regards BP and IIP. Action on this recommendation is pending.
43. Recommendation 20 of the TA mission on BP and IIP was to initiate by June 2014 the quarterly dissemination on the BCRD website of a table on the balance of services, with a breakdown by item. Action on this recommendation is pending.
44. Recommendation 5 of the mission on CDIS and CPIS was to report annually to STA through the ICS on the CDIS and the CPIS, starting with the data for 2013. Action on this recommendation is pending.

ANNEX I. TA RECOMMENDATIONS ON BP AND IIP BY C. SOTO (JANUARY 2014)

	Recommendation	Verifiable Indicator	Priority	Status
1	Help the BCRD authorities in making the pertinent regulations viable with a view to strengthening the legal basis for the compilation of information on the non-financial private sector statistics.	Technical report	Average December 2014	Pending
2	In the context of the Interinstitutional Committee on External Trade, promote statistical consistency as regards international trade, including in the EPZs. Encourage the reporting of trade, by geographical area, prior to revision by the institutions involved. Prepare a report on the topic.	Technical report	High April 2014	Done
3	Coordinate with the MF calculation of the amount of interest accrued in the case of public external debt, and make the pertinent adjustments. This recommendation is related to recommendation 8 of the mission on BP and IIP Topics that was to repeat the request made to the MF for access to a screen for consulting the SIGADE.	Technical report	High June 2014	Pending and reworded
4	Continue monitoring the investments of banks and other financial institutions to identify possible holdings of securities issued abroad.	Technical report	Average December 2014	Done
5	Assess with the Department of National Accounts the possibility of breaking down travel income into personal and business.	Technical report	Average June 2014	Reworded
6	Continue making inquiries for validation of the responses provided by businesses receiving benefits under the EPZ system with respect to manufacturing services on inputs owned by others.	Technical report	Benchmark action June 2014	Pending and reworded
	This recommendation incorporates the contents of recommendations 15 and 16 indicated during the mission on BP and IIP Topics of November 2013. Depending on the result obtained in this investigation, assess the preparation of BPM6 table 10.2 (mentioned in recommendation 18 of the mission on BP and IIP of July 2013).			
7	Exclude from the reserve assets the bolivar-denominated deposit held at the Central Bank of Venezuela, and include it as a part of "other foreign assets" in "other investment."	Correction done	Average December 2014	Done

	Recommendation	Verifiable Indicator	Priority	Status
8	It is recommended to construct a unified database of all businesses that report foreign transactions so as to assess the consistency and representativeness of the BP and IIP estimates. This will enable the BCRD to detect activities where the coverage of such transactions is partial or weaker and could be the source of errors and omissions.	Registry of businesses reporting ESS and their representativeness, by survey	Average September 2014	Pending and reworded
9	Work in coordination with the foreign exchange department on the project to improve foreign exchange information with a view to ensuring its use as a data source for compilation of the ESS.	Expansion and improvement of sources of information	Average December 2014	Pending and reworded
10	For the sample of businesses subject to surveys, it is recommended to undertake statistical monitoring of their representativeness, which implies the construction of a survey directory or framework in which the relative weight of each business is taken into consideration and under which procedures are established for the management of non-responses, the replacement of non-reporting businesses, and the entry of missing data, among other statistical principles.	Coverage and representativeness of the Directory of businesses reporting ESS	High June 2014	Pending and reworded
11	FDI: Pursue the effort to expand the sources of information that make it possible to define the current situation of businesses that reported the holding of foreign capital in previous years but on which there is no up-to-date information. The balance of this investment represents 45.5 percent of the FDI liabilities reported in December 2012 and the non-reporting of new FDI is significant mainly in the services, energy, construction, EPZ, tourism, and other services sectors.	Coverage: expansion of sources of information	High June 2014	Done
12	FDI: Create mechanisms for contrasting the earnings for the period covered by the report on the FDI survey, following the methodology already used to calculate the earnings of businesses in EPZs, and include in the FDI forms the question about production costs.	Contrast of the information and methodology	High June 2014	Reworded

	Recommendation	Verifiable Indicator	Priority	Status
13	Private external debt: In the case of the form applied to the private financial institutions (Form 5), it is suggested to include a question on the procedures followed for incurring debt. It is also recommended to reinsert in the form on external debt to suppliers (liabilities and assets) the question on "Average financing term," considering that it is described in terms of a simple average rather than an amount-weighted average. It is also deemed appropriate to migrate to an automated system for loading survey information as it is currently done manually, which introduces a risk of data entry error.	Improvement in sources of information and methodology	High December 2014	Done
14	Private external debt: it is deemed appropriate to use the information provided by businesses in the forms on the financing terms of loans, to calculate interest on an accrual basis rather than on a cash basis.	Methodological improvement	Average December 2014	Done
15	Lending and borrowing portfolio investment: given the limited coverage of the current sources for the measurement of portfolio investment, in particular of assets, it is recommended to explore the possibility of implementing the CPIS. Prior to that, it is suggested to analyze the normative framework under which the cooperation of businesses in the financial and non-financial public sector and in the financial private sector can be obtained.	Coverage: expansion and improvement of data sources	High June 2014	Done
16	Revise the ESS dissemination schedule to incorporate the quarterly publication of the IIP, and maintain consistency with the information published in the BP. To the extent possible, dates should be set in advance for the dissemination of these statistics.	Schedule revised	High December 2014	Done
17	Publish the ESS metadata. The form currently forwarded to the IMF will be revised on the basis of the methodological document already published for BP and IIP.	Report	High June 2014	Pending
18	Undertake the coordination between the BCRD and the MF necessary for a unified dispatch of the QEDS form in accordance with the information reported in the IIP.	QEDS reported	Benchmark action June 2014	Pending
19	Internally construct the table of statistics on the total external debt, in accordance with the QEDS parameters, in such a way as to ensure compatibility with the BP and the IIP.	Table constructed	High June 2014	Pending
20	Disseminate quarterly on the BCRD website a table on the balance of services, with a breakdown by item.	Information disseminated	High June 2014	Pending

	Recommendation	Verifiable Indicator	Priority	Status
21	Disseminate monthly the reserves data template with the timeliness required by the SDSS.	Information disseminated	High June 2014	Pending
22	Participate in the CDIS for positions at end-2013.	Technical report	High June 2014	Pending
23	Assess participation in the CPIS.	Technical report	Average December 2014	Done

ANNEX II. TA RECOMMENDATIONS ON CDIS AND CPIS BY L. IPAR (APRIL 2014)

Number	Recommendation	DQAF	Measurable Indicator	Implementation Date	Status
1 Benchmark action	As a part of the framework of interinstitutional cooperation between the BCRD and the DGII, manage with the latter the list of businesses registered with the DGII and reporting that they have foreign direct investors. The information should contain a weight for the businesses, based on sales and net worth variables, for the preparation of a new sample as well as for identifying those that are part of a business group. In the event that tax secrecy constrains the direct assignment to each business of the value of those variables, seek aggregated reports broken down by stratum, following the models	0.1.2 1.1.2 3.1.1	Bench-mark framework available. New sample design formulated. Surveys of businesses identified in new sample. Coverage and response indicators	Benchmark framework: 2 nd quarter 2014 New sample 3 rd quarter 2014 Start of surveys of new businesses 4 th quarter 2014 (data for the four quarters)	Done
2 Benchmark action	Complement the controls for validation of the information received in questionnaires by verifying that the initial balances for the new period covered by the report coincide with the final balances in the last form received. Should there be discrepancies, require that the reporting institution provide confirmation of what is the final figure for the purposes of making corrections in the pertinent periods and items.	3.3.1	New controls incorporated. Listed with inconsistencies and logging of their resolution.	For immediate implementation	Pending

3	<p>Try to implement as soon as possible the regulations in article 5(d) of Law 183.02, published in the Official Gazette of December 3, 2002, which refer to the “Obligation for individuals and legal entities, whether public or private, to provide the BCRD with any information necessary for the performance of its functions in the manner stated in this Law and established in regulations...”</p> <p>Undertake further formal consultations with the group of investors that participated in the sale of an iconic local business, so that the investors can provide information on the characteristics of their portfolio investments, for the purpose of improved coverage and details of the data to be reported, so as to facilitate the international comparability of the CPIS.</p>	0.1.4 3.1.1	Regulations in effect Information on the group of investors	For immediate implementation September 2014	Pending
4 Benchmark action	Report monthly to STA, through the ICS, the IRFCL data template; and quarterly, the BP and IIP.	4.1.1 4.1.2 5.11	Information available in STA	Template, BP, and IIP in the next publication	Pending publication
5	Report annually to STA through the ICS, based on the data for 2013, the CDIS and CPIS.	4.1.1 4.1.2 5.11	Information available in STA	CDIS: September 2014 CPIS: December 2014	Pending

**ANNEX III. TA RECOMMENDATIONS ON BP, IIP, AND SI BY C. SOTO AND S.
AMIEL (SEPTEMBER 2014)**

	DQAF	Recommendation	Verifiable indicator	Priority/ Date	Status
1	3.1.2	Continue assessing the quality of the new data source identified for government transfers and, once the data have been validated, incorporate them into the BP.	Incorporation of data from the new source into the BP	Average/ March 2015	Pending
2	5.1.2	Disseminate a more detailed breakdown of data related to the secondary income account, in particular on personal transfers, containing gross information, by country of origin and by use.	Publication	Average/ March 2015	Pending
3	5.1.1	Clarify in the current publication the concept of “family remittances,” and align the latter with the concepts used by the guide, “International Transactions in Remittances. Guide for Compilers and Users.”	Clarification on the web page	Average/ March 2015	Done
4	3.1.1	Construct a DE with the businesses that report external transactions, in such a way as to assess the consistency and representativeness of the BP and IIP estimates. This will make it possible to detect the level of importance as regards the coverage of reporting businesses, both as a whole and by sector.	DE	Average/ June 2015	Pending and reworded
5	5.1.2/ 3.2.1 3.2.1	Provide the international agencies with data from the CPIS, after prior verification of the consistency of these data with the IIP and the monetary	Data dispatched	High/ June 2015	Pending
6	5.1.2	Compile and prepare the table on total external debt, by institutional sector, in accordance with the format in QEDS table 5, and verify its consistency with the IIP table.	Table prepared	High/ December 2014	Pending
7	0.1.2	Take the steps necessary for agreeing on which institution will be responsible for providing the external debt data to the WB. Action coordinated between the MF and the BCRD.	Agreed	High/ December 2014	Done
8	5.1.2	Provide the international agencies with the total external debt data, by institutional sector (QEDS table 5). Action coordinated between the MF and the BCRD.	Data published at the WB	High/ Benchmark action December 2014	Pending
9	2.4.2	Clarify whether the concept of current account interest includes only interest paid, or if capitalized interest is included.	Notification and/or correction in the current account	High/ December 2014	Done

	DQAF	Recommendation	Verifiable indicator	Priority/ Date	Status
10	2.4.2	Apply the accrual concept, in particular as regards general government interest, whether through internal calculation or with information provided by the MF.	Incorporation into the BP, and into the stocks	High/ March 2015	
11	2.1.1	With the information provided by the SBRD, an exercise should be conducted to calculate the external debt of the general government sector based on residency, after prior cross-checking of the information with the monetary aggregates.	Calculation done and indicators of importance established	High/ Benchmark action March 2015	Reworded
12	3.1.1	Pursue the ongoing efforts to obtain data on the investment portfolios of the largest institutional investors (e.g., securities exchanges) that may hold general government bonds issued abroad, to ascertain their share in the total.	Calculation done and indicators of importance established	Average/ March 2015	Done
13	3.1.1	Revise the questionnaire applied to the EPZ census, for the purposes of fully capturing the manufacturing services on goods owned by others. To that end, use the survey that the mission provided.	New questionnaire	High/ Benchmark action June 2015	Done
14	3.1.1	Append to the census applied to the EPZs instructions clarifying the important concepts.	Instructions appended	High/ June 2015	Reworded
15	3.2.1	Pursue the efforts made to refine the figure on the informal trade with the Republic of Haiti.	Technical report	Average/ December 2015	Pending and reworded