

**Balance of payments and international investment position statistics**  
**National self-assessment template as provided by the Bulgarian National Bank**

## **1. INSTITUTIONAL ENVIRONMENT**

### ***1.1. CoP1 Professional Independence / PCI Professional Independence***

#### *1.1.1 Legal basis*

The independence of the Bulgarian National Bank, from political and other external interference in developing, producing and disseminating official statistics is guaranteed by law.

The statutory provisions under which statistics are compiled by the BNB are adequate to ensure its professional independence in performing statistical activity. Statutory provisions in the Law on BNB provide the legal basis for institutional independence and are a base for professional independence in the area of statistics. The BNB is also financially independent and provides the necessary resources to meet its statistical obligations.

The independence of the Bulgarian National Bank, as a member of the ESCB, is further emphasized in Article 130 of the EU Treaty and Article 7 of the Statute of the ESCB and of the ECB, which stipulate that *“when exercising the powers and carrying out the tasks and duties conferred upon them..., neither the ECB nor a national central bank nor any member of their decision making bodies shall seek or take instructions from Community institutions or bodies, from any government of a Member State or from any other body. The Community institutions and bodies and governments of the Member States undertake to respect this principle and not to seek to influence the members of the decision making bodies of the ECB or of the national central banks in the performance of their tasks.”*

#### *1.1.2 Statistics work programme*

The Bulgarian National Bank has an annual statistical work programme which is currently not made public. The annual and semi annual BNB's reports contain reports on the implementation and the activity of the Bank in the field of statistics for the respective periods. The Reports are available at the BNB's web-site at [www.bnb.bg](http://www.bnb.bg) (Research and Publications/BNB Periodical Publications).

### ***1.2. CoP2 Mandate for data collection/PC2 Mandate for data collection***

#### *1.2.1 Allocation of responsibilities*

The mandate(s) of the Bulgarian National Bank to collect information for the development, production and dissemination of European Statistics is specified in the *Law on the Bulgarian National Bank (the*

*BNB Law*) (1997) and the EU/ECB legislation concerning the activity of the BNB as a member of the EU and the ESCB.

### *1.2.2 Legal basis*

Under Art. 42 of the BNB Law, the Bank compiles the balance of payments of Bulgaria. According to it *“The Bulgarian National Bank shall compile the balance of payments, monetary and interest rate statistics, as well as financial account statistics of Bulgaria. For this purpose, all government and municipal authorities, as well as legal entities and physical persons, shall provide information to the Bulgarian National Bank in accordance with a procedure established by the Bulgarian National Bank.”*

Reporting requirements as well as sanctions for not following the requirements are stipulated for by the Foreign Exchange Law (art.7-10) and by Regulation 27 (Ordinance No. 27 on the Balance of Payments, International Investment Position and Securities Statistics, issued by the Bulgarian National Bank, last update March 2014).

Based on the legal requirements, detailed instructions for the respondents are published at the BNB’s web-site [Reporting forms and Instructions](#).

## **1.3. CoP6 Impartiality and objectivity / PC6 Impartiality and objectivity**

### *1.3.1 Advance release calendar*

Advance notice is given on release calendars and on major revisions or changes in methodologies, source data and techniques.

B.o.p./i.i.p. statistics are published according to the [BNB's Statistical Data Release Calendar](#) available at BNB’s website in the section Press Office/ Events/ Calendar Advance release calendar is also available at [Advance Release Calendar](#). Both calendars provide the exact date and time of the data releases.

### *1.3.2 Revision policy*

The revision policy is explained in the [Methodological notes](#) accompanying the release of the b.o.p/i.i.p. data.

The revision cycle is predetermined by the ESCB’s and Eurostat’s Calendars for data transmission and revisions.

Documentation of revisions is included in the periodic publication of the statistical series and in the database accessible to users.

When revisions outside the regular cycle are implemented, they are made known to the public.

Preliminary and revised data are identified in footnotes.

## 2. STATISTICAL PROCESSES

### 2.1. *CoP7 Sound methodology / PC7 Sound methodology*

#### 2.1.1 *General remarks*

The BNB compiles and disseminates both the balance of payments (standard and the analytical presentations) and the international investment position based largely on the framework recommended in IMF Balance of Payments Manual, Sixth Edition (BPM6).

The national sources and methods are explained in the [Methodological notes](#) accompanying the release of the b.o.p/i.i.p. data. They are updated on a monthly basis if needed. A detailed description of the Bulgarian balance of payments and international investment position compilation system can also be found within the metadata description of the IMF's SDDS: [IMF/SDDS/Metadata/BOP/Bulgaria](#) and [IMF/SDDS/Metadata/IIP/Bulgaria](#).

Source data are consistent with the definitions, scope and classifications, and time of recording of the b.o.p/i.i.p. No major or systemic deviations from the requirements in view of residency, sectorisation and sector definition, valuation and time of recording (accrual principle is applied for all required items) are observed.

#### 2.1.2 *Residency*

Bulgarian balance of payments and international investment position statistics follow the BPM6 and ESA 2010 residency concepts. The definition of Paragraph 2 of the Additional Provision of the Currency Law refers to item 1.30 of Chapter One of Annex A to Regulation (EC) No 2223/96 of the Council of 25 June 1996 on the European system of national and regional accounts in the Community, as amended.

#### 2.1.3 *Sectorisation & sector definition and delimitation*

Sectorisation is done at the lowest level of detail. Detailed instructions for the respondents, including description of border cases are published at the BNB's web-site (here: [Institutional sectors](#)). Accuracy and harmonisation between different statistics produced by the BNB is granted by using an internally developed register which contains various attributes (among which institutional sector, Nace rev.2 code, etc.).

#### 2.1.4 *Valuation*

In general, the valuation is based on market prices prevailing when transactions take place. Stocks are valued at the market price as of the end of the reporting period.

Current account transactions on goods are valued at actual transaction prices.

For MFIs, asset and liability transactions that are derived from stocks exclude the exchange rate and other effects. MFIs report stocks, reclassifications, exchange rate and price changes, which allows for calculating the transactions. Regarding non-MFIs' short-term financial transactions, including trade credits, other accounts receivable/payable and derivatives, which are derived from monthly stocks, no information on exchange rate effects is available.

For deposits of resident non-MFIs held with non-resident banks, which are derived from the Bank for International Settlements (BIS) mirror statistics on the liabilities of non-resident banks vis-à-vis Bulgarian residents, exchange rate effects can also be excluded.

#### *2.1.5 Time of recording (accrual accounting)*

Services and income are reported on accrual basis.

Accrual principle is applied also for loans, deposits, reserve assets and securities in the financial account.

#### *2.1.6 Coverage gaps & deviations*

The main current coverage gaps are:

- Accounting for Insurance, pension schemes, and standardised guarantee schemes
- Accounting for illegal activities
- Reinvested earnings of investment funds

The development and implementation of a methodology for accounting for Insurance, pension schemes, and standardised guarantee schemes is planned for 2016. Imports and exports of Illegal activities and the Reinvested earnings of investment funds shall be included in the b.o.p. data by the end of 2015.

## **2.2. CoP8 Appropriate Statistical procedures / PC8 Appropriate Statistical procedures**

### *2.2.1 Main features*

The Bulgarian b.o.p/i.i.p. collection system can be classified as a *direct reporting system*.

Primarily b.o.p/i.i.p compilation is based on actual collected data (data collection on a monthly or quarterly frequency), except in some cases where data are only available on an annual frequency, sometimes with a delay. This is the case for Equity and Reinvestment of earnings in Bulgaria (FDI), where the largest companies are subject to quarterly direct reporting, but data for smaller companies comes from an annual census survey, available only at the end of year Y+1.

#### **Monthly data**

B.o.p/i.i.p are partly based on monthly data collections (Monetary Authorities, Other MFIs and General Government sectors in the financial account).

Data collected directly on a monthly basis includes also:

- Loans (F4), both assets and liabilities for other other MFIs and General Government;
- Portfolio investment, both assets and liabilities (on a security-by-security basis);
- Notaries Public (on sales and purchases of land in Bulgaria by non-residents);
- Data from banks on a transaction-by-transaction basis above a reporting threshold of EUR 50 000. Those data are used only for the monthly b.o.p. compilation and replaced by data from the quarterly direct reporting when compiling the quarterly frequency data. This practice shall continue till end-December 2015.

### Quarterly data

Data collected directly on a quarterly basis includes:

- Services;
- Equity capital (F5) and reinvestment of earnings of the largest FDI companies;
- Loans (F4), both assets and liabilities for other sectors;
- Trade credits and advances (F81), both assets and liabilities for other sectors;
- Other accounts payable/receivable (F89), both assets and liabilities for other sectors;
- Deposits of other sectors abroad (F2);
- Direct investment abroad (reporting is based on initial registration of the investments in the BNB).

### Annual data

B.o.p/i.i.p are consistent with quarterly data. The annual sources of data are:

- the Bulgarian NSI for Equity and Reinvestment of earnings in Bulgaria. Upon receipt, data are verified with the already available data from the largest FDI companies and complemented with the data for the small companies.
- the annual report of physical persons (for loans, accounts abroad and investments in securities through foreign custodians).

For all data frequencies, some items such as c.i.f./f.o.b. adjustment, workers' remittances, travel rely on statistical methods but are partly based on actual data (including administrative data or mirror data).

#### *2.2.2 Country specific aspects*

The detailed information on national sources and methods are explained on the BNB's web-site in the [Methodological notes](#) accompanying the release of the b.o.p/i.i.p. data. Documentation on the estimation methods is also available there.

## **3. STATISTICAL OUTPUT**

### ***3.1. CoP11 Relevance / PC11 Relevance***

B.o.p/i.i.p are transmitted to the ECB and Eurostat for the compilation of European Union aggregated statistics and for the EU MIP scoreboard. They are also disseminated at international level in accordance with SDDS, used for the purposes of IMF Article IV reviews, for the IMF's BOPSY and BIS.

At national level they are used as input for the compilation of National Accounts by the NSI. Internally data are provided to the Economic research and Projections Directorate and Financial Stability Division. Periodic consultations take place with policy departments and other principal data users to review the usefulness of existing statistics and to identify emerging data requirements.

### **3.2. CoP12 Accuracy and reliability / PC12 Accuracy and reliability (including stability)**

Analysis and conclusions are based on the Bulgarian assessment of Eurostat's BPM6-based quality report for 2015 (reference period 2011Q2-2014Q3):

#### **3.2.1 Revisions**

Although the standard deviation in some cases exceeds 10% the BNB considers the revisions, except for those in direct investment, liabilities and other investment as negligible. The values are of an extremely small scale so a single transaction resulting from additional information or a delay in reporting may lead to significant percentage change and even may turn the trend in the opposite direction. The revisions in the financial account items are in general due to the late availability of the data. The relatively high revisions in item other investment income (debits and credits) and assets and liabilities are due to the new method for compiling the accrued interest. Along with the changes ensuing from the implementation of BPM6, another change was introduced – interest on credits received or extended, including on intercompany credits, are already accrued monthly on the basis on respondents' declaration (through Form SPB-1) of loan specifications (interest rate, repayment schedule, outstanding amount on the reported loan). Until now only accrued interest reported by respondents on a quarterly basis (through Forms SPB-4 and SPB-4A) was included. In accordance with the double-entry principle, interest accrued is included in the financial account as well as an increase in claims/liabilities on loans (including on intercompany loans). Large revisions in item Other investment-assets are mainly due to the late availability of BIS data and late inclusion of data on trade credits-assets. Direct investment: The information on the FDI transactions is collected through quarterly and annual reports of the financial and the non-financial sector enterprises. The initial direct investment transactions data for the non-financial sector are supplemented or replaced with the data provided by the NSI's annual survey on FDI stocks the results of which are available with 12-13 months lag.

#### **3.2.2 Directional reliability**

Directional reliability for the Bulgarian b.o.p./i.i.p. data is 100% for all items except for:

- Services, debits: The compilation method for item *Other services* has changed from ITRS to direct reporting as the initial monthly data are still based on the ITRS data and BNB estimates for the transactions below the reporting threshold. In later transmissions the data are replaced and/or complemented with the quarterly reports from direct reporters.

- Other investment, liabilities: A single transaction resulting from additional information or a delay in reporting may lead to significant percentage change and even may turn the trend in the opposite direction.

#### **3.2.3 Errors and omissions and integrity rules**

Average relative E&O are high but at the level of the EU 3-rd quartile for EU28 for the periods analysed. Relative Errors and omissions increased in 2014 but are expected to decrease in 2015. The cumulative sum of E&O become increasingly negative in 2014. Resources for the analyses of the net errors and omissions shall be dedicated after the full implementation of BPM6.

### **3.3. CoP13 Timeliness and punctuality / PC13 Timeliness (including punctuality)**

#### *3.3.1 National requirements*

The BNB disseminates the balance of payments within six weeks (valid for all frequencies). The international investment position is disseminated within 90 days after the end on the reporting quarter. Data are disseminated simultaneously to all users. The exact dates are published in December (for next calendar year) in the [BNB's Statistical Data Release Calendar](#) available at BNB's website in the section Press Office/ Events/ Calendar. SDDS's advance release calendar is also available at [Advance Release Calendar](#).

#### *3.3.2 EU and other international requirements*

The requirements at EU level are T+44 for monthly balance of payments data and T+85 for quarterly balance of payments and international investment position data. For IMF data are required at T+90 in SDDS and SDDS Plus. The BNB meets all the requirements of the international organisations (ECB, EUROSTAT, IMF, BIS).

### **3.4. CoP14 Coherence and comparability / PC14 Consistency and comparability**

#### *3.4.1 Bilateral asymmetries*

The relative bilateral asymmetries are rather high, although not so high in absolute terms. The BNB is a member of the FDI Network but the transactions of Bulgaria fall below the threshold. Resources for the analyses of the bilateral asymmetries shall be dedicated after the full implementation of BPM6.

#### *3.4.2 Consistency with related statistics*

Conceptually, data are consistent for external debt, IIP, balance of payments and the rest-of-the world account. In practice, differences may occur with the rest-of-the world account due to different data sources or revision practices.

The BNB reconciles exports and imports of goods with foreign trade data on a monthly basis and disseminates the results internally. No inconsistencies exist, except for methodological reasons.

The data on Bulgaria's international investment position are consistent with the financial account movements in the balance of payments data, as well as with the international reserves and foreign currency liquidity template and external debt data, published at the Bulgarian National Bank's [website](#).

#### *3.4.3 "Time" and back data consistency*

Back data time series for the balance of payments are available since January 2007. Efforts are made to go back to 1996, although some breaks are expected due to missing data sets.

Back data time series for the international investment position are available since March 2010. Efforts are made to go back to 2004, although some breaks are expected due to missing data sets.

#### 3.4.4 Consistency across frequencies

Consistency between the frequencies is ensured by the revision of monthly data whenever quarterly data are produced or revised.

### 3.5. CoP15 Accessibility and Clarity / PC15 Accessibility and Clarity

#### 3.5.1 Data

The b.o.p./i.i.p. data are made available to the ECB, Eurostat, BIS and the IMF in the recommended presentational formats.

The balance of payments statistics are disseminated via press releases, tables and data series. In order to facilitate proper analysis, the press releases include data interpretation, charts and tables. A detailed publication on balance of payments contains information with various levels of detail in order to meet a broad range of users' needs. A separate publication on foreign direct investment is prepared on a monthly basis in order to meet users' interest in direct investment data.

Data on b.o.p./i.i.p. data are disseminated in millions of euros and Bulgarian leva.

BOP statistics are disseminated in various formats so as to meet different users' needs. Each month the BNB publishes on its website

- Balance of payments press release that consists of data interpretation, charts and tables;
- Balance of payments publication that includes a short analysis, disaggregated tables and methodological notes.

Additionally, balance of payments data are published in the Monthly Bulletin, in the Semi-annual and Annual Report of the BNB.

Time series are accessible through an electronic database on the BNB website.

The IIP statistics are disseminated via tables and data series.

The data classification system applied by the Bulgarian National Bank closely follows that recommended in *BPM6*. The primary type of classification in the Bulgarian IIP statement is the distinction between assets and liabilities. The second level of classification, fully consistent with the balance of payments' (BOP) financial account, is by functional category. The third level of classification is by instrument of investment. Instruments recorded under other investment are further subdivided by domestic sector.

#### 3.5.2. Metadata

Comprehensive explanation on b.o.p./i.i.p. statistics sources and methods is published on the BNB's website and is updated regularly. It includes information on concepts, definitions, classifications, data sources, compilation methods and statistical techniques and other methodological aspects and procedures. Thorough description of the BNB statistical concepts, definitions, classifications, data sources, compilation methods and reporting forms are also available in the ECB's publication European Union balance of payments/international investment position statistical methods. The B.o.p. Book is available on the ECB's web site (<http://www.ecb.europa.eu>).