

## **Transition to the latest edition of External Debt Statistics**

For the compilation of the gross external debt, the Bulgarian National Bank (BNB) follows the international standards set out in the gross external debt guides, published by the International Monetary Fund (IMF). The methodological requirements of the latest edition of the *External Debt Statistics – Guide for Compilers and Users, International Monetary Fund (IMF) 2014 (The Guide)*<sup>1</sup> are implemented with the publication of the data for reference month May 2021. The data are fully in line with the requirements set out in the *Sixth Edition of the IMF's Balance of Payments and International Investment Position Manual (BPM6), 2008*<sup>2</sup>.

### **I. Key changes due to the transition to the methodological requirements of the latest edition of the *External Debt Guide***

The implementation of the requirements of the *External Debt Guide*'s latest edition has led to substantial changes in the scope and presentation of the data, in comparison with those under the previous edition (*External Debt Statistics – Guide for Compilers and Users, IMF 2003*)<sup>3</sup>. As a result of this, as well as the improved data processing systems, the following changes have been made to the data published by the BNB:

#### **1. Scope of institutional sectors**

The institutional sector distribution remains unchanged, except for the more detailed presentation of:

*Other sectors* – disaggregated into three new sub-sectors: *Financial corporations, Nonfinancial corporations and Households* and *nonprofit institutions serving households (NPISHs)*.

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<sup>1</sup> *External Debt Statistics – Guide for Compilers and Users*, IMF 2014 (Bank for International Settlements, The Commonwealth Secretariat, Eurostat, International Monetary Fund, Organisation for Economic Co-operation and Development, The Paris Club Secretariat, The United Nations Conference on Trade and Development, the World Bank)

<sup>2</sup> *Balance of Payments and International Investment Position Manual (BPM6)* IMF 2008

<sup>3</sup> *External debt statistics – guide for compilers and users*, IMF 2003 (Bank for International Settlements, The Commonwealth Secretariat, Eurostat, International Monetary Fund, Organisation for Economic Co-operation and Development, The Paris Club Secretariat, The United Nations Conference on Trade and Development, the World Bank)

*Intercompany lending* – disaggregated into three new items: *Debt liabilities of direct investment enterprises to direct investors*, *Debt liabilities of direct investors to direct investment enterprises* and *Debt liabilities between fellow enterprises*.

## **2. Scope of instruments**

New instruments are added to the gross external debt scope:

- *Insurance, pension and standardized guarantee schemes* liabilities are included under *Other accounts payable*;
- *Allocated SDRs (special drawing rights)* – positions and transactions in SDRs are reported as liabilities of the Central bank. IMF members are entitled to use SDRs in case of financial difficulties in exchange of convertible currency;
- According to the new requirements, subordinated debt between credit institutions and loans between other financial intermediaries (except insurance corporations and pension funds) are excluded from intercompany lending, as they are treated as normal operations between financial intermediaries;
- Loans between financial institutions are recorded as deposits, not as loans.

## **3. Data presentation changes**

- Instrument *Trade credits* is renamed *Trade credit and advances*;
- Instrument *Other liabilities* is renamed *Other accounts payable*;
- Instruments *Bonds and Notes* and *Money market instruments* are renamed *Debt securities (Long-term and Short-term, respectively)*;
- Institutional sector *Banks* is renamed *Other Monetary Financial Institutions*;
- The gross external debt is presented by original and by remaining maturity breakdowns, including data on institutional sectors and instruments;
- The breakdown of the gross external debt by economic activities covers all institutional sectors, not only *Other sectors* as before;

- The breakdown of the gross external debt by geographical area covers all institutional sectors, not only *Other sectors* as before.

#### **4. Changes in the valuation methods of debt securities and loans' accrued interest**

- Securities issued by residents and held by non-residents are valued at market price (including accrued but unpaid interest) instead of nominal value, which is now published as supplementary information. Thus, gross external debt data are synchronised with the International Investment Position data.
- Along with the implementation of the requirements of *The Guide*, another change was introduced – interest on loans (including intercompany loans) is now accrued monthly on the basis of loan terms and conditions as directly reported by respondents (with Declaration – Form SPB-1 – interest rate, payment schedule and reported loan balance). Previously, accrued interest was reported quarterly by the respondents (with reporting forms SPB-4 and SPB-4A). In accordance with the accrual principle, interest is reported as an increase in loans liabilities' positions (including intercompany loans) and in the gross external debt position.

## **II. Changes in Gross External Debt tables**

In accordance with the statistical data release calendar, the extended tables were published on the BNB's web site on 29 July 2021, with the data for the reference month May 2021.

### **1. Tables that remain unchanged:**

- Newly declared loans

### **2. Tables that retain their structure and purpose but reflect the changes in scope and methods of valuation, described above:**

- Gross external debt by institutional sectors, aggregated data;
- Gross external debt position: by institutional sector, instrument and original maturity– monthly data;
- Gross external debt position by instrument (Total economy);
- Gross external debt position: by original maturity and institutional sector;
- Gross external debt position: by original maturity and instrument;

### 3. Changes to the following tables (with description of the changes):

- Currency distribution of the gross external debt – presents the currency distribution of the total gross external debt position. The currency breakdown is more detailed due to the addition of Allocated SDRs.
- Gross external debt net flow by sectors – published quarterly.
- Net external debt – published quarterly.

### 4. New tables

- Gross external debt position with short-term remaining maturity, by institutional sectors and instruments – the table presents information on institutional sectors and instruments concerning debt payable to non-residents which is due for payment within one year. Due to the specifics of certain instruments (deposits on a short notice, deposits without a predefined maturity, financial loans on a short notice from the creditor, etc.) their original maturity is always short-term and they are presented as a short-term liability.
- Gross external debt position by remaining maturity and instruments (Total economy) – information on gross external debt position by instruments and remaining maturity – short-term (incl. liabilities with original long-term maturity due for payment within one year) and long-term (due for payment in more than one year).
- Debt securities – by sectors (nominal value) – information on debt securities position at nominal value. The table replaces the previously published tables - Government debt securities issued on the domestic market and owned by non-residents and Government bonds issued on the international markets and owned by residents.
- Gross external debt position – by economic activity (Total economy) – the data included is for the total gross external debt stock. Previously, data comprised only Other sectors' financial loans. The new table replaces the currently published table Branch Structure of the External Debt of Other Sectors.
- Gross external debt position – geographical distribution – the table replaces the current tables *Gross external debt stock by creditors* and *Geographical Structure of the External Debt Stock of Other Sectors*. The geographical distribution includes the total gross external debt position. Previously, data comprised only *Other sectors'* financial loans.

**5. Discontinued tables:**

- Interest rate structure of Other sectors' loans
- Gross external debt service
- Gross external debt disbursements

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