EAST AFRICAN COMMUNITY

EAC GUIDELINES FOR THE COMPILATION OF THE BALANCE OF PAYMENTS AND INTERNATIONAL INVESTMENT POSITION STATISTICS

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FOREWORD

The East African Community (EAC) is a regional inter-governmental organisation comprising of seven (7) Partner States, namely: the Republic of Burundi, the Democratic Republic of the Congo, the Republics of Kenya, Rwanda, South Sudan, Uganda and the United Republic of Tanzania with its headquarters in Arusha, Tanzania. The EAC's objective is to widen and deepen co-operation among the Partner States in, among other fields, political, economic, cultural and social fields for their mutual benefit.

To this extent, the EAC is pursuing four stages of integration to achieve its objectives: a) Customs Union - this involves the strengthening of the free trade area where Partner States adopt a common trade policy with common external tariffs; b) Common Market – this entails the free movement of people, labour, goods, services and capital across national borders; c) Monetary Union – the aim of the monetary union is to ease trade by introducing a single currency to be used across the entire region, and; d) Political Federation this is the ultimate stage of the integration. In 2017, the Summit of EAC Heads of State adopted a Political Confederation as a transitional model to the Political Federation.

The successful adoption and implementation of the East African Monetary Union (EAMU) Protocol places a high premium on the close and effective monitoring of macroeconomic performance. The process requires quality, reliable, timely and comparable statistics. To this end, the harmonisation of methodologies and classifications of macroeconomic aggregates across the region becomes paramount. The EAMU Protocol requires that the Partner States' macroeconomic environment converge based on an agreed convergence criterion. In this regard, the EAC developed the **EAC Guidelines for the Compilation of Balance of Payments (BOP) and International Investment Position (IIP)**. The guidelines provide a set of practical modalities for the compilation of BOP and IIP statistics in the Community.

The Guidelines were developed by the EAC's Statistics Department in close collaboration with the regional Technical Working Group on External Sector Statistics drawn from the Partner States' National Statistics Offices, Central Banks and revenue authorities and other stakeholders. The guidelines were adopted by the 6th Extra Ordinary Meeting of the EAC Sectoral Committee on Statistic held in August 2023.

I would like to register my profound appreciation and gratitude to all the contributors to the development of these Guidelines and recommend the Guidelines to compilers and users of BOP and IIP statistics.

Finally, I urge all Partner States to prioritise the implementation of the guidelines, which are aligned with the IMF's BOP and IIP manual and Compilation Guide, as the basis of compilation and reporting of BOP and IIP statistics to the EAC Secretariat.

Hon. (Dr.) Peter Mutuku Mathuki
Secretary General

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ABBRAVIATIONS

AfDB	African Development Bank
AML/CFT	Anti-Money Laundering and Combating Financing of Terrorism
ASYCUDA	Automated System for Custom Data
BI	Business Intelligence
BIS	Bank for International Settlements
BNR	National Bank of Rwanda
BOP TWG	Balance of Payments Technical Working Group
BOP	Balance of Payments
BPM6	Balance of payments and International Investment Position Manual, sixth edition
BPM6CG	Balance of Payments International Investment Position Compilation Guide
CAPI	Computer Assisted Personal Interviewing
CBK	Central Bank of Kenya
CDIS	Coordinated Direct Investment Survey
CDS	Central Depository System
CEOs	Chief Executive Officers
CET	Common External Tariff
CG	Compilation Guide
CIF	Cost, Insurance, and Freight
CMA	Capital Market Authority
COMESA	Common Market for Eastern and Southern Africa
CPC	Customs Procedure Codes
CPIS	Coordinated Portfolio Investment Survey
CR	Credit
CSD	Central Security Depository
DFID	Department of International Development, UK
DI	Direct Investment
DIE	Direct Investment Enterprise
DOT	Direction of Trade

DQAF	Data Quality Assessment Framework
DR	Debit
EAC	East African Community
EACB	East African Central Bank
EAMU	East African Monetary Union
EASB	East African Statistics Bureau
EBOPS	Extended Balance of Payments Services
EDDI	Enhanced Data Dissemination Initiative
e-GDDS	Enhanced General Data Dissemination System
ESO	Employee Stock Options
ESS	External Sector Statistics
ESS-TWG	External Sector Statistics-Technical Working Group
FD	Financial Derivatives
FDIR	Framework for Direct Investment Relationships
FISIM	Financial Intermediation Services Indirectly Measured
FISs	Foreign Investment Surveys
FOB	Free on Board
FPC	Foreign Private Capital flows
GAB	General Arrangement to Borrow
GFS	Government Finance Statistics
HS	Harmonized Commodity Description and Coding System
IBS	International Banking Statistics
ICMS	Integrated Customs Management System
IFS	Investment Fund Shares
IIP	International Investment Position
IMF	International Monetary Fund
IMTS	International Merchandise Trade Statistics
ISIN	International Security Identification Number
ITRS	International Transaction Reporting System
KE	Kenya
KNBS	Kenya National Bureau of Statistics
M&E	Monitoring and Evaluation

MEFMI	Macroeconomic and Financial Management Institute of Eastern and Southern Africa
MFA	Ministry of Foreign Affairs
MFPED	Ministry of Finance and Planning and Economic Development
MFS	Monetary and Financial Statistics
MINAGRI	Ministry of Agriculture and Animals Resources
MMF	Money Market Funds
MNOs	Mobile Network Operators
MOF	Ministry of Finance
MOU	Memorandum of Understanding
MTOs	Money Transfer Operators
n.i.e.	Not Included Elsewhere
NAFA	Net Acquisition of Financial Assets
NGOs	Non-Governmental Organizations
NIL	Net Incurrence of Liabilities
NISR	National Institute of Statistics of Rwanda
NPIS	Non-Profit Institution Surveys
NPISHs	Non-profit institutions serving households
NSDP	National Data Summary Page
NSE	Nairobi Securities Exchange
NSOs	National Statistics Offices
NSSF	National Social Security Fund
ODA	Official Development Assistant
ODC	Other Depository Corporation
ODP	Open Data Platform
OECD	Organization for Economic Cooperation and Development
OFC	Other Financial Corporation
OI	Other Investments
PCMS	Private Capital Monitoring System
PI	Portfolio Investment
PS	Partner States
R&D	Research and Development

RA	Reserve Assets
RPPA	Rwanda Public Procurement Authority
RRA	Rwanda Revenue Authority
RSD	Regional Statistics Development
RSDP	Regional Statistics Development and Harmonization Plan
RWF	Rwanda Francs
SAD	Single Administrative Document
SDMX	Statistical Data and Metadata eXchange
SDR	Special Drawing Right
SNA	System of National Accounts
StatDHRP	Statistics Development and Harmonization Regional Project
STR	Simplified Trade Regime
TA	Technical Assistance
TANCIS	Tanzania Customs Integrated System
TAZARA	Tanzania Zambia Railway Authority
TES	Travel Expenditure Survey
TR	Turkey
TRC	Tanzania Railways Corporation
TTSS	Tanzania Tourism Sector Survey
TZ	Tanzania
UAE	United Arab Emirates
UCDA	Uganda Coffee Development Authority
UCP	Ultimate Controlling Parent
UETCL	Uganda Electricity Transmission Company Limited
UG	Uganda
UK	United Kingdom
UN	United Nation
UNOCHA	United Nation Office for Coordination of Humanitarian Affairs
URA	Uganda Revenue Authority
USD	United State of America Dollar

TABLE OF CONTENT

LIST OF TABLES

LIST OF BOXES

1. BACKGROUND

1.1. Overview

2. Article 5(2) of the Treaty for the establishment of the East African Community (EAC) states that " the Partner States undertake to establish among themselves and in accordance with the provisions of this Treaty, a Customs Union, a Common Market, subsequently a Monetary Union and ultimately a Political Federation in order to strengthen and regulate the industrial, commercial, infrastructural, cultural, social, political and other relations of the Partner States (PS) to the end that there shall be accelerated, harmonious and balanced development and sustained expansion of economic activities, the benefit of which shall be equitably shared.

3. Some of the integration milestones have been achieved including a full-fledged Customs Union in January 2010, implementation of the Common Market started in July 2010 and the East African Monetary Union (EAMU) Protocol adopted in November 2013. The above integration pillars will invariably rely on availability of accurate, reliable, timely and comparable statistics for monitoring and evaluating the progress towards the set objectives. Indeed, a strict timeline was set for implementation of the EAMU protocol within which Partner States are required to meet the convergence criteria for at least three consecutive years prior to adoption of a single currency by 2024. Among the key pillars on statistics for the assessment of convergence of economic policies in the Partner States is the External Sector Statistics (ESS). Specifically, Article 6 of the Protocol requires the convergence criteria of "*A reserve cover of 4.5 months of imports*". Monitoring the above criteria in a meaningful way requires comparable Balance of Payments (BOP) and International Investment Position (IIP) statistics among Partner States.

4. The BOP statement provides a statistical summary of transactions between residents and nonresidents during a specific time. It is therefore an important set of macroeconomic indicators for a country, region, as well as the global economy. It reveals the financial and economic status of a country including currency strength, direction of trade, investment flows, etc. BOP provide vital information for formulation and monitoring of the implementation of monetary, investment, and trade policies. On the other hand, the IIP is a statement that shows at a point in time (i) the value of financial assets acquired by residents of an economy, which are claims on nonresidents including gold held as reserve assets, and (ii) the liabilities incurred by the residents of an economy from nonresidents.

5. The improvement of the ESS in the region has been undertaken through collaborative initiative with regional and international organizations. The Macroeconomic and Financial Management Institute of Eastern and Southern Africa (MEFMI) has provided technical assistance and training on BOP and IIP to Member States, while Common Market for Eastern and Southern Africa (COMESA) focused on merchandise trade and services statistics. Similarly, the region immensely benefited from the IMF's Technical Assistance (TA), workshops, and trainings on BOP and IIP. IMF technical support was provided through the five-year (May 2016 – April 2020) Enhanced Data Dissemination Initiative (EDDI) on the Balance of Payments Module 2 Project on Harmonization of External Sector Statistics for EAC Partner States[1]. It was structured in two modules: (i) harmonization of ESS for the EAC and (ii) bilateral TA for selected Partner States to overcome some data dissemination issues and data gaps on ESS. Overall, the core objective of the project was to assist the EAC member Partner States to harmonize their BOP statistics as part of the agreed protocol of harmonizing all macroeconomic statistics in order to achieve a monetary union by 2024.

6. To consolidate the achievements through various initiatives aimed at improving the quality and comparability of the statistical data in the region, the first Regional Statistics Development and Harmonization Plan (RSDP-I) covering 2013/14 -2017/18 was developed. The aim of the RSDP-I was to accelerate the establishment of the regional statistical systems, harmonize statistics in the region and build sustainable capacity for collecting and managing statistics to meet national as well as regional and international data needs. To further enhance data harmonization and in readiness for the EAMU, the EAC in March 2020 commissioned a five-year Statistics Development and Harmonization Regional Project (StatDHRP) funded by the World Bank. The StatDHRP implementation was anchored under the RSDP-II covering 2017/18 -2021/22. The main objectives of the RSDP-II are to: increase the usage of statistics especially for policy, planning, decision-making, and Monitoring and Evaluation (M&E); achieve efficient and effective statistical system enabled by creativity, innovation, and technology; strengthen infrastructure for statistical production; improve data sources; improve production of agricultural statistics; and harmonizing community statistics.

7. In support of the RSDP-II and regional integration, the StatDHRP aims to strengthen the production of harmonized and quality statistics in the EAC. The basis of the

[1] Refer to Annex .... for details on the EDDI2 support to the EAC

harmonization is to ensure that the methodologies used in compilation of the BOP and IIP in the region are in accordance with best practices and latest international manuals on ESS, i.e. in line with the sixth edition of the IMF's Balance of Payments and International Investment Position Manual (BPM6) published in 2009.

8. Progress has been made by Partner States in harmonization of some ESS. All EAC Partner States are currently compiling BOP broadly in line with the BPM6 methodology[2]. Harmonization of merchandise trade statistics in the region is advanced. To further ensure that consistent and harmonized BOP data are compiled in the region, the EAC Secretariat commenced the development of the regional guidelines to guide statistics compilation with the main aim of producing harmonized regional BOP and IIP. EAC Staff conducted missions to all Partner States to assess the Partner States performance based on reliability and comparability of statistics produced and on statistical process. Following the missions, the team developed an annotated outline of all chapters of the Guidelines which was shared with the regional technical working group on external sector statistics (ESS-TWG) for comments. A virtual meeting was later held to discuss the comments and review the annotated outline. The annotated outline was later shared with the IMF Statistics Department for further review and expert opinion. The draft chapters of the Guidelines were developed and discussed with the ESS-TWG.

9. The Guidelines were adopted by the 6th Extra Ordinary Meeting of the EAC Sectoral Committee on Statistics (SCS) in August 2023. It is expected that these Guidelines will contribute significantly to the improvement on the quality including timeliness, comparability, and reliability of the BOP and IIP statistics of the EAC Partner States.

1.2. Purpose of the Guidelines and Structure

2. While the BPM6 and its Compilation Guide (BPM6-CG) serve as the standard framework for statistics on the transactions and positions between an economy and rest of the world, the EAC Guidelines will provide compilers with requirements of the EAC on information on sources, data collection strategies and compilation techniques to be used in the EAC region and individual Partner States for the compilation of quality and timely ESS. The guidelines will also provide requirements for data dissemination and quality assessment as well as metadata. The EAC Guidelines are therefore complementary to the BPM6 and

[2] Refer to Appendix 2 for status of compilation in Partner States as at December 2022.

BPM6-CG. It is therefore a requirement for the compilers in the region to also be familiar with the conceptual framework set out in the BPM6.

3. The statistics produced will serve the needs of the EAC and different users, including governments, businesses, academia, and researchers as well as the general public. The interest for data-based decision making is increasing, therefore production of timely and quality data is the primary responsibility for the producers of statistics.

4. The Guidelines are made up of seven chapters, 6 appendices and 14 annexes. Chapter two focuses on the key data sources used in the compilation of BOP and IIP. Chapter three discusses the data collection and compilation methodologies of the BOP giving practical examples where possible. It also provides a set of sample questionnaires with the minimum requirements for conducting surveys and administrative data collection. In chapter four, the compilation of the IIP is explained. Regional data compilation is discussed in chapter five, while chapter six discusses the statistical reporting requirements, dissemination, data revision and metadata. Lastly, chapter seven presents the framework for monitoring compliance with the guidelines.

2. DATA SOURCES

2.1 Introduction

This chapter discusses the main data sources applicable in the compilation of the BOP and IIP in EAC Partner States. Findings from the EAC scoping missions revealed use of multiple data sources in compilation of BOP and IIP statistics in the region. As similar methodological approaches are applied, it is important to put more emphasis on them while suggesting other appropriate sources and methodologies to improve the existing ones and develop a robust compilation system.

Choosing an appropriate data source is not an easy task as it depends on a range of factors. Some of these factors include legal and institutional framework on data collection, financial resources; frequency of data collection; quality of the data; compatibility of the data with the BOP concepts and definitions; practicability and sustainability of the data source; human resources; and skills of the compilers to collect the data.

5. For ease of use of these Guidelines, the following section will describe the main data sources applicable for the collection and compilation methods in the subsequent Chapters.

2.2 Main Data Sources

a. International Merchandise Trade Statistics

6. Data on international trade in goods are compiled following the International Merchandise Trade Statistic (IMTS) manual. The Customs is the main data source and is supplemented by Informal Cross Border Trade survey data and other administrative data sources. All EAC Partner States use the Customs as the main data source for compiling the goods accounts of BOP statistics. The international standards for the compilation of international trade in goods are set out in the *United Nations International Merchandise Trade Statistics compilers manual (IMTS2010-CM) and International Merchandise Trade Statistics: Concepts and definitions (IMTS 2010).*

7. The compilers should note the divergence in the recording of movement of goods in the IMTS from the recommendation in BPM6. Whereas the IMTS record physical movement of goods across the borders, the BPM6 is concerned with the goods whose ownership has changed from residents to nonresidents and vice versa. BPM6 therefore, has a broader measure since some goods may not necessarily cross borders after a change of ownership has occurred between residents and nonresidents as in the case of goods under merchanting. It is important for the BOP compilers to understand the differences and ensure necessary adjustments are performed before using the IMTS in BOP compilation. Some of the divergences and adjustments (including *coverage, timing, valuation,* and *classification*) between IMTS and BOP are summarized in *Table 5.1 of the BPM6CG*.

8. The quality of the IMTS will largely depend on the coverage, trade system and availability of computerized custom's system. Countries with robust computerized custom's

systems connected to all entry points/custom stations will have a more complete data. The preferred trade system for the compilation of BOP is the general trade system which records goods entering or leaving the economic territory. The time of recording under this system is the date when a lodged customs declaration is processed and accepted in the computerized custom's systems (acceptance / validation date). Under the *EAC Customs Management Act, 2004*, customs agents are licensed to transact on behalf of the owner for declaration or clearance of any good or baggage other than accompanied non-manifested personal baggage of a person travelling by air, land, or sea. Both simplified and detailed declarations are made electronically except in Burundi and South Sudan where manual processing is still in place in some customs stations. This means that all goods entering or leaving the economic territory are essentially recorded in the IMTS. To declare the goods, customs agents fill the online customs declaration forms which are then transmitted to the central custom's computerized system for processing. The data fields in the EAC custom declaration form relevant for the BOP are captured adequately in the form as per extract below (*Table 1*) but may be short on completeness on data entry. Some relevant data fields are not compulsory while others may accept any input that may not be useful to compilers such as alpha entry instead of numerical entry or numeric instead of a date. Therefore, the compilers should contact their counterpart at customs office in the event that necessary fields are not completed or completed wrongly.

Table 1: Extract on the EAC customs declaration form (Single Administrative Document)

<table>
<tr><td colspan="2">40. (a) Shipping Marks & Nos./Container Nos.</td><td>(c) Commodity</td><td>(d) C.P.C</td><td>(e) Gross Weight</td><td>(f) Net Weight</td></tr>
<tr><td colspan="2" rowspan="2">(b) Goods Description</td><td>(g) 1st Supp. Qty</td><td>(h) Units 1st Supp. Qty</td><td>(i) 2nd Supp. Qty</td><td>(j) Units 2nd Supp. Qty</td></tr>
<tr><td>(k) Type of</td><td>(i) No. Packages</td><td>(m) Country of origin</td><td>(n) Preference code</td></tr>
<tr><td>(o) License Number</td><td>(p) License Value/qty</td><td>(q) Value/Qty</td><td>(r) FOB Value</td><td>(s) Freight</td><td>(t) Insurance</td></tr>
<tr><td>(u) Other Charges</td><td>(v) Currency Code</td><td>(w) Exchange rate</td><td>(x) CIF Value</td><td colspan="2">(y) Customs Value</td></tr>
</table>

9. The IMTS recommended the adoption of the Cost, Insurance and Freight (CIF) valuation for imports and Free on Board (FOB) for exports. However, for the BOP purposes, FOB valuation is used for both imports and exports when the goods account of the balance of payments is compiled. Compilers should therefore make adjustment to the CIF valuation by excluding the insurance and freight charges. In derivation of the customs value on

imports, the customs officers use the CIF value as provided by the customs agents. As such, the CIF is a mandatory field in the form while freight and insurance are optional in some Partner States. For countries which have made all data fields in the customs system mandatory, the compilers of BOP will simply extract the data from the IMTS. However, for those with optional data fields in the system, an additional step will be required to estimate the freight and insurance so as to compute FOB value. *First,* the compiler should obtain the CIF value from IMTS, and *secondly* get an adjustment factor based on reliable studies or surveys of exporters or importers. These studies/surveys should be undertaken on regular basis to avoid use of historical adjusters which may not reflect the reality due to dynamic environment on international trade that affect the value of goods such as exchange rate changes, packaging of goods, mode of transport, etc.

10. Other valuation adjustments[3] usually done at the customs office and compilers should be aware are:

- Replacement of estimates with actual values
- Replacement of transfer prices with market prices
- Use of transaction values instead of customs values
- Correction for any biases in conversion rates

b. International Transactions Reporting System

11. Traditionally, International Transactions Reporting System (ITRS) was designed and effectively used by economies practicing foreign exchange controls but has remained useful after current and capital account liberalization albeit with challenges. Despite the challenges, it has remained the main data source in some Partner States in the region (Burundi and South Sudan). It is most preferred due to its timelines and low implementation cost. It is mostly used in the collection of services items while in other areas, it is used to supplement the main data sources.

12. The ITRS used in the region mainly collects data from the banking system (central bank, commercial banks, and forex bureaus), and few selected cases from the direct reporters. The banking system ITRS collects information on all international transactions between residents and non-residents that have a corresponding financial flow, and which are settled through commercial banks. That information is then submitted to the central bank for regulatory and/or statistical purposes.

13. The BPM6-CG describes that the most comprehensive ITRS should measure: (i) cash transactions with nonresidents that pass through resident banks; (ii) cash transactions that pass-through enterprises accounts with banks abroad; (iii) transactions on intercompany accounts with nonresident companies; (iv) positions and (v) noncash transactions. However, the ITRS used in the region focuses on international transactions that pass through resident banks. This means that all transactions outside the resident banking system are left out. Moreover, the absence of positions makes it difficult to do any reconciliations.

[3] *BPM6-CG Table 11.3*

14. While the focus in the region is more on the banking sector, the ITRS should be designed carefully to address various limitations such as under coverage and misclassifications, and use of unrealistic thresholds in reporting transactions. The ITRS data reported by banks relates to the transaction initiated by their customers and banks' own account with nonresidents. It only captures cash transactions. To address under coverage and misclassification in ITRS, compilers should provide banks with a comprehensive ITRS framework with codes and description of the items in a proper and simplified manner. The transaction codes should clearly identify the purpose of settlement that will facilitate the classification in conformity with BOP components, except for some which it may not be directly possible to obtain from bank transactions such as FISIM, construction and other detailed services. The framework should include most codes required for BOP but arranged in a logical manner. The form should also include special codes (also called neutral codes) to identify transactions that are not included in balance of payments statement but are recorded in the ITRS in a bid to improve the efficiency of the system and for cross-checking purposes. Technical terminologies used in compilation of BOP should be avoided as much as possible when describing the various items to ensure reporting is understood by compilers in commercial banks to avoid misclassification of components.

15. Regular trainings should be organized for the resident commercial banks ITRS data compilers. During the training, compilers should interact and build rapport with each other which is key when doing data follow ups.

16. An ITRS for the central bank is straight forward as it will be easy to work closely with the relevant department within the central bank. Compilers should design the central bank ITRS to collect all relevant BOP and IIP items that include monetary gold and other reserves, interest on reserves, government payments through the central bank, IMF accounts (however, it is important to collect IMF account data from the IMF website and countercheck with the central bank records). Compilers should work closely with staff from the reserve management unit, banking and payments unit, and finance department to get quality data. Most compilers tend to collect data based on position rather than transaction especially when using the balance sheet of the central bank. This poses challenges in obtaining the correct transaction values and classification of the transactions. Since central banks have all records on transactions, it is advisable to collect transactions directly from the units responsible for payments and receipts of government transactions and management of reserves.

17. The quality of data from the banking sector will depend largely on the design of the ITRS and information collected by the banks from their customers. An ITRS with detailed requirements to be reported will be more relevant for BOP compilers. The report should have minimum data fields classified by the type of transaction which will ensure that all transaction will be attributed as much as possible to the right component of the BOP thus avoiding ascribing some transactions to the category of "Other". Most of the details required will be available on the customer payment order forms such as SWIFT messages. The minimum data fields on the ITRS Reporting form should be as shown in *Table 2*.

Table 2: Data fields for the ITRS form

Name of the field	Field description
Bank ID/CODE	Unique number that is assigned to the reporting bank
Transaction ID	Unique number that will help to identify the transaction
Transaction date	Specific data on which the Transaction took place. Date format "ddmmyyy" is preferred.
Transaction type	Whether the transaction is a "Payment" or "Receipt"
Transaction code	Code of the transactions which is linked to code name and the code description/purpose, see the ITRS CODE LIST in Annex 2.
Client's sector	Commercial Banks, Non-financial corporations, Government, Individuals, NGOs, International organizations, Own transactions.
Residence of the sender/receiver abroad	Resident/Non-resident
Geography	Source/destination country for each transaction
Transaction currency	Original currency of transactions, i.e., USD, EUR, GPB, KES, TSH, UGX, etc.
Transaction value1	Transaction value in original currency of transaction
Transaction Value2	Transaction value in National Currency i.e., BIF, KES, RWF, SSP UGX, TSH,
Exchange Rate	Exchange rate used to convert original currency to the National Currency
Other transaction details	Other details of the transaction, for example the text in SWIFT payment order describing the purpose of payment

18. The banks may not be able to adequately collect the information on the inward transactions since they do not interact with the sender for more details. However, with Anti-Money Laundering and Combating Financing of Terrorism (AML/CFT) regulations adopted by most countries, banks are keen to seek for details on each transaction, therefore compilers should take advantage of the data collected to address AML/CFT concerns.

19. The compilers should leverage information and technology to reduce or eliminate transaction threshold previously common in ITRS. Reporting transaction by transaction is encouraged provided necessary details for aggregation are available. This solves the problems of misclassification due to aggregation of small transaction below the threshold. For instance, small transactions mainly made by households to cover items like family support, acquisition of small items and travel related expenses may account for a larger part

of the overall transactions and aggregating them could lead to misclassification of those transactions. In addition, the challenge of partner country attribution can easily be addressed with the use of technology.

20. Cash transactions will be adequately covered by the domestic banking system while noncash transactions and transactions whose settlement occurs outside the banking system should be collected from nonbank entities (direct reporters who are transactors themselves). An example of noncash transaction that can be reported by direct reporters are imports or exports of goods that are financed by loans.

21. Another challenge with ITRS is respondents bundling transactions and reporting them as one transaction. For example, the respondent may provide a single transaction (combining transactions for the financial account, primary income account and services account) such as loan repayment that includes the principal amount (financial), interest (primary income) and other charges such as fees (services). Failure to provide proper disaggregation of transactions in the ITRS leads to misreporting by overstating some items while understating others. Further, reporting of transactions on a net basis as opposed to gross basis as recommended for the BOP in the current and capital accounts can lead to missing some important data and partner country asymmetries. Such transaction that involve offsetting gross credits and debits are common in the case of money transfers, transportation, travel, telecommunication, and between enterprises in a direct investment relationship.

22. As much as the ITRS may be good data source when well designed, it may not cover all BOP and IIP items. It is imperative for the compilers to develop supplementary forms to collect data on some BOP components like reinvested earnings on direct investment, insurance, travel, transportation, pension, construction etc. These additional forms provide additional data for counter-checking purposes and estimations.

c. Surveys

23. Survey-based methods have gained prominence as the preferred data source for the compilation of BOP/IIP statistics across the world while ITRS is retained to collect basic information as well as for counter-checking data. In the region, due to financial constraints and other challenges, few surveys are undertaken with some on an irregular basis. They mainly focus on financial account transactions, specific components of the services account and remittances for the primary and secondary income accounts.

24. Specific surveys conducted in the region include:

- *Foreign Private Capital (FPC) flows*– mainly designed to collect data on investment (assets and liabilities) between resident and nonresidents. Partner States also include modules on services flows (credits and debits), merchanting, foreign affiliate statistics and investment perceptions.
- *Informal Cross Border Trade (ICBT)* – trade not covered by customs data. This should be conducted in accordance with the EAC ICBT manual (2014).

- *Remittance household surveys* - for estimating personal transfers.
- *Trade in services surveys (TIS)* – designed to collect data on numerous types of transactions in services in a single survey. Specific surveys on individual types of services are also conducted such as: Travel, transport operators, insurance, etc.
- *Non-Profit Institution Surveys (NPIS)* – designed to collect data on humanitarian aid and other transfers to households.

25. Surveys may target households such as those collecting information on personal transfers – remittances surveys or enterprise in the case of collection of data on services and investment related transactions. In most cases, the remittances surveys are not conducted as stand-alone surveys but rather as modules incorporated in other household surveys such as household budgets surveys, population census, etc. Compilers should take advantage of such surveys (household budgets surveys, population census) to collect BOP data including travel services (education, health, cross border workers) data. Enterprise surveys cover mainly economic units having international transactions. These include surveys of financial institutions, nonfinancial institutions, and public entities.

26. Good survey methodology guarantees quality output. Therefore, compilers need to invest time in the survey design. Before embarking on a survey, the following questions should be answered: What is the objective of the survey, does the legal basis support the collection of data, is the methodology sound to achieve the objective, who is to be surveyed, who should conduct the survey, is the period appropriate to collect the data, is the time adequate to cover the selected sample, etc.

27. A good survey design should cover the following:

i. Well defined survey objectives

28. Clearly defined objectives on what should be gained from the survey should be well spelled out at the onset. Ensure that the objectives are Specific, Measurable, Achievable, Realistic and Time-bound (SMART) The objective of the survey will guide in deciding on the target population and questions to be asked. The target population should be known before hand and mapped out.

ii. Legal framework

29. A legal ground on which the survey is based is important when collecting data from respondents. In most economies, the law that allows collection of statistics is the Statistics Act domiciled at the National Statistics Offices (NSOs). Quoting the specific section of this law will alert the respondents and improve the response rate and probably the quality of data. Compilers should put emphasis on the confidentiality of the information collected as well as how the data will be disseminated in aggregated form to mask individual enterprise information.

iii. Survey questionnaire

30. A survey questionnaire is the backbone on the survey design. A poorly drafted questionnaire will lead to poor responses. Understanding the survey objective and designing appropriate and precise questions using simple language will improve the response rate as well as quality of responses. For example, a survey of enterprises that is aimed at collecting direct investment flows and stocks for purposes of developing some time series statistics by source country should ideally be designed with questions which will enable comparison over time.

31. However, some surveys are technical and technical language will be used. In this case, the compiler should clearly indicate on the introductory page of the survey on who should fill the survey questionnaire. For example, a business survey targeting to collect data on investment abroad or payment for services received from abroad may require the business owners or top management (CEOs, accountant, etc.) to fill the questionnaire.

32. Electronic questionnaires are not predominantly used in the region. However, the sudden disruption of economic activities following the Covid-19 lockdown affected in a significant way the collection of statistics using in-person interviews to households and enterprises. Some economies adopted alternative ways to continue with the data collection. In Rwanda, the hardcopy questionnaire for foreign private capital flow survey usually administered through use of field personnel and in-person interviews were changed to mail questionnaires. The questionnaires were sent to the selected enterprises via email and responses received via the same channel.

iv. Pilot survey

33. A pilot survey subjects the survey questionnaires to small group, such as experts in the subject matter or focused group, before the main survey starts. It often serves as a “dry-run” just before fielding the survey to entire sample. This helps to avoid survey pitfalls by identifying weaknesses in the survey design that can be rectified at an early stage. Running a survey is expensive and getting it right at the initial stages will save resources and boost the quality of results.

34. Depending on the scope and scale of the survey objective, a pilot survey may target a small or large group of the sample population, going through every step of the survey process checking for the technical challenges, and potential source of bias and errors. It helps to know how the respondents are likely to interpret and react to the questions based on their understanding. Any ambiguous questions are adjusted accordingly at this point. The pilot survey will not only test the questions but also the introductory part of the questionnaire covering the purpose of the survey, instructions provided, adequacy of timelines, target respondents, etc. and if it motivates the respondent to participate in the survey. To get sufficient feedback, it is necessary to add evaluation questions to the end of the survey that focus on the respondent’s comprehension and interpretation of the survey content, time, satisfaction, and technical nature.

v. Sampling

35. The **survey frame** comprises a set of units to be surveyed and details about them should be developed in advance. For instance, for an enterprise survey, a comprehensive **business register** contains information on the economic units that are included or have the potential to be included in the balance of payments surveys. The BOP compilers should maintain a register of companies with international transactions. The register needs to be updated regularly to ensure all potential units are included and the redundant ones are excluded. Taxation records and customs files; information held by investment approval agencies; information held by regulatory authorities (financial regulator, communication regulators, etc.); statutory company registration and reports; foreign exchange control records; media; public databases; industry and associations can provide key information for updating the register. The register should contain the enterprise name, physical address, activity code, contact officer, designation of the contact officer, telephone, and email address.

36. For household-based surveys, the survey frame comprises Enumeration Areas (EAs) and households within each EA. Details on EAs can be obtained from the NSOs while details on households are usually obtained through listing exercises conducted prior to the survey. Stratified sampling with probability proportional to size may be used. For example, to collect data on remittance transfers through Remittances Household Survey (RHS) a population census may be used to select EAs with probability proportional to the number of households with migrants. After the selection, a two-phase sampling strategy can be used, in which a screening phase is first carried out to identify the respondents of special interest, and then the full questionnaire is administered in a second phase to a sample of households that are identified in the first phase. For instance, a sample for the remittances survey is drawn from a census list of EAs whereby, the EAs are stratified into various broad categories based on concentration of households that reported having an emigrant as per the population census. The assumption is that households with emigrants are highly likely to receive/send cash and in-kind (non-cash) items from/to their relatives abroad. The sampled EAs undergoes household listing to identify households who received/sent remittances during the past one year. The generated list of households, therefore, forms the household sampling frame for the survey.

37. When an updated sampling frame is available, the next step will be to extract a list of potential units called a sample or to decide if the entire population (census) in the register can be surveyed. A representative sample is that which has similar characteristics to the population so as to enable drawing of valid conclusions about the population. Selecting a sample is informed by the sampling technique adopted. There are two methods applied (i) **Probability sampling** which entails random selection and allowing compilers to make strong inferences about the whole group, and (ii) **non-probability sampling** which entails non-random selection based on convenience or other criteria that allow for easy data collection.

38. To select a representative sample, probability sampling method is the most preferred. An efficient sampling technique will keep both the numbers of units selected and the sampling error to a minimum. There are various probability sampling methods. In compilation of BOP, the compilers can combine more than one of the methods below:

- *Census* – including all members of the population
- *Partial coverage collection survey* – include all enterprises above certain threshold i.e., turnover, asset size, etc.
- *Random sample survey* – include all enterprise that are randomly selected with the results grossed up for the entire population. Random sampling methods include:
    - *Stratified random sampling* – where the population components are grouped according to similar characteristics into different strata i.e., by economic activities and a sample selected using random sampling procedure from each stratum.
    - *Systematic sampling* - a sample of units from a population are selected according to a random starting point but with a fixed period interval.
    - *Probability proportion to Size (PPS*) - a sample is selected from a finite population in which a size measure is available for each population unit before sampling and the probability of selecting a unit is proportional to its size

vi. Responses Rate

39. The success of any survey is gauged by the number of respondents and the quality of responses. A low response rate will not provide a representation of the whole population and the generalization of results will be biased. Some of the causes of low response rate are poorly drafted questions, survey fatigue, poor survey timing, wrong target respondents, improper closure of the survey, and where the legal framework does not exist.

40. A good survey design, development and administration will boost the response rate. For example, during the survey closure, it should not be difficult to provide pre-built options for sending a ‘‘thank you” email or telephone text message to the respondent once they submit the filled questionnaires to make them know that their time and responses are appreciated. However, this may only be possible if the survey was electronically conducted. For those delivered and collected by enumerators, the compiler should acknowledge receipt of the completed questionnaires.

vii. Grossing Up

41. Grossing up is a key element of surveys and it requires technical skills to accomplish. The compiler needs to understand the size of the population in terms of number of entities and individual weight of each entity to enable extrapolation of survey results to the entire population. This means the sample estimates need to be inflated to cover the population. Grossing up requires first to impute for nonresponse from the selected sample, and then deriving population estimates by use of weights.

42. If the response rate is low, the compilers need to analyze those enterprises that responded vis-à-vis those who did not respond. For instance, if the enterprises that responded are many, then the compiler should estimate (impute) for those that did not respond using their respective data previously reported if available or impute using the data of similar enterprises (i.e., similar in size, same sector/activity, etc.).

viii. Dissemination

43. After analysis and report writing is complete, the report should be disseminated to the public and more specifically, the report should be emailed or delivered to all respondents. This will increase the chances of positive responses in future surveys.

d. Administrative Sources

44. Administrative data are primarily data that are held by institutions belonging to the government sector (nongovernment sector can also have such data) that are collected and used for administrative purposes such as: regulatory purposes, collecting taxes, granting benefits, or services. Thus, administrative data from government units are a by-product of their operations. These data are useful in compiling the BOP and IIP as well as a valuable source for updating the statistical business register. In the process of seeking government services, residents and nonresidents may be mandated to fill in forms that provide details of services sought and to pay for the services. It is from these forms that compilers may be able to extract information for BOP purposes. The following are some of the government units that the information can be obtained from:

- *Ministry of finance* – data on receipts and expenditures of the central government pertaining to external transactions such as external debt, government imports of goods and services, subscriptions to international organizations, humanitarian aid, external grants, pension to nonresident employees and emigrants, etc.
- *Ministry of foreign affairs and ministry of defense* – expenditures incurred abroad on goods and services used by embassies, consulates, military bases, aid missions, etc. Foreign embassies can be contacted to provide information on the expenses incurred in the host economy such as compensation of resident employees and goods purchased.
- *Ministry of education* – data on the number of students who traveled abroad for education, number of nonresident students receiving education in the host economy, cost of tuitions and other services (such as accommodation) funded by nonresidents including scholarships awarded,
- *Ministry of health* - data on the number of patients traveling abroad for medication, number of nonresident patients in the host economy. The ministry could also provide information on the resident hospitals offering medical services to nonresidents which can be used to update the business register. Also, other units like National Social Security Fund and medical insurance firms may provide additional information on the cost incurred by residents abroad on health services.

- *Ministry of Sports and culture* – data on expenses and receipts by the ministry directly or by athletes on their participation in international sports, permits granted for concerts and music festivals etc.
- *Revenue authority* – withholding taxes on dividends and interest payable by nonresidents, current tax on income and wealth. Also, the information on the list of companies paying withholding tax will be useful in updating the business register as well as information on the ownership.
- *Ministry of immigration* – immigration records showing the number of travelers (entry/exit) can provide useful information on purpose visit (personal, business, other) and period of stay which can be combined with pattern of expenditures and compensation of employees to form the basis for a data model for estimating travel services. Similar information can be obtained in some countries from the tourism board/authority. Additional information may be collected on visas and temporary work permit issued to nonresident, the nature of work, enterprises they work for and period of work.
- *Ministry of petroleum, mining, and natural resources* – provides data on services offered to or acquired from nonresidents such as processing on goods, pipeline transportation, professional services, etc.
- *Ministry of trade and industry* – data on trade fairs
- *Ministry of tourism* – information and data on national parks, museums, and cultural sites.
- *Regulatory bodies* – such as insurance and pension, civil aviation, betting control boards, capital market, airport authorities.

45. Other institutions such as trade, industry, and other professional bodies (architect, lawyers, accountants, doctors, etc.), private or public can be a good source of data.

46. Administrative data sources are important for compiling data in the interim period as complete and accurate data from surveys are prepared. Indeed, it is less costly to collect, reduces burden on the reporters, used for filling data gaps, and a good source to improve business registers. Compilers may face drawbacks in collection/use of data due to restrictions on access to information arising from confidentiality, differences in methodology and definitions with the international standards and inconsistency in data provided due to changes in regulations or any other reason and delays in submission. In addition, the compilers have less control on what is included, excluded or even abolishment of the data source by the producing unit.

47. To circumvent the drawbacks above, compilers should maintain good working relationships with the data providers/institutions through interagency cooperation anchored in a legal framework. Moreover, compilers should understand the concepts, definitions and classification of administrative data and clearly document the sources before using them in BOP and IIP compilation. Detailed metadata should be developed indicating the kind of data collected and their use including any adjustments done. The compilers should know the (i) coverage, (ii) periodicity and timelines, and (iii) methodology and definitions vis-à-vis the BPM6 recommendations.

e. Financial Statements of Enterprises and BIS locational Banking Statistics

48. Financial statements of enterprises can provide useful information in estimating BOP and IIP items such as Direct Investment (DI), Portfolio Investment (PI), and Other Investment (OI) (loans, trade credit and advances, currency and deposits, and other accounts receivable/payable). This data source is particularly useful if the enterprise surveys is yet to be conducted. The key to determining the usefulness of this data source is the level of consolidation of the financial statements, whether they are consolidated or unconsolidated. The source of the financial statements, publicly available or accessible to the compiler through official channels, largely determines the level of consolidation available.

49. The most useful financial statements for deriving direct investment are the books of the Direct Investment Enterprise (DIE). When the DIE is in the reporting economy, the process of estimating direct investment from financial statements is straightforward. However, when the DIE is not in the reporting economy, using financial statements to estimate direct investment is more complex.

50. The Bank for International Settlements' (BIS) International Banking Statistics (IBS) provides position data on cross border activities of banks in most major international banking centers. Data can be used to derive deposit assets and loans liabilities. The BIS statistics contain locational statistics. The locational data are based on the economy of location or residence of the creditor bank and are consistent with the residence principle set out in the BPM6. These data can be used for BOP and IIP purposes (*refer Box 23 and 24 for data extracted from the BIS).*

51. The locational statistics provide quarterly data on resident banks assets and liabilities, in the form of deposits and loans, with nonresident counterparts broken down by banks and nonbanks, and by economy. The data include both outstanding amounts and exchange-rate-adjusted changes, but no maturity breakdown of loans is provided. Thus, the data can be used in compiling two components of BOP and IIP: (1) liabilities, other investment, loans, other sectors, by taking nonresident banks' outstanding amount of loans to the compiling economy, and (2) assets, other investment, deposits, other sectors, by taking the compiling economy's nonbanks' deposits in nonresident banks.

f. Other Data Sources and Big Data

52. The conventional data sources described above may not be exhaustive in compilation of international accounts. Consequently, the compilers should be innovative and explore the possibilities of improving quality of statistics by using additional data sources that add value to the existing practices. These data sources includes the use of payment cards records from card issuers, mobile phone records from telecommunication companies, external party sources (such as financial statements of business associations, accountants, lawyers, doctors, etc.), business media reports, surveys conducted by other organizations (such as ministries, NGOs, international organizations), private databases, online search

engines, online travel booking sites, data compiled by trading partners (mirror statistics) and linked microdata. Compilers should make informed decision based on the strength and weakness of each of the above data sources and the practicality of using the data source for compilation.

53. In the information era, good practice implores compilers to explore the possibilities of using big data which is a new potential source that can be combined with other traditional sources depending on its benefits. Big data has five characteristics described as 5Vs; high **v**olume (enormous size), high **v**elocity (speed at which data flows), **v**ariety (heterogeneous and nature of data - structured, unstructured), **v**eracity (factual or accuracy/quality) and **v**alue (usefulness). It is the availability of the big data in real time that has endeared statisticians to consider improving timeliness, fill data gaps, and reduce cost while ensuring adherence to the quality measures on the data. Use of big data may be more applicable in the compilation of services components:

- Electronic medical records of hospital visits – compiling travel, health services
- Mobile phone records – tracking movement of international visitors, personal and business travel
- Payment card records – credit and debit cards can be used for tracking tourism expenditure and other trade in goods and services transactions.
- Internet search engines
- E-commerce platforms

54. As noted above, other data sources and big data provide good information that can supplement other sources. However, compilers should take into consideration strategies to integrate different data sources and to avoid double counting.

2.3. Conclusion

In conclusion, there are several data sources that can be used to compile BOP/IIP. However, compilers should explore and evaluate the best source for the compilation of specific components based on the following criteria: coverage, accuracy, timeliness and frequency, relevance and burden of reporting and processing.

3. DATA COLLECTION AND COMPILATION METHODS FOR THE BALANCE OF PAYMENTS

3.1. Introduction

55. This section covers the harmonized compilation framework for the BOP statistics for EAC Partner States. It covers institutional arrangements, data collection and processing methods as well as data dissemination.

56. Data quality rely mainly on a sound data collection system. The decision on a specific data source should be guided by several factors, key among them is compatibility of the source with concepts and definitions used in balance of payments, periodicity, coverage, timeliness, financial resources, legislations, and burden to the data suppliers. The main data sources for the BOP and IIP were discussed in the preceding chapter which included the IMTS, ITRS, surveys, administrative data, and other official data sources. In compilation of the BOP and IIP components, some of the data sources may overlap and hence the compilers have the obligation to use the most reliable source available as a primary source. In this chapter, a preferred data source is recommended for each of the BOP component discussed.

3.2. Legal and Institutional Framework

57. The best practice in the compilation of the BOP and IIP statistics requires establishment of a legal framework and maintenance of an effective institutional arrangement among agencies involved in compilation so as to assist in successful production of high-quality statistics. The recommendation on the legal and institutional framework is here described in *Table 3*.

Table 3: Recommendations on the legal and institutional framework

Item	**Recommendations**
Legal Framework	(i) The framework **should** explicitly define the responsible institution and its legal mandate for collection of data.
Institutional Arrangements	(i) Establishment of Technical Working Group (TWG) on ESS *(Refer to annex15 on sample of TORs).* *(ii)* The membership of the TWG should at a minimum include the NSO, central bank, revenue authority (customs) and ministry of finance and guided by a Memorandum of Understanding (MOU). *(iii)* **Other agencies** that may be included are ministry of trade, tourism, mining and petroleum, investment promotions, financial regulators, civil aviation, port authorities, telecommunication regulators, insurance regulators, mining authority, energy regulators, key commodity exporting agencies, etc.

Item	**Recommendations**
	(iv) Once the data is validated, it should be disseminated simultaneously at the national level and to regional platform

58. Besides TORs, Memorandum of Understanding (MOU) need to be developed to facilitate the implementation of the TWGs-activities. The MOU should explain the objectives, role and responsibilities of each member agency and the financial responsibilities. The BOPTWG is responsible for: (i) the validation of ESS on regular basis, (ii) ensuring methodology used to compile ESS are compliant with best practices, (iii) jointly participate in conducting BOP related surveys and dissemination. Partner States must formalize cooperation while establishing working groups and other fora for discussions and exchange of information.

3.3. Goods

59. Goods are physical, produced items over which ownership rights can be established and whose economic ownership can be passed from one institutional unit to another by engaging in transactions, (*BPM6 Para 10.7*).

3.3.1. Processing of the International Merchandise Trade Statistics

60. Goods imported or exported passing through the customs administration in the region are subject to the EAC customs procedures. These procedures provide important information for determining the goods for inclusion or exclusion from international merchandise trade and further in compilation of balance of payments. It is important for compilers to be familiar with the customs procedures in place to correctly define the scope of statistics and produce good quality data. A close working relation between the statisticians and customs officials is required to identify what to be included or excluded under a given procedure. Below in *Table 4* is a list of customs procedures covering goods to be excluded or included under the IMTS and **recommendation** for BOP:

Table 4: Customs procedures[4]

A. Goods for inclusion in IMTS	BOP Recommendations[5]
1. Imports 1.1. *Clearance for home use* - Customs procedure which provides that imported goods enter into free circulation in the Customs territory upon the payment of any import duties and taxes chargeable and the accomplishment of all the necessary Customs formalities. Goods in free circulation means goods which may be disposed of without Customs restriction.	Included
1.2. *Customs warehouses* - Customs procedure under which imported goods are stored under Customs control in a designated place (a Customs warehouse) without payment of import duties and taxes.	Included
1.3. *Free zones* - means a part of the territory of a Contracting Party where any goods introduced are generally regarded, insofar as import duties and taxes are concerned, as being outside the Customs territory.	Included
1.4. ***Inward processing***[6] **- is defined as the Customs procedure under which certain goods can be brought into a Customs territory conditionally relieved from payment of import duties and taxes, on the basis that such goods are intended for manufacturing, processing or repair and subsequent exportation.**	Excluded
1.5. Processing of goods for home use - means the Customs procedure under which imported goods may be manufactured, processed, or worked, before clearance for home use and under Customs control.	Included
1.6. ***Re-imports*** **– customs procedure under which goods which were previously exported may be taken into home use free of import duties and taxes, provided they have not undergone any manufacturing, processing or repairs abroad. Should be recorded separately in BOP.**	Excluded
2. Exports *2.1. Outright exportation* - means the Customs procedure applicable to goods which, being in free circulation, leave the Customs territory and are intended to remain permanently outside it.	Included
2.2. Outward processing[7]- means the Customs procedure under which goods which are in free circulation in a Customs territory may be temporarily	Excluded

[4] Refer to IMTS2010 Compiler manual (IMTS2010-CM Par2.14) for details
[5] The rule for the exclusion or inclusion for BOP purpose is guided by the change of economic ownership
[6] Important for estimating the manufacturing services on physical inputs owned by nonresident imported from other countries (credit)
[7] Important for estimating the manufacturing services on physical inputs owned by residents but exported for processing abroad (debit)

A. Goods for inclusion in IMTS	BOP Recommendations[5]
exported for manufacturing, processing or repair abroad and then re-imported with total or partial exemption from import duties and taxes	
2.3. *Drawbacks* - means the amount of import duties and taxes repaid under the drawback procedure. Drawback procedure means the Customs procedure which, when goods are exported, provides for a repayment (total or partial) to be made in respect of the import duties and taxes charged on the goods, or on materials contained in them or consumed in their production	Included
2.4. *Relief consignment* – clearance relief consignments for export, transit, temporary admission, and import shall be carried out as a matter of priority	Included
B. Goods for Exclusion in IMTS	
1. *Customs transit* - means the Customs procedure under which goods are transported under Customs control from one Customs office to another.	Excluded
2. *Transshipment* - means the Customs procedure under which goods are transferred under Customs control from the importing means of transport to the exporting means of transport within the area of one Customs office which is the office of both importation and exportation.	Excluded
3. *Temporary admission* - means the Customs procedure under which certain goods can be brought into a Customs territory conditionally relieved totally or partially from payment of import duties and taxes; such goods must be imported for a specific purpose and must be intended for re-exportation within a specified period and without having undergone any change except normal depreciation due to the use made of them.	Excluded
C. Goods not covered by separate customs procedure but should be included in IMTS	
1. Goods on consignment	Included only when change of ownership occurs
2. Informal Cross Border trade (ICBT)	Included
3. Barter trade	Included
4. International aid	Included
5. Gifts and donations	Included
6. Contracting projects • **Import/exports of equipment or** • **materials to be used for construction projects carried out by country residents**	Included if the project is taking more than one year otherwise temporary import or export, counterpart direct

A. Goods for inclusion in IMTS	BOP Recommendations[5]
	investment equity by affiliate
7. Goods on financial lease arrangement	Included
8. Equipment or materials invested by foreign-invested enterprises	Included
9. Duty-free shop	Included
10. Seizure and subsequent resale by the State	Included
11. Personal effects exceeding customs threshold	Included
12. Simple declarations (i.e., below customs threshold)	Included

3.3.2. Compilation of the General merchandise

61. *Table 5* explains the Guidelines that **should be** used in compilation of the general merchandise:

Table 5: Guidelines on Compilation of general merchandise

ITEM	DATA SOURCE AND METHODS OF COMPILATION
General Merchandise	○ The IMTS **is recommended as** the main data source for the compilation of goods account complemented by other source. The following adjustments **should** be undertaken:
Adjustment*: For Coverage**	
(i) ***Unrecorded trade***	○ Survey of informal cross border traders (ICBT) **should be** conducted in accordance with the *EAC ICBT Manual (2014).* ***Add to IMTS**:* **-** the outflows to the general merchandise - exports - the inflows to general merchandise - imports
(ii) Trade in electricity	○ Compilers should use the administrative data from the ministry of energy or government agency in charge of electricity generation and/or transmission Add: - the sales to non-residents to the general merchandise - exports - the purchases from non-residents to general merchandise - imports ○ Ensure that the value of electricity and transmission costs are separately collected, where possible. Compilers can also use ratio of the transmission cost to total value of electricity for classification purpose (goods and service components). ○ These data should include details of source/destination country

ITEM	DATA SOURCE AND METHODS OF COMPILATION
(iii) ***Goods procured in ports***	○ Compilers **should** collect administrative data on goods sold to nonresidents transport operators (airlines and shipping lines) at the airport and seaport such as on fuels (bunkering), provisions, stores, ballast, and dunnage. ***Add to IMTS:*** **-** the *sales* to the general merchandise – exports ○ Compilers **should** conduct surveys of resident airlines and shipping lines for goods purchased from nonresident. ***Add:*** **-** the *purchase* to general merchandise - imports ○ These data should include details of source/destination country
(iv) Goods below the customs thresholds	○ Compilers **should** include all goods below the customs threshold value (i.e., goods under the simplified trade regime (STR)) mostly captured outside the custom system but recorded manually or electronically. ***Add to IMTS****:* **-** the outflows to the general merchandise - exports - the inflows to general merchandise - imports ○ These data should include details of source/destination country
(v) Trade flows from non-digitized custom stations	○ Compilers **should** integrate the manually recorded data from non-digitized customs stations/offices with the data already captured in the custom's system. ***Add to IMTS****:* **-** the outflows to the general merchandise - exports **-** the inflows to general merchandise - imports ○ These data should include details of source/destination country
(vi) Tea[8], coffee	○ For proper recording of tea and coffee exported from Burundi, Rwanda and Uganda, the values of tea and coffee recorded by customs **should be** excluded from the IMTS and replaced with the administrative values collected from the respective agencies, which reflect the correct estimated value and country of final destination of export. ***Subtract****:* **-** the value of tea and coffee from the IMTS ***Add****:* **-** the value of tea and coffee collected from administrative Sources, the administrative sources should have value, quantities, and country of final destination
a. For Valuation* **	
CIF VS FOB valuation	○ Imports **should be** valued on FOB basis based on the IMTS. *FOB = CIF - (freights (F) and insurance (I))* (a) The F &I value are then reclassified to transport, insurance services and insurance premium in secondary income. Based on existing ratios obtained from surveys, part of the insurance cost should be recorded in the secondary income account and insurance services account.

[8] Tea export from Rwanda, Burundi, Tanzania, and Uganda usually pass though Kenya for auction in Mombasa, Kenya. Mostly, the exported tea is recorded in IMTS as destined to Kenya. However, proper final destination should be that reported at the auction.

ITEM	DATA SOURCE AND METHODS OF COMPILATION
	(b) For coffee and tea, FOB values, and freight and insurance estimates should be obtained from the respective agencies where available. ○ *Compilers* ***should*** estimate the adjustment ratios from benchmark enterprise surveys of importers on freight and insurance premiums paid if a reliable estimate from IMTS is not available. (a) These estimates **should be** updated on regular interval surveys of between 2-5 years. (b) For landlocked Partner States, the estimated F&I on goods transported through the land borders and/or inland water **should** be added to the F&I extracted from IMTS since IMTS captures only the data to the first port of entry to the region. ○ The EAC ***should*** compose a task team to spearhead the regional survey of freight and insurance costs for goods through the port of Mombasa and Dar es salaam. ○ Valuation for transfer pricing is assumed to be done at the customs offices.
b. **For Classification**	
(i) ***Non-monetary gold***	○ Gold exports/imports recorded in IMTS **should** be used if available. **Subtract** - the gold bullions or other forms from the general merchandise and record separately under non-monetary gold. ○ *Otherwise: If the IMTS data is unavailable, the following options can be used, by descending priority:* (a) collect the data from government agencies such as ministry of mining, (b) collect the data from gold mining and trading companies, (c) use partner country mirror statistics to get an estimate. However, if the government data are much lower than Partner country data (after excluding estimated freight and insurance), then partner data should be prioritized. ***Add****:* - the value of gold collected from administrative sources or partner mirror data are recorded under non-monetary gold (*see Box 1: treatment of gold transactions*)
(ii) ***Goods included in services***	○ Compilers **should** identify specific goods in IMTS that are part of services such as travellers' goods to give away or for own use (travel), customized and non-customized media provided with a periodic license fee i.e., computer software provided on disk, audiovisual media, etc. **should be** classified in appropriate service items. **Subtract** - the specific goods from the general merchandise and record separately under relevant service category.

ITEM	DATA SOURCE AND METHODS OF COMPILATION
(iii) ***Goods imported for projects by nonresident construction companies***	○ If the project is not sufficiently substantial to constitute a branch of the construction company, goods imported from home economy of the contractor **should be** excluded from general merchandise. **Subtract** - the imported goods for the project from the general **m**erchandise and record value of the goods separately under construction services. ○ Where it is difficult to identify the goods in IMTS, surveys of construction companies/enterprises **should be** conducted. The information about the targeted enterprise (importers) should be obtained from IMTS. The data collected should be used to adjust IMTS as above.
(iv) ***Goods on financial lease***	○ Goods on financial lease **should be** identified in IMTS and contra-entries recorded under loans. (a) Use the enterprise surveys, administrative data source and media to get the information of the financial leases
(v) ***Goods on operational lease***	○ Goods on operational lease **should be** identified in the IMTS and excluded and recorded separately under Other Business Services - operational lease. (a) Use the enterprise surveys, administrative data source and media to get the information of the lease
a. **For Timing difference**	○ The compiler **should** adjust for differences arising from the time the change in ownership took place and actual movement of goods if the information is available i.e., adjustment should be undertaken for certain goods, such as large items of transport equipment and bulk goods sold on consignment, and trade credits. ○ Compilers could identify these goods through trend analysis of imports and exports, and through consultation with customs official, proper adjustment should be done.
b. **Reconciliation**	○ Compilers ***should*** conduct annual bilateral reconciliation of intra EAC exports and imports among EAC Partner States to address differences that may arise due to valuation issues, informal trade estimates, alternative data sources other than IMTS etc.

**For consistency in IMTS and BOP, the goods should be adjusted concurrently, and the difference explained.*
*********To be included only if not already part of the IMTS.*
**** Other valuation adjustments indicated in chapter 3 are usually done at the customs offices. However, if not done, the compiler should get the information and adjust in the BOP.*

Box 1: Treatment of gold transactions[9]

1. When a monetary authority sells gold bullion that is part of reserve asset to a nonresident entity that is not a monetary authority or international financial organization, an entry for nonmonetary gold export is recorded in the goods account.
    - Demonetization of the gold bullion occurs immediately before the transaction and is recorded in the other changes in assets and liabilities account of the monetary authority.
2. When a monetary authority sells gold bullion that is part of reserve asset to a resident entity that is not a monetary authority, there is no international transaction.
    - As in case (1) above, demonetization of the gold bullion occurs immediately before the transaction.
3. When a monetary authority purchases gold bullion from a nonresident that is not a monetary authority or international financial organization, the transaction is recorded in nonmonetary gold imports in the goods account.
    - Monetization of the gold bullion occurs immediately after the transaction and is shown in the other changes in assets and liabilities account of the monetary authority.
4. When a monetary authority purchases gold bullion from a resident to be included on its reserve assets, there is no international transaction.
    - As in case (3) above, monetization of the gold bullion occurs immediately after the transaction.
5. When buyers and sellers are monetary authorities of different economies and both hold the gold bullion as part of their reserve assets, there is a transaction in gold bullion (recorded in the financial account). The same treatment applies for transactions in gold bullion between a monetary authority and an international financial organization.
6. If the monetary authorities deposit gold bullion that they own in an unallocated gold account, the gold bullion is demonetized immediately before the transaction. If the account is with a nonresident, a transaction in nonmonetary gold is recorded in the goods account with a corresponding entry in currency and deposits, and then a reclassification to monetary gold - unallocated gold accounts—if held as a reserve asset. However, if the deposit is with another monetary authority or an international financial institution, transactions in monetary gold are recorded

[9] BPM6CG Para 9.106 – 9.107 and BPM6 Para 9.18

3.3.3. Re-exports and Re-imports

62. It is recommended that data on re-exports and re-imports collected through the IMTS should be classified separately as a supplementary item in BOP. This is important for Partner States with significant re-export/re-imports activities that requires further analysis.

3.3.4. Merchanting

63. In principle, goods involved under merchanting do not cross the customs boundary of the economy of the merchant and therefore will not be included in the IMTS. The compilation of merchanting should follow the procedure explained in *Table 6*.

Table 6: Compilation of merchanting

ITEM	Data sources and Compilation Methods
Merchanting	○ Data on merchanting **is recommended to be** collected directly from the enterprises/units involved in merchanting. ○ ***The compiler should note:*** (a) If the physical form of the goods changed during the period the goods are owned, as a result of manufacturing services performed by other entities, then the goods transacted are recorded under general merchandise rather than merchanting. (b) Where the form of the goods does not change, the goods are included under merchanting, with the selling price reflecting minor processing costs as well as wholesale margins as explained in ***Box 2***. *See Annex 1: Goods under Merchanting questionnaire*

Box 2: Numerical example on goods under merchanting[10]

A resident of Economy A acquires books from a resident of Economy B for 10. The resident of Economy A has them sent to Economy C, without the books passing through Economy A, for a resident of Economy C to put in boxes, for a charge of 3 payable by the resident of Economy A. The books are then sold by the resident of Economy A to a resident of Economy D for 20.

Since the goods are in the same condition, the merchanting treatment applies.

The goods and services account entries for Economy A would be:

[10] Extracted from BPM6 Box 10.1

Goods under merchanting (with Economy B)	*–10 CR. (negative exports)*
Goods under merchanting (with Economy D)	*20 CR.*
Net exports of goods under merchanting	10 CR.
Manufacturing services on physical inputs owned by others (with Economy C)	3 DR.

(The counterpart entries in Economies B and D would appear as exports and imports, respectively, under general merchandise, because goods under merchanting is only used for the economy of the merchant.)

3.4. Services

64. Services are the result of a production activity that changes the conditions of the consuming units or facilitates the exchange of products or financial assets. Services are not generally separate items over which ownership rights can be established and cannot generally be separated from their production (*BPM6 Para 10.8*).

65. The BPM6 recognizes twelve (12) broad categories of services between resident and nonresident as follows: Manufacturing services on physical inputs owned by others; Maintenance and repair services n.i.e.; Transport services; Travel; Construction; Insurance services and pension services; Financial Services; Charges for the use of intellectual property; Telecommunication, Computer, and Information services; Other business services; Personal, cultural, and recreational services; Government goods and Services n.i.e. the MSITS 2010 discuss in details the services as per the EBOPS 2010, *(see MSITS para 3.65)*

66. An export of a service is recorded in the BOP as a credit entry and an import as a debit entry. The diversity in the services classification calls for exploitation of several data sources in order to produce complete and reliable data. Major data sources for compilation of services include: IMTS, ITRS, specialized surveys, administrative sources, other sources, mainly described in Chapter 3. In this section, we describe each service component, explore the potential data sources and where possible, numerical examples is presented.

3.4.1. Manufacturing services on physical inputs owned by others

67. Manufacturing services on physical inputs owned by others cover processing, assembly, labeling, packing, and so forth undertaken by enterprises that do not own the goods concerned (see *BPM6 para 10.62 and MSITS Para 3.66 for comprehensive description*).

Table 7: Guidelines on compilation of manufacturing services on physical inputs owned by others

<table>
<tr><th>Data Sources[11]</th><th>Compilation Methods</th><th>Guidelines</th></tr>
<tr><td>1. IMTS</td><td>
○ The compiler should use the IMTS's procedure on inward/outward processing to identify the processor (recipient)/principal (owner) of the imported/exported goods for processing, period, type of commodity, quantity, value, and country of origin
○ Use the above information to estimate the temporary imports' value and temporary exports' value.
○ Estimate the service as follows:
(a) Credit = Export value of goods after processing less Import value of goods before processing [resident processor]
(b) Debit = Import value of goods after processing less Export value of goods before processing [nonresident processor]
○ Limitation: the gross value of export after processing may include cost of materials, in addition to other costs such as overhead costs, holding gains and losses, time difference in recording, etc. which were sourced in the processor's economy or imported from other economies.
</td><td>
○ The compilers should use the IMTS to identify the temporary imports and exports which should be excluded from merchandise goods due to "no change of economic ownership" criteria not met.
○ The information should then be used to update the business register
○ IMTS should supplemented with other sources.
</td></tr>
<tr><td>2. ITRS</td><td>
○ The ITRS should be simplified with the following breakdown for both receipts and payments:
<table>
<tr><th>ITRS Code</th><th>Description</th><th>BOP Entries</th></tr>
<tr><td>1201100
2201100</td><td>Processing and assembling of goods</td><td rowspan="2">Manufacturing services
Receipts => Credit
Payments => Debits</td></tr>
<tr><td>1201200
2201200</td><td>Labelling and packaging of goods</td></tr>
</table>
○ See Annex 2: Proposed ITRS Form
○ Limitation: misclassification - manufacturing services may include payments for other goods and services
</td><td>
○ Compilers should Supplement the ITRS data with other data sources.
</td></tr>
<tr><td>3. Survey of Resident Enterprises</td><td>
○ The compiler should use IMTS or ITRS information or other information from regulators or manufacturing association to
</td><td>
○ The survey of enterprises is the most efficient and
</td></tr>
</table>

[11] Where multiple data sources are proposed in the guidelines, the first data source is the most preferred, followed by second, third and etc.

Data Sources[11]	Compilation Methods	Guidelines
	identify the resident companies/processors engaged in manufacturing services and update the business register. ○ Conduct the specific survey of manufacturing enterprises (see Annex 3: Manufacturing Services questionnaire) ○ Using the information from the survey to: (a) estimate the value of the manufacturing services (credit) provided by resident processor on goods owned by nonresident. (b) estimate value of the manufacturing services (debit) offered by nonresident processor on goods owned by resident	**preferred** data source ○ Partner States **are encouraged** to conduct quarterly surveys of resident enterprises using the proposed questionnaire
4. **Other Sources**	○ Financial statements of enterprises identified in 3 above.	○ Use as a supplementary source

68. *Box 3* discusses the experience of Tanzania in the estimation of manufacturing service on physical inputs owned by others.

Box 3: Estimation of Manufacturing service on physical inputs owned by others: experience of Tanzania

Due to vibrant tourism sector in Tanzania, the demand for tour vans is high while importing a fully customized model tour van is expensive. As such some enterprises have invested in design and fabrication of long chassis vehicles to the standard required for tours. The companies cater for the growing market in Tanzania, the region and beyond. In estimating the manufacturing services, the BOP compilers at the Bank of Tanzania use the IMTS data by extracting the information on the resident processor (company), number of vehicles under temporary import regime imported for processing, date of import, and value of import. The value of the goods imported for processing is not included in imports of goods in the balance of payments statistics. Similarly, the value of processed goods is not included in exports of goods in balance of payments statistics.

To explain the above, let us use a numerical example: Assume the following transaction took place during Quarter 4 of 2020, the principal - Linda ltd - the owner of motor vehicles from Kenya delivered three vehicles for remodeling by the processor - Price Ltd - based in Tanzania. By end of quarter 4, only two vehicles were remodeled and returned to the

owner while the remaining one will be returned in the following year. The table below shows the records extracted from IMTS:

Date	HSCODE	CPC	Trade flow	Partner Country	Importer Name	Exporter Name	Quantity (No.)	CIF/FOB Value (USD)
15.10.20	87022019		Import	Kenya	Linda ltd		3	12000
25.12.20	87022019		Export	Kenya		Price ltd	2	9,100
Gross service value								

The compilers visited the Price limited for more details on the manufacturing services offered to nonresident. The following details were collected:

(i) Cost of inputs, mainly iron and steel materials, were sourced from the firm's store all of which were imported during the year from other countries. The estimated valued of inputs were USD 500 for the two completed vehicles.

(ii) The contract for the manufacturing services for the three vehicles was USD 1,500, covering cost of inputs and labor charge.

Estimating Manufacturing Services

a) In the absence of adequate information (i.e., using only IMTS), compilers may be tempted to estimate the manufacturing services as the difference between the Export value (USD 9,100 after manufacturing) and the import value (USD 8,000, further assuming all the vehicles had equal value) for the two vehicles remodeled during the quarter, equals to **USD1,100**. In this case, it is assumed that the cost of materials is not significant and are all from the processor's garage.

b) With the above additional information, a plausible estimate of the manufacturing services can be extracted from the survey of the enterprise. In this case, the IMTS details on the processor will only help to pinpoint the relevant enterprise providing this nature of service. The service charge during the quarter will be sum of:

- Cost of Input for the two vehicles = USD 500
- Service charge on two vehicle (assume similar work for each) excluding cost of materials USD (1500*2/3 – 500) = USD 500

Total Service = **USD 1,000** (500+500).

Comparing a) and b), the IMTS data exaggerates the cost of manufacturing by USD 100. Though not significantly different from the estimated value from the survey, the survey figure is more accurate since the manufacturer/processor has better details on the cost than the customs estimates.

3.4.2. Maintenance and repair services n.i.e.

Maintenance and repair services n.i.e. cover minor or major maintenance and repair work performed by residents on the goods owned by non-residents (and vice versa) and its value includes any parts or materials supplied by the repairer and included in the service invoice. It includes maintenance and repair services for transport equipment (planes, boats, trains, trucks, buses, etc.). Maintenance and repair services usually involves the movement of goods across customs border. However, sometimes the service provider may move to the economy of the owner to provide the service. ***Note:*** construction maintenance and repair should be covered under construction; and maintenance and repair of computers is included in computer services, *(see BPM6 para 10.72 and MSITS Para 3.78 for comprehensive description)*

Table 8: Guidelines on Compilation of Maintenance and Repair Services n.i.e.

Data Sources	Compilation Methods	Guidelines
1. **IMTS**	○ The compiler **should** use the special customs procedure applied by Customs to identify the companies involved in the provision and purchase of maintenance and repair services. ○ ***Note,*** the gross value of goods exported for repair and maintenance and subsequently imported (and vice versa) does **not** sufficiently reflect the value of service provided as it may include parts and components that may qualify for inclusion in merchandise trade. ○ IMTS should be used to provide the information about resident entities involved in maintenance and repair services as well as information on the type of products and the names of the entities.	○ The compilers **should** use the IMTS to identify the temporary imports and exports for maintenance and repair which should be excluded from merchandise goods due to no change of ownership. ○ The compilers **should only**

<table>
<tr><th>Data Sources</th><th>Compilation Methods</th><th>Guidelines</th></tr>
<tr><td></td><td></td><td>use the information from IMTS to update the business register</td></tr>
<tr><td>2. ITRS</td><td>○ The ITRS should be simplified with the following breakdown for maintenance and repair services for both receipts and payments:
<table>
<tr><th>ITRS Codes</th><th>Description</th><th>BOP Entries</th></tr>
<tr><td>1201300
2201300</td><td>Maintenance and repair of buildings, road, and other infrastructure</td><td>Construction service
Receipts => Credit
Payments => Debit</td></tr>
<tr><td>1201400
2201400</td><td>Maintenance and repair of computers</td><td>Computer services
Receipts => Credit
Payments => Debit</td></tr>
<tr><td>1201500
2201500</td><td>Maintenance and repair of moveable/transport equipment (aircrafts, ships, and other transport equipment); and other installed equipment</td><td>Maintenance and repair service
Receipts => Credit
Payments => Debit</td></tr>
</table>
○ See Annex 2: Proposed ITRS Form</td><td>○ The compilers should provide adequate disaggregation of items into separate sub-categories to aid proper classification into specific service components and avoid errors and misclassification</td></tr>
</table>

Data Sources	Compilation Methods	Guidelines
3. **Enterprise surveys**	○ Using the updated business register, compilers **should** conduct surveys of targeted companies, particularly large companies including those companies engaged in large projects such as mining, shipping, and airlines which may have expenses for maintenance and repair services with non-residents in their books of accounts. ○ Using the information from the survey to: (a) estimate the value of the maintenance and repair services (credit) provided by resident on property owned by nonresident. (b) estimate value of the maintenance and repair services (debit) offered by nonresident on property owned by resident, either in compiling economy or abroad. ○ *(See Annex 4: Maintenance and Repair Questionnaire)*	○ The survey of enterprises is the **most** efficient and **preferred** data source ○ Partner States are encouraged to conduct quarterly surveys of resident enterprises who received/provide maintenance and repair services from/to nonresidents
4. **Other Sources**	○ Administrative data sources such as from Airports and Sea Ports authorities and airlines, etc. ○ Financial statements of enterprises	○ Use to supplement other data sources

Box 4: Numerical example on estimating maintenance and repair from enterprise data and IMTS

The financial statement of a resident airline company in economy A indicates an expense incurred on servicing and repair of airplane engines at the cost of USD 10,000. On further discussions with the Chief Finance Officer (CFO), the following additional information were obtained:

i) Two engines (X and Y) were repaired during the year. Engine X was repaired onsite within the economy A at a cost of USD 2,000 and spare parts acquired from Country B at cost of USD 500.

ii) Engine Y was transported to Country C, using the national carrier, for repair at the company that supplied the airplane as part of the maintenance contract. The cost of repair was estimated at USD 3,000 and component replaced amounted to USD 3,800. In addition, the insurance and freight charges were USD 250 and USD 450, respectively. The engine was insured with a nonresident insurance company. The total value of the engine was estimated by customs official at USD 15,000 and recorded as temporary export for repair. On return, the customs official levied an import duty on the value-added on the engine.

Estimating various BOP Components:

Transport service - Freight - No entry (resident -resident transaction)

Insurance Service (DR) - USD 25 (250 x 0.1)*

Secondary income – Insurance Premium Payable (DR) - USD 225 (250 x 0.9)*

Maintenances and repair service - USD 5,000 (2,000 + 3,000)

Imports of Goods (DR) - USD 4,300 (500+3,800)

**Assumption*:*

- *From historical estimates on Insurance costs, approx. 10% constitute a service charge while 90% is the Insurance premium payables.*
- *Since the spare parts and component replaced on the engines were separately identified and they should be properly classified to respective accounts of the BOP. Moreover, using the value of the components* vis-à-vis to IMTS value, *i.e., for engine Y, the component is significant compared to the cost of engine as estimated by customs [3800/15000*100 = 25%,], the customs officials also levied import duty on the value added. It is therefore more relevant to record the component replacement as import rather than part of the service.*

***Note:** The compiler should remember to exclude the value of the engine recorded in IMTS under temporary exports from total exports and the value of the engine recorded in IMTS when it is returned from imports.*

3.4.3. Transport services

4. Transport services involve the movement of goods (freight) and persons (passenger) from one location to the other as well as postal and courier services, provided by residents of one economy to residents of another economy. It also includes related support and auxiliary services to transport (not directly provided for the movement of goods and person) such as cargo handling charges billed separately from freight, storage, and warehousing, packing, and repackaging, towing not included in freight services, pilotage and navigational aid for carriers, air traffic control, cleaning performed in ports and airports on transport equipment, etc. (*See MSITS Para 3.80; BPM6 Para 10.74 for comprehensive description*)

5. In compilation of transport services, **it is recommended** to classify according to the mode of transport (sea, air, road, rail and other – inland water, pipeline, space transport and electricity transmission) and what is carried – passenger or freight

6. Transport services include the cost of rental of the transport equipment with crew, the cost of cleaning of transport equipment and the cost of various related services. Excluded are rental of transport equipment without crew (which is included in other business services, operational leases). Also excluded are the transport services provided to nonresident travelers within the economy by a resident transporter (included in travel).

Table 9: Guidelines on compilation of transport services

<table>
<tr><th>Data Sources</th><th>Compilation Methods</th><th>Guidelines</th></tr>
<tr>
<td>1. IMTS</td>
<td>
○ The compilers should extract from the IMTS the data on freight imports provided by nonresident carriers to residents
○ Total freight (DR) = Freight to first port of entry to the EAC region, add estimated Freight to the last destination for landlocked Partner States (see example in Box 5 and 6)
Note: If Residents are engaged in international freight transportation and provide freight transport to residents, then the freight cost should be excluded in BOP since these would constitute resident to resident transactions.
</td>
<td>
○ IMTS is recommended as the main source of data for the freight services Debits only
○ Landlocked Partner States should estimate the Freight from first port of entry (Mombasa and Dar es Salaam) to the final destination
○ Other supplementary sources should be used to estimate the freight credits entry
</td>
</tr>
<tr>
<td>2. ITRS</td>
<td>
○ The ITRS should be disaggregated for both payments and receipts as follows:
<table>
<tr><th>ITRS Code</th><th>Description</th><th>BOP Entries</th></tr>
<tr><td>1202110
2202110</td><td>Air transport, Passengers</td><td>Receipts => Credit
Payments => Debits</td></tr>
<tr><td>1202120
2202120</td><td>Air transport, Freight transport</td><td>Receipts => Credit
Payments => Debits</td></tr>
</table>
</td>
<td>
○ Compilers should note the components for inclusion and exclusion in/from transport as well as those to be
</td>
</tr>
</table>

Data Sources	Compilation Methods			Guidelines
	1202130 2202130	Air transport, Other Transport[12] Services	Receipts => Credit Payments => Debits	reclassified elsewhere.
	1202210 2202210	Sea Transport, Passengers	Receipts => Credit Payments => Debits	
	1202220 2202220	Sea Transport, Freight transport	Receipts => Credit Payments => Debits	
	1202230 2202230	Sea Transport, Other Transport	Receipts => Credit Payments => Debits	
	1202310 2202310	Pipeline Transport (oil transport), Freight Transport	Receipts => Credit Payments => Debits	
	1202320 2202320	Pipeline Transport (oil transport), Other Transport Services	Receipts => Credit Payments => Debits	
	1202410 2202410	Road Transport, Passenger	Receipts => Credit Payments => Debits	
	1202420 2202420	Road Transport, Freight Transport	Receipts => Credit Payments => Debits	
	1202430 2202430	Road Transport, Other Transport Services	Receipts => Credit Payments => Debits	
	1202510 2202510	Rail Transport, Passenger	Receipts => Credit Payments => Debits	
	1202520 2202520	Rail Transport, Freight transport	Receipts => Credit Payments => Debits	
	1202530 2202530	Rail Transport, Other Transport Services	Receipts => Credit Payments => Debits	
	1202610 2202610	Other modes of Transport (including inland waterway), Passengers	Receipts => Credit Payments => Debits	
	1202420 2202420	Other modes of Transport (including inland waterway), Freight transport	Receipts => Credit Payments => Debits	
	1202430 2202430	Other modes of Transport (including inland waterway), Other Transport	Receipts => Credit Payments => Debits	
	1203000 2203000	Postal and Courier services	Receipts => Credit Payments => Debits	
	The following adjustments should be made on the ITRS data - (i) Freight on imports: R*eceipts are excluded, Payments included in BOP* (ii) Freight on exports:[13] R*eceipts are included, Payments excluded in BOP* (iii) Domestic passenger transportation i*n the compiling economy: Receipts are excluded, Payments are Included in BOP* (iv) International passenger transportation in the compiling economy: R*eceipts from nonresident travelers using resident carriers included on travel services* *See Annex 2: Proposed ITRS Form*			

[12]Other transport services include handling charges, storage, and warehousing, packing, and repackaging, towing, pilotage and navigational aid, air traffic control, cleaning performed in ports and airports on transport equipment

[13] Freight on export is deemed to be paid by the importer from the customs frontier of the exporter to the frontier of the importer. Any freight within the economy of the exporter is deemed payable by the exporter thus, it will not be BOP transaction if the transporter is resident company. However, if the transporter is nonresident, a service debit will be recorded.

Data Sources	Compilation Methods	Guidelines
2. **Survey of Transport operators**	○ Using an updated business register[14] Conduct surveys of: a) Resident transport operators to collect data on transport services on passenger, freight, and other transport services **credits**. b) Nonresident transport operators through their branches or agents in the economy to collect data on passenger and freight service **debits.** c) Resident importers survey to estimate Freight cost from port of first entry to the EAC region to final destination in the landlocked Partner States. ***Note:*** For passenger services, fares on international routes should be recorded on gross basis before deduction of any commissions and fare charged on domestic routes by resident operators on nonresident travelers are included in *travel*. ○ The survey questionnaire **should** include questions disaggregated by mode of transport (air, sea, others) and what is carried and by residency of the carrier. ○ *See Annex 6: Proposed Questionnaire of Transport Operators* ○ *Annex 7: Proposed Importers Questionnaire for Freight Services.* ○ *Annex 14: Postal and Courier Questionnaire*	○ Partner States **should** conduct quarterly surveys of resident and nonresident transport operators using the proposed questionnaires in Annex 6 ○ Jointly with Partner States, the EAC Secretariat **should** take lead in conducting benchmark surveys (every 2-3 years) of transport operators at Mombasa and Dar es Salaam to estimate the freight cost of imports from port of entry to EAC region to the final destination ○ Estimates for intervening periods can be estimated[15]
3. **Others Sources**	○ Administrative sources including the seaport and airport authorities may provide data on handling charges, storage, and warehousing, packing, and repackaging, towing, pilotage and navigational aid, air traffic control, cleaning performed in ports and airports on transport equipment.	○ Use as supplementary sources

Box 5: Estimation of Freight Credits in Tanzania

Landlocked economies bordering Tanzania such as Zambia, DRC, Burundi, and Uganda, collect their imported goods at the port of Dar es Salaam. The goods once cleared at the customs office are loaded onto trucks and transported by road to various destinations using resident or nonresident transporters. The compilers in Tanzania estimate the trucking cost from port to destination country charged by the resident transporters on goods belonging to nonresident. The value estimated is recorded on BOP transport, freight services (credit).

The following formula is applied for calculation of transport costs:

Transport costs = (cost per ton/km) x (distance to importer country) x (total volume

[14] The source of information for updating the register can be from the civil aviation authority, ministry of transport, association of transporters (bus and cargo), marine/port transport authority, and clearing and forwarding companies.

[15] The data collected for both passengers and cargo can be combined with other data sources to estimate transport services during the intervening periods. For instance, computing the averages on passenger fares and multiplying with the number of passengers can give a fair estimate on passenger transport services. Likewise, the average cost per ton of cargo transported from one point to the other can be established from surveys of relevant enterprises. The average can then be multiplied by the total tonnage of cargo transported. IMTS data can be used to estimate the volume of goods imported and exported to/from the economy through a particular entry/exit point. For each of the above, separate estimation should be worked out for resident and nonresident operators.

of goods transported (tons))

(i) The cost per ton is obtained from interviews of logistic companies. Each country of destination has a specific unit cost. For instance, based on the survey of transport companies conducted in 2-3 years cycle, cargo movement from Dar es salaam to Lusaka, Zambia (1937km) may be charged USD 2.75 per ton/km for a 20-foot container carries goods weighing 20 tons, the freight cost will be USD 5,354 (2.75*1937).

(ii) The volume of cargo (total tonnage) moved across the borders is extracted from customs data for the goods on transit and destined to each country.

(iii) The nationality of the carriers is based on IMTS data on the registration number plates of trucks transporting goods on transit. This information is used to approximate the residency of the transporters.

Box 6: Estimation of insurance and freight cost on imports in Rwanda

Since joining the EAC Customs Union in 2009, Rwanda's customs frontier is effectively at the ports of Mombasa and Dar es Salaam for goods transported by sea. Therefore, to convert imports to CIF valuation at the border of Rwanda, the additional transport and insurance from these ports to the Rwanda border needs to be estimated. There are two further cases for which adjustments are needed: for imports originating within the Customs Union, the valuation to be used for Customs purposes (effectively for VAT purposes as no import duties apply) is the "factory-gate" price, not the value at the Rwandan border; secondly, it is understood that imports into the EAC CU by air are valued for duty purposes at FOB values in the exporting country.

The NISR design a MS Access database that facilitate computation of the FOB value from the CIF value reported by RRA i.e., CIF "downlift". The data is extracted from the Eurotrace DBMS and imported to Access database to create a CIF FOB adjusted tables. This process has helped to compile consistent data for BOP and National Accounts statistics in Rwanda.

Four steps are followed to adjust the custom's data

Step 1: *Non-EAC non-Air Imports: CIF EAC to FOB Adjustment* - This adjustment is required to "downlift" CIF value to FOB value for imports from outside the EAC that passed through the port of Mombasa (MSA) and Dar es Salaam (Dar). The value reported by RRA is the value at the port [EAC CIF]. For goods via roads which do not pass the EAC (e.g., goods entering Rwanda from DRC), the CIF is at Kigali, no adjustment done since it is assumed that RRA used the right figures

- The adjustment factors are derived for each HS 6-digit code, by trading partner and by port of entry (Via) as a ratio between the reported freight and the reported CIF value derived as follows:

Extra of the CIF Ratios Non-Air Imports in period xxxx							
HS6	**ORIGIN**	**Via**	**Sum of FREIGHT**	**Sum Of CIF**	**n**	**Avg Ratio**	**Ratio**
820520	NL	Dar	861	19,892	1	4.33	0.043
820530	AE	Dar	113,939	958,895	10	0.14	0.119
820530	CH	Dar	14,558	41,437	1	0.35	0.351
820530	CN	MSA	208,333	2,274,643	12	0.12	0.092
820530	US	Dar	102,185	699,284	1	0.15	0.146
820530	ZA	Dar	7,663	662,166	1	1.16	0.012
820540	AE	MSA	381,819	4,261,862	36	0.14	0.090

- For example, the average cost of Freight in the period for products in HS 820530 coming from Partner 'AE' (United Arab Emirates) 'via' Dar es Salaam was 11.9% [113939/958895] of CIF value. In order to estimate the FOB value from the CIF Value, therefore, it is necessary to divide the reported CIF Value by the factor 1.119, in this case.
- In cases where the [CIF_downLift] does not exist (because there were no reported imports in period for the combination of HS 6-digit code, Partner and 'via'), the average ratio is applied (i.e., the sum of all Freight costs divided by the total CValue, see HS 820520).

- In the calculation of the ratios, only those transactions where the reported ratio of Freight to CIF Value was greater than 1% and less than 50%, were included. This ensures that any 'outliers' are excluded from the estimation of the average ratio.
- The final formulae is:

FOB Value = IIf(IsNull([CIFDownLift]),[CValue]/(1+[AvgDownLift]),[CValue]/(1+[CIFDownLift]))

Step2: *Non-EAC Non-Air Imports: CIF (EAC) To CIF (RW)* – The adjustment is needed to "uplift" the reported CIF value reported by RRA to an estimate of actual CIF value that include the Freight and insurance from the first port of entry to Rwanda i.e., to include the cost of land transport from the seaport to destination in Rwanda. The freight is estimated based on the tonnage reported by RRA in the Eurotrace file multiplied by the estimated freight rates from Mombasa or Dar es Salaam as collected by BNR and NISR through a survey of freight forwarders.

- Different freights rates are applied to bulk and non-bulk goods.

(a) Freight rate Road: Non-Bulk goods

Freight Rates Road					
Period	**Via**	**Rate in RWF (per Kg?) <100**	**Rate RWF (per kg?) >100<500**	**Rate RWF (per kg?) >500<1000**	**Rate RWF (per kg?) >1000**
200907	Mom	139,781	133,124	126,785	120,748
200907	Dar	177,309	168,866	160,825	153,166
200907	Bur	81,584	77,699	73,999	70,475

The freight cost is estimated as follows:

Freight = IIf([GrossWeight]<100,[GrossWeight]/1000*[RateRWF<100], IIf([GrossWeight]<500,[GrossWeight]/1000*[RateRWF>100<500],IIf([GrossWeight]<1000, [GrossWeight]/1000*[RateRWF>500<1000],[GrossWeight]/1000*[RateRWF>1000])))

- The Insurance cost is computed as 1% of the derived FOB for all products except for the motor vehicles which is at 3%. The percentages are based on the RRA estimates.

Insurance = FOB Value*Ins%
Where Ins = 1 for all product and 3 for motor vehicles

- The final Uplift CIF value is arrived by:

Derived CIF Value to Rwanda = [Customs CIF Value] + [Ins] + [Freight]
- This is the value reported on merchandise statistics.
- For BOP compilation, the FOB value in (i), Freight and Insurance in (ii) are used.

Step 3: *Imports by air: FOB to CIF (Rw) Adjustment* – All air imports to Rwanda are valued at FOB and therefore need to derive the CIF value for merchandise statistics compilation only. The air freight rates are collected by BNR on the freight charges on cargo to Rwanda from different countries. Only charges by Rwanda Air are available for countries that Rwanda air operate. For the rest of countries, the UAE (united Arabs Emirates) rates are used.

FreightRatesAir					
Partner	**Period**	**RateRWF <100**	**RateRWF >100<500**	**RateRWF >500<1000**	**RateRWF >1000**
TR	YYYYMM	1,911	1,871	1,842	1,761
TW	YYYYMM	1,911	1,871	1,842	1,761
TZ	YYYYMM	1,448	1,419	1,303	1,158
UA	YYYYMM	1,911	1,871	1,842	1,761
UG	YYYYMM	1,129	1,100	984	840
KE	YYYYMM	1,253	1,154	1,002	932

The CIF, Insurance and Freight values are estimated as follows:

(i) FOBVal = [CValue]/(1+[% of CIF])
(ii) Insurance = [CValue]-[CValue]/(1+[% of CIF])
(iii) Freight
=IIf([GrossWeight]<100,[GrossWeight]/1000*[RateRWF<100],IIf([GrossWeight]<500,[GrossWeight]/1000*[RateRWF>100<500],IIf([GrossWeight]<1000,[GrossWeight]/1000*[RateRWF>500<1000],IIf(IsNull([FreightRatesBulkTransport_HS]![RateRWF]),[GrossWeight]/1000*[RateRWF>1000],[GrossWeight]/1000*[RateRWF]))))
(iv) CIFVal = [FOBVal]+[Ins]+[Freight]

Note: All the freight rates and "downlift"/"uplift" ratios are updated regularly.

Box 7: Numerical example to estimate passenger transport service credit and debit

During the year, country 1 (compiling economy) conducted a survey of passenger movement to/from country 2, and 3 through the land borders. The survey targeted buses operating from the capital city to/from the two countries. Information collected included the fare charges, average trips during the month, residence of the bus's companies and number of inbound and outbound passengers by residence based on passenger manifest obtained from the bus companies. Some bus companies, however, did not provide full information on the number and residence of the travellers. The compilers therefore sought for more information from the immigration department on the number of travellers using the buses as means of transport through the targeted borders which was used to compute the passenger transport services.

The survey data are as below.

	Average fares (USD)	**No. of nonresident travellers**	**No. of resident travellers**	**Transport services Credits**	**Transport services Debits**
Resident buses					
To country 2	45	5,000	7,000	= 45x5000 = 225,000	
From Country 2	45	4,500	5,000	= 45x4500 = 202,500	
To country 3	30	7,500	8,000	= 30x7500 = 225,000	
From Country 3	30	8,000	4,500	= 30x8000 = 240,000	
Nonresident buses					
To country 2	45	3,500	2,500		= 45x2500 = 112,500
From Country 2	45	2,500	1,500		= 45x1500 = 67,500
To country 3	30	5,500	4,000		= 30x4000 = 120,000
From Country 3	30	6,000	5,500		= 30x5500 = 165,000
Total				**892,500**	**465,000**

(iv) From the example, credits (USD 892,500) represent the earnings by resident buses for providing transport services to nonresident travellers while debits (USD 465,000) represent the earnings by nonresident buses from providing transport services to resident travellers.

(v) If the compilers decide to use the number of passengers as provided by the bus companies, it may be difficult to know the residence of the travellers. In this case the compilers should move a step further and obtain ratio/estimate from the immigration statistics on the proportion of national traveller who are nonresident from the total national travelers. Similarly, a ratio of the nonnational travelers who are resident in the compiling economy. The ratio will then be used to adjust the survey data accordingly.

3.4.4. Travel services

7. Travel covers expenditure by residents of one economy that are travelling in another economy and comprises both goods and services acquired *(see BPM6 Para 10.86; MSITS Para 3.115 for comprehensive description)*. The breakdown includes business and personal travel where personal travel is further subdivided into health-related, education-related, and other motives. A wide range of data sources that are complementary to each other include ITRS, instruments (payment cards, traveller's checks, cash, etc.) used to pay for travel, administrative data, direct reporting by travel agencies and tour operators, surveys, mobile network operators' roaming data and partner mirror data. A brief description is provided below in *Table 10* for some of these sources.

Table 10: Guidelines on compilation of travel services

<table>
<tr><th>Data Sources</th><th>Compilation Methods</th><th>Guidelines</th></tr>
<tr><td>1. Surveys</td><td>○ The survey of departing nonresident and arriving resident[16] should be conducted on bi-annual basis (See box 8 below).
○ See:
○ Annex 9: Travel Questionnaire for nonresident travellers (inbound)
○ Annex 10: Travel Questionnaire for resident travellers (outbound)</td><td>○ Partner States are encouraged to conduct bi-annual travel surveys using the proposed questionnaire for Annex 9 and 10;
○ Survey is the recommended source for compiling travel data</td></tr>
<tr><td>2. ITRS</td><td>○ The ITRS should have the following breakdown for both Receipts and Payments:
<table>
<tr><th>ITRS Code</th><th>Description</th><th>BOP Entries</th></tr>
<tr><td>1204100
2204100</td><td>Business travel</td><td>Receipts Credit
Payments Debit</td></tr>
<tr><td>1204210
2204210</td><td>Personal travel - Education</td><td>Receipts Credit
Payments Debit</td></tr>
</table></td><td>○ Partner States are encouraged to use the proposed ITRS with the recommended Travel components.</td></tr>
</table>

[16] Alternative survey could include business surveys on travel. However, it may not be possible to get details on the residence of consumers of their services and they only provide estimates for credits. Also, the cost of collection of data is high and the sample design need to be well thought about. Expenses by travellers on meals and beverages may not be captured during the survey as well as expenses by guests who pay for their accommodation together with their meals (full board).

<table>
<tr><th>Data Sources</th><th>Compilation Methods</th><th>Guidelines</th></tr>
<tr><td></td><td>
<table>
<tr><td>1204220
2204220</td><td>Personal travel - Health</td><td>Receipts □ Credit
Payments □ Debit</td></tr>
<tr><td>1204230
2204230</td><td>Personal travel - (visiting friends and relatives, holiday, others)</td><td>Receipts □ Credit
Payments □ Debit</td></tr>
<tr><td>1204300
2204300</td><td>Transport of nonresidents by resident carriers in the economies visited</td><td>Receipts □ Credit
Payments □ Debit</td></tr>
</table>

Using other sources, estimate for transaction not covered by the ITRS due to its limitation[17] and add to data from the ITRS on the respective components.
See Annex 2: Proposed ITRS Form

</td><td>

The ITRS should supplement other sources

</td></tr>
<tr><td>3. Administrative sources</td><td>Use administrative sources as follows for:
(i) Health-related services data can be obtained from the ministry of health, national health insurance fund (NHIF), doctors association, referral hospitals, resident insurance companies etc.

The compilers should request the details of insurance claims by residence for medical expenses incurred abroad from the NHIF and from other resident insurance companies (Personal travel, Debits)
Since some patients travelling for medical services abroad may not be covered by insurance, it will be important to use the information from insurance to estimate the average cost of medication abroad and by country. The average cost can then be combined with the immigration data on resident travellers seeking medication abroad to

</td><td>

Partner States should use administrative data to collect information related to travel services to supplement the inbound and outbound surveys.

</td></tr>
</table>

[17] As discussed earlier in Chapter 3, the ITRS have limitations. Some travel expenses may be small and frequent and may fall below the threshold meaning many travel transactions will be aggregated with other expenses. Moreover, some components of travel may not be captured, such as personal expenses of short-term workers abroad and purchase of good for own use during travel using cash and other local payments using cash. Besides, the ITRS may include payment for international fares which should be included in transport. Obtaining sufficient breakdown into business and personal travel may prove difficult. With these limitations, compilers should consider other alternative that will complement and solve the weakness of ITRS.

Data Sources	Compilation Methods	Guidelines
	estimate the health-related travel services debits. ○ Similar approach can be undertaken by requesting data from referral hospitals that provide health services to nonresidents and using it together with the immigration data to estimate the health-related travel credits. **(ii) Education-related services**, the number of students studying abroad may be available from the ministry of education with the universities enrolled to. ○ Collect the approximate value of the tuition fees, accommodation, and other expenses. Then, Multiplying the number of students in each university with the respective cost to compile the **debit services** on education. ○ Collect the data on foreign students in the local universities from the university's websites or from direct inquiries. Then, multiply it by the average cost to compile the **credit services** on education. **(iii) Other Personal Travel**, visiting for religious purposes such a pilgrimage. The data can be collected from associations in charge of organizing for the pilgrimage travelers from which travel expenses can be estimated (air ticket, food, accommodation, and other costs).	

Box 8: Survey of departing nonresidents and arriving residents

This approach requires two sets of information:

- **The average expenditure per traveller** (including on accommodation, meals and beverages, local transport, health services, education services, gifts and souvenirs and other items), average length of stay, purpose of visit; and
- Administrative records on **the number of travellers** both inbound and outbound by mode of transport, purpose, and residence.

Average length of stay and average expenditure per traveller broken down by purpose, mode and country grouping are multiplied and then grossed up with the annual resident travellers outside the economy for

credits, and nonresident visitors into the economy for debits, respectively. A travel model as depicted below can be developed:

Travel Credits	=	*Average Length of Stay*	*X*	*Average Expenditure per nonresident visitor in the economy per day*	*X*	*Number of nonresident visitors into the economy*
Travel Debits	=	*Average Length of Stay*	*X*	*Average Expenditure per resident outside the economy per day*	*X*	*Number of residents who travelled outside the economy*
		Data is obtained from survey of inbound resident and outbound nonresident travellers				Data obtained from immigration department on number of travellers

The average expenditure by type of traveller and by mode of transport in most cases are not homogenous. It is therefore advisable that the average expenditure be estimated by purpose and by mode of transport. For example, the average expense for travellers on business trip using air should be estimated differently from those using road. In addition, various point of exit/entry may be busier than the others and therefore, it will require compilers to apply weights based on the total number of travellers to arrive at the weighted average expenditure. Timing of the survey is another important aspect that has to be considered. In the region, both peak and low seasons of tourism are experienced. In this regard, compilers should conduct surveys for both seasons to reflect seasonality.

8. The travel expenditure questionnaire should have the following basic questions: *Purpose of visit* - main reason that motivated the travel, for example, whether business or personal; *Mode of travel* – through airport (mode -air) or land border (mode – road); *Country* - country of residence for the non-resident sample and main country visited for the resident sample; *Nationality; Expenditure; Length of stay.*

Box 9: Numerical example on travel credit estimates for nonresident visitors

Assume the compilers of country X conducted a Travel Expenditure Survey (TES) on nonresident visitors through the airport. The data on Panel A and Panel B are from the TES while Panel C is information collected from the immigration department on number of visitors by purpose and country of origin. Using the travel model above, the estimated travel credit was computed as in Panel D.

The "by purpose" will allow the BOP compiler to attribute the expenses in each to respective travel components:

- Business travel: business, conference & missions
- Personal travel: Health, Education, and Others (Visiting friends and relatives, Holiday)

Panel A: AVERAGE LENGTH OF STAY FOR NON RESIDENT VISITORS (NIGHTS)								
Purpose of travel/Country	**Business**	**Conference and Mission**	**Visiting friends and relatives**	**Holiday**	**Health**	**Education**	**Transit**	**Average**
EAC	4	7	4	7	7	4	2	5.00
Rest of Africa	5	8	5	8	8	5	1	5.71
Europe	6	5	6	5	1	6	1	4.29
North America	8	8	4	7	8	8	2	6.43
Asia	6	8	5	8	6	8	1	6.00
Rest of the World	8	9	6	5	9	6	2	6.43
AVERAGE	6.17	7.50	5.00	6.67	6.50	6.17	1.50	

Panel B: DAILY AVERAGE EXPENDITURE IN USD FOR NON RESIDENT VISITORS								
Purpose of travel/Country	**Business**	**Conference and Mission**	**Visiting friends and relatives**	**Holiday**	**Health**	**Education**	**Transit**	**Average**
EAC	7	4	7	7	4	7	3	**5.57**
Rest of Africa	8	5	8	8	5	8	2	**6.29**
Europe	5	6	1	5	6	5	6	**4.86**
North America	8	8	8	7	4	8	4	**6.71**
Asia	2	8	6	8	5	8	2	**5.57**
Rest of the World	2	6	9	5	6	9	3	**5.71**
TOTAL	**5.33**	**6.17**	**6.50**	**6.67**	**5.00**	**7.50**	**3.33**	

Panel C: NON RESIDENT VISITORS BY COUNTRY GROUPING AND PURPOSE OF TRAVEL								
Purpose of travel/Country	**Business**	**Conference and Mission**	**Visiting friends and relatives**	**Holiday**	**Health**	**Education**	**Transit**	**Total**
EAC	8,500	5,860	2,450	2,455	785	965	3,209	**24,224**
Rest of Africa	4,500	3,650	6,214	8,520	652	685	2,505	**26,726**
Europe	3,800	3,520	3,541	7,562	215	12	2,101	**20,751**
North America	215	1,256	9,425	5,840	12	24	1,500	**18,272**
Asia	1,335	1,254	1,254	3,620	854	125	800	**9,242**
Rest of the World	235	3,654	6,325	4,265	875	9	235	**15,598**
TOTAL	**18,585**	**19,194**	**29,209**	**32,262**	**3,393**	**1,820**	**10,350**	**114,813**

Panel D: Estimated Travel CREDITS (USD)								
Purpose of travel/Country	**Business**	**Conference and Mission**	**Visiting friends and relatives**	**Holiday**	**Health**	**Education**	**Transit**	**Total**
EAC	238,000	164,080	68,600	120,295	21,980	27,020	19,254	**659,229**
Rest of Africa	180,000	146,000	248,560	545,280	26,080	27,400	5,010	**1,178,330**
Europe	114,000	105,600	21,246	189,050	1,290	360	12,606	**444,152**
North America	13,760	80,384	301,600	286,160	384	1,536	12,000	**695,824**
Asia	16,020	80,256	37,620	231,680	25,620	8,000	1,600	**400,796**
Rest of the World	3,760	197,316	341,550	106,625	47,250	486	1,410	**698,397**
TOTAL	**565,540**	**773,636**	**1,019,176**	**1,479,090**	**122,604**	**64,802**	**51,880**	**4,076,728**

3.4.5. Construction

9. The construction services category covers the creation, management, renovation, repair, or expansion of fixed assets in the form of buildings, land improvement of an engineering nature and other constructions such as roads, bridges, and dams *(see BPM6 Para 10.101; MSITS Para 3.132 for comprehensive description).* It also encompasses

related installation and assembly, site preparation and general construction work, as well as specialized services (painting, plumbing and demolition, for example).

10. Construction should be valued on gross basis[18] i.e. (i) encompasses goods and services acquired by the enterprise undertaking construction work in the economy other than the one in which it is a resident, and (ii) inclusive of other costs of production and the operating surplus that accrues to the construction contractor. The construction exports (credits) would result from summing up the credit entries (a) from construction abroad and (b) from construction in the compiling economy. Similarly, the construction imports (debits) would consist of debit entries (a) from construction abroad and (b) from construction in the compiling economy.

11. Compilers should establish the duration of the construction work so as to properly classify if the work is actually a service or a direct investment. Using the residency rule of thumb, construction work that takes a year or less (short term) should be classified as a construction service while that which takes more than a year (long term) should be included in financial account under direct investment. Long term projects in most cases, constitute a branch in the economy where construction is undertaken and hence by a separate resident institutional unit.

Table 11: Guidelines on compilation of construction services

Data Sources	Compilation Methods	Guidelines
1. **Survey of Resident Construction enterprises**	○ Compilers **should** conduct surveys of resident enterprises that are providing short term construction services abroad (Credit services) and foreign contractors in the economy ○ Use the updated register[19] to obtain the sample frame. ○ A threshold based on turnover can be used. ○ The set of questions should cover: **For construction abroad:** - Construction work for nonresidents abroad (Credit) - Goods, services, and labor purchased/acquired in the economy where the construction is being undertaken (Debit) **For construction in compiling Economy:** - Construction work for residents in compiling economy (Debit) - Goods, services, and labor purchased/acquired in compiling economy (Credit)	○ Partner States **are encouraged to** conduct quarterly construction surveys using the proposed questionnaire in *Annex 11.* ○ Compilers **should** record the data collected from the survey to respective BOP items (services, primary income) ○ Surveys of resident construction enterprises are recommended

[18] The value of construction recorded in the balance of payments should equal the gross value of output by the producing company. It should include the value of all goods and services used as inputs to the work, other costs of production, and the operating surplus that accrues to the owners of the construction company (BPM6CG § 12.95)

[19] An ITRS can be a good source to update the register. Similarly, a collaboration with public procurement and disposal authorities, tax authorities, agencies regulating construction in the economy, ministry responsible for infrastructure development, association of engineers, etc. can provide a good starting point to build a sample frame.

<table>
<tr><th>Data Sources</th><th>Compilation Methods</th><th>Guidelines</th></tr>
<tr><td></td><td>See Annex 11: Construction Services questionnaire</td><td>source of data for compilation of construction services</td></tr>
<tr><td>2. ITRS</td><td>Compilers should provide adequate split for construction abroad and in reporting economy as well as length of project period, for both receipts and payments:
<table>
<tr><th>ITRS Code</th><th>Description</th><th>BOP Entries</th></tr>
<tr><td>1206100
2206100</td><td>Construction work performed outside [Country Name] by resident companies (short-term – for projects not exceeding one year)</td><td>Receipts Construction service, Credit</td></tr>
<tr><td>1206200
2206200</td><td>Construction work performed outside [Country Name] by resident companies (long-term – for projects exceeding one year)</td><td>Receipts Direct Investment, Assets</td></tr>
<tr><td>2206100</td><td>Construction work performed in [Country Name] by nonresident companies (short-term – for projects not exceeding one year)</td><td>Payments Construction service, Debits</td></tr>
<tr><td>2206200</td><td>Construction work performed in [Country Name] by nonresident companies (long-term – for projects exceeding one year)</td><td>Payments Direct Investment, Liabilities</td></tr>
</table>
See Annex 2: Proposed ITRS Form</td><td>

Partner States are encouraged to use the proposed ITRS with the recommended breakdown.
The ITRS should supplement other sources
List of enterprises reported in ITRS should be used to update the enterprise register

</td></tr>
</table>

Box 10: Country Experience in Compilation of Construction services in Rwanda

Rwanda has adopted a survey-based approach in order to measure construction services. The survey is conducted by National Institute of Statistics Rwanda (Trade statistics team) in collaboration with National Bank of Rwanda (Balance of Payments Division). A sample of 50 major construction companies in Rwanda (ranked based on Rwanda Revenue Authority's annual tax declarations) is used to collect data on export of construction services. It is considered that there is high likelihood that large companies can export construction services abroad compared to smaller companies. Most construction projects in the economy are owned by the government. To estimate the import of construction services by government, the records from the Rwanda Public Procurement Authority (RPPA) are used to identify the nonresident companies hired by the government on short term nature. For long-term government projects taking more than one year and undertaken by nonresident firms, the data is collected under a foreign direct investment survey and classified as direct investment in BOP.

Decision Rule (FDI vs Services) - One YEAR RULE

According to the estimated duration of the activity, the construction activity is either regarded as an FDI-related operation, if the construction work extends over a period of at least one year, or as a service transaction in the opposite case

For major projects (such as bridges, dams, power stations) that take a year or more to complete and that are managed through a local site office, the operations would usually satisfy the criteria for identification of a branch in paragraph 4.27 and so would not be classified as trade in services; (Construction Project - BPM6:4.29)

Valuation

Construction is valued on a gross basis, i.e., inclusive of all goods and services used as inputs to the work.

Labor costs are included in construction abroad debits

No distinction between the different inputs acquired abroad: labor, goods, and services.

The Questionnaire

For construction abroad, firms are required to report the following transactions, in relation to the reference quarter:

- Goods, services, and labor purchased/acquired abroad (in the quarter), used to compile the construction abroad debits
- Goods purchased in Rwanda (in the year under review), used to adjust merchandise item, by deducting the corresponding amounts from merchandise exports

For construction in Rwanda, administrative data from RPPA is used to compute estimates of import of construction services.

Data Collection Plan

Before data collection, NISR staff trains recruited enumerators on key concepts and the questionnaires after the training, enumerators are provided with the sampled companies that they have to interview. At the end of data collection, data is keyed and estimates of import and export of construction services are derived.

3.4.6. Insurance and pension services

12. Insurance and pension services covers the provision to non-residents of various types of insurance by resident insurance enterprises, and vice versa (*MSITS Para 3.148; BPM6 Para 10.109 for comprehensive description)*. The service component for insurance and pension may not be directly obtained from the sources data and thus needs to be indirectly derived from the transactions related to insurance and pension. To calculate exports and imports of insurance services, the compiler must first identify the value of

premiums and claims that can be obtained from different data sources. The total value of insurance and pension services is the difference between the amounts accruing to insurance companies (premiums, contributions, and supplements) and amounts accruing to policyholders (claims and benefits).

13. The following formulae are applied to compute the insurance and pension services.

Nonlife insurance services:

	Insurance service charge
Equals	Gross Premiums earned/receivable (*Gross premiums received – Prepayments*)
Plus	Net income from technical reserves attributable to policy holders (premium supplements)
Minus	Estimated claims incurred/payable (*claims paid + Outstanding claims not yet paid*)
Minus	Adjustment for claim volatility[20]

Life insurance services:

	Insurance service charge
Equals	Gross contributions earned (*Gross Contributions received – Prepayments*)
Plus	Supplementary contributions (Bonuses)
Minus	Benefits due
Minus	Net increase in life insurance actuarial reserves[21]

Pension services:

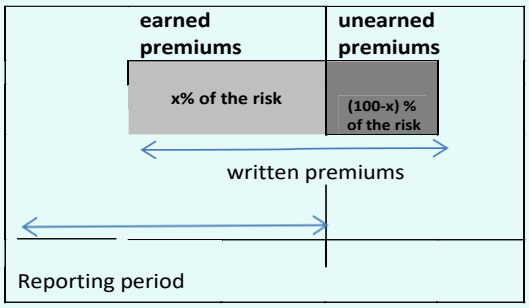
	Pension service charge
Equals	Gross contributions earned
Plus	Supplementary contributions
Minus	Benefits due
Minus	Net increase in pension reserves (pension entitlement)

14. As noted in the above formulae, the concept of accrual basis is applied. A distinction on the premium earned and written premium is described below.

Box 11: Relationship between earned premium and written premium

[20] The adjustment for claims volatility shows the difference between the actual claims for the period and the normally expected value of claims. Economic shocks, such as major catastrophes, can require large claims payments and these could exceed the value of premiums. This adjustment is therefore necessary to level the value of insurance services over a given period and ensure the insurance service computed is positive. It is calculated by insurance based on modelling techniques.

[21] The net increase in life insurance actuarial reserves or pension reserves (pension entitlement) is deducted as such increase is regarded as asset accumulation to their policyholders.



Box 12: Nonlife insurance transactions in BOP

1. **The Primary Income entry is:**
   - *Premium Supplement = Investment income attributable to policy holders from the investment of technical reserves*
2. **The Secondary Income (current transfers) entries are**:
   - *Net premiums receivable (gross premiums receivable + premium supplements - insurance service)*
   - *Claims payable/due by insurance companies*
3. **Insurance service**
   - *Gross Premiums earned/receivable +Net income from technical reserves attributable to policy holders (premium supplements) - Estimated claims incurred/payable*
4. **The Financial Account entries are:**
   - *Changes in technical reserves (increase in liability to policy holders)*
   - *Net increase in currency and deposits (calculate as difference between gross premiums received and claims paid*

Box 13: Computation of Insurance services: Method 1

i. For **resident insurers** with adjustment for claims volatility

Premium earned from abroad ---------- = 135

Income attributable to policyholders (premium supplement) ----------= 8

Claims payable abroad ----------= 160

Adjustment for volatility in claims payable ---------- = -40

Estimated insurance services to nonresidents = Premium earned + Premium

Supplement – Claims Payable) – Adjustment for volatility ---------- = 135 + 8 – (160 - 40) = 23

Note: excluding the volatility would lead to a negative value of services = -17

ii. For **resident insurers** with separate data on policyholders for premiums only

Total insurance services (to resident and nonresident clients combined) ---------- = 100

Total Premiums ----------= 400

Of which: Premiums from residents ---------- = 240

Premiums from nonresidents ---------- = 160

Estimated insurance services to nonresidents ---------- = 160/400*100 = 40

iii. **Imports of insurance services (data from ITRS)**

Premium settlement paid to residents ----------= 80

Ratio of service charge to premiums (average from data on insurers abroad) ---------- = 15 %

Estimated insurance services from non-residents ---------- [80*0.15] = 12

Box 14: Computation of Insurance services: Method 2

Option 1: Suppose a resident insurance company reported in a quarter the following transactions with non-residents:

Premiums received 300

Claims paid 220

And supposing from another survey conducted once every 3 years you had established that only 80% of premiums received are earned, only 95% of claims due are paid, and due to claims volatility, claims should be estimated at about 75% of premiums earned on average to smooth out volatility.

You can use this information to estimate premiums earned (300*.8=240) and claims payable/due (220/.95=232), claims payable after adjustment for volatility (.75*240=180) and insurance service = (240-180=60).

Increase in technical reserves (72) = unearned premiums (300-240) plus unpaid claims (232-220).

Secondary income credits = premiums earned – service charge = 240-60 = 180
Secondary income debits (claims payable) = 232

Option 2: Suppose a resident insurance company reported in a quarter the following transactions with non-residents:

Premiums received 300

Premiums prepayments 60

Claims paid 220

Outstanding claims due/payable 12

And supposing from another survey conducted once every 3 years you had established that due to claims volatility, claims should be estimated at about 75% of premiums earned on average to smooth out volatility.

You can use this information to estimate premiums earned (300 - 60=240) and claims payable/due (220 + 12=232), claims payable after adjustment for volatility (.75*240=180) and insurance service = (240-180=60).

Increase in technical reserves (72) = unearned premiums (300-240) plus unpaid claims (232-220).

Secondary income credits = premiums earned – service charge = 240-60 = 180

Secondary income debits (claims payable) = 232

Note: On a quarterly basis it is easier to go with option 1

15. Reinsurance is a contract between companies that provide insurance services to transfer part of their risk portfolios to another party in order to lessen the likelihood of payment of large claims. The insurer who transfers the risk is the ceding company and the one who accepts the risk is the reinsurer. Several insurers act as both direct insurers and reinsurers.

16. Reinsurance should be recorded separately. Some payments are peculiar to reinsurance such as commission payable to direct insurers under proportionate reinsurance and profit sharing in excess of loss reinsurance. The service charge is computed as below.

	Insurance Service charge
Equals	Total actual premiums earned less commission payable
Plus	Premium supplement
Minus	Adjusted claims incurred and profit sharing

17. The main data sources that the compilers can use to compile insurance services are as follows:

Table 12: Guidelines on compilation of insurance services and pension Services

<table>
<tr><th>Data Sources</th><th>Compilation Methods</th><th>Guidelines</th></tr>
<tr><td>Administrative sources</td><td>• Compilers should collect administratively from the regulators (insurance regulator and central bank)[22] using a simplified data collection form.
• As an additional source, the compilers can use the financial statement[23] from insurance companies to extract necessary information
• Another source of information on insurance services is customs data which can be used to estimate insurance cover for import. The insurance component from customs data covers only premiums paid. Compilers should derive the services accordingly using estimated ratios.</td><td>○ Partner States should collaborate with the insurance regulators to collect the data on insurance (appropriate data template should be used)</td></tr>
<tr><td>ITRS</td><td>Compilers should provide adequate split for insurance components as below:
<table>
<tr><th>ITRS Codes</th><th>Insurance and Pension Services</th><th>BOP Entries</th></tr>
<tr><td>1205100
2205100</td><td>Life Insurance premiums (Receipt/Payments)</td><td>Financial account</td></tr>
<tr><td>1205200
2205200</td><td>Freight Insurance premiums related to exports/Imports of goods (Receipt/Payments)</td><td>Transport Services</td></tr>
<tr><td>1205300
2205300</td><td>Life insurance settlement of claims (Receipt/Payments)</td><td>Financial account</td></tr>
<tr><td>1205400
2205400</td><td>Other direct insurance premium (Receipt/Payments)</td><td>Insurance service</td></tr>
<tr><td>1205500
2205500</td><td>Other direct insurance claims (Receipt/Payments)</td><td>Insurance service</td></tr>
<tr><td>1205400</td><td>Reinsurance premium and term life insurance premiums (Receipt/Payments)</td><td>Insurance service</td></tr>
</table></td><td>○ The ITRS data should be adjusted using service ratios similar to example (iii) in Box 13.</td></tr>
</table>

[22] In Rwanda, Insurance companies and Pension funds are regulated by the central bank and hence collection of data is simplified. The reports from regulators are for regulatory purposes and may not meet the objectives of the BOP/IIP compilation. Nonetheless, the data collected is a good starting point to develop a list of insurance and pension companies.

[23] It is important that the compilers bear in mind that financial statements of insurance companies may not provide adequately for the breakdown of information needed such as by residency and by type of insurance either life or nonlife.

Data Sources	Compilation Methods			Guidelines
	2205400			
	1205500 2205500	Reinsurance and term-life settlement of claims (Receipt/Payments)	Insurance service	
	1205600 2205600	Pension contribution (Receipt/Payments)	Secondary Income	
	1205700 2205700	Pension benefits (Receipt/Payments)	Secondary Income	
Surveys	• Compilers should collaborate with the insurance regulators and other agencies (more so, NSOs national accountants), to construct a comprehensive sample frame of resident insurance companies. • Use the proposed questionnaire in *Annex 13*: Insurance Questionnaire for Residence Insurance Companies, to collect the data. • Establish the ratios as discussed in *Box 14* i.e. percentage of premiums received earned and claims due and paid. Use the ratios to estimate insurance services.			○ Partner States are encouraged to conduct annual surveys using the proposed questionnaire.

3.4.7. Financial Services

18. Financial services include the services of financial intermediaries and auxiliary services provided by banks and other resident financial intermediaries and auxiliaries to non-resident entities and vice versa, *(see MSITS Para 3.190; BPM610.118 for comprehensive description).*

Table 13: Guidelines for compilation of financial services components

Data Sources	Compilation Methods	Guidelines
1. **Administrative sources**	(ii) ***Explicit charges:*** these are charges for the provision of financial services and are mainly those related to deposits and loans, e.g., account management fees, letters of credit application fees, cards, late repayment penalties, etc. ○ Use the MFS or bank supervision data on profit and loss from ODCs as the primary source, under *commissions and fees* on loan, deposits etc. related to nonresidents. ○ Use **ITRS** as a supplementary source (ITRS Code 2207110). Additional breakdown on both receipts and payments can be used: (a) Commissions, fees, penalties	○ Partner States **should** collect the data from the central bank. ○ Compilers should conduct survey of commercial banks to obtain the ratio on explicit charges on/to nonresident transactions. ○ The above ratio should then be

Data Sources	Compilation Methods	Guidelines
	(b) Assets management fees (iii) ***Purchase and sale margins:*** these are charges levied by having a difference between the buying and selling prices. Service charges are included in the related financial transactions. Examples of such transactions include those involving financial instruments, currencies, bonds, and stocks, among others. ○ The charge is the difference between a reference price and the dealer's purchase price at the time of purchase and vice versa for a sale. ○ This reference price is generally the mid-price between the buying and selling prices. (iv) ***Asset management fees deducted from income:*** entities holding assets such as mutual funds, holding companies and special purpose entities hold financial assets on behalf of their owners. While managing these assets, they incur costs related to their administration, professional services, and custody, among others. ○ Service charges for these assets are charged explicitly or implicitly. They can be obtained from MFS. ○ This component can also be obtained from the **ITRS** (see (i) above). (v) ***Financial Intermediation Services charges Indirectly Measured (FISIM)***[24] – *FISIM* credits are computed on the loan assets and deposit liabilities of resident financial corporations for which the counterparty is a nonresident unit as follows: ○ *for loans*, it is the difference between the interest receivable on loans and the cost of funds calculated at ***a reference rate*** on loan balance. ○ *for deposits*, it is the difference between the interest payable at the ***reference rate*** on the deposit and the actual interest payable.	used to estimate the nonresidents' financial services charges when using the financial statement of ODCs

[24] Refer to the BPM6 Page 174, Box 10.5: Numerical example for calculating FISIM

Data Sources	Compilation Methods	Guidelines
	○ MFS 2SR (Loan and Deposits) and Income Statement (interest receivable on loan and interest payable on deposits) of the deposit taking corporations. - *FISIM debits* are computed for the resident institutional sectors (including financial corporations) on their loan liabilities and deposit assets with nonresident financial corporations ○ *for loans*, it is the difference between the interest payable to nonresident financial corporations on loans and the cost of funds calculated at ***a reference rate*** on loan balance. ○ *for deposits*, it is the difference between the interest receivable at the ***reference rate*** on the deposit and the actual interest received. ***Note:*** *The Reference rate is the central bank rate in each Partner State*	

3.4.8. Charges for the use of intellectual property

19. Intellectual property includes intangible assets of rights governing the ownership, use and sale of items created through the creativity or intelligence of an individual. These include copyrights, patents, trademarks, and trade secrets. *See BPM6 Para 10.137; MSITS Para 3.214 for comprehensive description*

Table 14: Guidelines on compilation of charges for use of intellectual property

Data Sources	Compilation Methods	Guidelines
1. **ITRS**	○ Refer to the ITRS Code 1207150 (Receipts), 2207150 (Payments): Royalties and license fees (franchise, license to use copyrights, patents, trademark, etc.) ○ Compilers **can** provide additional disaggregation for this component as follows for both receipts and payments: (a) Use of marketing assets such as trademarks and franchises *(service item)*	○ Partner States **should** use the proposed ITRS with the recommended breakdown. ○ The ITRS **should** be supplemented by other sources ○ Compilers **should** record the data collected to respective BOP account

Data Sources	Compilation Methods	Guidelines
	(b) Use of proprietary rights arising from research and development e.g., Licenses *(service item*) (c) Sale/purchase of marketing assets such as trademark and franchises - *Capital account item* (d) Sale/purchase of proprietary rights arising from research and development - *Capital account item* ○ *See Annex 2: Proposed ITRS Form*	(service and Capital account)
2. **Administrative sources**	○ Collaborate with the agencies in-charge of intellectual property and using appropriate data collection template, collect relevant BOP data ○ Collect the data on the owners of intellectual properties from agencies in-charge of intellectual property. ○	○ Partner States **should** conduct regular data collection from the agencies in-charge of intellectual property. ○
3. **Surveys**	○ Using the administrative data on the owners of intellectual property, conduct surveys to estimate the credits, and users for debits.	○ Partner States **are encouraged** to conduct quarterly surveys of owners of intellectual properties

3.4.9. Telecommunication, Computer, and Information services

20. Under this component, the information collected relates to earnings or expenditures on:

(i) **Telecommunications**: Telecommunications services encompass the broadcast or transmission of sound, images, data, or other information by telephone, telex, telegram, radio and television cable transmission, radio and television satellite, electronic mail, facsimile, and so forth, including business network services, teleconferencing, and support services. They do not include the value of the information transported. Also included are mobile telecommunications services, Internet backbone services, and online access services, including provision of access to the Internet. Excluded are installation services for telephone network equipment (included in construction) and database services (included in information services) - *BPM6 Par 10.142 for comprehensive description.*

(ii) **Computer**: development of customized IT software and related documentation, IT consulting, repair of IT equipment, data processing, maintenance, and repair of computers - *BPM6 Par 10.143 – 10.145 for comprehensive description;* and

(iii) **Information**: news agency services, newspaper and periodical subscriptions, library and archive services, database services and information storage – see *BPM6 Par 10.146 for comprehensive description.*

Table 15: Guidelines on compilation of telecommunication, computer, and information services

Data Sources	Compilation Methods	Guidelines
1. **Administrative sources**	○ **Telecommunication services:** Compilers **should** collect the data from telecommunication regulators and companies involved in these services and related parties. ○ Compilers should liaise with the regulators and design a simple form that can be used to submit the data on regular basis.	○ Partner States **should** use this source as primary source ○ Record the data to specific components under this category
2. **ITRS**	○ ITRS Code 1207120 (Receipts), 2207120 (Payments): **Telecommunication services** (transmission of sound, images etc., by telephone telex, cable, etc.). ○ ITRS Code 1207130 (Receipts), 2207130 (Payments): **Computer services** (hardware and software related services and data processing services); and ○ ITRS Code 1207140 (Receipts), 2207140 (Payments): **Information services** (news agency services, database services, non-bulk subscription of newspapers periodicals and library and archives services) ○ With a clear separation of the service components, the items to be included in the ITRS can further be broken down into receipts and payments with following details • Receipts/Payment for electronic mail, fax, network services, as well as teleconferencing services (*Telecommunication services*) • Receipts/Payment for development of IT software and related documentation, and IT consulting services (*Computer services*) • Receipts/Payment for the repair of IT equipment, data processing, maintenance, and repair of computers (*Computer services*) • Receipts/Payment for provision of news agency services, newspaper and periodical subscriptions, library and	○ Partner States **should** use the proposed ITRS with the recommended breakdown. ○ .

	archive services, database services and information storage (*Information services*) ○ *See Annex 2: Proposed ITRS Form*	
3. **Surveys**	○ A survey of the enterprises involved in the telecommunication, computer and information services should be covered on quarterly basis ○ The survey **should** focus on obtaining data on the value of services provided to non-resident entities by resident companies and the services provided by the non-resident entities to resident companies. ○ *See Annex 12: Telecommunication questionnaire*	○ Partner States **are encouraged to** conduct quarterly surveys of enterprises offering telecommunication, computer, and information services

3.4.10. Other business services

21. It covers:

(i) **Research and development services** - services associated with fundamental and applied research, the experimental development of new products and processes and commercial research.

(ii) **Professional and management consulting services** - legal, accounting, management consulting, advertising, public relations, market research and public opinion polls.

(iii) **Technical, trade-related, and other business services** - architectural, engineering, and other technical services, waste treatment and depollution, agricultural and mining services; operating leasing services; trade related services; Other business services.

Table 16: Guidelines on compilation of other business services

<table>
<tr><th>Data Sources</th><th>Compilation Methods</th><th>Guidelines</th></tr>
<tr><td>1. ITRS</td><td>○ Compilers should collect the data using an ITRS with proper breakdown of business services:

<table><tr><th>ITRS Code Receipts/Payments</th><th>Description</th></tr><tr><td>1207160
2207160</td><td>Research & development</td></tr><tr><td>1207170
2207170</td><td>Professional and management consulting (legal, accounting, advertising, etc.)</td></tr><tr><td>1207180
2207180</td><td>Technical, trade related and other business services (operational</td></tr></table></td><td>○ Partner States should use ITRS as primary source
○ Record the data to specific components under this category</td></tr>
</table>

Data Sources	Compilation Methods	Guidelines
	leasing, engineering, mining services, etc.)	
2. **Surveys**	○ A sample frame can be obtained from business register of business service providers or from the professional bodies for each respective service. For example, the association of legal professionals, engineers, architects etc. can be contacted to provide the details of their members. ○ Conduct surveys of resident business services providers	○ Partner States **should** conduct quarterly **surveys** of resident business services providers

3.4.11. Personal, cultural, and recreational services

22. It covers:

(i) **audiovisual and related services** - production of films, musical recordings, radio, and television broadcasts, as well as the production of the performing arts.

(ii) **other personal, cultural, and leisure-related services** –

- health services provided by hospitals, doctors, nurses, and paramedical services and the like, laboratory services, telemedicine services provided remotely or on-site.
- educational services provided remotely or on-site.
- costs of correspondence or Internet courses.
- services associated with museums and other.
- cultural, sporting, and recreational activities.

Note:

- Education and health services provided to non-residents present in the territory of the supplier are classified under travel.
- Acquisition of other personal, cultural, and recreational services (museums, gambling) by persons while outside their territory of residence is included in travel

Table 17: Guidelines on compilation of personal, cultural and recreational services

Data Sources	Compilation Methods	Guidelines

1. **ITRS**	○ Use the ITRS, Code 1207190/2207190**:** Personal, cultural, and recreational services (entertainment, recreation and sporting, education and health services rendered remotely or on-site) *Note:* care should be taken to avoid misclassification between goods and services, transactions belonging to travel services and those belonging to other personal services such as education and health.	• Partner States **should** use the ITRS data collection form as proposed on monthly basis
2. **Administrative sources**	• Compilers should collaborate with the regulators and licensing authorities such as broadcasting authorities, sports licenses for other recreational activities such as gaming, among others • Collect the data on expenses incurred by resident and nonresident	○ Partner States should collect data from these agencies on monthly basis.
3. **Surveys**	○ A survey of institutions in (2) above can provide information on payments to non-residents for services such as educational services rendered remotely	○ Partner States should conduct **annual** surveys on resident education and health services providers and annual survey of households

3.4.12. Government goods and services n.i.e.

23. Government goods and services n.i.e. include goods and services provided or received by enclaves, such as embassies, consulates, military bases, and international organizations. This includes goods and services purchased in the host economy by diplomats, consular and military personnel posted abroad, as well as their dependents. Goods and services consumed by local staff recruited by embassies and other international entities are not included.

Table 18: Guidelines on compilation of government goods and services n.i.e

Data Sources	Compilation Methods	Guidelines
1. **Administrative Sources**	• The data sources for compilation of government goods and services includes the ministry of finance, foreign affairs, immigration, and central bank. Debits include those made for salaries, utilities, administrative expenses, while credits include visa fees, port taxes, among others.	• Partner States **should** use the central bank payments with respect to government goods and services (debits)

<table>
<tr>
<td></td>
<td>

Compilers can design a data template to collect the data on information on drawdowns on local currency deposit accounts in domestic banks as a proxy for expenditures of foreign embassies and international organizations.

</td>
<td>

Partner States should use data on information on drawdowns on local currency deposit accounts in domestic banks (credit) as a proxy for expenditures of foreign embassies and international organizations.

</td>
</tr>
<tr>
<td>2. ITRS</td>
<td>

The information on cash transactions can also be obtained from the ITRS as follows:

<table>
<tr><th>ITRS Code</th><th>Description</th></tr>
<tr><td>1207210/ 2207210</td><td>Receipts/Payments on Other services from/to foreign government not included elsewhere</td></tr>
<tr><td>1207220/ 2207220</td><td>Receipts/Payments from/to international institutions such as office of the IMF mission, World Bank, UNICEF payments to international institutions such as office of the IMF mission, World Bank, UNICEF etc. abroad</td></tr>
</table>
</td>
<td>

Partner States should collect the data on monthly basis using the ITRS proposed breakdown

</td>
</tr>
<tr>
<td>3. Surveys</td>
<td>

Surveys targeting foreign embassies and international organizations located in the reporting economy would provide sufficient information on spending in the reporting economy

Note: Due to their diplomatic status and confidentiality, surveys may in many cases not provide the required information. In such cases, major suppliers of goods and services can be a better source of information such as electricity, telecommunications, office equipment, supermarket chains, among others
</td>
<td>

Partner States can conduct surveys of foreign embassies and international organizations where possible

</td>
</tr>
</table>

3.5. Income

3.5.1. Primary Income

24. Primary income represents the return that accrues to resident institutional units for their contribution to the production process or for the provision of financial assets and renting of natural resources to nonresident institutional units.

25. Primary income includes the following components:

1. Income Associated with the Production Process
   (a) Compensation of employees
   (b) Taxes and subsidies on products and production.
2. Property Income
   (a) Investment income:
      - Dividends and withdrawals from income of quasi-corporations
      - Reinvested earnings
      - Interest
   (b) Rent

26. Multiple data sources including ITRS, administrative data and surveys can be used to measure/estimate the component of income. *Table 19* provides the guidelines for compilation of compensation of employees with examples given in *Box 15* and *Box 16*.

Table 19: Guidelines on compilation of compensation of employees

<table>
<tr><th>Data Sources</th><th>Compilation Methods</th><th>Guidelines</th></tr>
<tr><td>1. Surveys</td><td>- Compilers should conduct specific surveys of:
• returning residents and departing non-residents
• foreign embassies and international organization.
• employers, household, and short-term migrants. The survey should distinguish between the various allocation of compensation received by the foreign worker such as for consumption, accommodation, health care, transport etc. (to be included under travel services) as well as to social security contributions paid by employers and taxes (secondary income), to ensure that COE is on gross basis
Limitations: it may be difficult to disaggregate the salaries and wages from related expenses. Compilers should therefore probe for more details with the respondents (embassies, international organization etc.) or by using estimated ratios from comparable entities that can then be used to distribute the expenditure into appropriate components.</td><td>- Partner States are encouraged to conduct Quarterly surveys of:
- returning residents and departing non-residents
- foreign embassies and international organizations
- employers, households, and short-term migrants</td></tr>
<tr><td>2. ITRS</td><td><table><tr><th>ITRS CODE</th><th>Description</th><th></th><th>BOP Entries</th></tr></table></td><td>- Partner States should use the proposed</td></tr>
</table>

	2301100	Salaries and wages, and other benefits paid to nonresidents employed in [Country Name] embassies abroad	⇨	Compensation of Employees

- Use the Proposed bank ITRS to collect the data on cash transactions through the resident banks remitted by residents/nonresidents working abroad/host economy.

Limitations: The compilers should note the limitations of ITRS that include: the transactions will mostly be on net basis, payment in kind will not be covered, employer-employee relationship may not be established, etc.

- The compiler is required to use alternative methods such as survey (travellers or remittances) and administrative data to obtain an adjustment factor used to estimate the cross value of Compensation of Employees (COE), *See example in **Box 15 and 16.***
- *See Annex 2: Proposed ITRS Form*

- ITRS with the recommended breakdown.
- The ITRS **Should** be used as supplementary to other Sources

3. **Administrative Sources**	- Compilers **should** collect the data from the Ministry of Finance and or ministry of Foreign Affairs on the expenses related to nonresident employees hired in embassies and consulates abroad.	- Partner States **should** use a mix of administrative data to compile this component

Box 15: Estimation of compensation of employees: Method 1

The compiler may establish from survey of inbound travellers (returning resident) that on average, 10% of COE was paid as taxes, 2% on social contribution, 15% spent on goods and services consumed abroad. In addition, the ITRS recorded inflows of 100 during the period. The recording on BOP will be estimated as:

	Credit	Debit	NET
CURRENT ACCOUNT	**137**	**37**	**100**
Primary Income Compensation of Employees	100/(100-27)% = 137		137
Secondary Income Transfers (Taxes)		10% x 137 = 13.7	-13.7
Secondary Income		2% x137 = 2.7	-2.7

Transfer (Social contributions)			
Services Travel (goods and Services)		15% x 137 = 20.6	-20.6
FINANCIAL ACCOUNT	NAFA	NIL	
Currency and Deposits, other sectors	100		100

Box 16: Estimation of compensation of employees: Method 2

The following is data from a survey of returning residents of Economy A who travelled for short-term work and reported the following information at their return. They reported that the share of expenditures to total income earned abroad was 10% and 20% for resident #1 and resident #3, respectively.

Resident #	Type	Food	Transport	Accommodation	Shopping	Others	Total	% share of expenditure to total income
1	Cross-border worker	50	10	50	10	-	120	0.1
2	Official	20	50	50	-	10	130	0
3	Cross-border worker	40	30	20	-	15	105	0.2
4	Official	5	25	30	20	40	120	0
5	Official	10	10	10	25	35	90	0
6	Official	10	5	5	100	30	150	0
7	Official	6	4	10	50	25	95	0
8	Official	30	9	20	-	40	99	0
9	Official	25	18	40	50	45	178	0
10	Official	45	20	50	40	50	205	0
11	Official	47	21	53	42	53	216	0
12	Official	50	22	55	44	55	226	0
13	Official	52	23	58	46	58	237	0
14	Official	55	24	61	49	61	250	0
15	Official	57	26	64	51	64	262	0
16	Official	60	27	67	54	67	275	0
17	Official	63	28	70	56	70	287	0
18	Official	66	30	74	59	74	303	0
19	Official	70	31	78	62	78	319	0
20	Official	73	33	81	65	81	333	0
Total expenditure		**834**	**446**	**946**	**823**	**951**	**4,000**	
Average expenditure per person		**42**	**22**	**47**	**41**	**48**	**200**	

Given the information above, the entries in the BOP are estimated as follows:

- Income earned abroad for resident #1= total expenditures/0.1= 120/0.1= $ 1,200
- Income earned abroad for resident #3= total expenditures/0.2= 105/0.2= $ 525
- Average income earned abroad per traveler is (1,200+525)/2=$ 863
- Share of cross-border workers to total travelers from survey is 2/20= 0.1

From the immigration statistics, total travelers during the period were 5,000

- Estimated travelers for short term work will be 0.1*5000 = 500
- Estimated compensation of employees for short-term workers = 863 * 500 = $ 431,250
- From table above average travel expenditures per person = $200
- Total travel expenditures =200*5,000=$1,000,000

The Records in the BOP will be

Travel debits $ 1,000,0000

Compensation of employees credits = $431,250

Table 20: Guidelines on compilation of investment income

Data Sources	Compilation Methods	Guidelines
1. Administrative Sources	- Compilers **should** collect the data on: ○ Dividends paid on equity and interest paid on debt securities liabilities can be collected from the capital market authority, or estimated from the information from securities' register of holders of equities and their respective declared dividends ○ Data on domestic debt issued to nonresident can be collected from the central bank's (issuer on behalf of government) depository system. ○ Interest payable by government on foreign debt from ministry of finance or the central bank department in charge of foreign payments – *interest on other investment* ○ Interest on reserve assets should be collected from the central bank department in charge of reserves management and/or balance sheet of the central bank - *interest on reserve assets* ○ Interest payable on SDR allocation and receivable on SDR holdings is obtained from the IMF country data -*interest on reserve assets* ○ Interest payable by government on debt that is tradable like Eurobond should be classified as *portfolio investment income*	- Partner States **should** Use Administrative sources

Data Sources	Compilation Methods	Guidelines
	○ *Data on rental income by residents who rent buildings to non-residents (embassies, consulates, international organizations etc.) can be obtained from the domestic tax unit of the revenue authorities.* *Note: There will be a need to reconcile the rental data from that collected from deposit drawdown of the embassies.*	
2. Surveys	- Data on Investment income (dividends, reinvested earnings, interest, investment incomes attributable to insured persons (policyholders) and subscribers of standard guarantees and pension funds) **should** be collected from the enterprise surveys, usually during the FPC surveys	- Partner States **are encouraged to** conduct Quarterly enterprises surveys to collect this component (collected with FDI surveys).

<table>
<tr><th>Data Sources</th><th>Compilation Methods</th><th>Guidelines</th></tr>
<tr><td>3. ITRS</td><td>
<table>
<tr><th>ITRS CODE</th><th>Description</th><th></th><th>BOP Entries</th></tr>
<tr><td>1302100
2302100</td><td>Income on Immovable property owned by resident/non-resident (building, land leases)</td><td>⇨</td><td>Other primary income, Rent</td></tr>
<tr><td>1303100
2303100</td><td>Receipt/Payment of dividends and distributed profits from equity and investment fund shares of 10 percent and above</td><td>⇨</td><td>Investment income, Direct Investment, income on equity & IFS</td></tr>
<tr><td>1303200
2303200</td><td>Receipt/Payment of interest from intercompany loans (that does not increase core capital)</td><td>⇨</td><td>Investment income, Direct Investment, interest</td></tr>
<tr><td>1304100
2304100</td><td>Receipt/Payment of dividends and distributed profits from equity and investment fund shares below 10 percent</td><td>⇨</td><td>Investment income, Portfolio Investment, income on equity & IFS</td></tr>
<tr><td>1304200
2304200</td><td>Receipt/Payment of Interest on debt securities (bond, bills)</td><td>⇨</td><td>Investment income, Portfolio Investment, interest</td></tr>
<tr><td>1305100
2305100</td><td>Receipt/Payment of interest on loans – long-term</td><td>⇨</td><td>Investment Income, Other Investment, Interest</td></tr>
<tr><td>1305200
2305200</td><td>Receipt/Payment of interest on loans – short-term</td><td>⇨</td><td>Investment Income, Other Investment, Interest</td></tr>
<tr><td>1305300
2305300</td><td>Receipt/Payment of interest on deposits (savings, time, and demand deposits)</td><td>⇨</td><td>Investment Income, Other Investment, Interest</td></tr>
</table>
Limitations: some information such as on retained earnings, income earned on technical reserves and interest earned but not yet paid will not be covered in ITRS. Discounts and premiums income associated with nonequity securities may be bundled with the cost of the security at redemption.
- Compilers should approach the resident companies or use the financial statements to estimate retained earnings and interest earned but not paid as well as insurance companies on technical reserve income.
- See Annex 2: Proposed ITRS Form
</td><td>- Partner States should use the proposed ITRS with the recommended breakdown.

- The ITRS Should be used as supplementary to other Sources</td></tr>
</table>

27. Other primary income (rent, taxes and subsidies on products and production) should be sourced from official sources such as tax records in case of withholding taxes and other government agencies (like ministry of mining and petroleum) in case of fees, fines, subsidies

etc. Rent rarely arise in cross border situation because land is deemed to be owned by residents or notional resident units.

3.5.2. Secondary income

28. Secondary income arises from redistribution of income between economies. It includes all current transfers between residents and nonresidents that affects the level of disposable income and hence impacts the economy's ability to consume goods and services.

29. Secondary income consists of:

(i) Personal transfers
(ii) Other current transfers
(a) current taxes on income, wealth, etc.,
(b) social contributions,
(c) social benefits,
(d) net nonlife insurance premiums,
(e) nonlife insurance claims,
(f) current international cooperation, and
(g) miscellaneous current transfers.

30. The BPM6 Par 12.21-12.58 describes the details on each of the above components and Table 21 shows the various methodologies that can be used to estimate the secondary income components.

Table 21: Guidelines on compilation of secondary income

<table>
<tr><th>Data Sources</th><th colspan="4">Compilation Methods</th><th>Guidelines</th></tr>
<tr><td>1. ITRS</td><td colspan="4"><table>
<tr><th>ITRS CODE</th><th>Descriptions</th><th></th><th>BOP Entries</th></tr>
<tr><td>1406100
2406100</td><td>Development assistance, grants, and gift to foreign government /international organizations for consumption i.e., current transfers</td><td>⇨</td><td>Current transfer, other current transfer of general government</td></tr>
<tr><td>1406300
2406300</td><td>Development assistance, grants, and gift to other sectors for consumption i.e., current transfers</td><td>⇨</td><td>Current transfer, other current transfer of other sectors</td></tr>
<tr><td>1406500
2406500</td><td>Remittances (via bank to bank, Western Union, Money Gram, etc.)</td><td>⇨</td><td>Personal transfers</td></tr>
<tr><td>1406600
2406600</td><td>Other personal transfers (tax on income & wealth, social contributions & benefits)</td><td>⇨</td><td>Current transfer, taxes on income and wealth, other sectors</td></tr>
</table></td><td>- Partner States should use the proposed ITRS with the recommended breakdown.
- The compiler should record the data to relevant accounts of BOP</td></tr>
</table>

Data Sources	Compilation Methods	Guidelines
	<table><tr><td>1406700 2406700</td><td>Taxes and fees of the government</td><td>⇨</td><td>Taxes, general government</td></tr></table> - Personal transfers in cash should be distinguished by purpose to properly classify as current transfers or financial account items (such as savings, investment in deposits or real estate). **Limitations:** Transactions such as technical assistance personnel are often funded directly by the donors, personal transfers in kind will not be captured in ITRS. The compiler should estimate these components through surveys and administrative source. *See Annex 2: Proposed ITRS Form*	
2. Surveys	- Conduct the remittance surveys for household - Conduct the remittance surveys for NGOs	- Partner States **are encouraged to** conduct annual household surveys -
3. Administrative sources	- Compilers should collect administrative data on: ○ cross-border insurance pension transactions on both contributions, claims and benefits- From regulators. ○ Taxes on income and wealth – From revenue authority ○ Social security contributions and claims – From NSSF ○ Technical assistance, current grants – collect the data from the Ministry of finance for on-budget and off-budget transfers both by donor and country ○ Contribution to international organizations – From Ministry of Finance ○ OECD development assistance database to obtain transfers by donors by country ○ Scholarships – From Ministry of Education ○ NGO Board – where NGOs submit regular reports (including financial statements) to the Board/regulator	- Partner States **should** use administrative data to supplement the ITRS

3.6. Capital Account

31. The capital account shows:

(a) capital transfers (debt forgiveness and assumption, extraordinary claims associated with nonlife insurance, and investment grants) receivable and payable between residents and nonresidents, and

(b) the acquisition and disposal of non-produced, nonfinancial assets (contracts, leases, licenses, and marketing assets); and natural resources between residents and nonresidents.

32. The main data sources for the capital account transaction are the administrative records from relevant ministries and agencies, and records from other sources such as international organizations and databases e.g., World Bank, IMF, UN-OCHA, ODA etc.

Table 22: Guidelines on compilation of capital account

<table>
<tr><th>Data Sources</th><th>Compilation Methods</th><th>Guidelines</th></tr>
<tr><td>1. ITRS</td><td>
<table>
<tr><th>ITRS CODE</th><th>Descriptions</th><th></th><th>BOP Entries</th></tr>
<tr><td>1501100
2501100</td><td>Receipts/Payments on account of sale of intangible assets like patents, copyrights, trademarks, etc., land acquired by government, use of natural resources – government</td><td>⇨</td><td>Disposal (CR)/acquisition (DR) of nonproduced nonfinancial assets</td></tr>
<tr><td>1501200
2501200</td><td>Receipts/Payments on account of sale of intangible assets like patents, copyrights, trademarks, etc., use of natural resources – other sectors</td><td>⇨</td><td>Disposal (CR)/acquisition (DR) of nonproduced nonfinancial assets</td></tr>
</table>
See Annex 2: Proposed ITRS Form
</td><td>- Partner States should use the proposed ITRS with the recommended breakdown</td></tr>
<tr><td>2. Administrative Sources</td><td>- Compilers should obtain the data on transaction in Land[25] between government/international organization from the ministry of lands, finance, foreign affairs, and embassies of foreign governments.
Record purchase of land by government of compiling economy under acquisition (DR) of natural resources
Record sales of land to foreign government/international organization under disposal (CR)of natural resources
- Collect the data on debt forgiveness[26] from ministry of finance[27].
- Capital tax data (i.e., on legacies, gift, or other capital transfers) should be obtained from revenue authorities of the economy where taxes are levied
- Data on investment grants should be sourced from government official records or donors</td><td>- Partner States should use the administrative sources as the main data source</td></tr>
</table>

3.7. Financial Account

33. The financial account records transactions that involve financial assets and liabilities and that take place between residents and nonresidents. It is made up of Direct Investments

[25] Compilers are required to distinguish between value of land and building. Only the value of land is recorded in capital account whereas the buildings or any improvement on land is recorded as a purchase of construction services.

[26] Extinguishment of debt between two commercial entities including those in direct investment relationship is more often a case of debt cancellation or debt write-off which are recorded as volume changes in IIP.

[27] Most government in the region have adopted the Integrated Financial Management and Information System (IFMIS) to control expenditures in central government, produce timely financial reports and enhance transparency and accountability in government. The IFMIS' general ledger is thus the most suitable source of data on capital account since it has all the government receipts and payments with clear descriptions and in some instances beneficiaries.

(DI), Portfolio Investment (PI), Financial Derivatives (FD) and Employee Stock Options (ESO), Other Investments (OI) and Reserve Assets (RA).

34. The FPC survey questionnaire should be designed in line with the international standards and include clear definitions and concepts that will allow the respondent to understand the questions and will provide information accordingly hence improving the data quality. Close cooperation between agencies such as the central bank, national statistics office and investment promotion agencies is encouraged. The following key items should be included in the survey questionnaire:

- *Basic details of the enterprise* - Name, Contact information, Currency of reporting, shareholding structure, Country of resident of investor, Investment relationships
- *Definitions and concepts*
- *Liabilities* – equity and Investment fund shares (IFS) of nonresidents, dividends, profits remitted and retained earnings, non-equity liabilities, financial derivatives
- *Assets* - equity and Investment fund shares held abroad, dividends, profits remitted and retained earnings, non-equity liabilities, financial derivatives
- *Additional items such as Foreign Affiliates Statistics (FATS*) and *investor perception* can be added

35. Partner States should use the Macroeconomic and Financial Management Institute of Eastern and Southern Africa (MEFMI) Enumerators Handbook[28] on foreign private capital flows as a guide in collecting the data for the compilation of the financial account and IIP. The handbook was developed in line with the BPM6. In addition to the MEFMI Handbook, Partner States are encouraged to use the MEFMI Private Capital Flows Monitoring System (MEFMI-PCMS)[29] for the data recording, processing and generating outputs at unit records; sector and economic activity level; country aggregates; and regional aggregates as well as functional categories. The reports are aligned to the international standards for BOP and IIP statistics. The PCMS is available to MEFMI Members and other Subscribing countries.

3.7.1. Compilation of direct investment

36. **Direct Investment (DI)** is a category of cross border investment associated with a resident in one economy having control or a significant degree of influence on the management of a company that is resident in another economy. DI comprise the Equity and investment fund shares, Reinvestment of Earnings and Debt Instruments.

[28] https://mefmi.org/wp-content/uploads/2015/08/Foreign-Private-Capital-Surveys_HandBook.pdf
[29] https://mefmipcis.org/index.php

Table 23: Guidelines on compilation of Foreign Direct Investment

<table>
<tr><th>Data source</th><th>Compilation methods</th><th>Guidelines</th></tr>
<tr><td>Surveys</td><td>Compilers should collect data on resident enterprises on Foreign Direct Investment (equity, investment fund shares, reinvested earnings, debt instruments).</td><td>Partner States are encouraged to conduct Quarterly enterprise surveys.</td></tr>
<tr><td>ITRS</td><td>
<table>
<tr><th>Code</th><th>Descriptions
(P = Payments, R = Receipts)</th><th></th><th>BOP Entries
(P – Increases, R – decrease)</th></tr>
<tr><td>1601100
2601100</td><td>Sales/Purchase of equity and investment fund shares of 10% and above in enterprises abroad</td><td></td><td>Equity and IFS</td></tr>
<tr><td>1601200
2601200</td><td>Receipts/Disbursement of loans and debt instruments to related enterprises (that does not increase core capital)</td><td></td><td>Debt Instruments</td></tr>
<tr><td>1601300
2601300</td><td>Sales/Purchase of Immovable property (building, land leases) abroad by residents</td><td></td><td>Equity and IFS</td></tr>
<tr><td>1602100
2602100</td><td>Purchases/Sales of equity and investment fund shares of 10% and above by nonresident enterprises</td><td></td><td>Equity and IFS</td></tr>
<tr><td>1602200
2602200</td><td>Drawings/Repayment of loans and debt instruments from related enterprises (that does not increase core capital)</td><td></td><td>Debt Instruments</td></tr>
<tr><td>1602300
2602300</td><td>Purchases/Sales of real estate in [Country name] by nonresidents</td><td></td><td>Equity and IFS</td></tr>
<tr><td colspan="4">Limitation:
- Noncash transactions such as retained earnings, equity provided in terms of machinery, and intercompany debt and equity transactions that bypass resident banks will not be measured by ITRS.
- It may also focus on foreign currency only leaving domestic currency transactions between resident and nonresidents.
- Data by sector may not be easily compiled
Advantage:
- ITRS is important in providing the list of enterprises that participate in international transactions. This information is</td></tr>
</table>
</td><td>Partner States should use the proposed ITRS with the recommended breakdown</td></tr>
</table>

Data source	Compilation methods	Guidelines
	useful for updating the enterprise register as well as determining sample frames	
Administrative data sources	- Compilers should request for financial statements on regular basis to fill the data gaps when the surveys are not undertaken. - Financial Statements include the income statement (statement of comprehensive income), statement of changes in equity, balance sheet (the statement of financial position) and cashflow statement.	Partner States **are encouraged to use** administrative data sources

37. **Equity** consists of all instruments and records that acknowledge claims on the residual value of a corporation or quasi-corporation, after the claims of all creditors have been met.

38. **Investment Fund Shares (IFS)** are collective investment undertakings through which investors pool funds for investment in financial or nonfinancial assets or both.

Table 24: Compilation of direct investment equity (ownership of 10% and above) liabilities using FPC

A. Equity and IFS	Opening Position (t1) (A)	Purchase/ Increase (B)	Sales/ Decrease (C)	Other Changes (Price/exchange rate/other change in volume (D) =(E)-(A)-(B)+(C)	Closing Position (t2) (E)
(1) Paid up share capital	**X**	**X**	**X**		**X**
(2) Share premiums	**X**	**X**	**X**		**X**
(3) Reserves[30]	**X**	**X**	**X**		**X**
(4) ARE	**X**	**X**	**X**		**X**
(5) Other Equity	**X**	**X**	**X**		**X**
Total Equity	**= (1) + (2) + (3) + (4) + (5)**	**= (1) + (2) + (3) + (4) + (5)**	**= (1) + (2) + (3) + (4) + (5)**	**= (1) + (2) + (3) + (4) + (5)**	**= (1) + (2) + (3) + (4) + (5)**
(6) IFS - shares	**X**	**X**	**X**		**X**
(7) IFS - ARE	**X**	**X**	**X**		**X**
Total IFS	**= (6) + (7)**	**= (6) + (7)**	**= (6) + (7)**	**= (6) + (7)**	**= (6) + (7)**

[30] Includes all types of reserves: capital, statutory, and other reserves, etc.

A. Equity and IFS	Opening Position (t1) (A)	Purchase/ Increase (B)	Sales/ Decrease (C)	Other Changes (Price/exchange rate/other change in volume (D) =(E)-(A)-(B)+(C)	Closing Position (t2) (E)
Financial Account Entries	**IIP**	**BOP (Increase in liabilities)**	**BOP (Decrease in liabilities)**	**IIP (integrated)**	**IIP**

Note:

- ARE **- Accumulated retained earnings/losses.**
- **The "**other changes**" should be separately recorded (due to price change, exchange rate changes, other volume changes) for analytical purposes.**
- **The information on the shareholding structure should be used to attribute the equity and IFS to resident and nonresident shareholders.**
- **The equity and IFS should be further broken down by sector**
- Other equity **is equity that is not in the form of securities and can include equity in quasi-corporations, such as branches, trusts, limited liability and other partnerships, unincorporated funds, and notional units for ownership of real estate and other natural resources.**

39. **Reinvestment of earnings** is the direct investor's share of the retained earnings or net saving of the direct investment enterprise (DIE), before reinvested earnings payable are deemed distributed. It can be negative in case of losses by the DIE or if dividends payable in a period are larger than net earnings in that period. The value recorded in the financial account should be same as reinvested earnings recorded in the primary income account.

Table 25: Compilation of reinvested earnings using FPC

B. Reinvested Earnings	Period 1	Period 2
(1) Net Profits/losses (after Tax)	XX	XX
(2) Total dividend declared	XX	XX
(3) Total dividends paid	XX	XX
(4) Total Retained Earnings	= (1) - (2)	= (1) - (2)

The computed item (4): Retained Earnings are recorded under reinvestment of earnings (increase/decreases) under the Direct Investment and contra entry under - *Primary income, reinvested earnings.*

- Similarly, the dividend declared is recorded in under – *Primary Income, Dividends, and withdrawals from income of Quasi Corporations.*
- The information on the shareholding structure should be used to attribute the retained earnings, net profits and dividends to resident and nonresident shareholders.

40. **Debt Instruments**[31] refer to investments associated with the borrowing and lending of funds between direct investors and their subsidiaries, branches, and associates. Thus, debt instruments are those instruments that require payments of principal and/or interest at some point in future. It includes loans, debt securities, trade credit and advances, currency and deposits, life and non-life insurance technical reserves, pension entitlement/claims, standardized guarantees, other accounts payables.

41. In the proposed FPC survey questionnaire, debt instruments are referred to as non-equity liabilities. The compilation of this item is shown in Table 26.

Table 26: Compilation of debt instruments using the FPC

C. Debt Instruments (debt liabilities to related entities)	**Opening Position (t1), including accrued interest (A)**	**Disbursement during period t2 (B)**	**Principal Repayments during Period t2 (C)**	**Other Changes (Price/exchange rate/other change in volume (D) =(E)-(A) -(B)+(C)**	**Closing Position (t2) including accrued interest (E)**	**Interest Paid (F)**
(1) Loans (Incl. Financial Leases, Repos)	X	X	X		X	X
(2) Debt securities (incl. Money Market Instruments, Bond)	X	X	X		X	X
(3) Trade Credits and Advances	X	X	X		X	
(4) Currency and Deposits	X	X	X		X	X
(5) Life and Non-life Insurance Technical Reserves	X	X	X		X	
(6) Pension Entitlements/Claims	X	X	X		X	
(7) Standardized Guarantees	X	X	X		X	
(8) Other Accounts Payables	X	X	X		X	
Total	**=SUM (1 to 8)**	**=SUM (1 to 8)**	**=SUM (1 to 8)**	**=SUM (1 to 8)**	**=SUM (1 to 8)**	**=SUM (1 to 8)**
Financial Account Entries	**IIP**	**BOP (Increase in liabilities)**	**BOP (Decrease in liabilities)**	**IIP (Integrated)**	**IIP**	

- On each of the instrument and as per the generic questionnaire, the compiler should collect per instrument, the interest payments, and other charges such as fees and commissions which should be recorded under - Primary income account, Interest income, Direct investment.
- The debt instruments should be further broken down by sector and maturity (at initial issue)

[31] Debt between selected affiliated financial intermediaries like the deposit-taking corporations is not considered as direct investment.

42. **Real Estate:** This item covers the value of the real estate acquisitions/sales by nonresidents in the compiling economy such as in investment properties and vacation homes. The same ownership threshold for determining control or significant degree of influence is used as with other direct investment. Though the scope of this component is currently limited, the compilers should explore the following data sources: records of the Ministry in charge of lands, tax records (capital gain tax and stamp duty) and the enterprise surveys. Tax records is the recommended data source.

3.7.2. Compilation of portfolio investment

43. Portfolio investment (PI) consists of equity securities and investment fund shares, and debt securities, other than those included in DI or reserve assets. Equity securities recorded under portfolio investment include both listed and unlisted shares.

44. Using the FPC survey data described earlier, the information on portfolio can be estimated from the equity and IFS; and debt securities (less than 10% ownership).

- **Equity** represents owners' funds in the institutional unit. Ownership of equity in a legal entity is usually evident by shares, participation, and depository receipts. If shares are not traded, they should be recorded in other equity. It includes shares in international organizations and unincorporated entities of less than 10%
- **Equity securities** - cover those instruments whose holders receive or bear the risks and rewards arising from ownership of the enterprise. PI represents ownership of shares/voting rights of less than 10% of the total equity by a non-resident entity.
- **Debt Securities** – are negotiable instruments serving as evidence of a debt. They include bills, bonds, notes, negotiable certificates of deposits, money market instruments and similar instruments traded in financial markets.

Table 27: Guidelines on compilation of Portfolio Investment

<table>
<tr><th>Data source</th><th>Compilation methods</th><th>Guidelines</th></tr>
<tr><td>Surveys</td><td>– Compilers should collect data on resident enterprises on Portfolio Investment (equity and debt securities).
– Surveys targeting holders of securities or custodians are also used to collect portfolio investment data</td><td>Partner States are encouraged to conduct Quarterly enterprise surveys.</td></tr>
<tr><td>ITRS</td><td>
<table>
<tr><th>ITRS CODE</th><th>Description
(P = Payments, R = Receipts)</th><th></th><th>BOP Entries
(P – Increase; R – Decrease)</th></tr>
<tr><td>1701100
2701100</td><td>Sales/Purchases of equity securities and investment fund shares of less than 10% issued by nonresidents</td><td>⇨</td><td>Equity and IFS</td></tr>
</table>
</td><td>Partner States should use the proposed ITRS with the recommended breakdown</td></tr>
</table>

<table>
<tr><th>Data source</th><th>Compilation methods</th><th>Guidelines</th></tr>
<tr><td></td><td>
<table>
<tr><td>1701200

2701200</td><td>Sales/Purchases of debt securities issued by nonresidents</td><td>⇨</td><td>Debt Securities

P – Increase; R – Decrease</td></tr>
<tr><td>1702100

2702100</td><td>Purchase/Sales of equity securities and investment fund shares of less than 10% issued by residents</td><td>⇨</td><td>Equity and IFS

P – Increase; R – Decrease</td></tr>
<tr><td>1702200

2702200</td><td>Sales/Purchases of debt securities issued by residents</td><td>⇨</td><td>Debt Securities

P – Increase; R – Decrease</td></tr>
</table>
</td><td></td></tr>
<tr><td>Administrative data sources</td><td>Compilers should use:

• financial statements on regular basis to fill the data gaps when the surveys are not undertaken. Financial Statements include the income statement (statement of comprehensive income), statement of changes in equity, balance sheet (the statement of financial position) and cashflow statement.
• monetary and financial statistics (MFS) provides position data on the financial assets and liabilities of depository corporations (central banks and other depository corporations).
Note: The MFS data and specifically, the MFS 2SR (other depository corporations' balance sheet) and MFS 4SR (other financial corporations' balance sheet) provide good data on the stock of assets and liabilities which can be used in IIP compilation. For BOP compilation, transactions can be derived, see Box 19. The SRs are organized by instruments and sectors which are easy to map to the BOP and IIP. Compilers should familiarize themselves with SRs framework. The MFS data mostly provide position data. Compilers should compute the transaction and other changes in volume from positions data.

Limitations:
i. Valuation issues such as shares, and equity are measured on book value basis whereas BPM6 requires to be valued at market price.
ii. MFS does not use functional categories like in BPM6, thus a challenge in compiling direct investment position in IIP for OFC based on MFS.
iii. Maturity breakdown is also not available on MFS.

• Other sources:
○ Data from Central Banks, Capital Market Authority (CMA) and Ministry of Finance (MOF). For the CMA data, see Kenya's experience in Box 17.
○ Countries which have acquired external debt in form of securities such as Eurobond should obtain the data from the MOF or the central bank.
○ Use data from stock exchange.
Limitations:
• It may pose some challenges related to the country of attribution since the information may be based on nationality or shares may be held under nominee's accounts and with no additional details on individual owners' residence which requires compilers to adjust.
• Where ownership of less than 10% by nonresidents through nominee account are aggregated may erroneously be interpreted as DI.</td><td>Partner States are encouraged to use administrative data sources</td></tr>
</table>

Box 17: Compilation of equity portfolio investment in Kenya

Introduction

Portfolio investment (PI) is composed of investment on equity and debt securities not covered by direct investment and reserve assets. Data on PI is obtained from a combination of sources: ITRS, central bank, MOF, FPC, and the Capital Markets Authority (CMA).

Data sources

Kenya relies on the Central Bank of Kenya, Retirement Benefits Authority and ITRS for assets-data and on CMA for liabilities-data. The information for two years (current and previous years say, **2019 and 2020**) is requested from CMA for the compilation of **Balance of Payments statistics** as enumerated below:

1. The value of equity securities issued by residents to non-residents disaggregated by country as much as possible (transactions).
2. The value of debt securities, including corporate bonds, issued to non-residents.
3. The stock of equity securities at the end of the period disaggregated by residence.
4. The stock of debt securities held at the end of the period disaggregated by residence.
5. The value of fees and commissions paid by non-residents for investment brokerage services.
6. The amount of interest income paid to non-residents on the securities held, both for government and private securities.

Normally, CMA is requested to provide the information on the reported indicators in a disaggregated manner by month or quarter to inform the growing demand for high frequency data.

Estimation Techniques

Data from CMA is complemented by ITRS and FPC survey data in a bid to estimate Portfolio account. Specifically, CMA provides portfolio data for listed entities, whereas ITRS and FPC provides portfolio data for unlisted entities. CMA data comprises foreign investor participation-purchases and sales (flows) at the Nairobi Securities Exchange (NSE), and stocks data on bond issues of banks and other sectors, and equity transactions provided from NSE.

Besides using CMA data, nonresidents portfolio investments data is also collected through MFS, ITRS, FPC Surveys, Retirement Benefits Authority and Ministry of Finance as follows:

Data Source	Financial Instrument	Sector
MFS	• Equity & IFS Assets	➢ ODC
	• Debt Securities Assets	➢ ODC
ITRS	• Equity & IFS Assets	➢ Nonfinancial Corporations, Households and NPISHs
	• Debt Securities Assets	➢ Nonfinancial Corporations, Households and NPISHs
FPC Survey	• Equity & IFS Liabilities	➢ ODC ➢ Other Financial Corporations

	• Debt Securities Liabilities	➢ Nonfinancial Corporations, Households and NPISHs ➢ Nonfinancial Corporations, Households and NPISHs
Pension Regulator	• Debt Securities Assets	➢ Other Financial Corporations
Ministry of Finance	• Debt Securities (Treasury Bills) Liabilities • Debt Securities (T bonds Incl. Eurobond) Liabilities	➢ General Government ➢ General Government

From the foregoing, it is important to carefully avoid double counting and to compare the numbers received from the various sources, and adopt figures which are more realistic, in a bid to compile credible BOP statistics. Further, where necessary, Moving Averages (MAs) and Imputation techniques may be employed to fill the data gaps.

Challenges

- CMA is unable to provide data disaggregated by country of residence. This calls for apportioning the provided data, proportionately to source countries.
- The nature of outstanding equity held by foreigners as captured by CMA does not provide for holistic disaggregation of < or> 10% shareholding by non-residents.

3.7.3. Compilation of Financial derivatives and employee stock options

45. *A financial derivative contract* is a financial instrument that is linked to another specific financial instrument or indicator or commodity and through which specific financial risks (such as interest rate risk, foreign exchange risk, equity and commodity price risks, credit risk, and so on) can be traded in their own right in financial markets. Transactions and positions in financial derivatives are treated separately from the values of any underlying items to which they are linked, *BPM6 Para 5.80.*

46. Unlike direct investment, portfolio investment and other investment, financial derivatives do not accrue primary income. Financial derivatives associated with the management of reserve assets continue to be classified separately under official reserves.

Table 28: Guidelines on Compilation of Financial derivatives (other than reserves) and employee stock options

Data sources	Compilation methods	Guidelines
1. **Surveys**	– **Financial derivatives**: compilers should collect data on resident enterprises on Financial derivatives. – Special forms are designed for banks collecting information on volumes and market and strike prices for exchange rate forwards and option derivatives transactions. (*Note: Refer to Box 25: Compilation of financial derivative on currency swaps and forward contract between Commercial Banks, in Uganda)* – For non-financial institutions, it is common practice for commodity dependent entities (such as wholesalers of fuel products, airlines/shipping lines, and mining and other commodity exporters) to hedge risks against commodity price movements. Therefore, estimation approaches are similar to the requirements on volumes and commodities purchased in the case of airlines, jet fuel, or volumes of commodities sold in the case of mining companies' minerals, strike prices and market prices. The form for banks could be customized for these entities. – **Employee stock Options:** FPC surveys will provide the information from companies engaged in cross border transactions such as multinationals that may offer employees in one economy options on shares of their parent company in another economy.	Partner States **are encouraged** to conduct Quarterly enterprises surveys.
2. Administrative data sources	- Monetary and financial statistics (MFS) data provides the positions on financial derivatives for the banks engaging in transaction with nonresidents. **Limitations**: In terms of coverage, the data may exclude nonbank private sector activities. In addition, it may be difficult to derive transactions from the MFS data.	Partner States **are encouraged to use** administrative data sources

3.7.4. Compilation of other investment

47. Other Investment (OI) constitutes a residual category that includes all transactions in financial assets and liabilities of an economy which are not included in direct investment, portfolio investment, financial derivatives, and reserve assets. The financial instruments within other investment are other equity; currency and deposits; loans; insurance, pension, and standardized guarantee schemes; SDR allocations, trade credits and advances; and other accounts receivable/payables.

48. The source data for the compilation of Other Investment includes enterprise surveys, administrative data (mainly MFS and Ministries of Finance), BIS, IMF, among others.

Table 29: Guidelines on the compilation of other investment

Data source	Compilation methods	Guidelines
1. **Surveys**	– Compilers should use survey to collect data on non-equity assets and liabilities from unrelated parties. The data collected will be for the deposit-taking corporations, other financial corporations, nonfinancial corporations, households and NPISHs. – Surveys of insurance companies and pension funds may provide data for insurance and pensions that will facilitate computation of service component, investment income, transfers and financial account/ IIP elements. See *Box 12* above for computation of nonlife insurance component. However, the most reliable and recommended data source for insurance and pension data is administrative data from regulators. **Note**: From the survey, the information on equity in quasi-corporations (branches, trusts, limited liability, and other partnerships, unincorporated funds, and notional units for ownership of real estate and other natural resources) will be classified as other equity if voting power is less than 10 percent.	Partner States **are encouraged** to conduct Quarterly enterprises surveys. (Surveys are the **most Recommended** methodology for other equity, loans, and trade credit and advances for other sectors)
2. Administrative data sources	Administrative data sources include: - MFS covering the central bank balance sheet (1SR), other depository corporations balance sheet (2SR), and other financial corporations balance sheet (4SR). - MFS has position data which is reported on monthly basis. The standardized report forms for MFS record assets and liabilities that mirrors the financial instruments of the financial account and in addition disaggregated by sector. Therefore, compilers can derive transactions in currency and deposits, loans, and other accounts payable/receivable for the central bank,	Partner States **should use** Administrative data sources **(**Administrative data sources are the **most Recommended** for other equity, loans, currencies and deposits and

Data source	Compilation methods	Guidelines
	deposit taking corporations, and other financial corporations from MFS. - Government Finance Statistics (GFS) is another source of data for Other Investment. The GFS provides data on public sector external debt, which can be used to compile BOP data for general government on currency and deposits, loans, trade credits and advances, and other accounts payable. - **Other sources**: o **BIS database**. The locational banking statistics from the BIS can be used to close data gaps on currency and deposit assets for the other sectors (nonfinancial corporations, households, NPISH). *Box 26* gives an illustration on how to obtain estimates of deposit assets for the other sectors from the BIS database o Ministry of Finance or Central Bank records for providing information on shares owned by member states in regional institutions and participation in other international organizations which is included in other equity o **IMF website**[32]: for SDR allocation	trade credit and advances for ODCs, General Government, and for currency and deposit assets of other sectors)

[32] IMF Members' Financial Data by country

Data source	Compilation methods			Guidelines
3. ITRS	**ITRS CODE**	**Descriptions** *R = Receipts, P = Payments*	**BOP Entries** (P = increase, R = Decrease)	Partner States should use the proposed ITRS with the recommended breakdown (Recommended as a supplementary methodology for other sectors)
	1801100 2801100	Receipts/Disbursement of Loans to nonresident - long-term	Loans	
	1801200 2801200	Receipts/Disbursement of Loans to nonresident - short-term		
	1801300 2801300	Withdrawal/Placement of deposits of residents in nonresident banks	Deposits	
	1802100 2802100	Repayment of Loans from/ to nonresident - long-term	Loans	
	1802200 2802200	Repayment of Loans from/to nonresident - short-term		
	1802300 2802300	Placement/Withdrawal of deposits by nonresidents	Deposit	

Table 30: Compilation of other investment using FPC surveys

Other Investment (debt liabilities to unrelated entities)	Opening Position (t1), including accrued interest (A)	Disbursement during period t2 (B)	Principal Repayments during Period t2 (C)	Other Changes (Price/exchange rate/other change in volume (D) =(E)-(A) -(B)+(C)	Closing Position (t2) including accrued interest (E)	Interest Paid
(1) Loans (Incl. Financial Leases, Repos)	X	X	X		X	X

(2) Debt securities (inc. Money Market Instruments, Bond)	X	X	X		X	X
(3) Trade Credits and Advances	X	X	X		X	X
(4) Currency and Deposits	X	X	X		X	X
(5) Life and Non-life Insurance Technical Reserves	X	X	X		X	
(6) Pension Entitlements/Claims	X	X	X		X	
(7) Standardized Guarantees	X	X	X		X	
(8) Other Accounts Payables	X	X	X		X	
Total	**=SUM (1 to 8)**	**=SUM (1 to 8)**	**=SUM (1 to 8)**	**=SUM (1 to 8)**	**=SUM (1 to 8)**	
Financial Account Entries	**IIP**	**BOP (Increase in liabilities)**	**BOP (Decrease in liabilities)**	**IIP (Integrated)**	**IIP**	
•	• On each of the instrument and as per the generic questionnaire, the compiler should collect data per instrument, the interest payments, and other charges such as fees and commissions which should be recorded under - Primary income account, Interest income, other investment • The debt instruments should be further broken down by sector and maturity (at initial issue) • The main source of data on Currency and Deposits should be the MFS. The survey data should however be used to counter check the MFS data					

49. The principles for the measurements of life insurance and nonlife insurance are similar except that the net premium and payments of benefits are recorded in the financial account in the case of nonlife insurance (it's a kind of savings to policyholder).

Box 18: Illustration for computation of components of nonlife insurance

1. Basic Information:

This example covers policies of resident insurers with nonresident policyholders; the same principles apply for nonresident insurers with resident policyholders, although the availability of data is less in practice, so that ratios may be needed for some items.

Gross premiums receivable from abroad	135
Gross premiums received from clients abroad	150
Reserves relating to prepayments—beginning of period	40

Reserves relating to prepayments—end of period 55

Net increase in reserves relating to prepayments 15

Investment income attributable to nonresident policyholders 8

Claims payable to client abroad 160

Claims paid to clients abroad 155

Reserves relating to claims incurred—beginning of period 10

Reserves relating to claims incurred—end of period 15

Net increase in reserves for claims incurred but not paid 5

Adjustment for volatility in claims payable –40

(i.e., expected long-term level of claims would be 120, that is 160 – 40)

2. Derived items:

Goods and services account:

Insurance service (credits)

= gross premiums receivable plus premium supplements less expected claims (i.e., expected claims is derived as actual claims payable plus adjustment for volatility = 135 + 8 – 120 = 23

(Note: not considering the volatility would lead to a negative value of services: –17.)

Primary income account:

Investment income attributable to policyholders (debits)

= 8

Secondary income account:

Net premiums receivable (credits)

= gross premiums receivable less service = 135 + 8 – 23 = 120

Claims payable (debits) = 160

Financial account:

Insurance reserves (increase in liabilities to policyholders) = 20 (= 15 + 5)

Currency and deposits (increase in assets of resident insurers) = –5 (= 150 – 155)

IIP—Liabilities

Insurance reserves (prepayments and claims incurred)—beginning of period = 50 (= 40 + 10) Insurance reserves (prepayments and claims incurred)—end of period = 70 (= 55 + 15)

50. Obtaining the transactions for financial instruments denominated in national currency will be straight forward by obtaining the difference between the opening and closing position. For the transactions denominated in foreign currency, first, convert the position

data into original currency using end period exchange rates. This is done to eliminate the impact of exchange rate movement in deriving transactions. Secondly, derive the transaction in the original currency of denomination, which should then be converted to the currency used in compiling the BOP using the period average exchange rate. *Box 19* describes the steps on how to estimate transactions from position data.

Box 19: Example on how to derive Transactions from positions

Assume the MFS data and BOP data is reported in Kenyan Shillings. The position deposits reported in the MFS are as follows:

The deposits held by nonresidents denominated in USD in period t_1 is Ksh 2000 and period t_2 is Ksh 3000. The end of period exchange rates for the respective periods are e_1 =$1=Ksh100 and e_2 =$1=Ksh102. The average exchange rate during the period was e_3 =$1=Ksh101. Compute the transactions and other exchange rate changes.

Step 1: Convert the position data to original currency

Period t_1	**Period t_2**
$(2000/100) =20	$(3000/102) = 29.4

Step 2: Derive transaction in original currency and convert to the BOP reporting currency

Change in deposits in $(29.4 -20) = $9.4

Change in deposits in Ksh (9.4*101) = Ksh 949.4

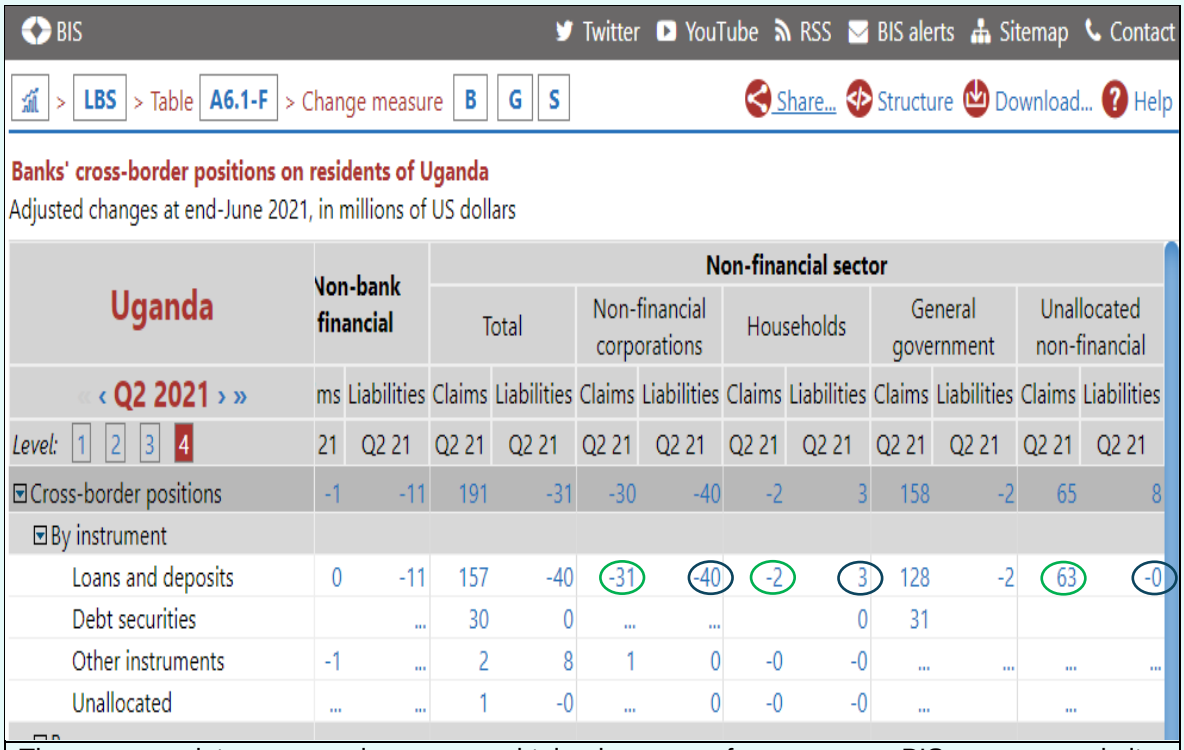
The results will be:

Ksh.

Opening position (t_1)	**Transaction**	**Exchange rate changes**	**Closing Position(t_2)**
2,000	949.4	50.6	3,000

51. Another data source that can be used is the **BIS database**. Specifically, the locational banking statistics from the BIS can be used to close data gaps on currency and deposit assets for the other sectors (nonfinancial corporations, households, NPISH). ***Box 20*** gives an illustration on how to obtain estimates of deposit assets for the other sectors from the BIS database.

Box 20: Using BIS to estimate other investment assets of the non-financial corporations and households in Uganda



BIS Twitter YouTube RSS BIS alerts Sitemap Contact

LBS > Table A6.1-F > Change measure B G S Share... Structure Download... Help

Banks' cross-border positions on residents of Uganda

Adjusted changes at end-June 2021, in millions of US dollars

Uganda	Non-bank financial		Non-financial sector									
			Total		Non-financial corporations		Households		General government		Unallocated non-financial	
« ‹ Q2 2021 › »	ms	Liabilities	Claims	Liabilities	Claims	Liabilities	Claims	Liabilities	Claims	Liabilities	Claims	Liabilities
Level: 1 2 3 4	21	Q2 21	Q2 21	Q2 21	Q2 21	Q2 21	Q2 21	Q2 21	Q2 21	Q2 21	Q2 21	Q2 21
Cross-border positions	-1	-11	191	-31	-30	-40	-2	3	158	-2	65	8
By instrument												
Loans and deposits	0	-11	157	-40	-31	-40	-2	3	128	-2	63	-0
Debt securities		...	30	0	...	...		0	31			
Other instruments	-1	...	2	8	1	0	-0	-0	...	...	...	...
Unallocated	...	...	1	-0	...	0	-0	-0	...		...	

The data is obtained from BIS website: https://stats.bis.org/statx/srs/table/A6.1?c=UG&p=20213&m=F

- Table A6.1-F is selected which shows the exchange rate adjusted changes (BOP transactions).
- Data on loans and deposits is picked for the non-financial corporations, households, and unallocated non-financial sector.
- The reporting banks' liabilities correspond to the assets for the selected economy and claims to the liabilities of the respective economy.
- In this example, the deposit assets flow of the non-financial sector for Uganda during Q2 of 2021 will be a drawdown of USD 37m (-40+3+-0) while the loan liability flows will be a net disbursement of USD30m (-31-2+63).

Limitations

Estimates for some banks in countries that do not report to the BIS are not included.

2.3

3.7.5. Compilation of reserve assets

52. Reserve assets are external assets that are readily available to and controlled by monetary authorities for meeting balance of payments financing needs, for intervention in exchange markets to affect the currency exchange rate, and for other related purposes (such as maintaining confidence in the currency and the economy and serving as a basis for foreign borrowing) - *BPM6 Para 6.64*. Reserves include monetary gold, SDR holdings, reserve position in the fund and other reserve assets. Data on reserve assets are obtained from the central bank and the IMF. ***Table 31*** describes the guidelines on the compilation of reserve assets while ***Box 21*** shows an extract from the IMF on Financial Position in the Fund for Tanzania as at May 31, 2021.

Table 31: Guidelines on compilation of reserve assets

	BOP Components	Data Source	Compilation Methodology
1.	Monetary Gold	Central Bank balance sheet (1SR)	- Monetary gold can be obtained from the 1SR or directly from the department in charge of reserve management. - Transactions are computed *as in* ***Box 19*** ***Note****:* Transactions in monetary gold are rare in the region, therefore, the change in this component is mostly "other changes" such as the exchange rate changes – IIP item
2.	SDR Holdings	- IMF website	- SDR holdings are in SDR currency. Obtain transaction in original currency (SDR) then convert the transactions to USD and national currency using the period average exchange rate.
3.	- Reserve Position in the Fund	- Central Bank balance sheet	- Reserve position in the IMF = reserve tranche (foreign currency including SDR amount that a member economy may draw from the IMF at short notice) plus any indebtedness of the IMF (under a loan agreement) in the General Resource Account (GRA) readily available to a member economy**. This is the preferred source.** *(See* ***Box 21:*** *extract from IMF website and* ***Table 32*** on how to *Calculate the flows)* - If the central bank's records (1SR) are used, the compilers should follow the computation methodology for estimation of flows described in **Table 32**.
4.	Other Reserve assets: - Currency and deposits, securities, - Financial derivatives, and - Other claims)	- Central Bank balance sheet	- Compute the transactions appropriately.

Box 21: Extract from IMF website on Tanzania's financial position in the Fund

- *See **Table 4.21*** below on estimation of transaction using Tanzania data obtained from the IMF Website (Column A).
- *Note:* Tanzania had no lending to the Fund by the time of this extract.

Source: https://www.imf.org/external/np/fin/tad/exfin2.aspx?memberkey1=930&date1key=2021-12-31

Table 32: Estimating transaction on selected components of reserves assets and related liabilities using Tanzania data

	Position (SDR Millions) (A)			Transaction Derived (SDR Millions) (B)		BOP Derived Transactions (USD Million) (C)	
Reserve Assets and related liabilities	**2020M9 (T_9)**	**2020M12 (T_{12})**	**2021M3 (T_3)**	**2020M12 [(T_{12}) - (T_9)]**	**2021M3 [(T_3) - (T_{12})]**	**2020M12 [(T_{12}) - (T_9)]*E_{12}**	**2021M3 [(T_3) - ($T11_2$)]*E_3**
Reserve Position in the IMF	59.73	59.73	59.73	-	-	-	-
SDR Holdings	6.35	6.32	6.29	(0.03)	(0.03)	**(0.04)**	**(0.04)**
Liabilities							
SDR Allocations	190.51	190.51	190.51	-	-	**-**	**-**
Credit and Loans with the IMF	8.29	-	-	(8.29)	-	**(11.94)**	**-**
						E_{12}	**E_3**
Period Average Exchange Rate (i.e., 1SDR = 1.4USD) Source: https://www.imf.org/external/np/fin/data/param_rms_mth.aspx						1.44	1.42

The computed flow data in Column C will be recorded under respective components of the reserve assets after using the relevant exchange rate to the currency of reporting. Since the data are available on monthly basis, the computation of the flows should be on monthly basis and aggregated for the quarter or annual.

3.7.6. Compilation of EAC Imports and International Reserves

53. Article 6 of the EAMU Protocol requires the observance of macroeconomic convergence criteria on reserves to imports *of 4.5 months*. Table 33 summarizes key considerations in undertaking harmonization of imports and international reserves in the EAC.

Table 33: Guidelines on the Harmonized Reserves and Imports for EAC Convergence Criteria

Indicator	Coverage	Methodology
Imports	**Standard:** BPM6 **Sector coverage:** Resident institutional units with nonresident counterparties, EAC member countries and EAC region **Concept:** Goods and services **Tracking indicators:** - Goods, merchandise trade basis (Standard: IMTS) - Services, Standard BPM6	**1. Prospective (forward looking) 12-month Average Imports** $x\ months\ of\ imports\ = \frac{Reserves}{forward\ looking\ 12\ months\ average\ imports}$ **2. Using 12 months Average Imports** $x\ months\ of\ imports\ = \frac{Reserves}{average\ of\ past\ 12\ months\ imports}$
International reserves	**Standard:** BPM6 and IMF Template on International Reserves and Foreign Currency Liquidity **Sector coverage:** Monetary authorities,	

4. DATA COLLECTION AND COMPILATION METHODS FOR INTERNATIONAL INVESTMENT POSITION

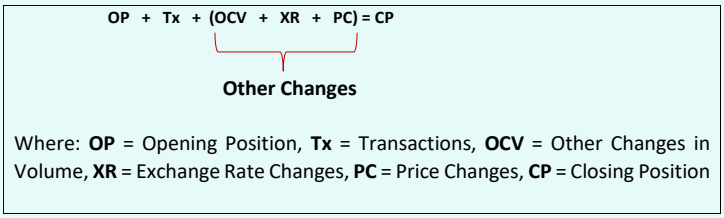
4.1. Introduction

54. International Investment Position (IIP) is a statistical statement that shows at a point in time the value of financial assets of residents of an economy that are claims on nonresidents or are gold bullion held as reserve assets; and the liabilities of residents of an economy to nonresidents, *BPM6 Para 2.8.* Thus, the IIP as a balance sheet, represents the stock of a country's financial assets and liabilities. The difference between the financial assets and liabilities is the net IIP, which represents either net claims on or net liabilities to non-residents.

55. It is important that all Partner States compile an IIP statement. The IIP is a useful statement that helps to analyze and examine the external vulnerabilities of an economy including external debt sustainability, financial stability, and measures of capital structure to assess reliance on equity or debt financing.

56. An integrated IIP statement reconciles the opening and closing positions with transactions that occur over the period, and other changes (that include other volume changes and revaluations). *Box 22* shows the reconciliation statement for verifying the consistency within the IIP statistics.

Box 22: IIP Reconciliation Statement



Where: **OP** = Opening Position, **Tx** = Transactions, **OCV** = Other Changes in Volume, **XR** = Exchange Rate Changes, **PC** = Price Changes, **CP** = Closing Position

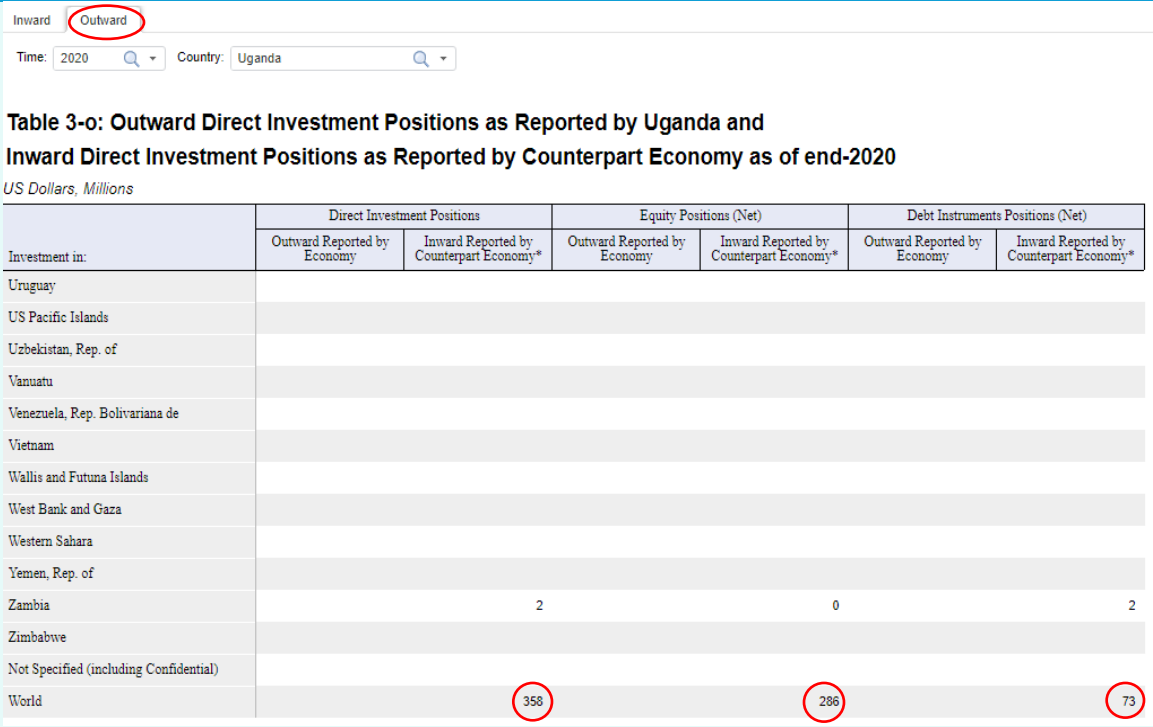
57. Data on the IIP can be obtained from both domestic and external sources. **Domestic data sources** include MFS (sectoral balance sheet of the central bank and other depository corporations), GFS for the external assets and liabilities of the general government, and the BOP financial account. Enterprise surveys on foreign assets and liabilities for the nonfinancial sector, enterprise financial statements as well as the media (i.e., print and digital) can be additional data sources. **External data sources** can be explored to close data gaps that may arise due to insufficient or lack of data from domestic sources. Such external sources include the international banking statistics of the BIS, Coordinated Direct Investment Survey of the IMF, Statement of Financial Position in the Fund of the IMF etc. For consistency between macroeconomic statistics (i.e., GFS, MFS and national accounts), the BOP financial account and the IIP, it is recommended that compilers use the same data sources.

4.2. Compilation of Direct Investment

58. Data on direct investment equity and debt securities for the IIP can be obtained from the same sources used for compiling this same functional category for the BOP, as explained in Section 3.7.1 under the financial account. These include enterprise surveys (foreign private capital flows surveys), financial statements, ITRS, administrative sources and BIS.

59. The CDIS is a useful data source for estimation of direct investment assets when this data is not readily obtainable from the domestic sources. It can also be used to validate Partner States' compiled data on direct investment through bilateral data comparisons. However, compilers need to be aware that this data source is not exhaustive as some economies do not report data for the CDIS. *Box 23* gives an illustration on how to estimate direct investment assets using the CDIS database.

Box 23: Compilation of direct investment asset positions using CDIS



Inward | Outward

Time: 2020 Country: Uganda

Table 3-o: Outward Direct Investment Positions as Reported by Uganda and Inward Direct Investment Positions as Reported by Counterpart Economy as of end-2020

US Dollars, Millions

Investment in:	Direct Investment Positions		Equity Positions (Net)		Debt Instruments Positions (Net)	
	Outward Reported by Economy	Inward Reported by Counterpart Economy*	Outward Reported by Economy	Inward Reported by Counterpart Economy*	Outward Reported by Economy	Inward Reported by Counterpart Economy*
Uruguay						
US Pacific Islands						
Uzbekistan, Rep. of						
Vanuatu						
Venezuela, Rep. Bolivariana de						
Vietnam						
Wallis and Futuna Islands						
West Bank and Gaza						
Western Sahara						
Yemen, Rep. of						
Zambia		2		0		2
Zimbabwe						
Not Specified (including Confidential)						
World		358		286		73

- The data is obtained from the IMF website https://data.imf.org/?sk=40313609-F037-48C1-84B1-E1F1CE54D6D5&sId=1410469360660
- The data is presented in various tables.
- Select table 3, then select the "outward" option, and select the period of interest and then your country.
- The resultant table (Table 3-o) shows the outward direct investment positions as reported by your country versus what the counterpart economies report as the inward direct investment from your country
- Table 3-o shows that Ugandan residents hold direct investment assets abroad of US$358 million comprising of equity positions of US$286 million and debt positions of US$73 million as highlighted.

Limitations

- The database is not exhaustive since it only captures data from CDIS reporters and therefore does not include data from counterpart economies that do not report to the CDIS.
- Confidential data is also not reported and therefore compilers are not able to see the partner country estimates where data is deemed confidential, although it would be included in the total investment position.
- The CDIS only captures data on positions. While compilers can use it to close data gaps in the IIP, some assumptions need to be made when deriving data for the BOP as the flows between the positions might also include other changes.
- For more discussions on adjustment on CDIS data for compilation of BOP and IIP, refer to BPM6-CG paragraph 7.20 – 7.22.

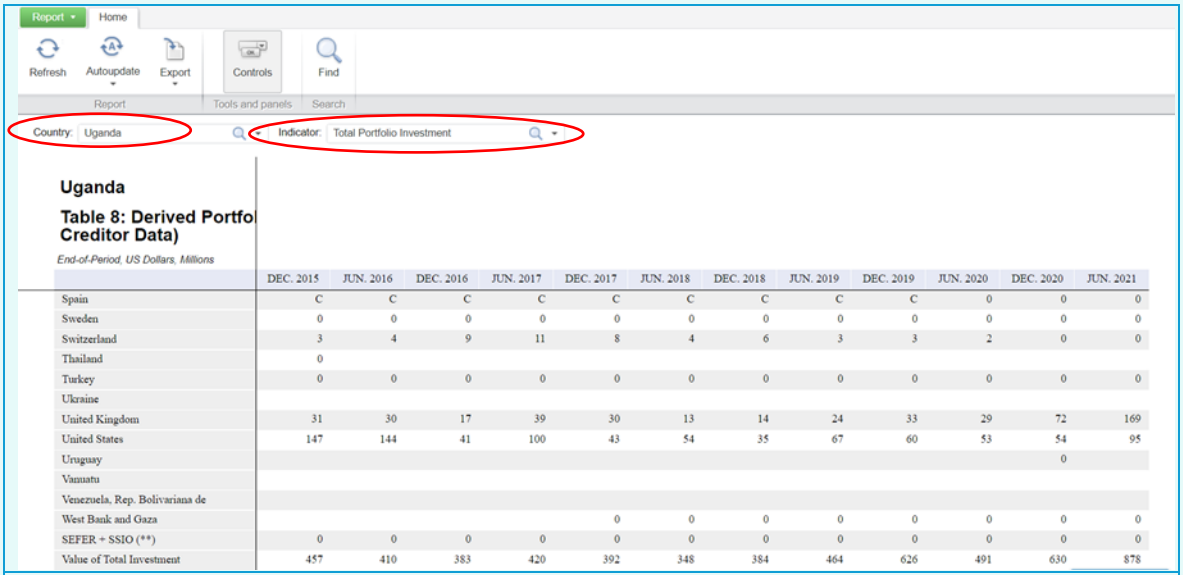
4.3. Compilation of Portfolio Investment

60. As discussed in section 3.7.2 the main domestic data sources for portfolio investment positions are enterprise surveys, administrative sources, and MFS (sectoral balance sheets of the central banks and ODCs). In MFS, equity is not broken down by shareholding structure neither is debt instruments by maturity profile. Therefore, additional information may be required to correctly identify the appropriate IIP components when using the MFS.

61. Administrative sources include securities exchanges, capital markets regulators, pension funds regulators, insurance regulators, NSSF, central bank and ministry of finance (i.e., on Eurobonds and nonresident holding of domestic government securities).

62. Partner States may use the CPIS to derive data for portfolio investment liabilities where the data is not available from domestic sources. The CPIS focuses on the geographical breakdown of portfolio assets (both equity and debt securities) of participating countries and therefore can be used to derive portfolio investment liability positions for the IIP. Similarly, like in the CDIS, data derived from the CPIS could be understated because some economies do not report data for the CPIS. *Box 24* gives an illustration on how to estimate portfolio investment using CPIS database.

Box 24: Compilation of portfolio investment asset positions using CPIS



Uganda

Table 8: Derived Portfo
Creditor Data)

End-of-Period, US Dollars, Millions

	DEC. 2015	JUN. 2016	DEC. 2016	JUN. 2017	DEC. 2017	JUN. 2018	DEC. 2018	JUN. 2019	DEC. 2019	JUN. 2020	DEC. 2020	JUN. 2021
Spain	C	C	C	C	C	C	C	C	C	0	0	0
Sweden	0	0	0	0	0	0	0	0	0	0	0	0
Switzerland	3	4	9	11	8	4	6	3	3	2	0	0
Thailand	0											
Turkey	0	0	0	0	0	0	0	0	0	0	0	0
Ukraine												
United Kingdom	31	30	17	39	30	13	14	24	33	29	72	169
United States	147	144	41	100	43	54	35	67	60	53	54	95
Uruguay											0	
Vanuatu												
Venezuela, Rep. Bolivariana de												
West Bank and Gaza					0	0	0	0	0	0	0	0
SEFER + SSIO (**)	0	0	0	0	0	0	0	0	0	0	0	0
Value of Total Investment	457	410	383	420	392	348	384	464	626	491	630	878

- The link to the data is https://data.imf.org/?sk=B981B4E3-4E58-467E-9B90-9DE0C3367363&sId=1481568994271
- Select the table 8.
- Table 8 shows the derived total portfolio assets for Uganda as reported by counterpart economies. The compiler can run the data based on the total portfolio liabilities or further disaggregate by equity and investment fund shares, and debt securities (short term or long term).
- Compilers can use this dataset to compare with their data on portfolio liabilities collected from domestic data sources.

Limitations

- The database is not exhaustive since it only captures data from CPIS reporters and therefore does not include data from counterpart economies that do not report to the CPIS.
- For more discussions on adjustment on CPIS data for compilation of BOP and IIP, refer to BPM6-CG paragraph 7.14 – 7.15.

4.4. Compilation of Financial Derivatives and Employee Stock Options

63. Positions of financial derivatives and employee stock options can be obtained from the enterprise survey. The MFS can be used as a data source for financial derivatives of deposit taking corporations. Box 25 describes the compilation methodology on financial derivatives applied in Uganda

Box 25: Compilation of financial derivative on currency swaps and forward contract between Commercial Banks in Uganda

Introduction

Bank of Uganda collects data on financial derivatives based on currency forward and swap contracts done by the commercial banks. The commercial banks submit this data daily through the Bank Supervision Application (BSA). The specific template for submitting this data is called the “Daily report on Bank’s Forex Transactions”.

Methodology

The template captures the following information from the banks for each contract: name of customer, residence status, contract amount, contract currency, contract agreed exchange rate, USD equivalent of the contract amount, and the start and maturity dates of the contract.

The data received from all the reporting banks is consolidated into one working file, where the derivatives are computed at the date of maturity as applicable to the respective contracts.

To compute the derivatives, the prevailing exchange rate at the maturity date of the contract is used.

The exchange rates at maturity are obtained internally from the financial markets department (FMD) or externally using the website www.xe.com for currencies which are not included in the FMD data.

The formula used for computing forward derivatives is:

$$d = ((XR_M - XR_C) \square V_\$) / XR_M$$

Whereby:

d = derivative

XR_M = prevailing exchange rate at maturity of the contract

XR_C = exchange rate agreed in the contract

$V_\$$ = contract amount in USD

The resultant derivatives data is aggregated for each month and uploaded to the BOP on a monthly basis.

A copy of the reporting template that the Banks submit is shown below.

	Institution Code:	
	Financial Year:	2022
	Start Date:	2022/05/10
	End Date:	2022/05/10

P. DETAILS ON INDIVIDUAL SWAP TRANSACTIONS (PURCHASES) REPORTED IN PART H
ENTER THESE REGARDLESS OF AMOUNTS

SWAP PURCHASES

ID	Name of Customer	Customer residency status	Maturity date	Amount (US$)	Rate	Contract currency	Amount (Contract Cur
				0.00			
1							
2							
3							
4							
5							
6							
7							
8							
9							
10							

4.5. Compilation of Other Investment

64. Enterprise surveys are used to obtain IIP data for the non-financial corporations for the other investment category. The sectoral balance sheets of the central banks and other depository corporations are another important data source. Data on the general government's external debt as obtained from the GFS or provided by the ministries of finance is used to compile the relevant liabilities of general government in the IIP.

65. The quarterly locational banking statistics from the BIS are a useful source for closing data gaps on deposits for households and NPISH. The IIP data for non-bank sector can be extracted from BIS Locational Banking Statistics as loans and deposits claims/assets or liabilities as indicated in Box 26 below:

Box 26: Compilation of deposit assets using the BIS statistics

BIS Statistics Explorer
Table A6.2-S ***Banks' cross-border positions on residents of Kenya***
Outstanding at end-December 2020, in millions of US dollars
Country ***Kenya***
Dataset ***Locational banking statistics (LBS_D_PUB)***
Data updated ***'17/02/2022 04:40***
Data URL ***http://stats.bis.org:8089/statx/srs/table/A6.2?c=KE&p=20204&f=xlsx***

Kenya	Claims				Liabilities			
Q4 2020	All sectors		Of which: non-banks		All sectors		Of which: non-banks	
	All instruments	Of which: loans and deposits	All instruments	Of which: loans and deposits	All instruments	Of which: loans and deposits	All instruments	Of which: loans and deposits
Cross-border positions	**14,869**	**14,566**	**13,242**	**13,015**	**7,686**	**7,554**	**3,625**	**3,486**
By location of banking office								
Australia	5	5	5	5	26	26	26	26
Austria	28	28	28	28	22	22	22	22
Belgium	284	280	270	266	70	68	37	35
Canada	2	2	2	2	18	18	11	11
Chile					...	...	...	...
Chinese Taipei	...	...	...	...	-	-	-	-
Denmark	5	3	4	3	7	7	7	7
Finland	16	16	\	\	2	2	2	2
France	1,567	1,541	1,295	1,279	286	285	44	44
Germany	273	\	\	\	589	\	\	\
Guernsey	7	7	7	7	38	38	38	38
Hong Kong SAR	301	298	220	219	55	54	3	3
Ireland	23	23	11	11	16	16	2	2
Isle of Man	648	648	482	482	340	339	169	169
Italy	378	378	378	378	15	15	14	14
Japan	109	\	69	\	17	\	10	\
Jersey	50	48	48	48	340	340	340	340
Korea	46	46	26	26	1	1	1	1
Luxembourg	12	12	12	12	-	17	17	17
Macao SAR					...	...	...	...
Netherlands	\	\	\	\	71	71	36	36
Philippines					-	-	-	-
South Africa	578	457	293	198	733	726	22	22
Spain	103	103	97	97	20	20	10	10
Sweden	16	14	13	13	6	6	5	5
Switzerland	559	546	456	450	694	569	660	535
United Kingdom	1,482	1,429	1,292	1,241	1,749	1,749	333	333
United States	...	...			943	943	243	243

4.6. Compilation of Reserve Assets

66. Data on reserve assets is obtained from the balance sheet of the central bank. However, for information on SDR allocations and reserve position in the Fund, the IMF website is the preferred data source since it is timely, and the data is provided in original currency. Compilers should ensure that other external assets of the central bank that don't qualify as reserve assets are recorded in their respective functional categories.

Table 34: Summary of data sources for the IIP

Data Sources	Compilation Methods	Guidelines
1. MFS	- Compilers should collect data from the MFS on: o Other Investment, central bank – Standardized Report Form (1SR) o Other Investment, deposit taking corporations - Standardized Report Form (2SR) o Other Investment, Other financial corporations - Standardized Report Form (4SR)	- Partner States **should** use the MFS - The compiler **should** record the data to relevant sectors in the IIP
2. Enterprise Surveys	- Compilers should conduct FPC surveys to obtain information on the stock of foreign investment for the IIP. - Compilers are encouraged to obtain financial statements to validate data obtained from the surveys - Components collected from the survey include positions on equity and IFS, debt instruments, financial derivatives & employee stock options	- Partner States **should** conduct annual FPC surveys
3. Administrative sources	- Compilers should collect the data on: o Portfolio Investment – from Securities Exchange/Capital Markets Authority, pension funds regulator, NSSF, Central Bank and ministry of finance o Other investment, general government loans, other accounts payable/receivable – from Ministry of finance o Reserve assets – Central Bank, IMF website	- Partner States **should** use administrative data
4. Mirror statistics	- Compilers should use available databases of mirror statistics to close data gaps on: o Direct Investment – from CDIS o Portfolio Investment – from CPIS o Other Investment, loans & deposits for other sectors, non-banks – from BIS **Limitations**: Data may not be exhaustive because not all economies report to these databases.	- Partner States **should** use mirror statistics to close data gaps

5. COMPILATION OF REGIONAL BOP AND IIP

5.1. Introduction

This chapter covers the compilation of the regional BOP and IIP and provides practical methodologies appropriate for the regional statistics.

67. The East African Statistics Bureau (EASB) or the East African Central Bank (EACB) will be responsible for the compilation of the regional BOP and IIP with the support of the Partner States agencies responsible for the compilation of these statistics. The statistics collected will facilitate the EACB to undertake its tasks, including monetary policy and financial stability purposes.

68. The regional statistics will show the economic relations of the region with respect to the rest of the world. In this case, the EAC as a regional economic community, is considered an economic territory. Thus, the Partner State economies are treated as one territory when compiling the BOP of the EAC.

5.2. Compilation Methodology for the Regional Statistics

69. Partner States will compile their respective data in accordance with the international reporting standards and this Guide, and in a manner that will allow aggregations after elimination of intra-EAC transactions. While it will be easy to sum up all the respective accounts of the Partner States BOP and IIP, the approach for the compilation of portfolio investment and related income should be considered with caution.

70. In the financial account, the assets and liabilities are allocated according to the country of the creditor (holder) and debtor (issuer) approach. However, for portfolio, it is difficult to identify the residency of all holders of securities issued by residents of EAC due to the fact that some securities may be held by trusts and or nominee accounts having both residents and non-residents. Therefore, it will be difficult to identify the ultimate residency of the holders of some securities. To overcome this difficulty, **it is recommended** that portfolio investment liabilities of the community by geographical distribution will be estimated as a residual by deducting the holdings by residents in the EAC from the total securities issued by EAC residents. A similar approach will be used for the income. At the Partner State level, compilers should ensure that holders of government securities are segregated into residents of EAC and non-EAC (in this sense ROW). The compilers can identify the largest nominee accounts that can be asked to provide details of EAC holders and non-EAC (i.e., ROW) holders which would then be used to adjust the CDS data.

71. The transactions between EAC institutions (e.g., EASB, EACB) with non-EAC residents will be added in the compilation of the BOP of the EAC.

72. The compilation of the BOP and IIP statistics by each partner state should be done as follows:

(i) Since the region is treated as a single economic territory, the intra-community transactions are considered resident to resident transactions and should therefore be eliminated in the compilation of the BOP for the EAC. For this reason, **it is recommended** that all Partner States' data collection tools should separately capture the geographical distribution of transactions and positions. Specifically, it should have counterpart Partner States' (Intra EAC-) and rest of the world (Extra EAC-) breakdown for both the transactions and positions in order to allow for adjustments to be made by removing the transactions between the Partner States.

(ii) Intra-EAC trade asymmetries should be eliminated or minimized to an agreed threshold.

(iii) Ensure consistency among other macroeconomic statistics.

6. DATA SERVICEABILITY AND ACCESSIBILITY

73. The dissemination of BOP and IIP statistics will be in two levels: At the Partner States level and the regional level. Partner States shall compile the balance of payments and IIP in accordance with the international standards and this Guide. Partner States are also encouraged to publish their statistics on a quarterly basis. These statistics should be accompanied with methodological notes which are updated regularly, data revision policy and advance release calendar.

6.1 Quality

74. As indicated in the introduction of this Guide, the BOP and IIP data serve different users. In addition to these users, the data is an essential source for other macroeconomic statistics such as national accounts. Consistency of the macroeconomic statistics is an indicator of their quality. For instance, the relevant IIP components should be consistent with the MFS (1SR, 2SR, and 4SR), NA and GFS balance sheet statistics. Therefore, it is important to ensure harmonized compilation and dissemination practices among Partner States.

75. Associated with the quality is the data asymmetries/mirror statistics. Partner States **should** conduct regular data asymmetry assessment on goods, services, remittances and FDI. The data asymmetry analysis will form the basis of reconciliation of the data and enable Partner States to exchange information that will reduce asymmetries for the specific items. This will also open avenues for investigation of various anomalies in data such as outliers.

76. Once asymmetries are identified and measured through a mirror data analysis, compilers should conduct further analytical work to identify the causes. The data correction and /or change in methodology and practices require the Partner States to perform the analysis jointly and to agree on the causes of asymmetry, and on the corrections to be undertaken in their respective data.

77. It is **recommended** that Partner States monitor the asymmetries related to the main trading Partners and major items on a regular basis, with the aim of addressing them as soon as possible. It is also **encouraged** that Partner States conduct periodic bilateral or multilateral reconciliation exercises for all but more importantly for major products such as tea, nonmonetary gold, etc.

78. Partner States **shall** provide details where they deviate from the recommended guidelines and through the use of partner country data and other data sources assess the significance of the departure from the recommended approach. The EAC guidelines for assessing the significance of the differences shall be used by Partner States. The following rules shall apply:

a. If the deviation is between 0 and 10 percent, can be tolerated;
b. If the deviation is between 11 and 20 percent it should trigger concern and call for reconciliation; and

c. If deviation is more than 20 percent, it should call for an assessment of the methods in addition to reconciliation.

6.2. Data Confidentiality

The regulation governing data collection, processing and dissemination are anchored in the East African Statistics Bureau (EASB) and East African Central Bank (EACB) Acts.

79. Individual enterprise data shall never be published, distributed, or used by compiling agency other than for statistical purposes. Statistical information is confidential whenever the reporting agents or any other legal or natural person, entity or branch can be identified, either directly from their name or address or from an officially allocated identification code, or indirectly through deduction, thereby disclosing individual information.

80. The EAC will endeavor to employ all means that will conceal the identity of data reporters. These include:

(i) Ensuring that confidential statistical information is arranged in such a way that any published data covers at least three economic agents.

(ii) Where one or two economic agents make up a sufficiently large proportion of any observation to make them identifiable, published data shall be arranged in such a way to prevent their indirect identification.

(iii) Informing the reporting economic agent of the statistical and other administrative uses to which the data may be put. If the reporting economic agent has given consent to the dissemination of its data, even if identifiable, it will be disseminated.

81. Transmission of confidential data among national authorities, and between national authorities and the Community institutions (i.e. EASB and EACB) that do not permit direct identification of agents may take place to the extent that this transmission is necessary for the production of specific Community statistics, ensuring coherence between the balance of payments figures of the Community and those of the economic territory of the Partner States, and where the exchange is necessary to safeguard the quality of the balance of payment figures of the Community. Partner States receiving confidential data from other Partner States shall treat that information with utmost confidentiality.

6.3. Reporting Requirements

82. Partner States are required to share data with the EAC Secretariat in an agreed format and frequency, and as per this Guide. The following datasets shall be required to be submitted by Partner States to EAC Secretariat:

Table 35: Statistical Reporting Requirement

	Required data	Periodicity and Timeline	Template	Regional Attribution
1.	Balance of Payments Statistics	- Quarterly (3 months after the end of quarter)	IMF Analytical template	Separate EAC Partner States

	Required data	Periodicity and Timeline	Template	Regional Attribution
		- Annually (3 months after end of year)		from Rest of World (ROW)
2.	IIP Statement	- Annually (3 months after end of year)	IMF Analytical template	
3.	Exchange rates - Period average - End of Period	- Monthly (30 days after the end of month)	EAC template	Per currency
4	Reserve Assets	quarterly (1 month after end of quarter)	EAC template	
5.	International Merchandise Trade Statistics	- Monthly (45 days after the month) - Incl. ICBT and other adjustments	EAC template	All trading Partners
6.	Reconciliation Table between Goods on BOP basis and Merchandise Trade statistics	- Quarterly (3 months after the end of quarter) - Annually (3 months after the end of year)		None
8.	ICBT data	- Quarterly (1 month after the end of quarter)	EAC Template	Regional trading Partners

83. **Currency conversions:** The reporting currency of all the datasets above shall be USD. The prevailing market exchange rate between the national currency and foreign currency should be used for conversion. For BOP and trade data, period average mid-exchange rate is applied while for IIP, the end of period mid-exchange rate is applied.

84. **Rounding off policy:** the data shall be reported to EAC Secretariat in millions USD. For absolute values, data should be rounded to two decimal points while for percentage changes, the number should be to one decimal place.

85. **Status of the data reported:** Partner States shall use the following notation for data points:

(i) "A" – Actual
(ii) 'P" – Provisional
(iii) "E" – Estimated
(iv) "R" – Revised
(v) " " – No value

86. **Reporting platform:** Each Partner State shall report data to the Secretariat using a platform that shall be provided by the Secretariat. They may include: SDMX (Statistical Data and Metadata eXchange); open data platform (ODP); etc.

87. The EAC **shall** upon commencement of the implementation of the guidelines, prepare and submit, annually, a report on the implementation of the guidelines. The report **shall** provide an assessment of the quality of the statistics produced; the benefits accruing to the Community, the Partner States, and the providers and users of the statistics in relation to the cost. Furthermore, identify areas for potential improvement and amendments to the guidelines considered necessary in the light of the results obtained and new developments (such as emergency of new methodologies, technologies, etc. that may have a bearing on statistical production); and review and recommend whether the scope of the implementing measures should be redefined.

6.4. Metadata

88. Metadata is defined as systematic, descriptive information about data content and organization. Partner States are required to prepare and maintain up-to-date metadata. Metadata should include information such as concepts and definitions, sources and underlying methods used in compiling data as well as describing methods used to estimate missing and imputed data. Member states shall use a standardized reporting framework for metadata.

89. Detailed metadata shall be reported to support comparability of data across economies and help users to assess the methodological soundness of the data and its characteristics. In case of any deviation from the international standards and these guidelines, while compiling BOP, it is **recommended** that the metadata should clearly indicate the deviations therein.

90. Metadata shall be disseminated on the website of the compiling Partner State and also availed to users on a need basis. The metadata structure should follow the IMF enhanced General Data Dissemination Standards (e-GDDS)[33]. Partner States shall update the metadata on regular basis and publish on their websites. The same should also be submitted to the EAC Secretariat. [metadata link here].

6.5. Data Revision Policy

91. Data revision is a common practice aimed at improving the quality of the data earlier disseminated as provisional and subject to revision in future. Each Partner States should have a data revision policy.

92. The reasons for revision of data are:

a) Incorporation of better data sources (source data with more complete or better reporting, source data that more closely match the concepts, replacement of provisional estimates)
b) Capturing routine recalculations (update for seasonal factors or base period)
c) Due to improved methodology (change of statistical methods or change in concepts, definitions, and classifications)
d) Correction of errors (in source data and computational errors)

93. Data revisions shall be classified into:

[33] Enhanced General Data Dissemination System: Participating Countries (imf.org)

(i) **Planned Revisions** – These are regular revisions based on predetermined schedules and are pre-announced in the revision calendar available at each Partner States website. It includes:

- **Routine revisions –** which mainly occurs when incorporating late information (new or correction of already obtained information). It covers all the four reasons above. However, it barely affects the methodology applied. This type of revision should be included in the published data at the earliest opportunity
  - **Monthly routine revisions –** Partner States may revise all months for which no quarterly data has yet been reported.
  - **Quarterly routine revisions –** Partner States may revise data for a certain period but never full-time series.
- **Methodological revisions:** Changes which are substantial and are due to definition, classifications and methodological changes following revisions in the international compilation standards. Main reason for this type of revision is as stated in paragraph 168 section (c). Major revisions shall be planned well in advance and users should be informed beforehand on the forthcoming major revisions. It is important for Partner States to undertake trainings on the changes introduced.

(ii) **Unplanned revisions:** they are unscheduled/unforeseen revisions and are not possible to be pre-announced in advance, mainly as a result of the reason stated in paragraph 169 section (d). Due to significant changes that may be caused by unscheduled revisions, it is **recommended** that data users be informed in a transparent manner.

94. Partner States **shall** inform the EAC Secretariat on the planned revisions whenever the revisions are expected to be substantial as in case of methodological changes and unplanned revisions.

95. The data revision policy should cover key elements under the IMF BOP and IIP data quality assessment framework (DQAF[34])

6.6. Dissemination

96. The EAC Secretariat requires that Partner States to transmit data using the recommended templates in Appendix D, as per the agreed timelines and frequency.

97. Partner States **should** regularly update their data in the National Summary Data Page (NSDP). The NSDP is a “data portal” that allows users to access data, view metadata, or browse links to online datasets for all categories for a country including where data is compiled by multiple agencies.

98. The EAC Secretariat shall aggregate and publish the regional statistics.

[34] https://dsbb.imf.org/content/pdfs/dqrs_bop.pdf

99. Transmission of revised data to the EAC Secretariat shall be included in subsequent submission. This should be accompanied by the reasons for revision, affected variables and period.

7. FRAMEWORK FOR MONITORING COMPLIANCE OF THE GUIDELINES

100. In order to continuously monitor the implementation of the EAC guidelines for the compilation of the BOP/IIP, the Secretariat has designed an assessment framework. The Framework will monitor the compilation methodology, periodicity and timeliness, and reporting in line with the recommendation in this Guide. The framework is hereby Annex III: Compliance Framework.

101. The framework will assist EAC to trace compliance and assist in production of quality and harmonized statistics. The assessment will be done on a semi-annual basis.

102. The ratings scale is as follow:

Rating (%)	Scale
90-100	Fully Compliant
70-89	Broadly Compliant
50-69	Partially Compliant
25-49	Low Compliance
<25	Not Compliant

103. Reasons for non-compliance should be clearly documented in the framework. This could be due to technical capacity challenges. Therefore, to address this**,** the Partner States will require technical assistance support from the EASB/EACB to ensure compliance. For outright non-compliance to reporting requirements, the EASB shall be guided by the provisions in the EASB Act.

APPENDIX A: ENHANCED DATA DISSEMINATION INITIATIVE ON BALANCE OF PAYMENTS MODULE 2 PROJECT

A1. Harmonization of the regional statistics commenced in 2013 following the signing of the EAMU protocol. In 2015, a collaboration between the EAC and IMF through the enhanced data dissemination initiative 2 (EDDI2) - Balance of Payments module 2 project commenced. The project was funded by the United Kingdom Department for International Development (DFID). Under this project, a series of hands-on workshops were undertaken at most twice every year since 2016 to 2020. Module 2 was preceded by Module 1 (2010-2015) aimed at improving macroeconomic statistics in 25 African countries including EAC Partner States[35]. Specifically, Module 1 focused on assisting participating countries to develop and improve data sources using surveys used to collect data on private capital flows and stocks in compiling the IIP statistics as well as improve timeliness and periodicity of dissemination. In-country missions were undertaken to attend to country specific needs.

A2. The main objectives of EDDI2 were to harmonize the balance of payment statistics in the region in response to the requirements for implementation of the EAMU Protocol, and to ensure sound methodologies are applied in data collection, processing, and compilation of ESS. The specific objectives included, among others: (i) harmonization of the compilation of trade in goods and addressing of discrepancies in partner data on goods; (ii) harmonizing the compilation of services and discussion of the data source and data collection methodologies; (iii) harmonization of the compilation of reserves; (iv) estimation of flows from stock data; (v) addressing the consistency of macroeconomic data sets; and (vi) data dissemination.

A3. During the implementation of the project, a road map for the harmonization and dissemination of BOP statistics was developed. The road map was translated into country-specific work plans where accountability framework with verifiable indicators and time frames were put in place. A status review of the work plan was done on a continuous basis and country presentation were made during the in-person regional workshops. This enabled monitoring progress, and early interventions on areas with gaps and challenges.

A4. Goods: the emphases were on the use of merchandise trade statistics as the most plausible source in compilation of goods account but with necessary adjustments to adhere to BPM6 methodology and mainly change of ownership principal. The adjustment included: taking note of items for exclusion/inclusion from trade data for BOP, valuation adjustments on imports CIF to FOB and reclassification of freight and insurance to services,

[35] The EDDI -ESS project also supported by additional capacity development projects provided by the IMF, such as: Republic of South Sudan benefited from the South Sudan Trust Fund by the IMF whose objective was to support and enhance the quality and reliability of the ESS at initial stage by conducting a stocktaking exercise to identify South Sudan specific needs for further support. On the same breadth, Republic of Rwanda received support for the development the under the FSSF

harmonization of survey instruments on Informal cross Border Surveys data and incorporating the data into merchandise trade data, supplementing merchandise trade data with administrative data sources to widen coverage i.e., import and export of electricity, and inclusion of merchanting in goods.

A5. With a view of compiling the regional BOP, trade data asymmetries and how to resolve them were also addressed.

A6. Services: the main emphasis on services compilation was on new techniques that can augment the traditional data sources. Most of the Partner States used the International Transaction Reporting System (ITRS) as the main source of collecting data on services through commercial banks. Stepwise approaches and practical lessons were used during the workshops on developing new data source and techniques to estimate service components. As such, Partner States were urged to implement new annual trade in services surveys to augment ITRS, implement BPM6-based ITRS codes for services to improve the quality of data collected, engage key manufacturers to collect data on manufacturing services on physical inputs owned by others, review the source data and techniques on estimating the transport, insurance, construction, travel, Financial Intermediation Services Indirectly Measured (FISIM) and government goods and services n.i.e.

A7. Reserves: the workshops also focused on the compilation of reserves and reserve related liabilities; and the application of sound statistical techniques for estimation of flows based on position data. Data on reserve data were cleaned to remove “other reserve assets” held in regional currencies and a work-through on the estimation of flows based on stocks in order to eliminate “other changes” associated with valuation changes (price and exchange rates) on reserves as well as other changes in volume.

A8. Consistency between macroeconomic data sets: the topic discussed two main domains (i) Consistency among ESS data sets and (ii) Consistency between ESS and other macroeconomic data sets. For example, consistency between BOP and national accounts on:

- exports and imports
- services exports vis-à-vis outputs
- current account balance vs saving investment balance

A9. Data Dissemination: data accessibility is one of the key component of data quality criteria. Emphasis was to encourage Partner States to disseminate compiled statistics through channels that can be accessible to a wider array of users and hence transitioning to the IMF’s enhance General Data Dissemination System (e-GDDS). From the initiative by the African development Bank (AfDB) and inputs from the IMF to make official statistics open to users. It also aimed at encouraging data sharing between countries and international organizations, most African countries adopted the Open Data Platform (ODP) and thus reducing the reporting burden. This initiative enabled all EAC countries (excluding

DRC) to participate in the e-GDDS[36]. These countries launched the National Summary Data Pages (NSDP) which provides a platform to publish BOP, IIP, Merchandise Trade, and Official Reserve Assets data in line with recommended timeliness and frequency parameters of e-GDDS, where feasible.

A10. In summary, some of the key achievements of these modules are:

- all Partner States, except South Sudan conduct Foreign Capital Flows surveys.
- all Partner States are compiling BOP in BPM6 format.
- all Partner States, except South Sudan, are reporting quarterly BOP data.
- all Partner States, except South Sudan, are updating their data in UN COMTRADE and reporting to the IMF Direction of Trade statistics (DOTS).
- all Partner States except DRC are participating in the e-GDDS and have launched the National Data Summary Pages.
- all countries have improved their institutional setting for balance of payments compilation by creating interagency committees/working groups to improve accuracy of merchandise trade data, data processing, and reconciliation of various existing trade datasets.

[36] https://dsbb.imf.org/.

APPENDIX B: COMPILATION PRACTICES IN PARTNER STATES AS AT DECEMBER 2022

B1. In development of the Guide, the EAC undertook scoping missions on BOP and IIP compilation practices focusing on methodology, data source and data collection in all Partner States. The overall outcome of the missions indicated that all Partner States are reporting data on BPM6 format. However, on specific accounts of the BOP, disparities exist.

B2. To a large extent, there is convergence in methodology on compilation of the goods account. The notable progress on harmonization of the merchandise trade in the region was underpinned by the impact from implementation of the EAC customs union and subsequent harmonization of customs procedure codes under the EAC Common External Tariff (CET) as well as recent data harmonization initiative under the EDDI2 project stated above.

B3. Despite the above EDDI2 Project, significant disparities exist in the compilation of services and financial account items (except reserves) in relation to data sources, and the frequency of data.

Legal and Institutional framework

B4. The responsibility of compiling the ESS in the region falls under the central bank with a delegated mandate from the national statistics office (NSO). This is however exceptional in the case of Kenya where NSO is the official compiler of BOP and IIP statistics. The independence in each Partner States on compilation of the external account statistics is guaranteed by the respective national statistics Acts and Central Bank Acts through the delegated mandates from the NSOs.

B5. In collecting and processing BOP/IIP, inter-agency cooperation is pertinent. As such, Partner States have set up balance of payments technical working groups (BOPTWG) with representatives from the central bank (Department in charge of statistics and BOP Units), national statistics office (Department in charge of external trade statistics), customs offices (Department in charge of customs statistics) and the ministry of finance (Department responsible for debt management).

B6. Memoranda of Understanding (MOU) in each Partner State, except in South Sudan, are in place. In most cases, MOUs are between the national statistics offices (NSO) and the central banks. Cooperation with other agencies also exist, although not necessarily guided/bounded by formal agreements. The MOUs explains the objectives, role and responsibilities of each member agency and the financial responsibilities. The EES-TWG is responsible for: (i) the validation of ESS on regular basis, (ii) ensuring methodology used to compile International Merchandise Trade Statistics (IMTS) and BPM6 are compliant with

best practices, (iii) jointly participate in conducting BOP related surveys. Partner States must formalize cooperation while establishing working groups and other fora for discussions and exchange of information.

B7. The EAC scoping mission noted that in some Partner States, the MOU were drawn long time ago. However, they may require reviews and expansions to cover emerging issues as well as inclusion of other relevant agencies engaged in the production and use of ESS. **Table 1** below shows a summary of the legal and institutional framework for BOP/IIP in the EAC Partner States

Table 36: Summary legal and Institutional framework for BOP/IIP in EAC Partner States

Partner State	Compiling Institution	Legal Framework	MOU Available (Yes/No)	Frequency of meetings of the BOPTWG	Membership of the BOPTWG
Burundi	Central Bank	Charter of the Bank of the Republic of Burundi, Law No. 1/34 of December 2, 2008	Yes	Quarterly for trade statistics, None for BOP	Central bank, NSO, Revenue Authority, Burundi Mining Board, Ministry of Trade
Kenya	National Bureau of Statistics	Statistics Act No. 4 of 2006 (Revised Edition 2012)	Yes	Quarterly,	Central bank, NSO, Revenue Authority, Investment Authority, Insurance Regulatory Authority, Ministry of Finance, Capital Market Authority
Rwanda	Central Bank	National Bank Act, Organic Law, NISR[37]	Yes	Quarterly	Central bank, NSO, Revenue Authority, Rwanda Mining Board, Agriculture Expert of Crop Agency
South Sudan	Central Bank	Bank of South Sudan Act, 2011	No	Ad hoc	Central bank, NSO, National Revenue Authority, Ministry of

[37] Official Gazette n° 30 bis of 29/07/2013

					Finance, Ministry of Petroleum, Investment Authority
Tanzania	Central Bank	Bank of Tanzania Act, 2006	Yes	Quarterly	Central bank, NSO, Revenue Authority, Investment Authority, Ministry of Tourism
Uganda	Central Bank	Bank of Uganda Act, 2000 and Uganda Bureau of Statistics Act, 1998	Yes	Monthly	Central bank, NSO, Revenue Authority,

Compilation practices

B8. Establishing comprehensive data sources and collection procedures is a foundation for quality statistics. In the region, the ESS is compiled using various sources including surveys and non-survey methods. More details on the data sources will be discussed in Chapter 4.

Goods

B9. *General Merchandise*: Compilers in all Partner States use the IMTS obtained from the customs department of the revenue authority as the main source for compiling the goods account. General trade system is applied in the region but the customs management systems in place are different. The customs data is submitted to the national statistics offices on average 45 days after the end on of the reference month. Informal cross border trade (ICBT) surveys are carried out to supplement the custom's data. Other additional sources include administrative data from government agencies and manual data from non-digitized custom offices are also included for Partner States Burundi and South Sudan. All Partner States except South Sudan and Tanzania conduct ICBT Surveys.

B10. The BOPTWG meets on regular basis (except for Burundi and South Sudan) to clean, validate and adjust the IMTS data for purpose of compiling goods account according to the BPM6 framework and dissemination. This is best practice to ensure consistency on BOP, trade statistics as well as other macroeconomic statistics. The differences between the goods data reported on BOP and Trade statistics are however not explained. As a best practice, a reconciliation table between the IMTS and goods account according to the BOP basis should be published for users to understand the sources of the differences.

B11. CIF value on imports is adjusted to FOB value by subtracting the Freight and Insurance (F&I) charges. The F&I are then reclassified accordingly to services and secondary income account. Some Partner States collect the F&I from customs while others estimate from either ratio developed based on historical surveys of importers or from

countries where their imported goods transit through i.e., Kenya, Uganda, and Tanzania. The recommended estimate for freight and insurance should be obtained from IMTS data if the customs system is comprehensive enough to include these items. Uganda and Rwanda (see box 4.5) have conducted survey of importers hence enabling them to estimate the freight and insurance costs which are then used to estimate the FOB value.

B12. Adjustments on IMTS involves deduction of items for which there is no change of economic ownership between residents and nonresidents such as goods for foreign diplomatic mission's own use, migrant personal effects, goods on transit and temporary exports/imports. Also included under coverage is trade in electricity. Other adjustment due to classification include goods in IMTS that are part of balance of payments services transactions such as customized and non-customized media with periodic license fees and non-bulk newspapers and periodicals.

B13. *Nonmonetary gold:* Data on nonmonetary gold is extracted from IMTS and correctly recorded in BOP. The EAC Scoping mission noted that compilers in South Sudan face problems in reconciling the large discrepancies on data reported in IMTS in comparison with the data from the mirror data from Uganda.

B14. *Merchanting*: Kenya and Uganda compilers have attempted to collect data on merchanting through annual foreign private capital (FPC) flows survey by incorporating a rider question in the FPC questionnaire. The data are however negligible or nothing at all. Table 2.2 below summaries the findings on compilation and data sources for the goods account.

Table 37: Summary of Compilation of Goods in Partner States[38]

Partner State	Data source	Adjustments to IMTS	Periodicity
Burundi	IMTS, ICBT, Administrative sources	Goods on transit, imports by diplomatic missions, F&I on imports (adj. factor of 18% for freight), goods procured in ports (fuel), humanitarian aid, ICBT	Monthly,
Kenya	IMTS, ICBT, Administrative sources, FPC surveys	Goods on transit, imports by diplomatic missions, F&I on imports (from IMTS), goods procured in ports, Electricity, ICBT, merchanting from FPC.	Monthly
Rwanda	IMTS, ICBT, Administrative sources	Goods on transit, imports by diplomatic missions, F&I on imports adjusted based on intra-EAC Survey results, goods procured in ports through quarterly surveys. Nonmonetary gold extracted from IMTS are cross-checked with surveys of enterprise.	Monthly

[38] Details are provided in Chapter 4

Partner State	Data source	Adjustments to IMTS	Periodicity
South Sudan	IMTS, Administrative sources	Imports by diplomatic missions, adjustment for uncovered stations, oil export from ministry of petroleum, humanitarian aid, F&I on imports (F -19%, I – 2%), Freight cost on oil production	Monthly
Tanzania	IMTS, Administrative sources	Goods on transit, Imports by diplomatic missions, F&I on imports (from IMTS), informal trade (adj. factor 10% for exports only), electricity,	Monthly
Uganda	IMTS, ICBT, Administrative sources	Goods on transit, Imports by diplomatic missions, Survey of importers in 2019 to estimate the FOB-CIF ratio, ICBT, goods procured in ports (fuel), electricity	Monthly

FPC – Foreign Private Capital flow survey, IMTS – International Merchandise Trade Statistics, ICBT – Informal Cross Border Trade.

Box 27: Compilation of trade data in Uganda

Introduction

This box describes the procedures for the compilation of formal merchandise trade statistics in Uganda.

Data sources

The Uganda Revenue Authority (URA) is the primary source of customs data on merchandise imports and exports. The source document for this data is the Single Administrative Document (SAD)/Customs Bill of Entry. It captures both exports and imports of goods with details of value, quantity as well as destination/source country. This data is supplemented with information on specific export commodities compiled by statutory agencies that oversee the relevant industries, plus information from large exporter companies. The statutory authorities include Uganda Coffee Development Authority (UCDA) for coffee exports, Uganda Electricity Transmission Company Limited (UETCL) for electricity exports & imports within the region (i.e., to/from Kenya, Rwanda, Tanzania, and Democratic Republic of Congo), Vivo Energy, formerly Shell Uganda Limited, and Total Uganda Limited for jet fuel and Avgas fuel (re-exports).

Data adjustments

The information excluded from merchandise trade statistics includes temporary imports, ex-warehoused goods, transit goods and diplomatic imports. In addition, imports, and exports of currency by the Bank of Uganda, and exports of empty soda and beer bottles are excluded.

The items retained are direct imports, re-imported goods, warehousing, and small goods (hand luggage or cargo). Ex-warehoused goods meant for use in the domestic economy and cleared by the Customs office are also included.

Coffee exports recorded by the Customs department are also excluded and replaced with the information provided by UCDA on the volume and value of coffee exported in each month.

Data processing

An inhouse developed software, the Trade Statistics Database System (TSDS), is used to process this data. As data is uploaded into TSDS, the adjustments described above are implemented. During this process, data is also categorized into various sectors, commodity groups and the relevant geographical/regional groupings. Furthermore, the US dollar equivalent value for each transaction is computed using the applicable exchange rate. Templates with data from the supplementary data sources are also uploaded onto the system at this stage.

Data are then cleaned to rid it of missing values, misclassifications, erroneous records, and all other kinds of errors. The trade data generated from this process are then summarized into various reports that suit the needs of different stakeholders including for trade and balance of payment (BOP) statistics.

Data Dissemination

Data on formal trade is disseminated: a) monthly showing the composition of imports and exports, and the direction of trade; and b) as part of balance of payments statistics released on a quarterly basis; and can be accessed through the BOU website (www.bou.or.ug).

Box 28: Informal cross border trade in Rwanda[39]

Introduction

In Rwanda, Informal Cross Border Trade (ICBT) generally refers to imports and exports of legitimately produced goods and services (i.e., legal goods and services), which do not exceed customs threshold and are unrecorded in the official customs statistics. The Government of Rwanda initiated an ICBT survey in 2009 to supplement statistics collected by the Customs Authorities and reduce the statistics gap. The ICBT Survey started in May 2009 on a pilot basis, covering a few crossing points along Rwandan borders and uprating for other identified borders for one year. After that year, the government decided to carry the survey on a monthly basis since January 2012 to-date.

The informal trade data are grossed up with formal trade data in the compilation of trade balance component of the Balance of Payments (BOP), International Merchandise Trade Statistics (IMTS) and National accounts, generally for external sector analysis. The survey is carried out by the National Bank of Rwanda in partnership with other government institutions such as the National Institute of Statistics of Rwanda (NISR), the Rwanda Revenue Authority (RRA), the Ministry of Agriculture and Animals Resources (MINAGRI) and the Ministry of Trade and Industry (MINICOM).

Scope & Objectives of the survey

[39] *Refer to annex 1: compilation of ICBT in Uganda*

The census methodology approach was adopted since the inception of the ICBT data collection in 2009. Enumerators are recruited and trained on how to administer and fill the questionnaire - Computer Assisted Personal Interviewing (CAPI) questionnaire[40], and subsequently deploy them to the field. ICBT data are collected and transmitted to the central bank's server on real-time. The data are received on central bank server, then edited, processed, disseminated, and used.

The survey covers 12 official borders (borders with migration officers) and 38 major crossing points (borders with no presence of migration officers) around the country. The Borders have between 2 to 6 enumerators/field staff per border post depending on the size of ICBT and work of every day of the week. Currently, due to Covid-19 only 12 borders are operating: 6 official borders and 6 major crossing points.

The objective of ICBT Survey is to widen the coverage of the merchandise trade data for BOP and trade statistics. The information collected include the commodities transacted, the direction of trade (Destination/Origin), value and quantify trade transactions. Further, the data is used to estimate potential revenue loss, provide a comparative analysis of recorded and unrecorded/net trade balances, determine the main beneficiary, and assess the effect of regional integration efforts on ICBT.

Data collection, Data processing & Compilation process

The collection of informal cross border trade data is in accordance with the General Trade System of compiling International Merchandise Trade Statistics. The data collection techniques consider the prevailing border site conditions, the packaging of informally traded products and the general behaviors of ICBT traders. Enumerators are positioned where they can see and talk to the traders crossing the border. In case of Buses/shuttles loading or off-loading, they stand at the Bus/shuttle area where they can interact with passengers.

The CAPI system used for data collection uses a data transfer protocol that allows real time data from field to the bank's server. The form in the device for data collection is built with consistency checks and validation rules which minimize data collection errors. Also, at the back end, when data is received, it is edited based on product average prices by trimming outliers. At the end of the month, ICBT data are extracted from the Business Intelligence (BI) system and is used in the compilation of BOP, System of National Accounts (SNA) and IMTS. Before the integration of ICBT data with official trade data, it is harmonized using HS codes. ICBT data are available for BOP, SNA and IMTS at the end of every month.

Conclusion

Since the adoption of the survey on ICBT, the Rwanda trade statistics have improved. On average, informal exports contribute about 12 percent of total exports whereas imports contribute around 3 percent of total imports. However, due to the Covid-19 pandemic which disrupted trade, in 2021 Q2 informal exports contributed 5.37 percent of total exports while informal imports contributed of 0.01 percent of total imports.

[40] *CAPI Questionnaire used in Rwanda*

Services

B15. Nearly all the main components of the services account are compiled. However, the coverage is still a challenge. For instance, although some services such as transport and travel are compiled by all Partner States, the recommended disaggregation is not entirely accomplished due to weakness in the sources data. Use of estimates based on outdated surveys are also common in the region.

B16. The Scoping Mission found out that ITRS is the predominant source of data for services in most Partner States (Table 2.3). Despite the ITRS being the main source of data, the compilers are aware of its limitation which Partner States need to address. Key among the deficiencies of ITRS are (i) coding issues that lead to misclassification by banks, (ii) use of BOP terminologies that may not be easily understood by banks, (iii) use of threshold for which transactions below the threshold are aggregated, (iv) net vs gross recording, (v) where bank customers conduct international transactions through accounts with banks abroad. Therefore, there is critical need for compilers to adopt new data collection strategies to improve on the data sources and put more emphasis on key surveys which can address such misclassifications.

B17. A combination of several data sources to compile one item may also pose a challenge particularly on the choice of best option to adopt. Use of multiple sources may lead to double counting. It is recommended that compilers should only use a data source that provide plausible data.

B18. *Manufacturing services on physical inputs owned by others*: Kenya estimates data on manufacturing services on physical inputs owned by others from the FPC surveys. South Sudan estimates this component using the data from ministry of petroleum on quantities of crude oil exported to Sudan for processing and applicable fee/charges per barrel contained in the Transitional Financial Agreement[41] with Sudan. Tanzania extracts the data from the IMTS specifically for the vehicles temporarily imported to Tanzania for remodeling to tourism vans. Therefore, Compilers in Tanzania estimate the manufacturing service credit as difference in the value recorded by customs at the time of entry and finally when it exited the economy.

B19. *Travel:* Use of immigration data together with estimates on daily expenditures and the average length of stay from surveys of travelers is practiced in Tanzania, Uganda, and Rwanda. The surveys cover both residents who are returning home and visitors. South Sudan conducted the first travel survey in November 2020 and data process for incorporation to BOP is ongoing. The surveys are conducted in collaboration with other agencies for an average of 14 days at the land borders and airport during peak and off-peak seasons. The data from the surveys are also crosschecked with the ITRS in some PS.

[41] Transitional Financial Agreement (TFA) between the Government of the Republic of South Sudan and Government of Republic of Sudan on Oil and related economic matters, 2012

Box 29: Compilation of the travel survey in Tanzania

Introduction

Travel receipt (tourism) data are mainly obtained from a survey. The survey is an annual event, and data collection is conducted for two weeks during the tourist peak season (July to September). The survey is administered by the Tanzania Tourism Sector Survey (TTSS) which is a multi-institutional committee that involve, The Ministry of Natural Resources and Tourism, Bank of Tanzania, National Bureau of Statistics, Immigration Services Department and Zanzibar Commission for Tourism. The TTSS was established in 2000 and the first International Visitor Exits Survey report was in 2001. The 2021 survey which is the 20th issue and is expected was conducted in September 2021.

The survey targeted the departing international visitors as per the definition.

4. *A person is considered an international visitor if he/she travels to a country other than that of his/her usual residence, for a period not exceeding twelve months; and whose main purpose of visit is other than an activity remunerated from within the country visited.*

The survey was first was carried out at four exit points, but due to dynamics of visitors, the coverage was further extended to cover eight selected departure border points, namely, *Julius Nyerere International Airport, Kilimanjaro International Airport, Abeid Amani Karume International Airport, Horohoro, Namanga, Tunduma, Mtukula and Manyovu borders.*

Methodology

The survey is designed to capture about 1 percent of visitors who were recorded in the previous year. This sample is considered to be sufficient enough to provide updated on tourists' expenditure. The survey covers, per capita spending, length of stay, country of residence, age group, gender, and purpose of visit. Furthermore, main tourism activities, mode of payment, visitor's inclination to visit again, visitors' impression, areas that need improvement broadly visitors' general opinion about destination Tanzania are also collected. Given that expenditure pattern may vary between the low and peak tourism seasons, a survey for tourism low season is conducted after every five years.

Therefore, using a model whose main variables are Immigration arrivals data, average expenditure per person per travel arrangement and length of stay; earnings from tourists are estimated.

The model is depicted in the following equation:

$$E_v = (E_P \square V_P \square T) + (E_{NP} \square V_{NP} \square T)$$

Whereby:

E_v = Total tourist expenditure

E_P = Average package[42] tour expenditure per visitor per night, derived from the survey

E_{NP} = Average Non-package tour expenditure per visitor per night, derived from the survey.

[42] Package tourists are travellers with pre-arranged trips

V_P = Number of arrivals under the **package** travel arrangement (The number of international visitor arrivals as recorded by the Immigration Services Department, adjusted into package visitors by purpose, using package tour arrangement ratio derived from the survey)

V_{NP} = Number of arrivals under the **non-package** travel arrangement (The number of international visitor arrivals as recorded by the Immigration Services Department, adjusted into non-package visitors by purpose, using non-package tour arrangement ratio derived from the survey).

T = Average length of stay derived from the survey.

It is worth nothing that, given that the survey involved varied stakeholders, the other information collected is used for other purposes including promotion, branding, policy formulation, and academics.

B20. *Transport:* a combination of ITRS, IMTS and administrative data sources is used in the region. Data on freight are derived from the IMTS in Kenya, Tanzania, and Rwanda. For the rest of Partner States, historical ratios established based on previous survey of Transporters are used together with ITRS. Recent surveys of transporters/importers will be required to update ratios to be used for estimating freight as well as insurance. In addition, to accurately collect data on modes of transport, the compilers should rely on IMTS and surveys.

Box 30: Estimation of freight service in Tanzania

Freight data for rail transport is obtained from Rail companies (TRC and TAZARA), though with some delays. For the case of road transportation, the data is obtained by multiplying the volume of transit cargo per country (mostly neighboring country) and cost of transporting those cargos to that destination. The volume of transit good is obtained from port authority/TRA indicating the actual weight and destination of the good transported, while the cost of road transport is obtained from the association of road transporter. The association provide average price for transporting good per tonnage/container and per destination. Thus, calculating freight receipts for a period under review.

B21. *Construction* services: Kenya extracts the data from the annual private capital flows surveys, a module on services received from and offered to nonresident to supplement the ITRS data, while Uganda conduct a quarterly survey of enterprises to collect the data on construction services. The rest of Partner States solely use ITRS.

B21. *Other services:* are predominantly collected through the ITRS and administrative sources.

Table 38: Summary of services components compiled and data sources in the region[43]

	Type of service	Burundi	Kenya*	Rwanda	South Sudan	Tanzania	Uganda*
1.	Manufacturing services on physical inputs owned by others		FPC	Estimate from business survey, ITRS	Administrative (Ministry of Petroleum) - crude oil processing	IMTS	FPC
2.	Maintenance and repair services n.i.e.	ITRS, Administrative	Administrative and FPC	Estimate from business survey, ITRS		ITRS, Administrative	Survey of transport operators
3.	Transport	ITRS, ratio on IMTS, Administrative	Administrative, ITRS, IMTS, FPC	Estimate international freight transport survey	ITRS, Administrative, IMTS	ITRS, IMTS, Administrative	Agent offices of transport operators, surveys of importers and Administrative
4.	Travel	ITRS, Administrative	ITRS, FPC, travel expenditure survey, Administrative	Bi-annual travel expenditure surveys	ITRS	Travel survey, Administrative	Travel survey, Administrative, Education survey
5.	Construction	ITRS, FPC, Administrative	FPC	Resident construction enterprise surveys and administrative	ITRS	ITRS	Resident construction enterprise surveys
6	Insurance and pension services	ITRS, Administrative	IMTS, FPC,	IMTS, Administrative,	IMTS	IMTS, Administr	Insurance surveys

[43] Details are discussed in Chapter 4

	Type of service	Burundi	Kenya*	Rwanda	South Sudan	Tanzania	Uganda*
			Administrative			ative, ITRS	
7.	Financial Services	ITRS, FISIM not estimated, Administrative	ITRS, FPC, FISIM not estimated	ODC income statements and compute FISIM export	ITRS	ITRS, FISIM not estimated	ODC income statements
8.	Charges for the use of intellectual property n.i.e.	ITRS, Administrative	ITRS, FPC	ITRS	ITRS	ITRS	ITRS
9.	Telecommunications, computer, and information	ITRS, FPC, Administrative	ITRS, FPC, Administrative	Enterprise survey of telcos	ITRS	ITRS, Administrative	Enterprise survey of telcos
10	Other business services	ITRS, Administrative	ITRS, Administrative, FPC	Enterprise survey, ITRS and administrative	ITRS, Administrative	ITRS	Enterprise survey and Administrative
11.	Personal, cultural, and recreational services	ITRS, Administrative	Administrative, FPC	ITRS	ITRS	ITRS, Administrative	Enterprise survey
12.	Government goods and services n.i.e.	ITRS, Administrative	ITRS, Administrative	Administrative, Estimates from international organizations	ITRS	ITRS, Administrative	Administrative and estimated using local currency account balances of foreign embassies in banks

MOP – Ministry of Petroleum, MOF – Ministry of Finance, UN-OCHA – United Nation Office for Coordination of Humanitarian Affairs.
**Kenya and Uganda include services components module in the Foreign Survey Investment questionnaire for collection of services data*

Primary income

B22. Primary income represents the return that accrues to/on resident institutional units for their contribution to the production process or for the provision of financial assets and renting natural resources to other nonresident institutional units. It includes compensation of employees, investment income, taxes, subsidies, and rent.

B23. *Compensation of employees:* ITRS is the main data source for short term employees. Uganda uses the National Social Security Fund data remitted by the foreign embassies on behalf of their resident employee's contributions. For Rwanda, a survey airline operators (Rwanda air and other nonresident airlines) provide data for compensation of employees

B24. *Investment income* including dividends, reinvested earnings and interest on direct investment are largely extracted from FPC surveys conducted annually (biennial for Burundi, not done in South Sudan). For South Sudan, ITRS is the only source. With regard to interest on reserve assets, the data is obtained from central bank income statement. Though the FPC survey collects information on portfolio, the compilers use the data from stock exchange and capital markets authority as this source is more reliable.

B25. *Other investment income* such a rent on building is collected from MOF for rent paid to nonresidents abroad.

Table 39: Data sources for compilation of Primary income account in the region[44]

	Burundi	Kenya	Rwanda	South Sudan	Tanzania	Uganda
Compensation of employees	ITRS, central bank		Quarterly surveys of resident and nonresident airline operators, FPC, Administrative data from embassies	ITRS	ITRS, Administrative	MFPED, MFA, NSSF return
Investment Income	ITRS, central bank, FPC	FPC, central bank, ITRS, MOF, Stock exchange	FPC, MOF, central bank	ITRS, MOP	FPC, ITRS, central bank	FPC, central securities depository, MFPED
Other income	Central bank	ITRS, central bank	FPC, MOF, central bank	ITRS, central bank	ITRS and central bank	Administrative records (central bank, ODC income statement)

[44] Details are provided in Chapter 4

MOP – Ministry of Petroleum, MOF – Ministry of Finance, FPC – Foreign Private Capital flows survey, MFA – Ministry of Foreign Affairs, MFPED – Ministry of Finance and Planning and Economic Development.

Secondary income

B26. Combination of more than one data source is applied in all Partner States. Government transfers are mainly collected through the MOF records and government transactions through the central bank. For personal transfers for which the largest component is household remittance, Partner States collect the data through household surveys, ITRS and money channeled through telecommunication companies. Following the recent global increase in remittances flows, and as a best practice, it is important for the Partner States to conduct household surveys to complement the estimate currently in use and generally improve the quality of remittances data in the region.

B28. Humanitarian aid is a common phenomenon in South Sudan yet data from the agency in charge of aid under the MOF lack sufficient records on these transfers. The compilers thus use the available information from the United Nation Office for Coordination of Humanitarian Aid (UN-OCHA) website[45]. The information obtained from the website indicate the total funding without detailed disaggregation to specific purposes. In this regard, compilers record the total amount under personal transfers and for counterpart entries, estimates are applied to apportion the total amount into specific components of BOP (goods, services, primary income, and capital transfers).

Table 40: Treatment of humanitarian aid

Goods supplied by the donors		Services Paid by the donors	
Current goods such as food, medicament, clothing, etc.	Current account, imports of goods (Debit) Personal Transfers (credit)	Paid to resident employees	Compensation of employees, credit Increase in NAFA currency and deposit
Capital/Investment goods such as motor vehicles, building, dams, bridges	Current account, imports of goods (Debit) Capital account, investment grants, credit	Paid to nonresident professional consultants	Increase in NAFA currency and deposit if there was flow of funds Other business services, professional & management services/technical service (Dr)

[45] South Sudan Humanitarian Response Plan 2021 | Financial Tracking Service (unocha.org)

Table 41: Data sources for compilation of secondary income in the region

	Burundi	Kenya	Rwanda	South Sudan	Tanzania	Uganda
General government	ITRS, IMTS (humanitarian aid)	MOF	MOF	ITRS, MOP, MOF	Central bank	MFPED and central bank
Personal transfers	ITRS	ITRS, MTOs, Household survey	MTOs and MNOs adjusted with transactions from FOREX Bureaus through banks	ITRS, UNOCHA	ITRS, Telco regulators	Annual personal transfer survey, returns from MTOs
Other current transfers	ITRS, central bank	ITRS	NGO surveys, ITRS	ITRS, estimates from customs insurance Premiums	ITRS	ITRS

MOP – Ministry of Petroleum, MTO – Money Transfer Operators, NGOs – Nongovernment Organizations, MNO – Mobile Network Operators

Box 31: Experience on remittance survey in Rwanda

Rwanda

1. Definition and scope

From the definition, in general, personal remittance is understood as transfer of cash or other in-kind from one household to another household. When remittance is between households residing in the same economy, it is domestic remittance. In contrast, in case of remittance between two households residing in different economies, remittance is qualified as international remittances. Thus, international remittances consist of transfers that a migrant worker makes to his/her relatives back in their home country. Migrant workers in host countries remit a source of income that contributes to the support of their family members back home, enabling them to invest in education, health, and housing, thus improving household living conditions. Apart from migrant worker, other kind of grant from household abroad to recipient household in the reporting economy is considered as international remittances as long as there is no constraint to repay the value or the value of the grant. If not well specified, the generic term of remittance may be construed to mean international remittances.

2. Types and channels

The categorization is linked to the main channels used in sending remittances, namely formal and informal. Formal channel includes Money Transfer Operators (MTOs), banks transfers, and Mobile Network Operators (MNOs). On other hand, informal channel consists mostly by cash carried in person or in-kind transfers, like foods, household items, radio, television, etc.

3. Current practice in data compilation

Remittance's inflows compiled by National Bank of Rwanda (NBR) include cash transfer from MTOs and MNOs, plus an estimate of personal cash transfer through banks and cash in hand. As data source, MTOs and MNOs report directly to NBR, while an estimate is made from cash remittances transferred through banks and cash in hand reported on daily basis by Forex bureaus.

MTOs and MNOs are trying to report to NBR following the template containing the following information:

Column Name	Column Description in Details	Sample
Country	Country Code will be RW fixed for Rwanda	RW
LE_Book	Legal Entity Code will be assigned by BNR for each Stakeholder	A01
Business_Date	To obtain the business date	DD-Mon-YYYY
MTO_List	MTO Company list (Check guideline)	WU
Remittance_Type	Remittances Type (INWARD, OUTWARD)	INW
Sequence_Number	Unique Reference Number of the transaction.	1
Customer_Name	In case of Inward, recipient name else sender name	John

ID_Type	ID Type	4
Identification_Number	Identification number	PZSW2144
Other_party_name	In case of Inward, sender name else recipient name	
Other_ID_Type	ID Type	
Other_ID_Number	Identification number	
Residents_Flag	Resident/Nonresident (R/NR)	R
Remittance_Country	Country of origin (INW) /Beneficiary Country (OUW)	RW
Currency	Currency Code	USD
Transaction_Purpose	Transaction_Purpose	123
Amount_Lcy	Amount In Local Currency	52000
Amount_Fcy	Amount in transaction currency	52
Fees_and_Commission	Commissions/fees paid by the client in local currency	3000

Meanwhile, most of MTOs and MNOs have started reporting through central bank's electronic data warehouse (EDWH) on daily basis the remittance flow to Rwanda. The remittance data is total amount received by residents. In addition, the data is supplemented by considering the amount received in hand and what is channeled through bank transfer other than western union or similar channels. The survey of Forex bureaus showed that, after allocating the remittances received in foreign currency (USD), 43% of FX purchased from the public is considered as remittances[46].

Thus, the total remittances for the month are total amount received by residents through MTOs and MNOs, plus an estimate of 43% of FX purchased from the public. Like many countries worldwide, in-kind transfers are not yet included in remittances to Rwanda.

4. Way forward

Electronic data warehouse will help improve data collection and compilation. In addition, regular survey to Forex bureau will be necessary to validate the estimated coefficient of 43 percent used to estimate remittance flow.

[46] The 43% ratio is based on survey conducted in 2016/17. The ratio is reviewed regularly. Similar approach is used in Kenya and Uganda.

Capital account

B29. The data sources for the compilation of capital account are similar or more less the same in all Partner States. The predominant data source in the region is ITRS and official sources from the MOF. In addition, Kenya and South Sudan uses the survey of nonprofit institutions and UN-OCHA respectively, to collect data on capital transfers to households.

Table 42: Data sources for compilation of capital transfers in the region

	Burundi	Kenya	Rwanda	South Sudan	Tanzania	Uganda
Acquisitions/disposals of nonproduced nonfinancial assets						
General government	ITRS, central bank	MOF	MOF	ITRS, MOF	MOF	MFPED and central bank
Financial corporations, nonfinancial corporations, households and NPISHs	ITRS	ITRS, survey of nonprofit institutions (NPI)	MOF	ITRS, UNOCHA	ITRS	ITRS

Financial account

B30. Multiple sources are applied in the collection of financial account data in the region including ITRS, foreign private capital flows surveys and administrative sources. As much as multiple sources are important, care must be exercised to avoid double counting. Compilers apply these multiple sources to cross-check the data obtained from one source vis-à-vis the other sources. In most cases, administrative data are readily available for

compilation of high frequency data while surveys are collected at a later stage and used to validate the early data compiled.

B31. The use of monetary and financial statistics (MFS) 1SR and 2SR is recommended for compilation of other investment of central banks, and other depository corporations as well as reserve assets, in absence of surveys. However, the MFS reports position data which means compilers are required to compute flows (transactions) for each component. Some Partner States compute the flows by simple difference in position data. This process yields inaccurate results since it may include other changes such as valuations changes. Similar problems were identified in compilation of reserve position in the IMF and SDR by some Partner States.

B32. For PS that have issued treasury bills and bonds to nonresidents, the data is collect from central bank - being the agent of Government.

B33. Enterprise survey is the preferred data source to collect information for financial account which is complemented by other sources. More details which are not available in MFS and ITRS is collected through survey. This includes information on the investor relationship, country attributes for investors, data on income, etc. The survey also provides position data for the compilation of IIP. For countries with foreign loans, interest paid are collected from MOF and recorded in primary income. Similarly, for foreign loans listed in foreign stock markets such as Eurobond are classified as portfolio, the interest paid are also collected from MOF and recorded in primary income. Estimates for tradable securities held by private sector are collected from capital market authorities in the case of Kenya while those issued by government are collected from the central bank records in the case of Kenya and Rwanda. Kenya and Uganda estimate data on financial derivatives sourced from surveys which are cross-checked with the MFS data. The BIS data is used for compilation of nonbank holding of deposits with nonresidents reporting institutions as well as and loans from reporting nonresidents institutions.

Table 43: Data sources for compilation of financial account in the region[47]

	Burundi	Kenya	Rwanda	South Sudan	Tanzania	Uganda
Direct investment	FPC, ITRS	FPC, ITRS	FPC, MOF	ITRS	FPC	FPC, CDIS
Portfolio Investment	FPC, ITRS	FPC, Central Bank, CMA, MOF	FPC, MFS	ITRS	FPC, MFS, CMA	Central bank, USE, CSD, CMA, FPC
Financial Derivatives		FPC, MFS				MFS, central bank

[47] Details are provided in Chapter 4

Other investment	MFS, ITRS, IMTS, IMF	ITRS, FPC, MOF, MFS, IMF, BIS	FPC, MFS, MOF, IMF	ITRS, central bank	FPC, MFS, MOP, IMF	MFS, BIS, FPC, MFPED, IMF
Monetary gold and other reserve assets	Central Bank	Central bank	Central bank	Central Bank	Central bank,	Central bank
Reserve position in the IMF and SDR	Central **B**ank, IMF Website	Central Bank, IMF Website	Central Bank, IMF Website	Central Bank, IMF Website	Central Bank, IMF Website	Central bank, IMF website

USE- Uganda Securities Exchange, CMA – Capital Market Authority, CSD - Central Security Depository

Box 32: Country Experience on the private capital flow Survey in Kenya

Kenya's Experience

Pre-ample

In Kenya, foreign investment surveys are conducted by Kenya National Bureau of Statistics (KNBS) in partnership with the Central Bank of Kenya (CBK) and other key stakeholders. The purpose of Foreign Investment Surveys (FISs) is to collect information from resident enterprises on their foreign assets and liabilities, as well as investor perception on business environment, for specific reference period(s). To enhance the quality of foreign assets and liabilities statistics, additional information on foreign investment is sought using non-survey methods from Kenya Investment Authority and Capital Markets Authority. The data collected is important for improving the compilation of BOP and IIP Statistics, in line with the 6th edition of the Balance of Payments and International Investment Position Manual (BPM6).

Legal, Regulatory and Institutional Framework

The FISs are conducted under the Statistics Act, 2006 that empowers KNBS to collect, analyses and disseminate statistical information, as well as coordinate the National Statistical System (NSS). The Act mandates KNBS to collaborate with other bodies within or outside Kenya as is appropriate for the purpose of development and production of quality statistics. Hence, in Kenya, FISs are carried out by KNBS in collaboration with other relevant organizations that include Central Bank of Kenya, Kenya Investment Authority, Capital Markets Authority, Insurance Regulatory Authority, Export Processing Zones Authority, and Macroeconomic and Financial Management Institute of Eastern and Southern Africa (MEFMI).

Sample Selection

The primary sources of information used in building the sample frame or census of resident direct investment enterprises are mainly the enterprise lists comprising Deposit Taking Corporations, Other Financial Corporations, Non-Financial Corporations, and other institutions which are used as sample frames for other (non-direct investment) data collections. Ultimately, a sample of enterprises reported having foreign assets and liabilities is drawn from the sample frame. For subsequent FISs, the selection of a sample of the enterprises is based on the enterprises that reported foreign assets and liabilities in the previous Foreign Investment Surveys, and additional enterprises are selected based on having foreign shareholders from Kenya Investment Authority list of enterprises. No threshold is applied when selecting a sample for FISs.

Source (s) of information

The information for FISs is sourced from human resources records and financial statements of the selected enterprises, and approvals of foreign investment by Kenya Investment Authority.

Reference period

The FIS data refers to calendar year. The questionnaire seeks information on balances with nonresidents as at end of a specific reference period; and transactions with non-residents taking place within the period. However, if the respondent is unable to provide the required information on calendar year basis, he/she is advised to provide the information on the basis of the applicable accounting year.

Valuation principle

For equity investment, both the listed equity and unlisted equity are valued at own funds at book value, whereas debt securities and other debt instruments are valued at market value. However, if market value is not available, respondents are advised to report book or redemption values. The accrued interest is included in the valuation of debt instruments.

For a financial instrument (asset or liability), whether equity or debt instruments, data is provided in the local currency. Hence if the enterprise's foreign assets and liabilities are denominated in a foreign currency, conversion to local currency is done using the appropriate exchange rates at the time of the transaction.

Reporting unit

The reporting unit is either an enterprise or a group of enterprises operating in Kenya.

Recording of assets and liabilities

Assets and liability positions of/with fellow enterprises are recorded on a straight asset/liability basis (asset positions recorded in outward direct investment and liability positions recorded in inward direct investment), with the Ultimate Controlling Parent (UCP) being the ultimate common controlling parent of both the resident and nonresident fellow enterprises.

Framework for Direct Investment Relationships (FDIR) method is used to determine direct investment relationships. In addition, the direct investment in real estate is included in the asset and liability transactions.

In recording debt (including permanent debt) between selected affiliated financial corporations (deposit-taking corporations, investment funds; and other financial intermediaries except insurance corporations and pension funds), it is excluded from direct investment functional category.

Survey Instruments

Data collection instruments comprising of a questionnaire and instructions manual are developed by the Balance of Payments Technical Working Group (BOP-TWG) responsible for overseeing the implementation of the survey activities. The instruments are designed in accordance with the compilation standards and guidelines of the Balance of Payments and International Investment Position Manual, Sixth Edition (BPM6).
The Questionnaire: The design of the FISs questionnaires is guided by the BPM6. The information sought comprises general information on the enterprises, employment, exports and imports, foreign liabilities and assets, international trade in services and investor perception.
Instructions' Manual: To ensure consistency and quality of data collected, an Instructions' Manual is developed. The Manual is designed for training and for reference by the survey personnel.

Response Rates and Data Validation

FISs target enterprises with foreign assets and liabilities. However, due to some inevitable circumstances such as: relocation of enterprises, winding up of enterprises (closure), COVID-19 pandemic, among others,

some of the selected enterprises are not found for the interviews. This, compounded with refusals, permanent closures, mergers and acquisitions, results in a reduced sample size than was planned, and reduced response rate albeit above 75 per cent.

For partially completed questionnaires and refusals resulting in non-response, imputation techniques are applied to mitigate against item non-response and unit non-response. This is made possible using the data from the previous surveys and also administrative data.

Data editing involves validation and reconciliation of reported data of the flows and positions in the questionnaires with the submitted financial statements. In addition, the returns with non-foreign assets and liabilities are examined to establish the existence of any foreign assets and liabilities by interrogating the submitted financial statements and contacting the affected enterprises for confirmation.

Data Processing

Data Entry: Involves capturing all the information from the questionnaires and storing in electronic format. This is done using the Private Capital Monitoring System (PCMS-Version 3), computer software developed by MEFMI. The system facilitates processing of Private Capital survey and non-survey information in line with BPM6.

Data Analysis and Tabulation: After cleaning of the captured data, further analysis is done on the various variables that include broad sector classification, investment type and direction of the investments. Tabulation of these variables is done to provide standard tables reflecting major findings of the survey in a manner useful to policy makers and other users of statistics.

Challenges

The main challenges include item non-response and unit non-response mainly due to refusals, permanent closures, mergers and acquisitions; inability of the MEFMI PCMS to detect and adjust for non-response (particularly item-nonresponse), inability of the system to weight data in a bid to draw inferences for the population (grossing up), and inability of the system to analyze and disaggregate data for institutional sectors in line with the BPM6 guidelines.

B34. In conclusion, the compilation of external sector statistics in the region has continued to improve. A multiple of data sources are in use by PS. In some PS, ITRS is commonly used which requires the compilers to devise additional data sources and develop requisite data collection tools appropriate for each BOP and IIP components. More so, enterprise and household surveys on international transactions are recommended to supplement the traditional sources.

APPENDIX C: PROPOSED QUESTIONNAIRES

Annex 1: Goods under Merchanting Questionnaire

[Name of Institution]
[Logo]

Goods for Merchanting

Report for […Insert period…]

Name of company …….

Location of company …… Phone Contact: ……..

E-mail: ……..

Definition: Merchanting is defined as the purchase of goods by a resident (of the compiling economy) from a nonresident combined with the subsequent resale of the same goods to another nonresident without the goods being present in the compiling economy.

Q1. Is your company undertaking merchanting activity abroad?
[ ] Yes [ ] N-

Q2. If the response to the above question is "yes," please complete the tables below with information regarding the goods acquired and resold under merchanting.

Goods Acquired from Abroad under Merchanting
(Report in Currency [… …])

Indicate Period----------

	Describe the commodities acquired	The country from which the commodities were purchased	Value of the goods Purchased abroad during the period
1			
2			
3			
	Total		

Goods Sold Abroad under Merchanting
(Report in Currency [… …])

Indicate Period----------

	Describe the commodities Sold	The country to which the commodities were sold	Value of the goods sold during the period	
			Margins on the purchase and resale of goods (merchanting)	Selling value
1				
2				
3				
	Total			

Annex 2: Proposed ITRS CODE LIST

[Central Bank Name]
[Logo]

International Transaction reporting System (ITRS)

Name of the Bank _____ **Bank Co** | | | |

Reporting Cycle: **START DATE [DD/MM/YYYY]** **END DATE [DD/MM/YYYY]**

----------/ ……./..... **……../ ……../** **…./.....**

Instructions

ITRS: is a monthly data collection form used to collect information on all transactions between residents and nonresidents that passes through the banking system in the country. For example, a parent in [Country Name] (resident) paying for college fees to a university in Canada (nonresident) for her child studying abroad. ***Note***: resident to resident transactions in whichever currency is excluded in this form.

Resident: A person or institution that has a predominant center of economic interest (a dwelling, place of production, etc.) in [Country Name].

Purpose: The information collected will be used for the compilation of Balance of Payments for [Country Name], among other policy uses.

Confidentiality: The Central Bank of [Country Name] Act guarantee the confidentiality of the information provided via this form. Data will be published in aggregated form and NO individual bank's information will be published.

Currency of Reporting: All transactions should be recorded in US$ currency in absolute values.

Partner: All EAC Partner States' data should be reported separately and the data per country should be collected.

Exchange Rates: The daily average exchange rate as reported by the [Central Bank Name] should be used to convert the daily transactions that are reported in currencies other than the US$.

Due date: Return the completed form by [ate] for the transactions which took place in reference period

Where to submit: Reference to the compilation Notes, the ITRS should be thoroughly completed with correct information by each bank in [Country Name]. Kindly submit the completed form to:

The [Central Bank Name],
P. O. Box ……..,
Email: ….
Tel Contact: ……..

For more details, read the compilation notes provided by the [Central Bank name].

Thank you: Your cooperation is greatly appreciated. Accurate balance of payments statistics depends on your data.

Table A: Part I - RECEIPTS by Residents from Nonresidents

[…..]

Currency

CODE	DESCRIPTION		RECEIPTS (R)						
		Partner State 1	Partner State 2	Partner State 3	Partner State 4	Partner State 5	Partner State 6	Rest of World	Total
1100000	**GOODS**								
1101100	Receipts for goods exported during the current period								

CODE	DESCRIPTION		RECEIPTS (R)						
		Partner State 1	Partner State 2	Partner State 3	Partner State 4	Partner State 5	Partner State 6	Rest of World	Total
1101200	Advance receipts for goods yet to be exported/collected								
1101300	Late receipts for good exported in the previous period(s)								
1101400	Goods procured in ports within [Country Name] by nonresident carriers								
1102000	Goods sold under Merchanting								
1200000	**SERVICES**								
1201000	**Processing, Maintenance and Repair Services**								
1201100	Processing and assembling of goods								
1201200	Labelling and packaging of goods								
1201300	Maintenance and repair of buildings, road, and other infrastructure								
1201400	Maintenance and repair of computers								
1201500	Maintenance of moveable/transport equipment (aircrafts, ships, and other transport equipment) and other installed equipment								
1202000	**Transport services**								
1202110	Air transport - Passengers								
1202120	Air transport - Freight transport								
1202130	Air transport - Other Transport								
1202210	Sea Transport - Passengers								
1202220	Sea Transport - Freight transport								
1202230	Sea Transport - Other Transport								
1202310	Pipeline Transport (oil transport) - Freight transport								
1202320	Pipeline Transport (oil transport) - Other Transport								
1202410	Road Transport - Passengers transport								
1202420	Road Transport - Freight transport								

CODE	DESCRIPTION		RECEIPTS (R)						
		Partner State 1	Partner State 2	Partner State 3	Partner State 4	Partner State 5	Partner State 6	Rest of World	Total
1202430	Road Transport - Other transport								
1202510	Rail Transport - Passengers transport								
1202520	Rail Transport - Freight transport								
1202530	Rail Transport - Other transport								
1202610	Other mode of Transport (including inland waterway, Other) - Passengers								
1202620	Other mode of Transport (including inland waterway, Other) - Freight transport								
1202630	Other mode of Transport (including inland waterway, Other) - Other Transport								
1203000	**Postal and Courier services**								
1204000	**Travel**								
1204100	Business travel								
1204210	Personal travel - Education								
1204220	Personal travel - Health								
1204230	Personal travel - (visiting friends and relatives, holiday, others)								
1204300	Transport of nonresidents by resident carriers in the economies visited								
1205000	**Insurance and Pension Services**								
1205100	Life Insurance premiums								
1205200	Freight Insurance premiums related to imports of goods								
1205300	Life insurance settlement of claims								
1205400	Other direct insurance premium								
1205500	Other direct insurance claims								
1205600	Reinsurance premium and term life insurance premiums								
1205700	Reinsurance and term-life settlement of claims								
1205800	Pension contribution								
1205900	Pension benefits								

CODE	DESCRIPTION		RECEIPTS (R)						
		Partner State 1	Partner State 2	Partner State 3	Partner State 4	Partner State 5	Partner State 6	Rest of World	Total
1206000	**Construction and Installation Services**								
1206100	Construction work performed outside [Country Name] by resident companies (short-term – for projects not exceeding one year)								
1206200	Construction work performed outside [Country Name] by resident companies (long-term – for projects exceeding one year)								
1207000	**Other Services**								
1207110	Financial Services (commissions and bank charges, Letter of Credit charges, collection charges, etc.)								
1207120	Telecommunication (transmission of sound, images etc., by telephone telex, cable, etc.)								
1207130	computer (hardware and software related services and data processing services)								
1207140	Information services (news agency services, database services, non-bulk subscription of newspapers periodicals and library and archives services)								
1207150	Royalties and license fees (franchise, license to use copyrights, patents, trademark, etc.)								
1207160	Research & development								
1207170	Professional and management consulting (legal, accounting, advertising, etc.)								
1207180	Technical, trade related and other business services (operational leasing, engineering, mining services, etc.)								

CODE	DESCRIPTION		RECEIPTS (R)						
		Partner State 1	Partner State 2	Partner State 3	Partner State 4	Partner State 5	Partner State 6	Rest of World	Total
1207190	Personal, cultural, and recreational services (entertainment, recreation and sporting, education and health services rendered remotely or on-site)								
1207210	Other services to foreign government not included elsewhere (receipts by foreign embassies in [Country Name])								
1207220	Expenses of international institutions such as office of the IMF mission, World Bank, UNICEF etc. in [Country Name]								
1300000	**INCOME**								
1301000	**Compensation of employees**								
1301100	Salaries and wages, and other benefits paid to residents employed in foreign embassies / international organizations based in [Country Name]								
1302000	**Rent**								
1302100	Income from Immovable property (building, land leases)								
1303000	**Income from Direct Investment**								
1303100	Dividends and distributed profits from shares in equity and investment fund shares 10 percent and above								
1303200	Interest income from intercompany loans (that does not increase core capital)								
1304000	**Income from Portfolio Investment**								
1304100	Income from portfolio investment including dividends and other income on equity and investment fund shares below 10 percent								
1304200	Interest on debt securities (bond, bills)								

CODE	DESCRIPTION		RECEIPTS (R)						
		Partner State 1	Partner State 2	Partner State 3	Partner State 4	Partner State 5	Partner State 6	Rest of World	Total
1305000	**Income from Other Investment**								
1305100	Interest on loans – long-term								
1305200	Interest on loans – short-term								
1305300	Interest on deposits (savings, time, and demand deposits)								
1406000	**TRANSFERS**								
1406100	Development assistance, grants, and gift to government from foreign government/international organizations for consumption i.e., current transfers								
1406200	Development assistance, grants, and gift to government from foreign government/international organizations for capital formation i.e., long-term assets								
1406300	Development assistance, grants, and gift to other sectors from foreign government/international organizations (nongovernment) for consumption i.e., current transfers								
1406400	Development assistance, grants, and gift to other sectors from foreign government international organizations (capital i.e., long-term assets)								
1406500	Remittances (*via bank to bank, Western Union, Money Gram*)								
1406600	Other personal transfers (tax on income & wealth, social contributions & benefits)								
1406700	Taxes and fees of the government								
1500000	**Intangible Assets**								
1501100	Receipts on account of sale of intangible assets like patents, copyrights, trademarks, etc.,								

CODE	DESCRIPTION		RECEIPTS (R)						
		Partner State 1	Partner State 2	Partner State 3	Partner State 4	Partner State 5	Partner State 6	Rest of World	Total
	land acquired by government, use of natural resources – government								
1501200	Receipts on account of sale of intangible assets like patents, copyrights, trademarks, etc., use of natural resources – other sectors								
1600000	**DIRECT INVESTMENT**								
1601000	**Direct investment outside the territory of [Country Name] by residents (Assets)**								
1601100	Sales of equity and investment fund shares of 10% or more in enterprises abroad								
1601200	Receipts/repayments from related enterprises in respect of Intercompany loans, and debt instruments advanced to nonresidents								
1601300	Sales of investment in real estate outside [Name of country] by residents								
1602000	**Direct investment in [Country Name] by nonresidents (Liabilities)**								
1602100	Purchases of equity and investment fund shares of 10% or more by nonresident related enterprises								
1602200	Drawing of intercompany loans, and debt instruments between related enterprises								
1602300	Purchase of real estate by nonresidents in [Country Name]								
1700000	**PORTFOLIO INVESTMENT**								
1701000	**Portfolio Investment outside the territory of [Country Name] by residents (Assets)**								
1701100	Sales of equity securities and investment fund shares of less than 10% issued by nonresidents								

CODE	DESCRIPTION		RECEIPTS (R)						
		Partner State 1	Partner State 2	Partner State 3	Partner State 4	Partner State 5	Partner State 6	Rest of World	Total
1701200	Sales of debt securities issued by nonresidents								
1702000	**Portfolio Investment in [Country Name] by nonresidents (Liabilities)**								
1702100	Purchase of equity securities and investment fund shares of less than 10% issued by residents								
1702200	Sales of debt securities issued by residents								
1800000	**OTHER INVESTMENT**								
1801000	**Assets**								
1801100	Receipts of repayment of loans from nonresident – Long term								
1801200	Receipts of repayment of loans from nonresident – Short term								
1801300	Withdrawal of deposits from banks abroad								
1802000	**Liabilities**								
1802100	Loans from nonresident - long-term								
1802200	Loans from nonresident - short-term								
1802300	Placement of deposits by nonresidents in resident banks								
1900000	**Own Account Transfers**								
1901100	Transfer of funds between accounts by Banks								
1901200	Transfer of funds between accounts by other sectors								

Table A: Part II - PAYMENTS by Residents to Nonresidents

[…..] Currency

CODE	DESCRIPTION	PAYMENTS (P)						
		Partner State 1	Partner State 2	Partner State 3	Partner State 4	Partner State 5	Rest of World	Total
2100000	**GOODS**							

CODE	DESCRIPTION	PAYMENTS (P)						
		Partner State 1	Partner State 2	Partner State 3	Partner State 4	Partner State 5	Rest of World	Total
2101100	Payment for goods imported goods during the current period							
2101200	Advance payments for imports yet to be collected							
2101300	Late payment for imports collected previously							
2101400	Payment for goods procured in ports abroad by resident carriers							
2102000	Goods purchased under Merchanting							
2200000	**SERVICES**							
2201000	**Processing, Maintenance and Repair Services**							
2201100	Processing and assembling of goods							
2201200	Labelling and packaging of goods							
2201300	Maintenance and repair of buildings, road, and other infrastructure							
2201400	Maintenance and repair of computers							
2201500	Maintenance of moveable/transport equipment (aircrafts, ships, and other transport equipment)							
2202000	**Transport services**							
2202110	Air transport - Passengers							
2202120	Air transport - Freight transport							
2202130	Air transport - Other Transport							
2202210	Sea Transport - Passengers							
2202220	Sea Transport - Freight transport							
2202230	Sea Transport - Other Transport							
2202310	Pipeline Transport (oil transport) - Freight transport							
2202320	Pipeline Transport (oil transport) - Other Transport							

CODE	DESCRIPTION	PAYMENTS (P)						
		Partner State 1	Partner State 2	Partner State 3	Partner State 4	Partner State 5	Rest of World	Total
2202410	Road Transport - Passengers transport							
2202420	Road Transport - Freight transport							
2202430	Road Transport - Other transport							
2202510	Rail Transport - Passengers transport							
2202520	Rail Transport - Freight transport							
2202530	Rail Transport - Other transport							
2202610	Other mode of Transport (including inland waterway, Other) - Passengers							
2202620	Other mode of Transport (including inland waterway, Other) - Freight transport							
2202630	Other mode of Transport (including inland waterway, Other) - Other Transport							
2203000	**Postal and Courier services**							
2204000	**Travel**							
2204100	Business travel							
2204210	Personal travel - Education							
2204220	Personal travel - Health							
2204230	Personal travel - (visiting friends and relatives, holiday, others)							
2204300	Transport of nonresidents by resident carriers in the economies visited							
2205000	**Insurance and Pension Services**							
2205100	Life Insurance premiums							
2205200	Freight Insurance premiums related to imports of goods							
2205300	Life insurance settlement of claims							
2205400	Other direct insurance premium							
2205500	Other direct insurance claims							

CODE	DESCRIPTION	PAYMENTS (P)						
		Partner State 1	Partner State 2	Partner State 3	Partner State 4	Partner State 5	Rest of World	Total
2205600	Reinsurance premium and term life insurance premiums							
2205700	Reinsurance and term-life settlement of claims							
2205800	Pension contribution							
2205900	Pension benefits							
2206000	**Construction and Installation Services**							
2206100	Construction work performed in [Country Name] by nonresident companies (short-term – for projects not exceeding one year)							
2206200	Construction work performed in [Country Name] by nonresident companies (long-term – for projects exceeding one year)							
2207000	**Other Services**							
2207110	Financial Services (commissions and bank charges, Letters of Credit charges, collection charges, etc.)							
2207120	Telecommunication (transmission of sound, images etc., by telephone telex, cable, etc.)							
2207130	Computer (hardware and software related services and data processing services)							
2207140	Information services (news agency services, database services, non-bulk subscription of newspapers periodicals and library and archives services)							
2207150	Royalties and license fees (franchise, license to use copyrights, patents, trademark, etc.)							
2207160	Research & development							

CODE	DESCRIPTION	PAYMENTS (P)						
		Partner State 1	Partner State 2	Partner State 3	Partner State 4	Partner State 5	Rest of World	Total
2207170	Professional and management consulting (legal, accounting, advertising, etc.)							
2207180	Technical, trade related and other business services (operational leasing, engineering, mining services, etc.)							
2207190	Personal, cultural, and recreational services (entertainment, recreation and sporting, education and health services rendered remotely or on-site)							
2207210	Other services to foreign government not included elsewhere (payments to [Country Name] embassies abroad)							
2207220	Payments to international institutions such as office of the IMF mission, World Bank, UNICEF etc. in [Country Name]							
2300000	**INCOME**							
2301000	**Compensation of employees**							
2301100	Salaries and wages, and other benefits paid to nonresidents employed in [Country Name] embassies abroad							
2302000	**Rent**							
2302100	Income on Immovable property owned by non-resident (building, land leases)							
2303000	**Income from Direct Investment**							
2303100	Payment of dividends and distributed profits from equity and investment fund shares of 10 percent and above							
2303200	Payment of interest from intercompany loans (that							

CODE	DESCRIPTION	PAYMENTS (P)						
		Partner State 1	Partner State 2	Partner State 3	Partner State 4	Partner State 5	Rest of World	Total
	does not increase core capital)							
2304000	**Income from Portfolio Investment**							
2304100	Payment of dividends and distributed profits from equity and investment fund shares below 10 percent							
2304200	Payment of Interest on debt securities (bond, bills)							
2305000	**Income from Other Investment**							
2305100	Payment of interest on loans – long-term							
2305200	Payment of interest on loans – short-term							
2305300	Payment of interest on deposits (savings, time, and demand deposits)							
2406000	**TRANSFERS**							
2406100	Development assistance, grants, and gift to foreign government /international organizations for consumption i.e., current transfers							
2406200	Development assistance, grants, and gift to foreign government/international organizations for capital formation i.e., long-term assets							
2406300	Development assistance, grants, and gift to other sectors for consumption i.e., current transfers							
2406400	Development assistance, grants, and gift to other sectors (capital i.e., long-term assets)							
2406500	Remittances (*via bank to bank, Western Union, Money Gram, etc.*)							
2406600	Other personal transfers (tax on income & wealth, social contributions & benefits)							

CODE	DESCRIPTION	PAYMENTS (P)						
		Partner State 1	Partner State 2	Partner State 3	Partner State 4	Partner State 5	Rest of World	Total
2406700	Taxes and fees of the government							
2500000	**Intangible Assets**							
2501100	Payments on account of purchase of intangible assets like patents, copyrights, trademarks, etc., land acquired by government, use of natural resources - government							
2501200	Payments on account of purchase of intangible assets like patents, copyrights, trademarks, etc., use of natural resources – other sectors							
2600000	**DIRECT INVETSMENT**							
2601000	**Direct investment outside the territory of [Country Name] by residents (Assets)**							
2601100	Purchase of in equity and investment fund shares of 10% and above in enterprises abroad							
2601200	Disbursement of loans and debt instruments to related enterprises (that does not increase core capital)							
2601300	Purchase of Immovable property (building, land leases) abroad by residents							
2602000	**Direct investment in [Country Name] by nonresidents (Liabilities)**							
2602100	Sales of equity and investment fund shares of 10% and above by nonresident enterprises							
2602200	Repayment of loans and debt instruments from related enterprises (that does not increase core capital)							
2602300	Sales of real estate in [Country name] by nonresidents							

CODE	DESCRIPTION	PAYMENTS (P)						
		Partner State 1	Partner State 2	Partner State 3	Partner State 4	Partner State 5	Rest of World	Total
2700000	**PORTFOLIO INVESTMENT**							
2701000	**Portfolio Investment outside the territory of [Country Name] by residents (Assets)**							
2701100	Purchase of equity securities and investment fund shares of less than 10% in enterprises abroad							
2701200	Purchases of debt securities issued by non-residents							
2702000	**Portfolio Investment in [Country Name] by nonresidents (Liabilities)**							
2702100	Sales of equity securities and investment fund shares of less than 10% by non-resident enterprises							
2702200	Sales of debt securities by non-residents							
2800000	**OTHER INVESTMENT**							
2801000	**Assets**							
2801100	Disbursement of Loans to nonresident - long-term							
2801200	Disbursement of Loans to nonresident - short-term							
2801300	Placement of deposits of residents in nonresident banks							
2802000	**Liabilities**							
2802100	Repayment of Loans to nonresident - long-term							
2802200	Repayment of Loans to nonresident - short-term							
2802300	Withdrawal of deposits by nonresidents							
2900000	**Own Account Transfers**							
2901100	Transfer of funds between accounts by Banks							
2901200	Transfer of funds between accounts by other sectors							

Table B: Modes of Payment US$

	Receipts	Payments

Cards (Credit and Debit)		
Money gram		
Western Union		
Bank to Bank		
Mobile Money (i.e., M-Gurush, M-Pesa, etc.)		
Internet Banking		
Others (Specify)		
Total		

Annex 3: Manufacturing Services Questionnaire

Part A: Goods Sent Abroad for Processing and Manufacturing

Q1. Did your company send goods abroad for processing, assembly, labelling, and/or packing during [**Insert Period**]?

[ ] Yes [ ] No {if No go to Part B}

Q2. If yes, list the goods:

	i) Sent abroad for processing, assembling, labelling, and packing	ii) Processed (including by-products) goods.
1		
2		
3		
4		

Q3. Complete the **Table A** below with information regarding the goods sent abroad for Processing and Manufacturing Services described in **Q2** above.

Table A: Goods sent for Processing and Manufacturing

Goods sent abroad for processing and manufacturing services during [**Insert Period**]		**Value in National Currency**							
		Partner State 1	**Partner State 2**	**Partner State 3**	**Partner State 4**	**Partner State 5**	**Partner State 6**	**Rest of World**	**Total value**
Q3.1.	Value of goods sent abroad for processing								
Q3.2.	Value of goods you bought abroad as part of the processing activity								
Q3.3.	Value of processing fee paid to foreign (non-resident) company for processing service								
Q3.4.	Value of finished/processed goods returned to [*insert country name*]								
Q3.5.	Value of finished/processed goods sold abroad (without returning to [*insert country name*])								

Part B: Goods Received from Abroad for Processing and Manufacturing

Q4. Did your company receive goods from abroad for processing, assembling, labelling, and/or packing during [**Insert Period**]?

[ ] Yes [ ] No

Q5. If the answer to Q4 is yes, list the goods:

	i. Received from abroad for processing, assembling, labelling, and packing	ii. Processed (including by-products)
1		
2		
3		
4		

Q6. Complete the Table B below with information regarding the good received from abroad for Processing and Manufacturing.

Table B: Goods received for Processing and Manufacturing

Goods received from abroad for Processing and Manufacturing services during [**Insert Period**]		Value in National Currency							
		Partner State 1	**Partner State 2**	**Partner State 3**	**Partner State 4**	**Partner State 5**	**Partner State 6**	**Rest of World**	**Total Value**
Q7.1.	Value of goods received from abroad for Processing and Manufacturing on own account								
Q7.2.	Value of goods received from abroad for Processing and Manufacturing On behalf of nonresident client								
Q7.3.	Value of finished/processed goods returned to foreign owner after Processing and Manufacturing								
Q7.4.	Value of finished/processed goods sold in [*insert country name*]								
Q7.5	Value of Processing and Manufacturing services received from foreign (non-resident) client								

Annex 4: Maintenance and Repair Services Questionnaire

Part A: Maintenance and Repair by Nonresidents on Goods owned by Residents

Q1. Did your company receive Maintenance and Repair services from Nonresidents? (*The services may be performed within the economy or abroad*)

[ ] Yes [ ] No □ {if No go to Part B}

Q2. If yes, provide a short description of:

i. the goods Maintained and Repaired within the economy by nonresidents……
ii. the goods Maintained and Repaired abroad by nonresidents……

Q3. Complete the Table below with information regarding the Maintenance and Repair by Nonresidents on goods described in **Q2** above.

Maintenance and Repair services on goods		Value in national Currency							
		Burundi	**Kenya**	**South Sudan**	**Rwanda**	**Uganda**	**Tanzania**	**Rest of world**	**Total value**
Q3.1.	Value of goods Maintained and Repaired within the economy								
Q3.2	Fees paid to Nonresidents on goods Maintained and Repaired within the economy								
Q3.3.	Value of goods sent abroad for Maintenance and Repair								
Q3.4.	Value of goods brought from abroad after Maintenance and Repair								
Q3.5.	Value of goods sold abroad after maintenance and Repair (without returning to [*insert country name*])								
Q3.6.	Fees paid to Nonresidents on goods Maintained and Repaired abroad								

Part B: Maintenance and Repair by Residents on Goods owned by Nonresidents

Q4. Did your company undertake Maintenance and Repair services for Nonresidents? (*The services may be performed within the economy or abroad*)

[ ] Yes [ ] No

Q5. If the answer to **Q4** is yes, provide a short description of:

i. the goods Received for Maintenance and Repair in the economy …….
ii. the goods Maintained and Repaired abroad by your company ……

Q6. Complete the Table below with information regarding the Maintenance and Repair by your company on goods described in **Q5** above.

Maintenance and Repair services on goods		Value in National Currency							
		Partner State 1	**Partner State 2**	**Partner State 3**	**Partner State 4**	**Partner State 5**	**Partner State 6**	**Rest of World**	**Total Value**
Q6.1.	Value of goods Maintained and Repaired abroad by your company								
Q6.2.	Fees received by your company for Maintenance and Repair abroad on goods owned by nonresidents								
Q6.3.	Value of goods received from abroad for Maintenance and Repair								
Q6.4.	Value of goods returned abroad after Maintenance and Repair								
Q6.5.	Value of goods sold after maintenance and Repair within the economy								
Q6.6.	Fees received from Nonresidents on goods Maintained and Repaired within the economy								

2.4

Annex 5: Transport Questionnaire for Resident Operators

Q1. Please tick all the modes of transport your company uses in its operation.

[ ] Sea [ ] Air [ ] Road [ ] Rail [ ] Pipeline [ ] Inland Water [ ] Other (Specify)

Note: *For each mode of transport, please use separate form*.

Mode of Transport ……..

What is transported	**Value in National Currency**					
i. Passenger	**Partner State 1**	**Partner State 2**	**Partner State 3**	**Partner State 4**	**Partner State 5**	**Rest of World**
A. Total revenue earned on transport of passengers in the domestic routes						
A1. Revenue earned on transport of *resident* passengers in the domestic routes						
A2. Revenue earned on transport of *nonresident* passengers in the domestic routes						
B. Total Revenue earned on transport of passengers in the international routes						

B1. Revenue earned on transport of *resident* passengers in the international routes						
B2. Revenue earned on transport of *nonresident* passengers in the international routes						
Total (A+B)						
ii. Freight						
C. Total Revenue earned on cargo transportation in the domestic routes						
C1. Revenue earned on cargo transportation for *resident* owners in the domestic routes						
C2. Revenue earned on cargo transportation for *nonresident* owners in the domestic routes						
D. Total Revenue earned on cargo transportation in the international routes						
D1. Revenue earned on cargo transportation for *resident* owners in the international routes						
D2. Revenue earned on cargo transportation for *nonresident* owners in the international routes						
Total (C+D)						
Other						
iii. Leases						
E. Financial Lease						
F. Operational Lease						
iv. Other services auxiliary to transportation						
G. Navigation, landing & Parking fees, and other similar service charges paid abroad						
H. Maintenance and repair services abroad						
I. Commission and fees paid to agents abroad						
v. Other Expenses						
J. Purchase of fuel from abroad						
K. Acquisition for inflight catering from abroad						
L. Wages and salaries paid to nonresident workers (both in Compiling economy and abroad)						
M. Accommodation expenses on crew abroad						
N. Advertising expenses incurred abroad						
O. Other expenses incurred in [insert name of compiling economy]						

……Specify nature of expense.						

Annex 6: Transport Questionnaire for Nonresident Operators

Q1. Please tick all the modes of transport your company uses in its operation.

[ ] Sea [ ] Air [ ] Road [ ] Rail [ ] Pipeline [ ] Inland Water [ ] Other (Specify)

Note: *For each mode of transport, please use separate form*.

Mode of Transport ……..

What is transported	**Partners**					
	Partner State 1	**Partner State 2**	**Partner State 3**	**Partner State 4**	**Partner State 5**	**Rest of World**
i. Passenger						
A. Total Revenue earned on transport of passengers in the domestic routes						
A1. Revenue earned on transport of *resident* passengers in the domestic routes						
A2. Revenue earned on transport of *nonresident* passengers in the domestic routes						
B. Total Revenue earned on transport of passengers in the international routes						
B2. Revenue earned on transport of *resident* passengers in the international routes						
B2. Revenue earned on transport of *nonresident* passengers in the international routes						
ii. Freight						
C. Total Revenue earned on cargo transportation in the domestic routes						
C1. Revenue earned on cargo transportation for *resident* owners in the domestic routes						
C2. Revenue earned on cargo transportation for *nonresident* owners in the domestic routes						
D. Total Revenue earned on cargo transportation in the international routes						
D1. Revenue earned on cargo transportation for *resident* owners in the international routes						
D2. Revenue earned on cargo transportation for *nonresident* owners in the international routes						
Others						
iii. Leases						
E. Financial Lease						
F. Operational Lease						
iv. Other services auxiliary to Transport incurred in the [insert name of compiling economy]						
G. Navigation, landing & Parking fees, and other similar service charge incurred in the [insert Name of compiling economy]						
H. Maintenance and repair services in [insert Name of compiling economy]						

I.	Commission and fees paid to agents in [insert Name of compiling economy]						
	Other Expenses						
J.	Purchase of fuel in [insert Name of compiling economy]						
K.	Acquisitions for inflight catering [insert Name of compiling economy]						
L.	Wages and salaries paid to resident workers in [insert name of compiling economy]						
M.	Accommodation expenses on crew in [insert name of compiling economy]						
N.	Advertising expenses incurred [insert name of compiling economy]						
O.	Other expenses incurred in [insert name of compiling economy] ……Specify nature of expense.						

Annex 7: Survey of Importers on Freight and Insurance Services

The Questionnaire targets Main Importers in [Insert the name of compiling economy]. The data required include the Free on Board (FOB), freight and insurance charges on transportation of goods that pass through other Partner States before final destination in [Insert the name of compiling economy] e.g., goods imported by Rwandan importers from China through port of Dar es Salaam and passing through Tanzania or Kenyan importing goods from Rwanda and passing through Uganda.

Before completing the Table below, read the following concepts:

i) **Main product imported:** The main goods imported by your enterprise.
ii) **Port of landing/Custom Frontier:** Means the port of entry/custom frontier where the goods were first entered the EAC Region (i.e., Mombasa, Dar es salaam, etc.)
iii) **Country of Origin**: This is the country where the goods originated from.
iv) **FOB**: include the transaction value of the goods and value of services performed to deliver goods to the border of exporting country.
v) **Freight:** Cost of transporting the goods from port of shipment to port of destination. The buyer bears the cost of freight.
vi) **Insurance:** Cost for covering any risk or damage to the goods. The buyer bears the cost of insurance.
vii) **Product Classification**: This is based on the Harmonized Commodity Description and Coding System (HS). The list is provided below:

Please fill the Table

		Products		
		Product 1	**Product 2**	**Product 3**
1	What is the main imported Products			
2	Provide the HS Codes at 8-digit level for the products above			
3	What was the country of Origin per Product listed above			
4	Estimated FOB Value at port of origin			
5	Estimate value of freight cost (In National Currency) from port of origin to the first port of entry within the EAC			
6	Estimate value of Insurance cost (In National Currency) from port of origin to the first port of entry within the EAC			
7	Which Port of entry/custom frontier were the goods first declared within the EAC region			
8	Estimate value of freight cost (In National Currency) to the final destination [in Name of Partner State]			

9	Estimate value of Insurance cost (In National Currency) to the final destination [in Name of Partner State]			
10	Estimate value of other handling cost (In National Currency)			

2.5

2.6 Annex 8: Travel Services Questionnaire (Hotels, education facilities, Hospitals)[48]

Please complete the Table below with the required information for the period [**Insert the period**]

	Partner						
Particulars	**Partner State 1**	**Partner State 2**	**Partner State 3**	**Partner State 4**	**Partner State 5**	**Rest of World**	**Total Value**
Hotels Module							
1. Total number of nonresidents travellers staying at the hotel							
2. Total number of nights spent at the hotel by all nonresident travellers							
3. Total amount paid by nonresident travellers during their stay on accommodation							
4. Total amount paid by nonresident travellers during their stay on meals and beverages							
5. Total amount paid by nonresident travellers during their stay on other services such as spa, tours, etc.							
6. Commission paid to nonresident travel agents							
Tour Agent Module							
7. Total number of nonresidents travellers who hired tour cars/vans							
8. Total number days that nonresident traveller hired tour cars/vans							
9. Total amount paid by nonresident travellers for hiring of tour cars/vans							
10. Commission paid to nonresident travel agents							
Hospital Module							
11. Total number of nonresidents travellers who received medical treatment in your medical facility							
12. Total amount paid by nonresident travellers for medical treatment in your facility							
Education Module							
13. Total number of nonresident students pursuing studies in your institution							
14. Total amount paid by students during the stay on tuition							
15. Total amount paid by students during the stay on accommodation							
16. Total amount paid by students during the stay on other services							

[48] Separate questionnaires can be designed to respective institutions

2.7

2.8 Annex 9: Travel Questionnaire for non-resident travellers

1. (a) Country of residence _____ (b) Nationality _____
2. Are you completing this return in respect of yourself only or in respect of a group of travelers?
   [ ] Group – please go to question 3.
   [ ] Self only – please go to question 4.
3. a) How many persons are in your group
   b) How many of these persons are less than 18 years o
4. What was the purpose of your visit to [Insert Name of Compiling Economy]?

[ ] Business: Border/Seasonal/Short-term worker (Driver, Harvest, Contract, Border trade)

- If Short-term/Contract worker, specify the type of work? _____
- How much did you earn for the work performed? _____
- What was the duration of the contract? _____

[ ] Business travel related e.g. Official duty, Conference, Meetings, Trade
[ ] Personal travel for education e.g., College and University obligations
[ ] Personal travel for health e.g., medical treatment
[ ] Personal travel for holiday
[ ] Other Personal related reasons e.g., Transit, Visiting Family, etc.

5. How many nights have you stayed in [Insert Name of Compiling Economy]? _____
6. **Expenditure during the stay in [Insert Name of Compiling Economy**

Expenditure breakdown by Item	**Amount**
a) Goods acquired locally e.g., souvenirs and gifts (**Exclude** goods acquired for commercial purpose)	
b) Local transportation services	
c) Accommodation & related services	
d) Food-servicing services	
e) Health services	
f) Education services **excluding** tuition fees	
g) Access/entry/gate fees	
h) Visa fees and taxes	
i) other expenditures e.g., entertainment, sightseeing excursions. **Exclude** international airline /bus transportation costs.	
Total expenditure	

2.9 Annex 10: Travel Questionnaire for Resident Travellers (Returning Residents)

1. Which country/countries did you visit? _____ __
2. Are you completing this return in respect of yourself only or in respect of a group of travelers?
   [ ] Self only – please go to question 4.
   [ ] Group – please go to question 3.
3. a) How many people are in your group?
   b) How many of these are less than 18 years of age
4. What was the purpose of your visit to the above-mentioned country/countries?
   [ ] Business: Border/Seasonal/Short-term worker (Driver, Harvest, Contract, Border trade)
   - If Short-term/Contract worker, specify the type of work? _____
   - How much did you earn for the work performed? _____
   - What was the duration of the contract? _____

[ ] Business: Official/ Other (e.g., Conference, Trade, Seminar, Meetings)

[ ] Personal travel for education e.g., College and University obligations

[ ] Personal travel for health e.g., medical treatment

[ ] Personal travel for holiday

[ ] Other Personal related reasons e.g., Transit, Visiting Family, etc.

5. How many nights did you spend abroad? _____

6. Expenditure during the stay abroad

Expenditure abroad (breakdown by product group)	**Amount**
a). Goods acquired abroad e.g., souvenirs and gifts for personal use/give away (Exclude goods acquired for commercial purposes)	
b). Transport expenses on international routes	
c). Transport expenses within the countries visited	
d). Accommodation services abroad	
e). Food-servicing services abroad	
f). Health services abroad	
g). Education services abroad	
h) Access/entry/gate fees	
i) Visa fees and taxes	
j). Other expenditures abroad e.g., entertainment, sightseeing excursions (**excluding** your domestic transportation costs)	
Total expenditure while abroad	

2.10 Annex 11: Construction Services Questionnaire

Q1. Has your company undertaken construction work for non-resident in the past [Insert Period]?

[ ] Yes [ ] No

If your response to Q1 is "No," skip to Q2 below.

Part A: Export of Construction Services (excludes construction services executed by branches and subsidiaries of your company incorporated abroad)

Particulars		**Total Amount (national Currency)**	**Partner State 1**	**Partner State 2**	**Partner State 3**	**Partner State 4**	**Partner State 5**	**Rest of World**
What was the total Value of the contract								
I. Goods & services purchased, and salaries paid to residents of [insert name of compiling economy] for construction work abroad								
I. a	Goods purchased in the [name of the compiling economy]							
I. b	Services rendered to [name of the country of construction]							
I. c	Salaries and Wages paid to resident [Name of compiling economy]							
II. Goods & services Purchased, and salaries paid to residents in the country of construction (Abroad)								
II. a	Goods purchased in the country of construction							
II. b	Services acquired in the country of construction							
II. c	Salaries and wages paid to resident employees in country of construction							
III. Goods & services purchased, and salaries paid to residents of third countries								

III. a	Goods purchased from third countries							
III. b	Services acquired from third countries							
III. c	Salaries and wages paid to resident employees of third countries							
Total cost = (I+II + III)								

Q2. Has your company undertaken construction work on behalf of non-resident in the past [Insert Period]?

[ ] Yes [ ] No

If your response to Q2 is "No," skip to Q3 below.

Part B. Sub-contracts

B	**Construction services in [Insert Name of compiling economy] on behalf of non-resident companies** Has your company worked with non-resident companies on short term (less than 1-year) construction projects in [Insert Name of compiling economy]? [ ] Yes [ ] No If yes, please complete the questions below.								
		Amount (USD)	**Partner State 1**	**Partner State 2**	**Partner State 3**	**Partner State 4**	**Partner State 5**	**Rest of World**	
	What was the Value of the contract								
	B.1 Goods bought in [insert name of compiling economy]								
	B.2 Services paid [insert name of compiling economy]								
	B.3 Goods bought in third country								
	B.4 Services paid to third country								
	B.5 Commission received from the nonresident company								

Q3. Has your company hired a non-resident company to undertake construction work in the past [Insert Period]?

[ ] Yes [ ] No

If your response to Q3 is "yes," please complete Part C below with information regarding the construction activity.

Part C. Import of Construction Services (excludes construction services provided by branches and subsidiaries of foreign companies located in [insert name of the compiling economy]

C	**Construction services in [insert name of compiling economy] by non-resident companies** Have you commissioned any on short term (less than 1-year) construction projects in [insert name of compiling economy] from non-resident construction companies? [ ] Yes [ ] No If yes, please complete the questions below								
	Particulars	**Amount**	**Partner State 1**	**Partner State 2**	**Partner State 3**	**Partner State 4**	**Partner State 5**	**Rest of World**	**Total**
	Value of the contract								
	I. Goods & services purchased from, and salaries paid to residents of [compiling economy]								
	A Goods bought from [insert name of compiling economy] residents								

	B	Services bought in [insert name of compiling economy] residents								
	C	Labour payments to [insert name of compiling economy] residents								
	II. Goods & services purchased from, and salaries paid to residents in your country of contractor									
	D	Goods imported from your country of contractor								
	E	Services received from your country of contractor								
	F	Labour paid to residents of your country of contractor								
	III. Goods & services purchased from, and salaries paid to residents of third countries									
	G	Goods provided by third countries								
	H	Services provided by third countries								
	I	Labour paid to third countries								
	Total cost									
	IV. Value of construction equipment brought to the site									

2.11 Annex 12: Telecommunication, Computer, and Information Services

	Geographical distribution						
	Partner State 1	**Partner State 2**	**Partner State 3**	**Partner State 4**	**Partner State 5**	**Rest of World**	**Total**
A. EARNINGS FROM NONRESIDENTS FOR:							
1. **Telecommunication Service**s (eg. include broadcast r transmission of sound, images, data, or other formation by telephone, telex, telegram, radio and levision cable transmission, radio and television satellite, ectronic mail and networking, teleconferencing, and milar services							
A2. **Information Services** (eg. includes news agency services, database services, and Web search portals. Also included are direct nonbulk subscriptions to newspapers and periodicals, whether by mail, electronic transmission, or other means; other online content provision services (except for software or audio, e-books, and video); and library and archive services)							
A3. **Computer Services** consist of hardware- and software-related services and data-processing service; data processing and hosting services; maintenance and repairs of computers and peripheral equipment; data recovery services, etc.							
B. EXPENSES PAID TO NONRESIDENTS FOR:							
B1. **Telecommunication Services** (eg. include broadcast or transmission of sound, images, data, or other information by telephone, telex, telegram, radio and television cable transmission, radio and television satellite, electronic mail and networking, teleconferencing, and similar services							
B2. **Information Services** ((eg. includes news agency services, database services, and Web search portals. Also included are direct nonbulk subscriptions to newspapers and periodicals, whether by mail, electronic transmission, or other means; other online content provision services (except for software or audio, e-books, and video); and library and archive services)							

B3. **Computer Services** consist of hardware- and software-related services and data-processing service; data processing and hosting services; maintenance and repairs of computers and peripheral equipment; data recovery services, etc.							

2.12 Annex 13: Insurance Services Questionnaire for Resident Insurance Companies

	Geographical distribution							
	Partner State 1	**Partner State 2**	**Partner State 3**	**Partner State 4**	**Partner State 5**	**Rest of World**		
A. **Freight Insurance provided to nonresident on Imported goods**								
Premium received during the period								
Premium earned during the period								
Claims paid during the period								
Claims due during the period								
B. **Freight Insurance provided to nonresident on Exported goods**								
Premium received during the period								
Premium earned during the period								
Claims paid during the period								
Claims due during the period								
C. **Other Nonlife insurance provided to nonresidents**								
Premium received during the period								
Premium earned during the period								
Claims paid during the period								
Claims due during the period								
D. Reinsurance Accepted from Nonresident								
Premium received during the period								
Premium earned during the period								
Claims paid during the period								
Claims due during the period								
Commission paid to nonresident agents								
E. **Reinsurance Ceded to Nonresident**								
Premium paid during the period								
Claims received during the period								
Commission received								
F. **Life insurance Provided to Nonresident**								
Premium received during the period								
Premium earned during the period								
Benefits due by end of period								
Investment income allocated to nonresident beneficiaries during the period								
G. Increase in technical reserves due to unearned premiums from nonresident								
H. Increase in technical reserves due to unpaid claims to nonresident								

2.13 Annex 14: Postal and Courier Services Questionnaire

	Geographical distribution

	Partner State 1	Partner State 2	Partner State 3	Partner State 4	Partner State 5	Rest of World
A. Receipts						
A1. Revenue from printing stamps for nonresidents						
A2. Post office counter services to nonresidents such as Sales of stamps and money orders						
A3. Mail box Rental services						
A4. Earnings from pickup, transporting and delivery of letter, newspapers, parcels, packages, and periodicals to nonresidents						
A5. Commissions received from abroad						
B. Payments						
B1. Cost of printing stamps abroad						
B2. Payments for pickup, transportation and delivery of letter, newspapers, parcels, packages, and periodicals by nonresidents						
B3. Subscription to international organizations e.g., postal unions						
B4. Subscription for nonbulk newspapers and periodicals						
B5. Commission paid abroad						

2.14 Annex 15: A sample of TORs from Kenya

Logo

Terms of Reference for Balance of Payments Statistics Technical Working Group Committee

INTRODUCTION

Kenya National Bureau of Statistics (KNBS) which is the principal agency of the government for collecting, analyzing and disseminating statistical data in Kenya cannot execute its mandate without the collaboration of the various producers and users of statistics. In this regard, KNBS has constituted various committees drawing membership from the various stakeholder institutions to address statistical issues arising from specific sectors of the economy. The purpose of the collaboration is to standardize and harmonize statistics which is key to improving the quality of statistics, promoting cooperation and building capacity in the relevant institutions. The usefulness of Balance of Payments (BOP) statistics like other economic statistics is enhanced when the needs of the user community are met. These users' needs include:

(a) Clear information on the methods used to collect and compile the data
(b) Timeliness
(c) Regularity
(d) Reliability
(e) Accuracy of the data
(f) Comparability

In the past, there was an informal BOP statistics committee which was based on common understanding between KNBS, Central Bank of Kenya (CBK) and Ministry of Finance (MoF). The informal committee did not have clear Terms of Reference (ToR).

Following the successful completion of the first Foreign Investment Survey (FIS) 2010, the technical committee that was responsible for the survey felt that there was need to constitute a permanent committee to look into the accuracy, consistency and timely production of BOP statistics. Hence the committee was established with the aim of articulating BOP/IIP statistics-issues.

Key Objectives

1. Coordinate the collection and compilation of comprehensive and accurate BOP/IIP statistics.
2. Promote cooperation among data producers and users of BOP statistics
3. Promote capacity building in BOP/IIP and other related statistics
4. Monitor the implementation and observance of International Standards and codes, and use of best practices in the production of External Sector Statistics.

Specific Objectives

i. Monitor and review ways of improving the production of timely BOP/IIP data.
ii. Harmonize production of similar datasets pertaining to BOP/IIP and other related data produced by KNBS and CBK
iii. Development and updating of the BOP/IIP compilation guide for Kenya
iv. Developing a framework for implementation of the most current compilation standards of BOP/IIP statistics
v. Plan and implement the foreign investment surveys and other surveys required to improve BOP/IIP statistics
vi. Provide forums that bring together various stakeholders (users/producers) of BOP/IIP statistics
vii. Identify areas which require further research

Mandate of the BOP TWG Committee

The BOP committee plays a major role in the improvement of the quality of BOP/IIP statistics. The committee has the discretion to form working groups and task forces geared towards the standardization and harmonization of External Sector Statistics. The committee gives guidance on the business of the working groups and taskforces that may be formed to:

- Carry out research to be presented and considered at an appropriate level as the committee may decide
- Perform specific tasks within prescribed time frame to be presented to the committee, and
- Make recommendations on matters beyond its scope that contribute to the effective production of the BOP/IIP statistics and other related statistics, to the chief executives of the relevant departments/institutions

Expected Results

1. Improvement in the quality of BOP/IIP statistics and other related statistics in terms of consistency, reliability, regularity and timely production
2. BOP/IIP compilation guide for Kenya
3. A framework guiding the implementation of the most current compilation standards of BOP/IIP for Kenya
4. Periodic BOP/IIP reports
5. Increased awareness of BOP/IIP issues, among the chief executives of the member institutions

Members and Organization of the Committee

The membership and organization of the committee targets all key institutions that produce and use BOP/IIP and other related data.

Membership

a) The membership will include representatives from the following institutions/departments:

- Kenya National Bureau of Statistics
- Central Bank of Kenya
- Kenya Revenue Authority
- Retirement Benefits Authority
- Communications Authority of Kenya
- Kenya Maritime Authority
- Kenya Airports Authority
- Kenya Civil Aviation Authority
- Kenya Ports Authority
- Kenya Trade Network Agency (KenTrade)
- The National Treasury, Directorate of Public Debt Management
- The National Treasury, Directorate of Budget, Fiscal and Economic Affairs
- Capital Markets Authority
- Kenya Investment Authority

- Export Processing Zones Authority
- Insurance Regulatory Authority
- Kenya Power and Lighting Company
- Kenya Railways Corporation

The committee has the discretion of inviting representatives from other institutions/departments, whether as a permanent or guest member, as and when it deems necessary for the execution of its mandate.

(b) Administrative arrangements

- KNBS will provide the secretariat and also the chairperson of the committee
- CBK will be the co-chair of the committee
- As much as possible, the hosting of the committee will be on rotational basis among the member institutions
- The member institutions may pool resources in the advancement of the objectives of the committee

The committee shall meet on quarterly basis

APPENDIX D: DATA REPORTING TEMPLATES

	Table Name	Content	Assess Link
1	BOP Reporting Template (A & Q)	BOPBPM6_EAC.xlsx	
2	IIP Reporting Template (A & Q)	IIPBPM6_EAC.xls	
3	Exchange Rate Reporting Template (M)	ExchangeRate_Templates.xlsx	
4	Reserves Reporting Template	Reserves.xlsx	
5	Import Cover and other Key Indicators	Key Indicators_% GDP and Import Cove	

APPENDIX E: ASSESSMENT FRAMEWORK FOR MONITORING COMPLIANCE WITH THE EAC GUIDELINES FOR THE COMPILATION OF BOP/IIP STATISTICS

Assesment
Framework for Monit

[LINK HERE]

APPENDIX F: REFERENCE

1. Balance of Payments and International investment Position Manual, Sixth Edition (BPM6)
2. System of National Account 2008 (2008 SNA)
3. Methodological Guide for Compiling the Balance of Payments and International Investment Position in Ecowas Member States
4. European Union Balance of Payments and International Investment Position statistical sources and methods
5. International Merchandise Trade Statistics: Concepts and Definitions 2010
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9. EAC Customs Management Act, 2004