

## 0. Prerequisites

### 0.1 Legal environment

#### **0.1.1 Responsibility for collecting, processing, and disseminating statistics**

##### **Bank of Uganda**

The Bank of Uganda (BOU) collects data on the Central Bank Survey and the Balance of Payments (BOP) under authorisation from the Uganda Bureau of Statistics. As empowered by the *Uganda Bureau of Statistics Act, 1998*, the Uganda Bureau of Statistics (UBOS) is responsible for collecting, compiling, analyzing, and disseminating national statistics. Section 21 of the Statistics Act 1998 states that, UBOS can delegate authority to institutions to compile and disseminate specified statistical data. In a memorandum of understanding signed between UBOS, the BOU, and the Uganda Revenue Authority (URA), UBOS delegated to the BOU the responsibility to collect, compile, and disseminate monetary and external sector statistics. With reference to monetary sector statistics in particular, the Statistics Department uses the monthly balance of Bank of Uganda to compile the sectoral balance sheet, and produce and disseminate the Central bank survey.

The Statistics Department of BOU collects data for the BOP estimates from various data-producing agencies, including the URA, UBOS, the Ministry of Finance, Planning and Economic Development (MFPED), Vivo Energy, Total Uganda Limited, the Uganda Coffee Development Authorities (UCDA), the Civil Aviation Authority (CAA), the Uganda Electricity Transmission Company Ltd (UETCL). Besides, Statistics Department receives source data from other Departments of the bank.

## 2. Methodology

### 2.1 Concepts and definitions

#### **2.1.1 Concepts and definitions**

Since 1997 to 2011, Uganda continuously adopted the conceptual framework and classification structure following recommendations of the fifth edition of the *Balance of Payments Manual (BPM5)*. Between 2011 and 2013, preparatory work for migration to the Balance of Payments and International Investment Position Manual (BPM6) was undertaken and at the end of 2013, Uganda migrated its accounts to BPM6. The definition of balance of payments statistics is limited to transactions between residents and nonresidents. It consists of the goods and services account, the primary income account, the secondary income account, the capital account, and the financial account. The current account shows flows of goods, services, primary income, and secondary income between residents and nonresidents. The capital account shows credit and debit entries for nonproduced nonfinancial assets and capital transfers between residents and nonresidents. The financial account shows net acquisition and disposal of financial assets and liabilities.

	<p>However, in the BOP statement the capital account does not fully capture capital transfers received by government due to insufficient data.</p> <p>The definitions, for example, the definition of residency given in the <i>Foreign Exchange Act, 2004</i> (Part I (3)) and a definition of Direct Investment given in the <i>Private Sector Investment Survey</i> (Part D (2)), broadly conform to the <i>BPM6</i>.</p> <p>While much of the data was collected through the ITRS in the period prior to 1999, there was a gradual movement towards survey based and direct reporting data collection methods to meet BPM5 reporting and the level of detail and coverage was enhanced during the migration to BPM6 replacing the ITRS.</p>
<p><u>2.2 Scope</u></p>	<p><b>Scope of the data</b></p> <ul style="list-style-type: none"> <li>• <i>Geographic Coverage:</i> The economic territory is defined as consisting of the geographic territory administrated by government of Uganda. It includes islands that belong to Uganda, airspace, and waters. The BOP data cover the whole territory of Uganda and its embassies abroad.</li> <li>• <i>Unit Coverage:</i> Basically, all resident institutional units engaged in transactions with nonresidents are covered.</li> <li>• <i>Transaction Coverage:</i> Besides the limitations of the survey and direct reporting systems used for data collection as described above, in principle, all transactions with nonresidents are covered. However, coverage of the data is incomplete for the following components: <ul style="list-style-type: none"> <li>• <i>Goods:</i> Net exports of goods under merchanting.</li> <li>• <i>Services:</i> Manufacturing services on physical inputs owned by others and maintenance and repair services n.i.e.</li> <li>• <i>Income:</i> Other primary income.</li> <li>• <i>Capital account:</i> Gross acquisitions and disposal of non-produced non-financial assets.</li> <li>• <i>Other investments:</i> Insurance, pension and standardized guarantee schemes and net acquisition of assets of other accounts receivable.</li> </ul> </li> </ul> <p><i>Unrecorded activity</i></p> <p>Estimates for unrecorded trade at the border points are obtained from monthly informal cross border trade surveys and are incorporated in the</p>

	BOP.
<u>2.4 Basis for recording</u>	<p><b>2.4.1 Valuation</b></p> <p>The BOP data are compiled in millions of U.S. dollars. Transactions denominated in other currencies are converted into U.S. dollars using the mid-rate weighted average exchange rate for the month, calculated from the current official exchange rate quotations.</p> <p>In general, transactions are valued at market prices. Services are valued at the price paid for the services provided. The own funds at book value principle is used for valuation of foreign direct investment transactions. Market price is used for portfolio investment transactions for companies listed on the Stock Exchange (such as Uganda Clays, New vision, DFCU bank, Stanbic bank and Bank of Baroda), and nominal values (issue price with the capitalized interest) are used for recording transactions in securities.</p> <p><b>2.4.2 Recording basis</b></p> <p><i>Recording is generally done on an accrual basis.</i></p> <p>Part of the BOP is prepared on a cash and not accrual, basis. Interest on reserve assets and loans is recorded on a cash basis while accrual of interest costs on a straight-line basis is applied for recording interest on debt securities. The other investment income for loans of general government is recorded on a due-for-payments basis.</p> <p>In principle, goods are valued f.o.b. but, in practice, a mix of valuations of ex-factory, free on rail and truck, as well as f.o.b. is used.</p> <p><b>2.4.3 Grossing/netting procedures</b></p> <p>Following recommendations of the <i>BPM6</i>, the current and capital account transactions are recorded gross while financial account transactions are recorded net, separately for the individual asset and liability components.</p>
<b>3. Accuracy and reliability</b>	
<u>3.1 Source data</u>	<p><b>3.1.1 Source data collection programs</b></p> <p>The data collection program to compile the BOP statistics is evolving. The BOU employs a collection program that is comprised of several surveys, such as the Annual Private Sector Investment Survey (PSIS), quarterly enterprise surveys (QES) to obtain data on preliminary estimates of foreign private</p>

capital flows and stocks and international trade in services, Annual Personal Transfers Survey (APTS), and the Monthly Informal Cross Border Trade (ICBT) surveys and Direct sources from other BOU Departments and government ministries, agencies and departments. Direct sources include information from the Customs Department of the URA on international merchandise trade statistics, administrative data from the ministries and other government institutions responsible for exports, government's external liabilities and external transactions.

Mirror statistics collected through bilateral trade data comparisons with some countries within the EAC region, the Coordinated Direct Investment Survey and Locational Banking Statistics of the BIS are also used.

Data sources are not entirely adequate for some parts of the BOP. However, BOP survey framework is continuously developing. The surveys are based on the business register, and most of the survey forms are thoughtfully designed and follow guidelines in the BPM6 compilation guide.

Data obtained from customs for merchandise trade statistics is not entirely accurate owing to (i) under-declaration of the value of imports by some importers, (ii) smuggling, and (iii) omission of classified imports (mainly military hardware and equipment). As a result, it is complemented with survey estimates from the monthly informal cross border trade surveys and official records for government imports at the Bank of Uganda.

The data sources for the specific BOP components are listed below.

- *Goods:* Trade statistics are derived mainly from customs documents for exports and imports (from the single bill of entry—the SBE) obtained from URA and processed by both UBOS and the BOU. These data are supplemented by a variety of other data sources for exports, mostly from administrative sources.

For exports, data are supplied by (i) individual exporter's associations (for electricity, and fuel); (ii) industry organizations (such as the UCDA, UETCL, Vivo Energy and Total Uganda Limited); and (iii) CAA. Import source data are augmented by the records of Bank of Uganda. Data on oil imports is collected by the URA from the oil companies.

- *Transportation:* Passenger services credits and debits estimates are based on immigration statistics of travelers, surveys of transportation fares for buses and airline companies to respective destinations of travelers. Freight transportation debits are obtained by adjusting imports from c.i.f values to f.o.b., freight and insurance and freight credits are obtained from surveys of resident transporters.

- *Post and courier services:* Data are based on quarterly enterprise surveys of service providers.
- *Maintenance and repair services n.i.e.:* Credits estimates are obtained from the annual PSIS and debits estimates from the quarterly enterprise survey.
- *Construction services:* Data are based on quarterly enterprise surveys of service providers.
- *Travel:* Credits and debits are based on expenditure surveys of departing non-residents and arriving residents and immigration statistics.
- *Communications:* Communication services data are based on quarterly surveys of communications providers. The response rate has been adequate.
- *Insurance services:* Insurance services data are based on the quarterly surveys of the insurance companies except for freight insurance debits which are obtained by adjusting imports from c.i.f. values to f.o.b., freight and insurance.
- *Financial services:* Are obtained from banks income and expenditure statements for banks while FISM is estimated.
- Estimates of charges for the use of intellectual property are obtained from the ITRS.
- *Other business services:* Other services are a combination of results from the ITRS, surveys and administrative sources particularly for government.
- *Personal, Cultural and Recreational services:* Are obtained from the quarterly enterprise surveys.
- *Government services ni.e.:* Debit entries on government services not included elsewhere are provided by the BOU and the MFPED. For credit entries, commercial bank records are used.
- *Compensation of employees:* Debit entries are estimated based on data obtained from the PSIS. Credit entries are imputed from embassy local staff contributions to National Social Security Fund (NSSF). A monthly survey on cross border workers was introduced to complement current estimates of compensation of employees.
- *Direct investment income:* There are no estimates for credits entries. Debit entries are estimated based on the results of the PSIS.

- *Portfolio investment income:* There are no credit estimates for portfolio investment income. Debit estimates for portfolio investment income are obtained from the Central Depository System of the BOU for interest payable on money market instruments and government bonds. Equity securities income estimates are derived from information provided by the Uganda Securities Exchange and the registrars and the National Social Security Fund (NSSF).
- *Other investment income:* Estimates are based on BOU's records for interest on reserves and data from commercial banks' profit and loss statements and balance sheets, which are submitted to the BOU quarterly.
- *Current transfers:* Estimates are based on administrative data from the MFPED on budget and project grants. For personal transfers credits, the final estimates are based on annual surveys and preliminary estimates are from commercial bank records of international money transfer operations. Debits of personal transfers as well as credits of NPISH are from commercial bank records.
- *Direct investment:* Annual enterprise surveys are used augmented with quarterly enterprise surveys for estimation of preliminary data.
- *Portfolio investment:* Estimates for liabilities of debt securities are obtained from the Central Depository System at the BOU while estimates of liabilities of equity securities are obtained from securities registrars. Estimates of assets of equity securities are obtained from brokers and direct reporting of selected enterprises and estimates of debt securities assets are obtained through direct reporting of selected enterprises.
- *Other investment:* Trade credits are estimated using annual PSIS and the quarterly enterprise surveys for the private sector; information on loans and advances for general government is obtained from the MFPED and BOU records and the PSIS and quarterly enterprise survey for the private sector. Information on monetary authority transactions is available at the BOU. This comprises the use of Fund credit and loans from the Fund. Currencies and deposits are estimated from the balance sheets of commercial banks, BOU records and the BIS.
- *Reserve assets:* Data are derived from records of the BOU.

**3.1.2 Source data definitions, scope, classifications, valuation, and time of recording**

The following specific procedures have been developed to adjust data from various sources:

Custom data are adjusted to include (i) informal trade (including those transported by ferry across Lake Victoria); (ii) imports or exports of small values (below \$1,000) that are not captured by URA; (iii) goods imported in small instalments, for which an average rate for container that contains a composition of different goods is provided by URA; and (iv) for custom documents that has not been processed for technical reasons and to exclude temporary imports and exports.

The PSIS and enterprise survey questionnaires have been recently modified to align with the *BPM6* classification.

**3.1.3 Source data timeliness**

The timeliness of source data is not always adequate. The customs authority (URA) provides the Statistics Department, monthly, with information on imports, with an approximate lag of 15 days after the reference month. The data from ministries come in every month within two weeks.

Monthly and Quarterly reports by commercial banks are timely. Administrative data from the BOU are also generally timely. However, most survey data are not timely. The quarterly surveys of enterprises have a three-month lag, while the PSIS and APTS come with a lag of over six months and preliminary estimates are sometimes used to overcome the delay.

**4. Serviceability**

4.1 Periodicity and timeliness

**4.1.1 Periodicity**

The BOU disseminates quarterly BOP data in the *BOU Quarterly Economic Report* and annual BOP statistics in the *BOU Annual Report*. Data are published on both a calendar year and a fiscal year basis. The periodicity is consistent with the periodicity recommended by the SDDS. Selected indicators are also disseminated on a monthly basis such as the trade balance, exports and imports of goods and services, external debt and donor grants.

	<p><b>4.1.2 Timeliness</b></p> <p>Quarterly BOP statistics are disseminated on the BOU website within three months following the reference period. Thus, timeliness is consistent with SDDS recommendations.</p>
<p><b>5. Accessibility</b></p>	
<p><u>5.1 Data</u></p>	<p><b>5.1.4 Simultaneous release</b></p> <p>Data are always released simultaneously to all users through dissemination workshops, hardcopy publications and on the BOU website. However, sometimes reports are published on the website before the printed reports are available.</p> <p><b>5.1.5 Dissemination on request</b></p> <p>In addition to the BOP data included in the BOU's publications and disseminated on the website, a number of unpublished but non-confidential BOP subcomponents are made available upon demand. Requests from users for special tabulations based on unpublished (but non-confidential) data are usually accommodated, especially from data providers (e.g., PSIS participants) and students carrying out research.</p> <p>No specific reference is made in BOP statistics publications on the availability of non-published subcomponents and the terms and conditions on which they are made available.</p>