Uganda’s Experience in Implementing BPM6
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1. Introduction
The Bank of Uganda (BOU) is responsible for the collection and compilation of BOP and IIP statistics under authorization from the Uganda Bureau of Statistics. The two statements are compiled by the Statistics Department of BOU and data is collected mainly through quarterly and annual surveys and administrative sources comprised of Uganda Revenue Authority (URA), Ministry of Finance, Planning and Economic Development (MFPED), Uganda Coffee Development Authorities (UCDA), Civil Aviation Authority (CAA), Uganda Electricity Distribution Company Ltd., Uganda Tea Authority (UTA), Ministry of Agriculture, Animal Industry and Fisheries (MAAIF), and BOU’s Bank Supervision; Payments and Settlements and Financial Markets Departments.

2. Preliminary Activities (Mostly Unstructured)
The process of implementing BPM6 methodology commenced as early as 2010 when Uganda enrolled to participate in the IMF’s CDIS although this part of the process was mainly unstructured. Participation in the CDIS entailed revision of the existing survey forms that were used for compilation of the private sectors transactions for the financial and primary income accounts of the BOP as well as the position data for the IIP to meet the BPM6 recommendations. The early part of implementation of BPM6 therefore focused mainly on the financial account and in particular the transactions of the financial and primary income accounts and the assets and liability positions. This was in part aided by the fact that a decision was made to integrate the reporting requirements of the CDIS in the existing survey as opposed to conducting a separate survey. Subsequently, the revision of the questionnaire to meet the CDIS requirements also resulted in changes that aligned the transactions to BPM6 methodology. However, while data for the CDIS was reported as per the recommendations of the CDIS guide following the initial survey, reporting of the resulting transactions remained on BPM5 basis due to challenges that were faced by enterprises understanding and identifying transactions of fellows and reverse investment. Nonetheless, the participation in the CDIS provided an early opportunity for training of staff on some of the BPM6 concepts.
particularly for the financial account. The experience from the implementation of the CDIS showed some gaps as training was inadequate and the level of understanding varied among the staff, resources were inadequate and the quality of the initial output was low. For instance only 2 staff were able to attend the training provided by the IMF on the CDIS while the rest had to learn from the two staff. No additional resources were provided since the CDIS was integrated into the usual surveys although the work load increased. Reporting formats from the survey data base were not tailored to meet BPM6 reporting in the BOP. As a result it was decided that the full implementation of BPM6 required a different approach as opposed to the adhoc way the CDIS was implemented.

3. Formalization of BPM6 Implementation Strategy
For the full implementation of BPM6, a project management approach was adopted in 2011 in which a project structure was established and the project’s objectives, scope, deliverables, work plan, resources and costs were identified. Senior management’s approval was then sought for the activities and funding and reporting modalities were established for updating the project manager and senior management on the progress at different time intervals. This was done to avoid compilers working independently and at different speeds and to provide a systematic way to track progress and the quality of the outputs at the different stages. The implementation was generally split up into work packages, comprised of (i) Goods, Services and Secondary income, (ii) Primary income, Direct and Portfolio Investment and other investment of the non-public sector (iii) Other Investment of the public sector and Reserves iv) Conversion of BPM5 data to BPM6 reporting basis and v) Trail run and engagement of stakeholders and dissemination.

i. Goods, Services and Secondary income
In the areas of goods, services and transfers, much of the work focused on the services account which is mainly compiled using data from quarterly surveys. Most of the effort was placed on revision of the questionnaires to align them to BPM6, providing training and updating of the list of respondents to enhance coverage. In particular, questionnaires for collection of data on expenditures of travelers; transport; insurance,
pension and standardized guarantee schemes; construction; operational leasing; cultural, personal and recreational services and telecommunication, computer and information services were revised while new surveys for manufacturing services on physical inputs owned by others and repairs and maintenance were introduced. In addition, source data for compilation of FISIM was identified and procedures for estimation set up. There was hardly any change made with respect to compilation of the goods account owing to the absence of data on merchanting. However, source data for the secondary income account was improved to include new methodology for compiling estimates for taxes on income, and in particular on interest receivable by non-resident portfolio investors and personal transfers.

\textit{ii. Primary income, Direct and Portfolio Investment and other investment of the non-public sector}

For the primary income, direct investment, portfolio investment and other investment of the no-public sector, effort was placed on entrenching the changes that were made when the CDIS was adopted with regard to direct investment relationships and the respective primary income components. A new survey and methodology for compiling cross border short-term workers was introduced and compilation of other equity improved. A major development was the introduction of a small sample quarterly enterprise survey to provide preliminary estimates for the financial account due to the observed long lag of data availability from the annual survey. A much leaner questionnaire was developed for collecting data on direct investment and other investments by the non-public sector and additional improvements were made with respect to identifying direct investment by different types of investors. It was also decided to merge the quarterly enterprise survey questionnaire and its implementation with the quarterly survey for services. In addition, it was decided to cover the BOP transactions in the oil sector (for companies involved in oil exploration) separately owing to their importance and unique accounting practices. ON the primary income account, main changes were focused on improving estimation of interest on debt securities in accordance with the accrual accounting principle and computation of interest income receivable and payable excluding FISIM.
iii. Other Investment of the public sector and Reserves

There was not much to do on Other Investment of the public sector and Reserves as BPM6 changes did not have a significant impact on the source data and compilation approach for this category.

iv. Conversion of BPM5 data to BPM6 reporting basis

Prior to conversation, a lot of effort was made to update the IT system to accommodate the changes as well as to produce new reports aligned to BPM6 reporting. An IT resource was allocated to the Statistics Department to update the different databases, merge some of the separate data bases and to provide new tables for the outputs. As progress on the changes on the source data, compilation and IT systems progressed, work on the conversion from BPM5 to BPM6 also progressed and was reviewed on an account by account basis. A series of peer reviews were also conducted during which completed tasks were presented for discussion and comments. In addition, presentations were made to counterparts in the Research Department of the Bank of Uganda and in the Uganda Bureau of Statistics. Further, to benefit from the IMF’s expertise, a technical assistance mission was requested to assess the progress made, provide advice, and provide training to staff on BPM6. All compiling staff as well as users in the Bank were involved in the training which greatly enhanced their overall understanding of BPM6. However, because the training was provided for only three days and was highly summarized, 4 staff were provided with additional and more detailed training offered by the IMF Institutes and the regional training institute (MEFMI).

v. Trial run, engagement of stakeholders and dissemination

Following the successful conversion of BPM5 data to BPM6 formats and adoption of the new and revised source data, the team compiled two sets of tables (BPM5 and BPM6) over a six month trial period to June 2012. During this trial period, the two sets of tables were compared on a monthly basis as updates were made and any identified compilation errors corrected. Circulation of the BPM6 tables during this period was restricted during to internal users in the statistics Department and was also used as a basis for engaging key users in the Research Department on major changes. Engagement with stakeholders also involved presenting a paper to the monetary policy
committee on the changes that would result from adoption of BPM6. The last part of engagement with stakeholders involved a workshop with key users of the BOP selected from government ministries, departments and agencies; academia; donors; media; financial institutions and non-financial enterprises as well as all users who regularly receive different statistics from the Bank via the user’s mail list. This was followed by dissemination of the BPM6 tables and discontinuation of the BPM5 tables. An explanatory note was provided with the tables on the main changes effected during adoption of BPM6 reporting and contacts were provided for users that needed more information than what was provided in the explanatory note.

4. Conclusion
The key challenge faced was the difficulty in explaining the balances on the financial account resulting from the change in the sign convention as well as extending the conversation to earlier periods. While BPM6 has been adopted the process is still ongoing especially with regard to adoption of new data obtained following the revision of the source data as well as obtaining new data sources for new items.