

**IMF/WAIFEM REGIONAL OUTREACH SEMINAR ON BALANCE
OF PAYMENTS AND INTERNATIONAL INVESTMENT POSITION
MANUAL, SIXTH EDITION (BPM6)
ACCRA, GHANA, JULY 21 – 25, 2008**

COMMUNIQUE

1.0 Introduction

The West African Institute for Financial and Economic Management (WAIFEM) and the International Monetary Fund (IMF) jointly organized a Regional Outreach Seminar on the Balance of Payments and International Investment Position Manual, Sixth Edition (BPM6) at Erata Hotel in Accra, Ghana, from July 21– 25, 2008.

2.0 Opening Ceremony

The opening ceremony was presided over by the Director General of WAIFEM, Dr. Osi C. Itsede and present were Mr. Robert Heath, Division Chief, Balance of Payments, IMF Statistics Department, and Mr. Paul Austin, Senior Economist, from the same Department.

In his welcoming remarks, the Chairman, Dr. Osi C. Itsede, pointed out that the balance of payments (BOP) and international investment position (IIP) are important for policy formulation with specific regard to external payments imbalance and foreign investment. He explained further that understanding the causes of external imbalances were necessary for sound and stable macroeconomic conditions in countries. The Director General urged

participants to critically examine the Sixth Edition of the Manual in all its facets in order to enhance its understanding with particular reference to the participating countries.

In his remarks, Mr. Robert Heath outlined the BPM6 and various issues arising from its preparation that would be discussed during the seminar and stressed the importance of the BPM6 as the latest effort to improve the compilation and analysis of the BOP and IIP statistics in line with current economic and financial relations among countries.

Mr. Heath stated that Balance of payments and IIP data are a crucial set of economic data for all countries and of major significance to the IMF. This has been true since the Fund was created, with the first BOP manual published in 1948 and the first set of data published in the Balance of Payments Yearbook soon after. Reflecting this importance, and the need for extensive consultation with the IMF membership, he went on, *BPM6* has been a long time in the making, with the work starting in 2001. Indeed, this manual has probably had more extensive consultations and input from IMF member countries than previous BOP manuals. The IMF Division Chief summed up that this manual is truly the result of a world-wide cooperative effort.

3.0 Objectives of the Seminar

The objective of the outreach seminar was to offer opportunities to balance of payments compilers to learn more about the changes and classifications in the BPM6 and to raise questions with IMF Staff involved in the work. The seminar was intended to be interactive in order to elicit reactions from participants to engender a better understanding of it.

4.0 Main Themes

The main themes covered included: overview of current issues in balance of payments and IIP statistics; introduction to BPM6; accounting principles; economic territory, residence and units; goods and services account; financial account; capital account; classifications of financial assets and liabilities; primary and secondary income accounts; and, implementation strategies and challenges.

5.0 Facilitators

The seminar was facilitated by a staff team from the IMF Statistics Department.

6.0 Participation

The one-week outreach seminar was attended by twenty-two (22) senior/executive level officials from the central banks/Bureau of Statistics in Botswana, Ethiopia, The Gambia, Ghana, Kenya, Lesotho, Liberia, Mauritius, Namibia, Nigeria, Seychelles, Sierra

Leone, South Africa, Swaziland, Tanzania, Uganda, and Zambia. There were three (3) participants from WAIFEM. In terms of gender distribution, there were five (5) females and seventeen (17) males.

7.0 Observations and Recommendations

On the basis of the presentations and group discussions during the seminar, we, the participants wish to make the following observations and recommendation:

7.1 Observations:

- That the BPM6 is a determined attempt BPM5 to conform with the System of National Accounts (SNA) 2008. However, in so doing, some complications have set in including the introduction of ‘net acquisition of financial assets’ and ‘net incurrence of liability’ in the financial account where there was ‘credit and debit’ respectively, which is still maintained under the current and capital accounts;
- That greater globalization and fast changing modern information technology have impacted in a myriad of ways on how countries conduct economic and financial business with each other, making the Balance of Payments Manual fifth edition (BPM5) in need of revision;
- That the scope of the BMP6 is wide enough to incorporate a wide spectrum of balance of payments circumstances of different IMF member countries;

- That remittance is the second fastest growing line item on the balance of payments of most Anglophone African countries and in the BPM6 it is treated under various accounts;
- That reserve assets are an important source of income for central banks in the region and its full treatment in the BPM6 is welcomed;
- That the user-friendliness of the BPM6 is much enhanced by the use of memorandum items, boxes, and annexures on subjects that require elucidation;
- That it is a clear demonstration of transparency and accountability to its members by the IMF that this seminar comes in a series intended for world wide consultations, accompanied by frank exchanges on the IMF website between the drafters and compilers and users; and
- That the drafters wanted the view of the attendees on proposed dates to start compilation of BOP statistics in line with the BPM6.

7.2 Recommendations

In light of the foregoing observations, we, the participants, wish to make the following recommendations:

- That the greater move by the drafters of BPM6 to conform with the SNA is desirable, but the positioning of ‘net acquisition of financial assets and ‘net incurrence of liabilities’ should be

exchanged and more numerical examples given in the manual to give compilers a soft landing with the new nomenclature;

- That it appears the balance of payments manual is revised almost about every two decades, this practice should be continued to keep it in tune with changes in economic and financial relations of countries;
- That the world wide consultation process done by the IMF Statistics Department in the drafting of the BPM6 is a best practice that the entire IMF should emulate in its work with countries;
- That the use of ‘errors and omissions’ should be replaced by ‘statistical discrepancy’ as a memorandum item in the standard components of the BPM6;
- That the IMF Statistics Department should consider streamlining the various entries on remittances with a view to bringing them together, for ease of compilation;
- That much work needs to be done to design the necessary statistical questionnaires and surveys that would provide the statistics required by the BPM6, particularly with regard to enterprise and household statistics;
- That beneficiaries of this seminar are urged to sensitize their superiors and conduct in-house seminars on the BPM6, highlighting the challenges ahead for its implementation;
- That participants are urged to make good use of the open forum provided by the IMF Statistics Department through its

website to make further comments on the BPM6 and its implementation;

- That the effective collaborative arrangements between WAIFEM and the IMF Statistics Department was mostly responsible for the smooth running of this seminar;
- That the Statistics department is urged to foster closer ties with regional capacity building institutions such as WAIFEM to have a greater reach in Africa, in line with current strategies to meet the budget constraints in the IMF;
- That the International donor community is called upon to devote more resources to statistical capacity building in African countries;
- That regional organizations such as WAIFEM are urged to accelerate efforts to enhance capacity in the design and conduct of surveys that are integral to obtaining the requisite data for compiling BPM6 statistics;
- That the national institutions involved in BOP compilation should provide the human and material resources that would allow them to be ready to compile BOP Statistics using the BPM6;
- That between now and the commencement date, the IMF Statistics Department should intensify its training courses on the BPM6;
- That the two above points are crucial for determining whether the countries represented can meet the commencement date of 2012/13 envisaged by the IMF Committee on Balance of

Payment Statistics for compiling their BOP Statistics on the BMP6; and

- That the countries still on BPM4 should attempt BPM5, while making preparations for BPM6 by 2013;

8.0 Appreciation

We the participants seize this opportunity to commend the efforts of the IMF for making widespread consultations in drafting the BMP6. We indeed fully appreciate the laudable contributions of the IMF staff here present, Bank of Ghana and Government of Japan to the successful organization of this Seminar. We wish to express sincere gratitude and appreciation to WAIFEM for building capacity in not only West Africa but also the rest of Anglophone African countries.

DONE in Accra, Ghana, This 25th Day of July, 2008.