

STATISTICAL COMMUNIQUE ON MIGRATION TO BALANCE OF PAYMENTS MANUAL SIX (BPM6)

I. INTRODUCTION

The National Bank of Rwanda compiles and publishes Rwanda's balance of payments (BOP) statistics. Since 1998, the balance of payments compilation system was built on BPM5 methodology.

Due to statistical elaborations and clarifications that have been identified since 1993 when BPM5 was first introduced, the IMF committee on the balance of payments statistics revised and updated the manual in 2009.

This latest version is known as the sixth edition of the balance of payments and international investment position manual (BPM6) which maintains the basic framework of BPM5 but incorporates 3 major themes such as the effects of globalization which introduced new transactions that were not properly addressed by BPM5, increasing emphasis on the balance sheet analysis, and financial and technological innovation that has led to new financial instruments as well as the need to harmonize BOP with other macroeconomic statistics such as systems of national accounts (SNA), Monetary and Financial statistics (MFS) and Government financial statistics (GFS).

To this end, the Statistics Department of the National Bank of Rwanda (BNR) seeks to inform the public about the transition to BPM6 by disseminating the balance of payments data based on the sixth edition of the IMF's balance of payments and international investment position manual (BPM6) beginning with 2016.

BPM6 is a better analytic tool than the previous framework based on BPM5 because not only it incorporates recent economic developments but also enhances the international investment position by emphasizing the integrated analysis of stocks and flows for external sustainability analysis.

Computation of some of the balance of payments items and data aggregations have been adjusted in many other instances to reflect the improved methodology and reclassification of certain components in consistency with BPM6.

The earlier balance of payments statistical data compiled in line with BPM5 recommendations remain overall relevant for comparisons with the aggregates compiled under the new methodology. Nevertheless, for methodological consistency and better comparability between new and previously published time series of detailed statistical datasets, BNR revised BOP time series from 2010 onwards.

I.1. TRANSITION APPROACH

With regard to transition, BNR has embarked on a phased approach that started during the second half of 2015 and is expected to be fully completed by the end 2016. So far, the migration process has entailed detailed analysis of major changes introduced in BPM6 and implications on compilation of Rwanda's BOP, identifying data gaps, and exploring potential data sources that meet BPM6 reporting requirements, mapping the series from 2010 to 2014 using the generic conversion matrix and compiling 2015 BOP onwards in BPM6 terms as well as generating an IMF recommended analytical version of the BOP for immediate use and dissemination in BPM6 format.

II.MAJOR CHANGES BETWEEN BPM6 AND BPM5

Under BPM6, a number of changes in terms of presentation and methodology were introduced and these are broadly grouped into 4 major categories such as reclassifications, sign conventions, nomenclature changes as well as sectorial breakdown of institutional units.

The new balance of payments time series not only entails changes in terminology and economic sectorization to comply more with BPM6 but also incorporates changes in data sources as well as expansion of coverage to include BOP components not previously captured in order to enhance completeness of balance payments statistics.

Table 1: Summary of Major Changes Introduced in BPM6 Compared to BPM5:

	BPM5 treatment	BPM6 treatment	comments
Changes in Coverage and Classification			
Current account			
1. Goods Account	Goods for processing	This category is reclassified to services account as "manufacturing services on physical inputs owned by others"	Reflects additional classification adjustments
	Repairs on goods	This category is reclassified to services account as "maintenance and repair services"	These are now excluded from the goods account because there is no change of ownership of the goods
	Goods procured in ports by carriers	These are now included in general merchandise and no more a separate item under the goods account	This category does not affect the overall goods balance
2. services Account	Merchandising included under other business services	Reclassified to goods accounts and renamed "net exports of goods under merchandising"	This category is currently not available in the Rwandan Data
	Communication services; and Computer and information services treated as two separate categories	These are now grouped into one broad category namely; "Telecommunications, computer and information services"	They remain in the services account
	Postal and courier services included under communication services	This category was reclassified to transport services	
	Royalties & License fees	Name changed to "charges for use of intellectual property"	
3. Primary income Account	Referred to as "Income Account"	Name Changed to "Primary Income Account" to harmonize the BPM6	Change in naming convention

		account with SNA terminology	
4.Secondary income Account	Referred to as "Current Transfers"	Renamed "Secondary Income Account"	Change in naming convention
	Included component called "workers remittances"	It has been replaced with a broader concept of "personal transfers"	This includes all transfers between households/individuals irrespective of source of income or relationship
II.Capital Account			
Capital Transfers	Included migrant transfers	Migrant transfers are now excluded from the capital transfers in the BOP and are to be recorded as 'other changes in volume' in the International Investment Position	There is no change of ownership but rather change of residence
III.Financial Account	Increases in assets were recorded with negative signs and decreases recorded with positive signs. Increases in liabilities were recorded with positive signs and decreases with negative signs	An increase in both assets and liabilities is recorded with positive signs; while decreases are recorded with negative signs	This adjustment was done to harmonize the Balance of Payments framework with the System of National Accounts
	Credit and Debit headings used	Headings renamed to "Net acquisition of financial assets" and "Net incurrence of liabilities"	
Changes in Sign Convention			
A. Current and Capital Account	Credits recorded as positive, and debits as negative values. The balances are calculated as credits plus debits	In these accounts, both credits and debits are recorded as positive values. Balances calculated as credits minus debits	This adjustment was done to harmonize the Balance of Payments framework with the System of National Accounts
Financial Account	Increases in assets were recorded with negative signs and decreases recorded with positive signs. Increases in liabilities were recorded with positive signs and decreases with negative signs	An increase in both assets and liabilities is recorded with positive signs while decreases are recorded with negative signs	
Changes in sectorial breakdown			

All accounts	Monetary Authority	Central Bank	These changes were done to harmonize the presentation of the Balance of Payments with the System of National Accounts
	Banks	Deposit taking corporations	
	General Government	General government	
	Other sectors	Other financial corporations, other sectors	
		NPISHs	