

SIERRA LEONE BALANCE OF PAYMENTS META DATA

0. Prerequisites

0.1 Legal Environment

0.1.1 Responsibility for collecting, processing, and disseminating statistics

The Bank of Sierra Leone is charged with the responsibility of collecting, processing, and disseminating Economic and Financial Statistics.

As empowered by the Bank of Sierra Leone Act 2011, the Research Department of the Bank of Sierra Leone is responsible for collecting, compiling, analyzing, and disseminating Balance of Payments and International Investment Position (BOP&IIP) statistics.

Section 37 of the Bank of Sierra Leone Act 2011 states:

“The Bank shall-

- a) collect, compile, analyse, abstract and publish statistics and information relevant to the carrying out of its functions;
- b) determine the statistical information so required and the form in which the information is to be provided to the Bank, the persons subject to reporting requirements, the applicable confidentiality regime and the administrative penalties that may be imposed on entities operating in breach of these statistical requirements or which fail to provide the required statistical information.”

1. Methodology

1.1 Concepts and definitions

In 2003 the External Sector Section of the Research Department adopted the BPM5 compilation of BOP&IIP statistics. Estimates for the balance of payments compilation are obtained from various sources including the government ministries, the Customs and Excise Department (CED), BSL records and the “Financial Survey

of Major Limited Companies.” BSL conducts this survey annually to obtain estimates for services and for income and capital flow data relating to direct investment, portfolio and other investments. In addition to the balance of payments, the Bank now produces the International Investment Position (IIP) since 2003 compilation. The sources of data for the IIP are the same as for the Balance of Payments. Data are prepared on an annual basis; they are published in the half yearly, BSL Bulletin and BSL website. Balance of payments estimates are compiled in millions of Leones and are, as far as possible, in accordance with the international standards recommended in the Balance of Payments fifth manual (BPM5).

1.2 Scope of the data

- i. Geographic coverage: Geographic coverage in BOP consistent with the definition economic territory administered by the government of Sierra Leone. This consist of islands, airspace, waters and embassies of Sierra Leone.
- ii. Unit Coverage: This includes all resident institutional units economically operating with non residents.
- iii. Transaction Coverage: Surveys and direct reporting systems are used for data collection. In addition to the above estimates of mirror data on illegal trade of diamonds are used for data.

However, cross border trade survey as a means of complementary trade data source is yet to be carried out.

1.3 Valuation

BOP data are compiled in millions of Leones. Transactions carried out in foreign currencies are converted into Leones using the official average annual exchange rate.

In general, transaction are valued at market rates. Services are valued at the price paid for the service provided at the time of the transaction.

1.3.1 Recording Basis

BOP recording is done on an accrual basis.

Generally export goods are recorded in free on board (f.o.b.) while imports data are collected in c.i.f. and adjusted to f.o.b. for BOP compilation.

2. Data Sources

2.1 Current Account

2.1.1 Goods

Exports

Export data excluding diamond and gold exports are obtained from Customs and Excise Department (CED). Diamond and gold export data are obtained from the Precious Minerals Agency (PMA) Office. To make adjustment for smuggled diamonds, un-recorded diamond exports from Sierra Leone are added to the export data. Un-recorded diamond exports from Sierra Leone are estimated by deducting official export figures for diamond from trading partners' official import figures of diamond from Sierra Leone. Other exports, which are not captured by customs such as goods procured in ports by carriers, are also added. The value of exports is reported on free on board (f.o.b.) basis.

Imports

Import data are obtained from (CED) on a cost, insurance and freight (c.i.f.) basis and are adjusted to a free on board (f.o.b.) level by deducting estimates of freight and insurance. These deductions are added to the services sector. Other adjustments include the addition to the import data of non-dutiable goods also obtained from CED, petroleum products from the oil companies and payments for printing of currency from BSL. Foreign currency values of imports are converted into Leones at the official exchange rate.

2.1.2 Services

Transportation

This category covers freight and passenger services for all modes of transport and port services. Data for transport services are derived from an annual survey of airline and shipping companies that operate in Sierra Leone. Data on seaport charges and airport fees are derived from information provided by the seaports and airport authorities. Estimates of freight and insurance are based on information furnished in customs declaration forms. Where such information is not available, these expenses are estimated at 10.0 percent and 2.0 percent, respectively, of the c.i.f. value of imports.

Travel

Estimates of travel credits are compiled by combining data on tourist arrivals with estimates of their average expenditures, both of which are provided by the Sierra Leone Tourist Board. Information on government travel is obtained from banking records.

Other services

Insurance: Data are obtained from the BSL annual survey of all insurance companies resident in Sierra Leone. Credit entries include the net premiums received on direct insurance of exports and reinsurance by companies operating locally. Premiums are net of claims, cancellations, and commissions. Debit entries cover premiums on merchandise insurance on imports derived from customs statistics.

Other business services

Other services comprise those international service transactions not covered under the items transportation and travel. They include: communications services, construction services, financial services, computer and information services, royalties and license fees, other business services. Credit entries are made for all services provided by residents to non-residents, whilst debit entries are made for all services provided by non-residents for resident enterprises. For information on other services, separate questionnaires are designed and administered to both providers and consumers of such services in the country.

Government Services not included elsewhere

Cash flow statements from International Finance Department at Bank of Sierra Leone are used for government services not included elsewhere. Credit entries represent expenditures of foreign governments, diplomatic missions, and international organizations in Sierra Leone. Debit entries comprise the expenditures abroad of

Sierra Leone's diplomatic and trade missions as well as military expenditures on the Sierra Leone military contingent in foreign countries.

2.1.3 Income

Income covers two types of transactions between residents and non-residents

- i. Those involving compensation of employees, which are paid to non-resident workers (eg border, seasonal and other short term workers)
- ii. Those involving investment income receipts and payments on external financial assets and liabilities. Included in the latter are receipts and payments on direct investment, portfolio investments, other investments, external debt and receipts on reserve assets

Compensation of Employees

This comprises wages, salaries, and other benefits in cash or in kind, earned by individuals in economies other than those in which they are residents – for work performed for (and paid for by) residents of those economies. Incomes earned by residents of Sierra Leone are recorded as credit and payments made to non-residents are recorded as debit. Data are obtained from completed questionnaires sent to enterprises as well as official sources such as BSL records.

Investment income

Direct investment, portfolio investment and other investment data are derived from the annual financial surveys of registered companies, banks and other financial institutions as well as from BSL records. Details of government transactions are obtained from the Financial Markets Department (FMD) of the BSL. The credit entries relate mainly to interest on investments held by official institutions. The debit entries relate to remittances of profits, interest, and dividends accruing to nonresidents, as well as interest on official loans.

2.1.4 Current transfers

General government

Data are derived from information provided by various government agencies. The entries cover grants in cash and in kind from other governments for development and training, and contributions to the administrative budget of international organizations.

Other sectors

Data are derived from the International Finance Department records of the BSL, information provided by the banks, and duty free entries pertaining to Non-Governmental Organisations. The credit entries include grants and gifts received, transfers of savings by nonresidents, and transfers of funds by missionary organizations.

2.2 Capital Account

2.2.1 Capital Transfers

Debt forgiveness. Data on debt forgiveness are derived from records of the International Finance Department of the BSL.

2.2.2 Financial Account

Direct investment

BSL administers an annual financial survey of all registered companies (whose operations are relevant to the compilation process) in order to derive data on direct investment. Estimates mainly cover direct investment in branches and subsidiaries by foreign companies, which for the purposes of this survey, covers companies in which more than 10.0 percent of share capital is held by non-residents. Reinvested earnings are included.

Portfolio and Other investment

Data on general government transactions related to the other investment category are obtained from the Banking, Financial Markets, and Accounts and Budget

Departments of the BSL. Assets include holdings of foreign long-term securities (which comprise mainly sinking-fund contributions, savings banks' investments, and other funds) and other foreign assets. Similar data for the monetary authorities are derived from the records of the BSL. The entries cover changes in foreign assets (other than reserve assets) and liabilities of the monetary authorities. Data on the other investment transactions of banks are obtained directly from commercial banks' records. Entries are estimated as differences in amounts of outstanding foreign assets and liabilities of commercial banks; thus, they include valuation changes.

Reserve Assets

BSL records supply these data. The data on foreign exchange holdings of the BSL are estimated as differences in amounts outstanding and, therefore, include valuation changes.

3. International Investment Position (IIP)

The International Investment position (IIP) is the balance sheet of the stock of external assets and liabilities. The position at the end of a specific period reflects financial transactions, valuation changes, and other adjustments all of which affect the level of assets and/or liabilities, which occurred during the year. Returns from all other institutions through the administered direct investment, portfolio investment, and other investment survey questionnaires normally sent to them serve as the main source of information. In addition, official source includes records from the Reserve Management Section of Financial Markets Department and BSL trial balance.

4. Accuracy and reliability

4.1 Periodicity and Timeliness

4.1.1 Periodicity

The BSL annual BOP data are published in the BSL Annual Report once a year. Data are published on an annual basis. BOP and IIP statistics series are also published on the BSL website on an annual basis.

4.1.2 Timeliness

Finalized BOP&IIP data are published on the BSL web site on the first week of August for the previous calendar year.

5. Data Release

Data are always released to the IMF through email and publish on the BSL website while printed reports are sent to our data providers through the postal system.