



FOREIGN INVESTMENT SURVEY 2013

INSTRUCTIONS MANUAL

January, 2013

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Acronyms

BOP	Balance of Payments
BOPS	Balance of Payments Section
BPM6	Balance of Payments and International Investment Position Manual, sixth edition
CBK	Central Bank of Kenya
CEO	Chief Executive Officer
EAC	East African Community
ECA	Economic Commission for Africa
FAL	Foreign Assets and Liabilities
FDEI	Foreign Direct Equity Investment
FDI	Foreign Direct Investment
FIS	Foreign Investment Survey
FISTC	Foreign Investment Survey Technical Committee
Forex	Foreign Exchange
FPEI	Foreign Portfolio Equity Investment
FXS(M)	Monthly Foreign Exchange Statistics
IIP	International Investment Position
IMF	International Monetary Fund
KNBS	Kenya National Bureau of Statistics
OECD	Organization for Economic Co-operation and Development

Chapter 1: Introduction

The purpose of Foreign Investment Survey (FIS) 2013 is to collect information from resident enterprises on their foreign assets and liabilities, and investor perception on the business environment. The data so collected will be used in compiling balance of payments statistics; investment promotion; and policy formulation.

This Manual is designed for the training and use by **survey personnel** (Research Assistants, Supervisors and Coordinators) in undertaking the Foreign Investment Survey (FIS) 2013. The manual is also a guide in the overall planning, coordination and progress assessment of the survey.

Quality of the survey results depends on the success of Research Assistants in the field. It is important that the Research Assistant is familiar with the purpose and management of the survey, procedures for completing the questionnaire and the underlying concepts and definitions. Therefore the role of the Research Assistant is central to the success of the survey.

The manual comprises the following chapters;

Chapter 1 is the introduction.

Chapter 2 provides essential background on survey justification, institutional arrangement, target respondents, legal mandate and logistics. The chapter is deliberately structured as a series of questions that respondents might ask during the interview. *Please familiarise yourself with this Chapter first.*

Chapter 3 defines underlying technical concepts and definitions. *You are advised to familiarise yourself with these concepts and definitions in advance of interviews, and always carry the Manual with you for ease of reference.*

Chapter 4 describes the questionnaire. In addition, this chapter outlines the procedures for completing the questionnaire.

Chapter 5 focuses on survey implementation. It sequentially describes the Research Assistants' tasks beginning with questionnaire administration (including visits and calls to respondents), follow-ups (reminders, data collection, data checking and interviews), and co-ordination among the survey personnel. *Please read this thoroughly and seek clarification in advance, as you will need to refer back to it during the survey.*

Annexes contain essential supporting information: **Annex A** presents supervision and coordination of survey personnel; **Annex B** highlights the section of Statistics Act 2006 mandating data collection, confidentiality and penalties; **Annex C** presents a sample Research Assistant checklist you need to complete for each visit/call to an enterprise and; **Annex D** presents the editing procedures.

Chapter 2: Background to the Survey

2.1. Overview

The opening up of economies has led to many forms of cross border activities among them private capital flows. These flows have significant effects on the economy. Therefore, accurate and timely information on the level and composition of private capital flows are important for appropriate response by policy makers. The recent global financial crisis and the economic turbulence in the Euro Area support the need for accurate and timely financial data.

The information sought is necessary for investment promotion, macroeconomic policy management and complying with international codes and standards of compilation, and reporting of Balance of Payments (BOP) and International Investments Position (IIP). The FDI relationship covers direct investment in subsidiaries, associates, and branches directly or indirectly owned by the foreign investor. The survey will also capture both foreign assets and liabilities of resident enterprises.

Despite the importance of information on capital flows, Kenya has conducted only one survey, in which data for the reference period 2007 and 2008 was collected. The FIS 2013 is intended to collect more information covering the reference periods 2009 through 2011.

2.2. What is the Justification of the Foreign Investment Survey?

In view of the recent global financial crisis and the economic turbulence in the Euro Zone Area, Kenya requires up to date information on the levels and stocks of foreign capital in order to make appropriate policy decisions to cushion the economy against the negative effects of such shocks. The need to build time series data will also be useful for policy planning and decision making to achieve Vision 2030 and other important targets.

There is also need to comply with international codes and standards as required by International Monetary Fund (IMF) and other international bodies for international comparisons.

2.3. Why is private investment important to Kenya?

International and national data show that private investment has become increasingly important to economic development. This reflects growing reliance on the private sector to promote Kenya's growth and development. Foreign private capital complements domestic savings, supports expansion of production and export capacity, assists transfer of technology, contributes to employment creation and helps in the development of links necessary for market access. With the liberalization of the economy, inward investments (inflows) into Kenya have increased. Inflows may be in the form of:

- *Foreign Direct Investment (FDI)*: This is the most important inflow as it supplements domestic investment thereby spurring economic growth and employment.
- *Medium and long-term loans and short-term debt*. This is important in supplementing domestic savings for economic growth.
- *Portfolio investment*. This is vital in Kenya due to growth of the stock market. Foreign portfolio investors boost long term investment and capital market development.

2.4. What problems does the Government face in monitoring private investment?

After removal of capital controls, Government's ability to monitor private investment through administrative records declined significantly. Alternative sources of data such as international transactions reporting system (ITRS) and investment desks have not been adequate in providing information on private capital flows. In line with international best

practice, regular surveys on enterprises are the most effective means of collecting the requisite data to enhance monitoring of private capital flows.

2.5. Why is the survey essential?

The data collected in this survey will assist the Government to:

- Formulate appropriate macroeconomic policies to encourage private capital flows: Flows have significant economic impact. As inflows in Kenya increase, so do their potential impact on Kenya's economy. Therefore, as private investment increases, so does the need for Government to measure it, to better understand its source, scale, type, and hence economic effect. *Better-informed policy reduces macroeconomic instability, and thus benefits investors in their medium to long term planning.*
- Promote and facilitate investment, and assess investor confidence: Information on scale, source, type and sector and; investor perception helps Government agencies understand better who is investing in Kenya, problems faced by investors, and hence enable them to provide more effective assistance and support. *Through dialogue, this promotes closer public-private co-operation to national and mutual advantage, to help projects yield long-term benefits.*
- Comply with international standards in data monitoring and presentation: The Government needs this information for the compilation of Balance of Payments and International Investment Position in line with international standards. The information is also required by researchers and international institutions such as IMF and World Bank.

The specific objectives of the survey include:

- a) To collect data necessary to improve the quality of BOP statistics and compilation of IIP statistics in accordance with international standards.
- b) To collect data necessary for assessment of investors' perceptions of the investment climate in the country, with a view to identifying ways to improve it.

2.6. Who is collecting this information?

Kenya National Bureau of Statistics (KNBS) in collaboration with Central Bank of Kenya and Kenya Investment Authority will be collecting the information for the survey.

The Foreign Investment Survey is an initiative of the Balance of Payments Technical Committee whose membership are drawn from the following institutions:

- Kenya National Bureau of Statistics
- Central Bank of Kenya
- Kenya Investment Authority
- Capital Markets Authority
- Ministry of Finance, Economic Affairs, Debt Management and External Resources Departments
- Export Processing Zones Authority
- Insurance Regulatory Authority

2.7. Who is being targeted for information?

The survey targets enterprises in Kenya with foreign assets and liabilities. It is necessary for the Questionnaire to be completed by senior officers (e.g. Chief Executive Officer, Managing Director or equivalent), in collaboration with the Finance Manager, Accountant or equivalent given the technical nature of the data requested.

2.8. How often will this information be requested?

The foreign investment surveys will be conducted on an annual basis while censuses will be carried every 5 years.

2.9. What information does the survey seek?

The survey seeks to obtain data on stocks (for end of calendar years 2008, 2009, 2010 and 2011) and flows (during calendar year 2009, 2010 and 2011). It also seeks information on investor perception on a range of political, economic and other factors that might affect investment and other business decisions.

2.10. How will this information be used?

The individual enterprise data and perception information will be combined to come up with overall position for Kenya's Balance of Payments and International Investment Position. Findings from the survey will be disseminated to all stakeholders including the private sector. *This question is frequently asked, and raises a serious issue that can affect compliance. **Therefore, it is vital to stress that individual enterprise information will not be shared with tax authorities, or with business competitors!***

2.11. How is confidentiality of individual enterprise information assured?

Respondents frequently seek firm assurance that their data is protected, and that mechanisms are in place to ensure this before they agree to comply. *It is therefore necessary for Research Assistants to quote relevant internal regulation specifying that officials failing to observe confidentiality face penalties and risk losing their jobs. **KNBS will only use aggregate information for statistical purposes and will not share individual enterprise data with any third party including tax authorities or competitors. Confidentiality is protected under the Statistics Act 2006 that establishes protection of individual enterprise data and is reinforced by penalties.***

2.12. Are respondents legally obliged to provide information?

The Statistics Act 2006, empowers the KNBS to collect and compile Balance of Payments Statistics and the external assets and liabilities position for Kenya, among other statistics. The Statistics Act states that: "KNBS may, by notice in writing, require any person to furnish, within such time and in such questionnaire and manner as the KNBS may determine, such information and data as it may require for the preparation of the balance of payments accounts and the external assets and liabilities position of Kenya". ***Investors therefore are legally bound to provide the information requested and should be encouraged to comply voluntarily. However, it is necessary to indicate that failure to do so may result in legal and/or administrative action being taken in extreme cases under the above Act.***

2.13. When is the information needed (Due Date)? What if accounts are not ready in time?

Data is needed as soon as possible! It is certainly needed by the Due Date given on the Survey Questionnaire and covering letter, or by an earlier date agreed between the Research Assistant and the enterprise during a visit or call. It is expected that Business Accounts for the relevant years will be ready at the time of the survey. However, if accounts are not ready, it is acceptable for an Enterprise to provide unaudited data. *An enterprise should also be strongly encouraged to provide its financial statements.* This will not only allow KNBS to crosscheck the data provided, but also fill in any gaps. Very importantly, this will save you the trouble of having to call or revisit an enterprise to follow up on missing or inconsistent information.

2.14. What should the respondents do if they need help?

The research assistant should encourage the respondents to read the instructions and definitions on the questionnaire first. Questions may arise after the research assistant has left the respondent (in the course of completing the questionnaire). If questions arise, the

respondent should contact the research assistant. In case the research assistant cannot solve the issues/problems raised, he/she should contact the supervisor.

2.15. To whom should the respondent return the Questionnaire?

The completed questionnaire should be collected by the Research Assistant on the agreed date for onward transmission to KNBS. If during the interview you have arranged to revisit on a specified date to collect the Questionnaire, please contact the respondent in advance to remind them and reconfirm.

Chapter 3: Concepts and Definitions

3.1. Overview

This Chapter describes the underlying technical concepts and definitions based on the *Balance of Payments and International Investment Position Manual, sixth edition (BPM6)*. To ensure quality data, the research assistant should familiarise himself/herself with the contents of this Chapter to adequately respond to any queries from the respondents.

3.2 Balance of Payments, Flows, Transactions, Foreign Assets and Liabilities

The **Balance of Payments (BOP)** is a systematic statistical statement. It summarises for a given period (e.g. calendar year¹), an economy's **transactions (inflows and outflows)** reflecting creation, transformation, exchange, transfer or extinction of economic value) with the rest of the world. BOP comprises the Current Account (Goods and Services, Income, and Current Transfers) and the Capital and Financial Account, which includes all private capital flows. BOP captures transactions between **residents** and **non-residents** (see para 3.4), irrespective of the currency in which the transaction is made.

3.3. International Investment Position / Stocks

International Investment Position (**IIP**) is a statistical statement that shows at a point in time the value and composition of Kenya's financial **assets** (claims on rest of the world) and **liabilities** (claims by the rest of the world).

3.4. Residency

A **resident** is any individual, enterprise, or other organisation ordinarily domiciled in Kenya. In other words, its centre of economic activity is in Kenya. For statistical purposes, an individual who lives (or intends to live) in Kenya for more than a year is considered a **resident** of Kenya regardless of the individual's citizenship or nationality. An enterprise incorporated in Kenya is considered a resident of Kenya irrespective of the domicile of the owners of the enterprise. A branch of a foreign Enterprise operating (or intending to operate) in Kenya for more than a year is treated as a resident of Kenya. An exception to this rule is foreign embassies and missions and international organisations such as the UN, though the rule applies to their employees.

All other entities are regarded as **non-residents** including the following:

1. Individuals or enterprises that have lived or operated abroad for a year or more, regardless of nationality
2. Foreign Governments and bilateral development assistance organizations e.g. DFID, JICA
3. International organizations with shareholders who are governments of more than one country e.g. World Bank, African Development Bank, International Finance Corporation, etc.

BOP data are concerned with transactions between residents and non-residents regardless of the currency of transaction. Typically, a transaction in foreign currency between two residents of Kenya is therefore not part of BOP.

3.5 Book (Nominal) Value

Book (Nominal) value comprises of authorised and issued share capital at historical cost plus any share premium reserves plus retained earnings plus any other reserves. This

¹ Both BOP and IIP can be captured more frequently (i.e. quarterly or monthly).

concept is familiar to accountants and financial managers, and is known to them as “shareholder funds”.

3.6 Financial Instruments (Equity and Non-Equity)

Financial Instruments include both equity and non-equity. **Equity** means shares in companies, and equivalent ownership interest in unincorporated enterprises. **Non-equity** means all other financial instruments including loans, trade credit and supplier credit (for goods and services, including from related companies – see para 3.7), bonds, debentures, notes, money market instruments, shareholder and inter-enterprise loans, arrears of debt or interest, currency and deposits.

3.7 Foreign Direct Investment

Foreign Direct Investment (FDI) occurs when an investor resident in one economy obtains a lasting interest in an enterprise in another economy. This implies a long-term relationship and significant degree of influence by the direct investor in the FDI enterprise.

Foreign Direct investment therefore indicates “the investments which a resident entity in one economy (the direct investor) makes with the purpose of acquiring a lasting interest in an enterprise resident in another economy (the direct investment enterprise). By lasting interest, it is meant that there should exist a long-term relationship between the direct investor and the enterprise, and that the investor should exercise a significant influence on the management of the enterprise.

Thus, FDI comprise the entirety of funds (contributions to share capital: appropriations; loans; making available cash, commercial credits, or reinvested earnings) which, at a given time, a direct investor leaves to the disposition of enterprises with which is in a direct investment relationship.

Direct Investment Enterprise(DIE) is one in which a direct investor resident in *another* economy owns 10% or more of the shares or **voting rights** in an **incorporated** enterprise or equivalent in an **unincorporated** -one not registered such as small, informal businesses or branches. **For inward investment**, a DIE is a resident enterprise in which a non-resident Direct Investor owns more than 10 % of the total equity of the resident Direct Investment Enterprise. **For outward investment**, a DIE is a non-resident enterprise in which a resident Direct Investor owns more than 10% of the total equity of the non-resident Direct Investment Enterprise. DIE comprise **subsidiaries** (a **non-resident** investor owns more than 50%), **associates** (an investor owns 10%-50%) and **branches** (wholly or jointly owned unincorporated enterprises).

FDI has 3 components, which the survey captures

- Equity which entails ownership of shares or voting rights of 10% and above.
- Reinvested (or Retained) Earnings this denotes income on equity
- Shareholder and Inter-Enterprise Loans / Borrowing. It comprises the borrowing or lending of funds among related enterprises between the direct investor, and the direct investment enterprise, where one is resident, and the other is non-resident.

3.8 Direct Investor

A direct investor is an enterprise or group of related enterprises that is able to control or have a significant degree of influence over another enterprise that is resident of a different economy. Control is determined to exist if the direct investor owns more than 50 % of the voting power in the direct investment enterprise (also called a subsidiary). A significant

degree of influence is determined to exist if the direct investor owns from 10 to 50 % of the voting power in the direct investment enterprise (also called associate).

3.9 Fellow Enterprise (FE)

For inward investment, reverse investment arises when a resident DIE has claims on its non-resident DI in the form of equity (if less than 10% of total equity of the DI) or claims on the DI in the form of debt instruments. **For outward investment**, reverse investment arises when a non-resident DIE has claims on its resident DI in the form of equity (if less than 10% of total equity of the DI) or claims on the DI in the form of debt instruments.

3.10 Reinvested (or Retained) Earnings

This is one of the three components of FDI (see para 3.7), and is also referred to as income on equity. It is the direct investor's share (calculated as a proportion of direct equity held) of that part of net profit earned, not distributed as dividends by the direct investment enterprise, together with earnings of branches that are not remitted to the direct investor.

3.11 Trade Credit

- **Assets** include prepayment on imports extinguished on delivery of imports, and trade credit extended on exports extinguished by actual payment.
- **Liabilities** include prepayment of exports extinguished on delivery of exports, and trade credit received on imports, extinguished by actual payment.

3.12 Other loans

Loans are financial assets created through the lending of funds by a creditor (lender) directly to a debtor (borrower). These include loans (different from trade credits) to finance trade, mortgages, other loans and advances, financial leases for the purchase of goods (where payment consists of interest on the outstanding liability, and repayment of the loan liability). Repurchase agreements are treated as securitised loan. They consist of the sale (made with the intention that the transaction will be reversed at a specified future date) of a security such as a government bond by one institution to another.

3.13 Maturity

- **Short-term**: original contractual maturity of one year or less.
- **Long-term**: original contractual maturity of more than one year.

3.14 Investment Fund Shares (IFS)

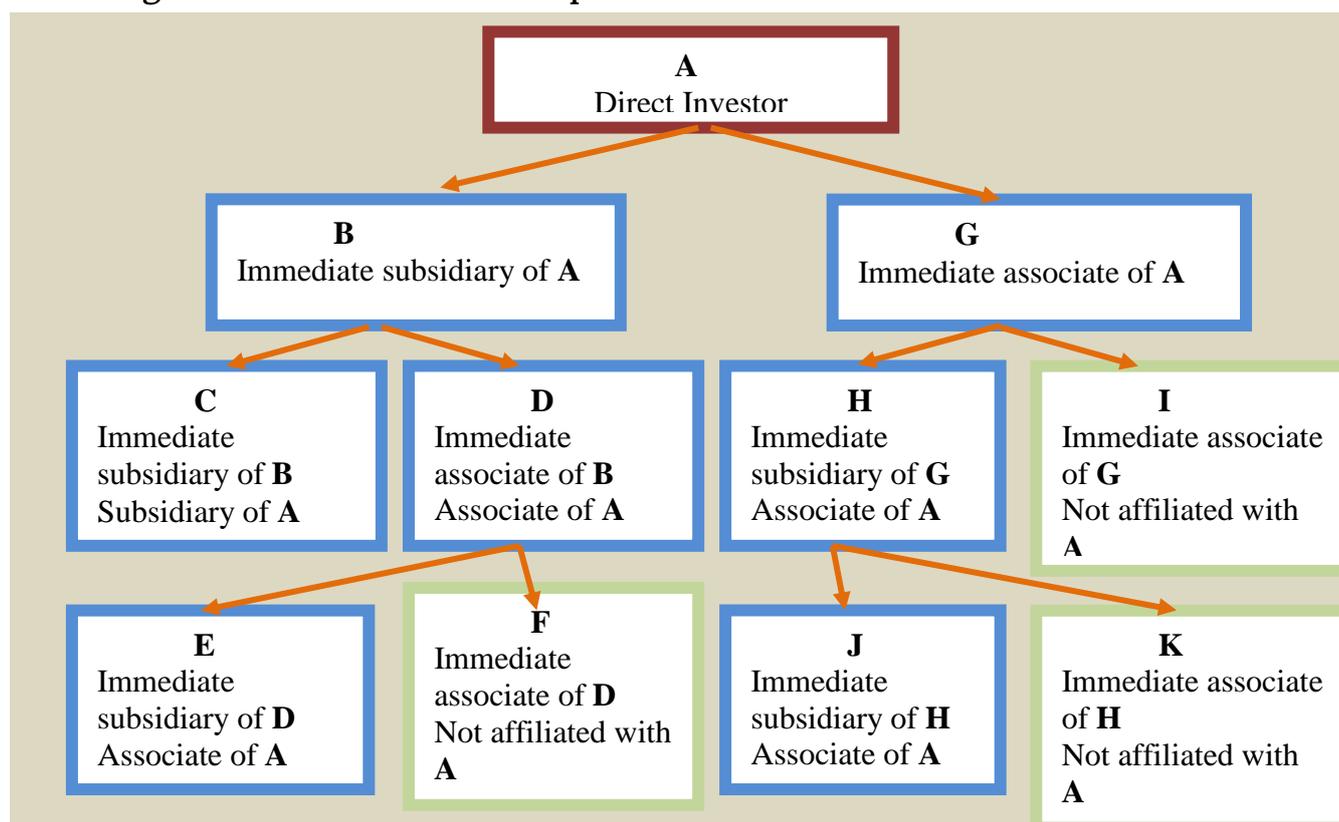
They are collective investment undertakings through which investors pool funds for investment in financial or non financial assets or both. Thus, investment fund shares or units refer to the shares issued by mutual funds and unit trusts rather than the shares they may hold.

3.15 Investment income

This is income from *interest, dividends, and remitted profits*.

Dividends are income on **equity** in incorporated enterprises (companies) and **branch profits** are the equivalent in unincorporated enterprises (branches). They are the distributed earnings allocated to shares for participation in the equity of incorporated private enterprises, co-operatives, and public corporations, and the equivalent for branches.

3.16 Foreign Direct Investment relationship



Note:

1. Each enterprise is resident in a different economy from the others.
2. B, C, D, E, G, H and J are direct investment enterprises of the Direct Investor A (so all are affiliates of each other)

3.17 Portfolio Investment

This entails ownership of shares/voting rights of less than 10% of the total equity by a non-resident entity.

As with FDI, this is divided into **equity securities and debt (non-equity) securities**. Portfolio investment instruments are tradable or non tradable between **non-residents** and **residents**.

- **Equity securities**- cover those instruments whose holders receive or bear the risks and rewards arising from ownership of the enterprise. It includes shares (in mutual funds, investment trusts and unit trusts); stocks; participation or similar documents such as depository receipts. But it exclude shares securities such as certain preference shares if they do not entitle the holder to a specified return (these should be classified as debt and not equity).
- **Debt (non-equity) securities:**
 - **Bonds, debentures** and **notes** usually provide the unconditional right to a fixed money income or a contractually determined variable money income. These instruments are traded or tradable, and have original maturities of more than one year. Examples include financial instruments (if issued with maturities of more than one year) such as debentures, non-participating preference shares, convertible bonds, perpetual bonds, negotiable certificates of deposits,

collateralised mortgage obligations, dual currency bond, zero coupon and other deep discounted bonds, floating rate bonds, and index-linked bonds.

- **Money market securities** are issued with maturity of one year or less. These instruments generally provide the unconditional right to receive a stated amount on a specified date. Examples include financial instruments (if issued with maturities of one year or less) such as Treasury Bills, commercial paper, bankers' acceptances, short-terms negotiable certificates of deposit and short-term notes issued under note issuance facilities.

3.18 Financial derivatives

These are financial instruments whose value is derived from the value of something else (particularly from other financial instruments). They generally take the form of contracts under which the parties agree to payments between them based upon the value of an underlying asset or other data at a particular point in time. The main types of derivatives are futures, forwards, options and swaps.

3.19 Insurance reserves

They refer to prepayments for unearned insurance premiums or outstanding insurance claims identified that are expected to be paid out and arise from events for which the claims are not yet settled.

3.20 Standardised Guarantees

Standardized guarantees are defined as those guarantees that are not provided by means of a financial derivative but for which the probability of default can be well established. These guarantees cover similar types of credit risk for a large number of cases. Examples of standardized guarantees include export credit guarantees and student loan guarantees. The guarantors are usually general government units or financial corporations. Because the guarantor provides large numbers of guarantees, it is possible to estimate the risk of default. Generally it is not possible to estimate precisely the risk of any one loan being in default, but it is possible to make a reliable estimate of how many out of a large number of such loans will default. It is therefore possible for a guarantor to determine suitable fees to charge for a guarantee working on the same sort of principle as an insurance corporation for which the fees received in respect of many policies cover the losses by a few. Standardized guarantees are used to manage event risk primarily by the pooling, not the trading, of risk.

3.21 Pension entitlements

These are financial claims that both existing and future pensioners hold against either their employer or a fund.

3.22 Employee Stock Option

This refers to options to buy equity of a company, offered to employees of the company as a form of remuneration.

Chapter 4: The Survey Questionnaire

4.1 Overview

This chapter describes the questionnaire to be used in the survey and the procedures for completing the questionnaire.

4.2 Description of the questionnaire

The Questionnaire has five sections:

- **Section 1** seeks for general information on the enterprises including their industrial classification. *This section must be duly completed because it gives vital background information pertaining to the resident enterprise.*

- **Section 2** seeks for data on foreign liabilities (foreign investment inflows) to the enterprise. Q 2.1 seeks information on non-resident entities owning 10% or more of equity in the enterprise while Q 2.2 covers entities owning less than 10% of equity in the enterprise and their investment relationships. Q 2.3 focuses on both long term and short term non-equity liabilities from non-residents while Q 2.4 covers other liabilities.

- **Section 3** seeks for data on foreign assets (investment abroad). Q 3.1 seeks information on equity holdings by your enterprise in non-resident entities categorized into ownership of 10% or more and less than 10%. Q 3.2 focuses on both long term and short term non-equity assets which are claims on non-residents while Q 3.3 covers other assets.

- **Section 4** seeks information on international trade-in-services between the residents and non-residents.

- **Section 5** seeks information on investor perception.

- Reporting values are in **Kenya Shillings (in absolute values)**: *respondents must convert all transactions in foreign currency to the domestic currency, using the appropriate exchange rates.*

4.3 Procedures for completing the questionnaire

Section 1: Characteristics of the Enterprise

Q 1.1 Write the name of the enterprise in full

Q 1.2 Write the physical address of the enterprise

Q 1.3 Write the postal address of the enterprise.

Q 1.4 Write the e-mail address.

Q 1.5 Write the telephone, mobile and fax numbers of the enterprise.

Q 1.6 Write the website of the enterprise.

Q1.7 Write the name of the person completing the questionnaire, his/her designation (e.g. Senior Accountant), e-mail address, telephone and mobile numbers.

Q1.8 Write the name of the alternative contact person completing the questionnaire, his/her designation title (e.g. Assist. Senior Accountant), e-mail address, telephone and mobile numbers.

Q 1.9 Write the name of the accounting firm, its address, e-mail address, telephone, and fax numbers, if the questionnaire is completed by an agent (accounting firm).

Q 1.10 Write/indicate the financial year of your enterprise.

Q 1.11 If your enterprise is part of a local group, implying that it is part of other enterprises operating within Kenya, mark or tick “Yes” and proceed to Q 1.12 otherwise mark or tick ‘No’ and skip to Q 1.14.

Q 1.12 If the answer to Q 1.11 is ‘Yes’, list the six (6) other enterprises in the Group in the spaces provided.

However, if the Group has more than 6 enterprises, list the remaining enterprises in the comment box on page 33 of the questionnaire.

Q 1.13 Data may be consolidated for the enterprises of a local group on condition that the activities of all the enterprises in this group are strictly of one kind, e.g construction. On the other hand, if the activities of the enterprises in the group cover more than one line of business, complete separate returns for each line of business. Mark/tick 1, 2 or 3 as appropriate.

Q 1.14 Write the total turnover (in KSh) of your enterprise for the years 2009, 2010 and 2011.

Q 1.15 This question seeks information on industrial classification for economic analysis. Industrial classification disaggregates economic activities for national / international data comparison. It is based on the International Standard Industrial Classification (ISIC) Rev.4 of all economic activities, which facilitates this comparison, with additional sub-categories to better cover activities in Kenya.

In the box provided, mark/tick the main activities of your enterprise and their percentage contribution to total turnover. For Completed Questionnaires, please check that respondents have ticked at least one box for industrial classification.

Q 1.16 This question seeks information on the number of employees engaged in the enterprise as at 30th June and the annual employee compensation of the relevant year.

Q 1.17 The purpose of this question is to establish the values (in KSh) of total imports and exports of goods.

Q 1.18 This question seeks information on shareholding structure of equity in the enterprise and the country of residence of the shareholder. Please indicate the name of the shareholder, the country of residence and the percentage shareholding for the end period of the relevant years accordingly.

Q 1.19 This question seeks information on either net profit or net loss, dividends declared and paid, and retained earnings. Indicate clearly the dividends declared, the dividends paid/branch profits remitted and retained earnings during the period 2009, 2010 and 2011.

Q 1.20 This question seeks information on Book Value of shareholder's equity in the period ending 31st December 2008, 2009, 2010 and 2011.

For completed questionnaires, please check that:

- *The net income total equals to retained earnings, dividends paid or branch profits remitted to non-residents. If not, please check respondent's addition, and then with the respondent directly if necessary.*
- *Information in financial statements is consistent, except that dividends paid (not declared) should be reported. But not all Balance Sheets distinguish between resident and non-resident transactions.*

Section 2: Inward Investment/ Foreign liabilities

Q 2.1 This question seeks to establish the equity holding and source country of non-resident direct investors in the enterprise. Please provide aggregate data by country, for all non-resident entities each owning 10% or more of the equity or equivalent voting rights in your enterprise (Foreign Direct Investment). Record equity (10% or more) held in your enterprise by non-residents as at end 2008, 2009, 2010 and 2011 and associated transactions during 2009, 2010 and 2011.

Paid-up share capital: Is money that a company has received from the sale of its shares and represents money that is not borrowed. Therefore, paid-up share capital is the amount of a company's capital that has been funded by shareholders.

Share premium: Excess amount received by an enterprise over the par value of its shares. This amount forms a part of the non-distributable reserves of the enterprise which usually can be used only for purposes specified under corporate legislation.

Retained earnings: Profits generated by an enterprise that are not distributed to stockholders (shareholders) as dividends but are either reinvested in the business or kept as a reserve for specific objectives such as to pay off a debt or purchase a capital asset. Retained earnings can be a negative, in which case, they reflect a loss. Retained earnings or losses which have increased/grown over time are called accumulated retained earnings.

Revaluations: Upward/downward adjustments in the value of currency with respect to another currency or a benchmark rate of exchange. Revaluations can also be defined as upward/downward adjustments in the book value of assets, cost usually by a devaluation of the currency in which their value is recorded in the accounts.

Purchases/sales of shares: these relate to, transactions (flows) during 2009, 2010 and 2011 relating to purchases of shares in this enterprise received from non-residents; and flows for redemption or acquisition of shares paid to non-residents by this Enterprise.

For completed Questionnaires, please check that transaction data relate to:

- Changes in end-2008, end-2009, end-2010 and end-2011 stocks in the appropriate columns.
- Changes in share capital as shown in the Balance Sheet of Enterprise Statements.
- Notes on Board of Directors (in Financial Statements).
- Director's Interest in the Shares of the Enterprise (also in Financial Statements).

Q 2.2 This question seeks to establish the equity holding, type of investor and source country of non-resident portfolio investment in the enterprise. Please provide aggregate data **by country for all non-resident entities each owning less than 10% of the shares or equivalent voting rights in your enterprise as at end 2008, 2009, 2010 and 2011 and associated transactions during 2009, 2010 and 2011.**

Q 2.3. This question seeks information on non- equity liabilities from non-residents by your enterprise.

Q 2.3.1. This question seeks information on **long-term** external liabilities by debt type, creditor type and creditor country. These are liabilities with original maturity of 12 months or more.

Debt type include: Loans, Trade credits, currency and deposits, and debt security (e.g. bonds, bills, notes etc)

Creditor type can either be: Direct Investor (DI), or Direct Investment Enterprise (DIE), or Fellow Enterprise (FE) or Unrelated Enterprise (UE).

Please provide total outstanding balances as at end-December 2008, end-2009, end-2010 and end-2011, and transactions during 2009, 2010 and 2011, for each individual non-equity external long-term obligations (debt instrument).

Q 2.3.2. This question seeks information on **short-term** external liabilities by debt type, creditor type and creditor country. These are liabilities with original maturity of less than 12 months.

Please provide total outstanding balances as at end-December 2008, end-2009, end-2010 and end-2011, and transactions during 2009, 2010 and 2011, for each individual non-equity external long-term obligations (debt instrument).

For completed Questionnaires, please check for each line item that:

Opening Stock (end-2009) + Disbursements (during 2010) - Principal paid (during 2010) = Closing Stock (end-2010).

Interest and Fees Paid relates to the level of stocks during the period. If the interest appears exceptionally high or low relative to the stocks, reconfirm with the enterprise.

Q 2.4 This question seeks information on other liabilities from non-residents other than equity, loans, trade credits and advances, accounts payables and debt securities by creditor type and country. Other liabilities from non-residents may include: insurance reserves, pension entitlements, standardised guarantees, employee stock options, investment fund shares and financial derivatives. Please provide total outstanding amounts as at end- 2008, 2009, 2010 and 2011 and transactions during 2009, 2010 and 2011 for each individual liability.

Definition of other liabilities:

*i) **Insurance reserves:** refer to prepayments for unearned insurance premiums or outstanding insurance claims identified that are expected to be paid out and arise from events for which the claims are not yet settled.*

*ii) **Pension entitlements:** refer to financial claims that both existing and future pensioners hold against either their employer or a fund.*

*iii) **Employee Stock Options:** refer to options to buy equity of a company, offered to employees of the company as a form of remuneration.*

- iv) **Investment Fund Shares:** *They are collective investment undertakings through which investors pool funds for investment in financial or non financial assets or both. Thus, investment fund shares or units refer to the shares issued by mutual funds and unit trusts rather than the shares they may hold.*
- v) **Financial Derivatives:** *are financial instruments whose value is derived from the value of something else (mostly other financial instruments). They generally take the form of contracts under which the parties agree to payments between them based upon the value of an underlying asset at a particular point in time. The main types of derivatives are futures, forwards, options and swaps.*
- vi) **Standardized guarantees:** *Standardized guarantees are defined as those guarantees that are not provided by means of a financial derivative but for which the probability of default can be well established. These guarantees cover similar types of credit risk for a large number of cases. Examples of standardized guarantees include export credit guarantees and student loan guarantees. The guarantors are usually general government units or financial corporations. Because the guarantor provides large numbers of guarantees, it is possible to estimate the risk of default.*

Section 3: Investment (Assets) Abroad by the Enterprise

Q 3.1 The purpose of this question is to establish the category of equity (FDI or portfolio) your enterprise has invested in a non-resident enterprise. Record by country, for each non-resident enterprise in which your enterprise holds equity or equivalent voting rights:

The question seeks for total outstanding amounts as at end- 2008, 2009, 2010 and 2011 and transactions during 2009, 2010 and 2011 for each individual asset. Record:

- *In **Column A**, record data on enterprises where t holdings of shares in non-resident entities that are each 10% or more.*
- *In **Column B**, record data on the enterprise holdings of shares in non-resident entities that are each less than 10%.*
- *In **Column A**, data on holdings of shares in each of the non-resident enterprises where your enterprise hold 10% or more.*
- *In **Column B**, data on holdings of shares in each of the non-resident enterprises where your enterprise hold less than 10%.*

Q 3.2 This question seeks information on both long and short-term external assets by debt type, debtor type and country as at end-December 2008, 2009, 2010 and 2011, and transactions during 2009, 2010 and 2011.

Debtor type can be either: Direct Investor (DI), or Direct Investment Enterprise (DIE), or Fellow Enterprise (FE) or Unrelated Enterprise (UE)

Debt type includes; Loans Trade Credits, currency and deposits, and Debt security (e.g. bonds, bills, notes etc)

Q 3.3 This question seeks information on other assets from non-residents other than equity, loans, trade credits and advances, accounts receivable, currency and deposits and debt securities by debtor type and country. Other assets from non-residents may include: insurance reserves, pension entitlements, standardised guarantees, employee stock options, investment fund shares and financial derivatives. Record total outstanding amounts as at end- 2008, 2009, 2010 and 2011 and transactions during 2009, 2010 and 2011 for each individual asset.

Section 4: International Transactions in Services and Income

Overview

Trade in Services refers to the sale and delivery of an intangible product, called a service, between a producer and consumer. Trade in services takes place between a producer and consumer that are, in legal terms, based in different countries, or economies, this is called **International Trade in Services**.

This section seeks information on services received by your enterprise from non-residents services and payments for services by your enterprise to non-residents.

Notes

Manufacturing services on physical inputs owned by others: these refer to all work done on goods by a resident of one economy for owner of goods who is resident in another economy. It cover processing, assembly, labeling, packaging undertaken by enterprises that do not own the goods concerned. These include oil refining, liquefaction of natural gas, and assembly of clothing and electronics.

Maintenance and repair services n.i.e.: covers maintenance and repair work by residents on goods that are owned by non-residents. It focuses on both minor repairs that maintain the goods in working order and major repairs that extend the efficiency or capacity of goods or extend their life. The repairs may be performed at the site of the repairer or elsewhere. These include repairs and maintenance of ships, aircrafts, and other transport equipments.

Transport services: transport is the process of carriage of people (passenger services) and carriage of objects (freight services) from one location to another as well as related supporting and auxiliary services (such as cargo handling charges billed separately from freight, storage and warehousing, packaging and repackaging, towing not included in freight services, pilotage and navigational aid for carriers, air traffic control, cleaning performed in ports and airports on transport equipment, and freight forwarding and brokerage services. Also included are postal and courier services.

Construction services: Covers work performed on construction projects and installations by employees of an enterprise in locations outside the economic territory of the enterprise. It covers the creation, renovation, repair, or extension of fixed assets in the form of buildings, land improvements of an engineering nature, and other such engineering constructions as road, bridges, dams etc. It also includes related installation and assembly work, site preparation, painting, plumbing, demolition and management of construction projects. Goods imported by the enterprise for use in the projects are included in the value of these services.

Insurance and pension services: these include services of providing life insurance and annuities, nonlife insurance, reinsurance, pensions, standardized guarantees and their auxiliary services (such as agents' commission, insurance brokering and agency fees, insurance and pension consultancy services, actuarial services, regulatory and monitoring services on indemnities and recoveries). The total value of insurance and pension services is derived as the margin between the amounts accruing to the companies (in form of premium contributions and supplements) and the amount accruing to the policy holders (claims and benefits).

Financial services: cover services provided by financial intermediaries and auxiliaries (except those of insurance and pension funds). Include those usually provided by banks and other financial corporations. The charges may be through:

- Explicit charges e.g. loan application fees, commissions and brokerage fees, account charges, etc., Early/late repayment fees (But excludes increase in interest rates as a result of late payment)
- Margins on buying and selling transactions e.g. Dealers in foreign exchange, bonds, notes, financial derivatives
- Asset management costs deducted from property income receivable in case of asset holdings
- Margins between interest payable and reference rate on loans and deposits (financial intermediation service charges indirectly measured)

Charges for the use of the intellectual property: covers charges for use of proprietary rights (such as patents, trademarks, copyrights, industrial processes and design, franchises, rights arising from Research and Developments). It also includes charges for licenses to reproduce and/or distribute intellectual property embodied in produced original and prototypes such as copyrights on books and manuscript, computer software and sound recordings.

Telecommunications, computer and information services: Telecommunication services include the broadcast or transmission of sound, images, data or information by telephone, mobile telex, radio or television, teleconferencing etc.

Computer services cover the hardware and software related services and data processing services. They include sale of customized software, development and production of customized software, non-customised software downloads and licenses to use non-customised software provided on a storage device such as CD-ROM, data recovery services, hardware and software installations, web page hosting services etc.

Other business services: covers research and development services, professional and management consultancy services (legal, accounting, managerial and public relation services), technical, trade and other related services (architectural, engineering, operating leasing services etc)

Personal, cultural and recreational services: covers health and education services, and other services (associated with museum, sporting, gambling and recreational activities)

Q 4.1 This question seeks information on how much the enterprise paid for services provided (e.g. manufacturing services on physical inputs owned by others ; Maintenance and repair services ; Transport services; Construction services; Insurance and pension services; Financial services; Charges for the use of the intellectual property; Telecommunications, computer and information services; Other business services; and Personal, cultural and recreational services) by non-residents, in the years 2009, 2010 and 2011.

Q 4.2 This question seeks information on how much the enterprise received for services (e. g. manufacturing services on physical inputs owned by others ; Maintenance and repair services ; Transport services; Construction services; Insurance and pension services; Financial services; Charges for the use of the intellectual property; Telecommunications, computer and information services; Other business services; and Personal, cultural and recreational services) it rendered to non-residents, in the years 2009, 2010 and 2011.

Section 5: Investor Perception

Overview

It is in the interest of investors to complete section 5, as it gives them a unique forum to assess how certain issues affect their decision to invest. Through this dialogue, the survey will yield positive results for national and international policy formulation, investment promotion and facilitation, policy advocacy and promote public-private trust. Given favourable response rate, the Government will be able to analyse responses by sector, by number of employees, or for the whole population, and factor into its decision-making.

Q 5.1 Economic and financial factors to business activities

This question seeks investor perception/rating on a wide range of economic factors. Respondents are asked to rank on a scale from -2 (“strong negative effect”) to +2 (“strong positive effect”) on the investment decision. If a particular factor has no bearing on the investment decision, then whether good or bad deemed, the response should be a 0 (“no effect”).

Q 5.2 Efficiency and cost of support Services

These factors are conceptually straightforward looking at both the cost and efficiency of given public services. The same ratings (-2 to +2) apply where; -2 (“strong negative effect”) to +2 (“strong positive effect”) and 0 (“no effect”)

Q 5.3 Effect of Labour, Environmental and Health factors on the business activities

This covers availability, cost and productivity of different types of labour (unskilled, academically trained, technically trained), and the need for, and ease in bringing in expatriate staff and transfer of skills. It also covers environment and health issues. The same ratings (-2 to +2) apply

Q 5.4 Efficiency of Regulatory and Other government agencies to business activities

This question seeks for the investors’ perception on the efficiency of business associations, regulatory and other government bodies to investments/ business activities. Respondents are asked to rank on a scale from -2 (“strong negative effect”) to +2 (“strong positive effect”) on the investment decision. Rank 0 for “no effect”

Q 5.5 Direction of your investment in Kenya in the next 3 years

Respondents are asked to indicate the direction of their investments in Kenya in the next 3 (three) years of each factor on a scale of -1 to +1 where: +1 = “Expand”, 0 = “maintain”, -1 = “Scale down”

Chapter 5: Survey Implementation

5.1. Overview

The success of the survey is dependent on Research Assistants. This Chapter describes the research assistant's role in administering the questionnaires, following up, data editing and checking and relationship with the Supervisor. For information on the Co-ordinators, Supervisors and Research Assistants, a co-ordination and role summary is presented in **Annex A**. *Please read this Chapter carefully, and consult your Supervisor if you have any questions.*

5.2. Foreign Investment Survey Questionnaire

The survey questionnaire comprises of five (5) sections namely; general information, inward /foreign liabilities, investment (assets) abroad, international transactions in services and income, and investor perceptions.

5.3. Administration of Questionnaire and personal visits

5.3.1. Targeted Enterprises

- KNBS has identified enterprises with Foreign Assets and Liabilities (FAL) and other international transactions. It is important to visit all the sampled enterprises.
- For enterprises with local group companies, it will be necessary for the research assistant to identify the individual enterprises and administer separate questionnaires.

5.3.2. Procedures for visits

Preparation

- 1) Locate the enterprises you have been assigned and identify the most appropriate person/respondent in the organisation that you would ask to complete the Questionnaire (please see Chapter 2 paragraph 2.7).
- 2) Make appointments before the visit whenever possible.
- 3) Research Assistants are urged to carry the necessary materials: KNBS Introduction Letters; Official ID; Diary (containing appointments, enterprise list and contact details); Survey Manual; additional Survey Questionnaires; additional Visit Checklists (Annex C); Stationery (e.g. writing pads, pens, A4 envelopes), and calculators.

Administration of the Questionnaire

- The first impression created by the Research Assistant's thorough knowledge of the subject matter and personality will have significant impact on the respondent. First, ensure you are familiar with the contents of this Manual. Secondly, explain to the respondent the purpose of your visit. Inform the respondent the importance of the information being sought by the Government for planning and policy formulation. *Also emphasise that the Questionnaire seeks to obtain their perception of the business environment.*
- Explain what the Questionnaire entails by taking the respondent through the sections of the questionnaire (answering questions on concepts or specific questions on the Questionnaire (Chapter 3).
- If the enterprise has subsidiary/branches (Question 1.11), ensure that you administer separate questionnaire for each entity.
- Ensure that you request copies of financial statements for all entities for the relevant years. This will assist in data checking and clarification on certain responses on the Questionnaire.
- Agree on the date of collection of the completed Questionnaire, preferably before deadline.

- While collecting the completed questionnaire, inform the respondent that you may contact them for any further clarifications, if necessary.

5.3.3. Tasks after visit/call

Record information to facilitate and plan follow-up

To save time and ensure effective follow-up, please record each visit or phone call: date of visit/call; name/title of contact(s); contact details; outcome of meeting and necessary follow-up; agreed date for collection of completed Questionnaire. ***Ensure Annex C is completed.***

Address issues outstanding from visit/call

Ideally, revisits should be minimum, to save time and avoid “fatigue” on the part of the Enterprise. ***Please use the notes on your Research Assistants Checklist (Annex C) as your guide should you need to make revisits.***

5.3.4. Dealing with Enterprises which cannot be located/inaccessible

If for any reason you are unable to locate or contact an enterprise, note these companies, and inform your Supervisor.

5.4. Follow-up, data collection, data checking and interviews

5.4.1. Observe final deadline

- Obtaining timely and complete data is essential to the success of the survey. Following up is the most crucial task to ensure completion of questionnaires in time.
- The most effective channel is through senior management, especially if you obtained their commitment to complete the Questionnaire by a given date. However, if you establish that the task has been delegated to a junior officer then that is the person to follow up with. If after 2 or 3 reminders they have not met the agreed deadline, you could revert back to the senior management.

5.4.2. Collection of Survey Questionnaires

Remind respondents before deadline

Research Assistants are expected to remind the contact person of the enterprises two days before due date. *Research Assistant should maintain checklist notes and a timetable for reminders.*

Non-response

Non-response can either mean non-return of a Questionnaire or the submission of an incomplete questionnaire or returning a blank questionnaire. If this is due to:

- Lack of time: the Research Assistant will remind the respondent of the need to provide data in a timely manner, and legal obligation to do so.
- Accounts not ready: If accounts are not ready, research assistant should request for unaudited accounts.
- Not understanding the Questionnaire: Research Assistant will address questions either over the phone or if possible with a personal visit.
- Suspicion: If a respondent has lingering doubt (e.g. fears/suspicious that information will be shared with tax authorities or competitors), the research assistant needs to encourage and assure them of confidentiality.

How to address blatant refusal

- If you are denied entry into an enterprise or it refuses to provide the required information, inform your supervisor for further action.
- If necessary the supervisor will call upon the help of KNBS senior management for intervention.

5.4.3. Editing and checking of data

Editing and checking is essential for ensuring high quality data. This is to identify errors before data is captured. It entails using internal checks and own knowledge of methodology in editing for data consistency. If necessary, further clarification will be sought from the enterprises. Data editing and checking techniques are covered in Annex D.

- *The first level of data editing will be undertaken by the Research Assistants. The Research assistants will then submit the edited questionnaires to their supervisors for further editing before forwarding them to KNBS.*

5.4.4. Follow up interviews

- Interviews to follow up on completed Questionnaires are often useful for correction and clarification of inconsistent response, and omissions.
- Always book an appointment with the contact person (respondent) before visiting the enterprise. Interview structure will vary depending on returned Questionnaire, and time available. Prepare in advance the areas that you are to seek further clarifications.
- Ensure that the respondent does not spend too much time on a particular point;
- Return to the agenda if the respondent side-tracks onto some irrelevant matter;

5.4.5. Submission of Completed Questionnaires

Please return the completed Questionnaires to the supervisor who will in turn forward to KNBS.

Annex A: Supervision and Co-ordination of Survey Personnel

Research Assistant:

Your supervisor is your immediate contact person. You should;

- Keep a record of visits/calls (with copies of all the Visit Checklists) to enable him/her assess progress, and address problems;
- Record comments and questions from respondents that are not adequately answered in the Survey Manual or Questionnaire.
- Edit completed Questionnaires to check for mistakes and omissions and decide if follow up is needed.
- Submit the edited questionnaires to the supervisor.
- Submit a field report.

Supervisor:

Supervisors will support Research Assistants by:

- Following up on unwilling respondents either by telephone or personal visit, to encourage compliance;
- Addressing difficult technical issues raised in completing the Questionnaires that Research Assistants are not able to deal with;
- Co-ordinating and revising the Research Assistant's work programmes, based on progress.
- Edit completed Questionnaires to check for mistakes and omissions and decide if follow up is needed.
- Submit the edited questionnaires to the co-ordinator.
- Submit a field report.

Co-ordinators

Supervisors will provide the following to Co-ordinators:

- Research Assistant's progress reports.
- Comments and questions from respondents that require further clarification.
- Completed Questionnaires (and all supporting materials such as financial statements).
- Requests for additional survey materials.
- Final field report.

Annex B: Mandate to Collect Data, and Data Protection

B1. Overview

In case you need to show or quote to the interviewee / respondent, this Annex contains provision of the Statistical Act, 2006 that empowers KNBS, to collect data, and penalties for non-compliance; and legal protection of data provided.

B2. Kenya National Bureau Statistics (KNBS) 2006 Statistics Act

KNBS is mandated by an Act of Parliament (Statistics Act, 2006) to collect, compile, analyse, publish and disseminate statistical information, and to co-ordinate the National Statistical System and for related purpose.

Confidentiality

- 1) The information obtained is confidential and will be used only to compile FDI statistics. Survey personnel are not permitted to divulge the information on the questionnaires/records to any unauthorized person. All completed questionnaire(s) should be kept safely.
- 2) To enforce this confidentiality, Research Assistants take an Oath of Secrecy. This oath is prescribed by the law and is administered to all persons engaged in the survey under the Statistics Act 2006.

Default and Penalties

Any person who contravenes any provision of the Statistics Act 2006 commits an offence and shall be liable on conviction to a fine or to imprisonment or both.

Annex C: Research Assistant's Checklist for Visits/Calls (Complete in full for each visit/call, and show to your Supervisor)

File reference: _____

I. Background		
1. Research Assistant (name)	2. Date of visit:	
3. Name of Business visited/called:	4. Names / locations of subsidiaries:	
5. Person(s) met/called (name(s) <u>and</u> position(s)):		
6. Address (including street name):	7. Tel:	8. Mobile:
	9. Email:	

II. Information for follow-up		
10. Did the respondent agree to comply? <i>If <u>no</u>, please give reasons.</i>	<input type="checkbox"/> Yes	<input type="checkbox"/> No
11. Did the enterprise receive the Questionnaire? <i>If <u>no</u>, please give reasons.</i>	<input type="checkbox"/> Yes	<input type="checkbox"/> No

12. Did you explain the Questionnaire? <i>If <u>no</u>, please give reasons.</i>	<input type="checkbox"/> Yes	<input type="checkbox"/> No
13. Did you obtain Enterprise financial statements? <i>If <u>no</u>, explain</i>	<input type="checkbox"/> Yes	<input type="checkbox"/> No
16. Did you agree on the date for collection? <i>If <u>yes</u>, give date here.</i> <i>If <u>no</u>, explain</i>	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<i>SUPERVISOR NAME:</i>	<i>DATE:</i>	

Annex D: Editing Procedures

Introduction

The purpose of data checking and editing is to ensure data quality. Ensuring data credibility requires professionalism, transparency and adherence to ethical standards, sound methodology consistent with international concepts and definitions for comparability.

Data checking and editing will be:

1. **Onsite** based on quickly identifiable internal checks and logical flow of expected responses as well as personal knowledge of respective industrial sectors.
2. **Offsite** based on external sources of information such as financial statements, internet, and relevant media reports.

Onsite checking and editing

The compulsory data checks include;

1. Ensure financial statements have been provided.
2. Checking if the financial statements provided cover the period of the survey (i.e. 2011, 2010, 2009 and 2008)
3. Ensure that the financial statements are for the company responding and not the group or at least for both the group and the company responding.

The questionnaire has inbuilt checks for checking and verifying data accuracy; e.g.

Filtering questions (For example questions 1.11 in the questionnaire)

1. Ensure that all filtering questions have been answered
 - If “yes” is entered, ensure that data is provided appropriately
 - If “no” is entered, you may/may not find any data in the space to which that particular filtering question is referring to.
Action: Consult the respondent for confirmation that the “no” response provided is accurate (some respondents maybe lazy).
 - If ‘yes’ is entered but no data is entered in the relevant space
Action: Follow up is required
 - If ‘no’ is entered but data is entered in the relevant space
Action: Change the ‘no’ to a ‘yes’ after consulting with the contact person and inform the supervisor.

2. Where it is possible to do simple arithmetic, check whether figures provided add up.
3. In some cases, the enterprise name can indicate information on the ISIC. Check the consistency of information provided under entity name with ISIC and make corrections where applicable.
4. Ensure that dividends declared for the year do not exceed net profits for the year for either resident or non-resident shareholders.
5. Ensure that retained earnings do not exceed net profits for the year.
6. Ensure that if there are non-resident shareholders, then there are also profits after tax, dividends declared, and dividends paid and retained earnings of non-residents.
7. Ensure that the profits reported are those after tax (i.e net profits).
8. For FDI and PI, ensure that the 10% or more requirements are followed and the less than 10% requirement is followed, respectively.
9. Check that figures reported on book value are consistent with proportions of shareholding.
10. Ensure that if there are any non-equity liabilities, the relationship with the creditor is provided as this is important for distinguishing between FDI and non FDI debt.
11. In addition, ensure that if there are any non-equity liabilities, the interest is reported (this is usually omitted and is difficult to estimate).
12. Ensure that if there is any outstanding debt reported, there are complimentary transactions before or after the outstanding amount (disbursements and /or repayments).
13. Ensure that the questionnaire is certified with the company stamp when you collect it.

Offsite editing and checking

1. For returns with financial statements compare the data on the questionnaire with the information in financial statements.
2. Check wherever there are exchange rate conversions, that they are accurate using averages for flows and end-period for stocks.
3. Ensure that total turnover matches what is reported in the income statement.
4. Ensure there exists consistency in the net profit, dividends declared, dividends paid and retained earnings reported with what appears in the income statement.
5. Ensure that reported figures correspond to those of the company and not the group if the financial statements show both.
6. Cross check the units of reporting in the financial statements against the units of reporting in the questionnaire (check for consistency where thousands, millions etc. are used). *Note that the values should be reported and recorded in absolute numbers.*
7. Use accounting period as a proxy if the enterprise cannot provide data for the survey period.
8. After editing, document the changes that have been made under general remarks/comments at the end of the questionnaire for ease of identification.