STATISTICS

SDG Indicators 17.1.1 and 17.1.2: Definitions, Source Data, and Government Finance Statistics (GFS)

ESCWA SDG SERIES OF WEBINARS

JULY 19, 2022

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Definitions and Source Data

Indicator 17.1.1: Total government revenue as a proportion of GDP, by source

$$Indicator\ 17.1.1\ = \frac{Total\ Government\ Revenue}{GDP}$$

- Numerator: IMF Government Finance Statistics (GFS) data
- Denominator: IMF World Economic Outlook (WEO)* data

- GFS data aligned with GFS Manual 2014 (GFSM 2014)
- Indicator can be also calculated for any subcategories (i.e., taxes, social contributions, grants, and other revenue) if reported by country

*WEO is based on information gathered by the IMF country desk officers in the context of their missions to IMF member countries and ongoing analysis of the evolving situation in each country.

Indicator 17.1.2: Proportion of domestic budget funded by domestic taxes

$$Indicator\ 17.1.2 = \frac{Budgetry\ central\ government\ taxes}{Budgetry\ central\ government\ expenditure}$$

- Numerator and Denominator: GFS data

- GFS data aligned with GFSM 2014

Revenue and Expenditure in GFSM 2014

Revenue
1 Revenue*
11 Taxes
12 Social contributions
13 Grants
14 Other revenue

Expenditure (= 2 + 31)**
2 Expense
21 Compensation of employees
22 Use of goods and services
23 Consumption of fixed capital
24 Interest
25 Subsidies
26 Grants
27 Social Benefits
28 Other Expense
31 Net Acquisition of Nonfinancial Assets

*The numbers indicate GFS classification codes (further disaggregated classifications are also available).
**Alternatively, 7 Total Expenditure according to the functional classification can be used if reported by country.

The GFS Framework

Why GFS?

- GFS aims to **measure the economic impact of government and its fiscal policies on the rest of the economy**

  - ▶ Budgets are typically "political" documents, follow country laws, and do not capture all government's activities

  - ▶ Financial reports evaluate financial performance of government units and reflect accountability of managers

- GFS is suitable for **fiscal analysis and fiscal policy making** because the data are:

  - ▶ **Standardized**

  - ▶ **Consistent**

  - ▶ **Comparable**

  (and ideally also **Comprehensive** and **Transparent**)

GFS and Other Macroeconomic Statistics
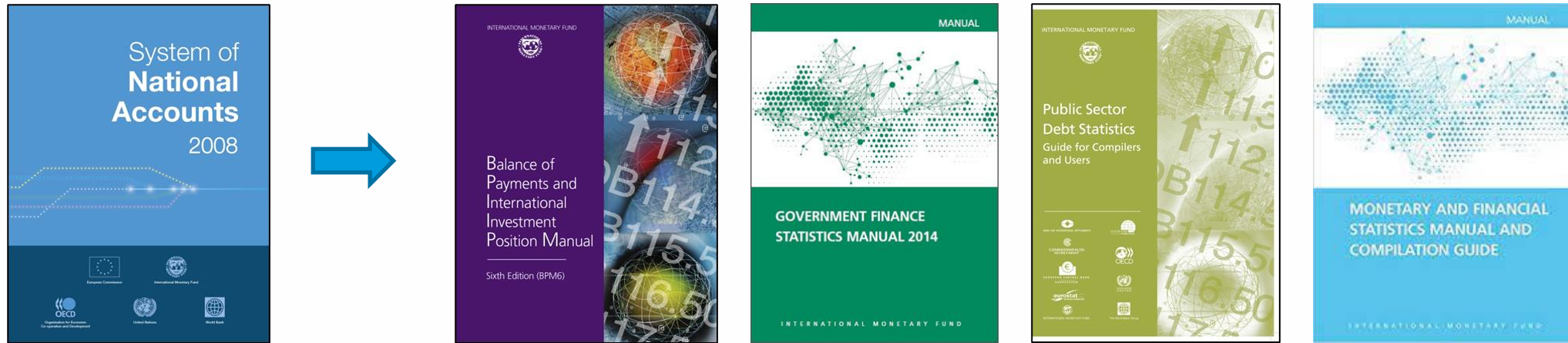
- The SNA is the core statistical system and serves as an "umbrella" framework by providing definitions and concepts for all other macroeconomic statistics.

- GFS is an **integrated framework** designed **to support fiscal analysis and policymaking.**

- Consistent definitions are key for GFS, as fiscal analysis requires context:
  - ▶ Is government debt / deficit / tax burden high or low in terms of GDP?
  - ▶ What is the share of government in GDP?

The GFS Manual 2014

10 Chapters, 9 appendices:

1. Introduction
2. Institutional Units and Sectors
3. Economic Flows, Stock Positions and Accounting Rules
4. The GFS Analytic Framework
5. Revenue
6. Expense
7. The Balance Sheet
8. Transactions in nonfinancial assets
9. Transactions in financial assets and liabilities
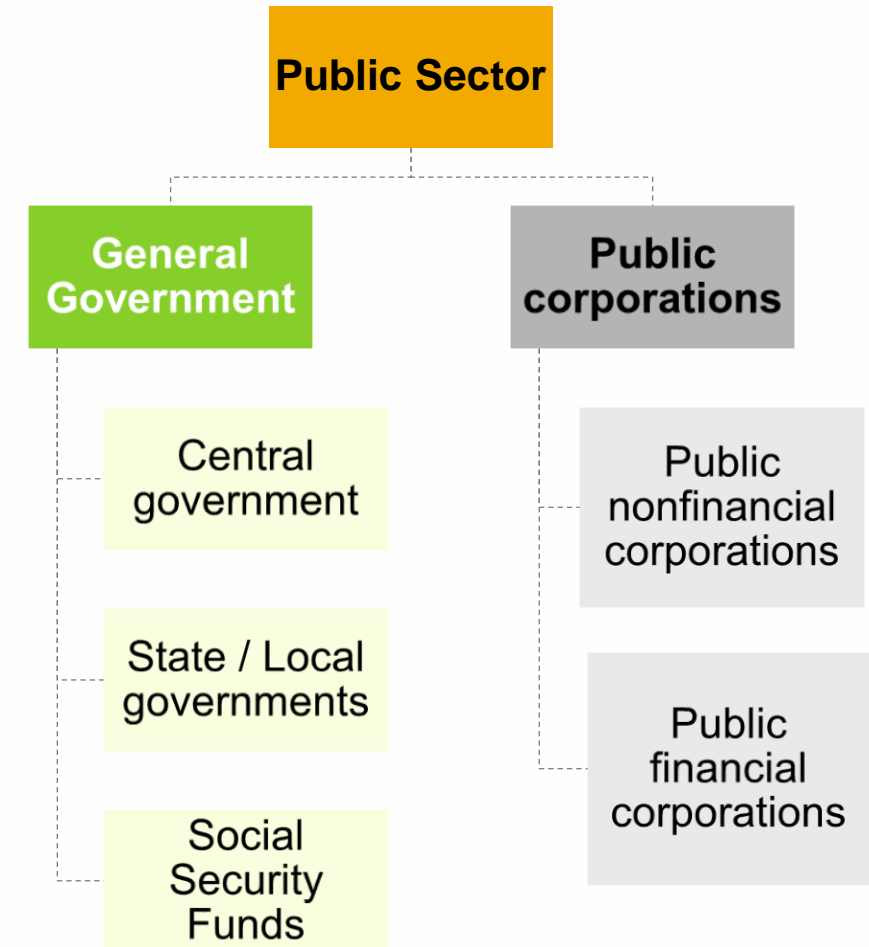10. Other economic flows

MANUAL

GOVERNMENT FINANCE
STATISTICS MANUAL 2014

INTERNATIONAL MONETARY FUND
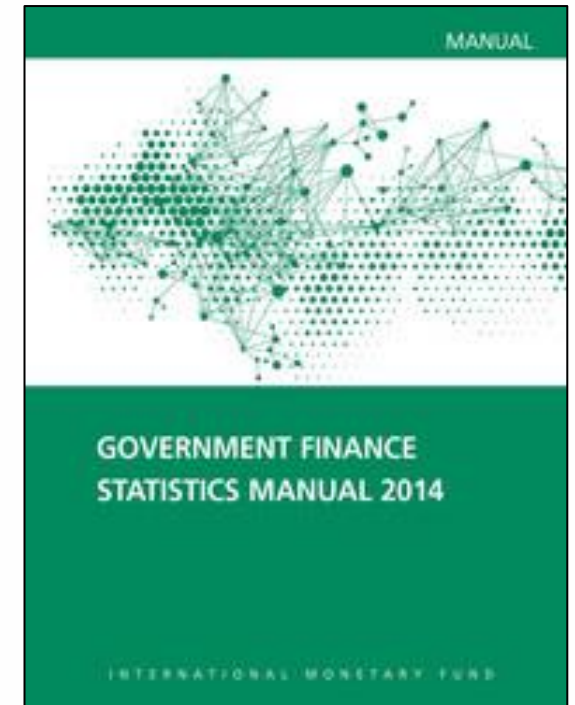
The GFSM 2014 Framework
Coverage of sectors

GFS can be compiled for the Public Sector or its subsectors

- Coverage and sectorization is based on:

  - i) residence, ii) institutional units, iii) control, iv) market/nonmarket activity

- For international comparisons, the general government sector is currently most important

- Coverage more limited in some countries – central government or (its subsector) budgetary central government

- Interest in the public corporations sector is growing

Public Sector

General Government | **Public corporations**

Central government

State / Local governments

Social Security Funds

Public nonfinancial corporations

Public financial corporations
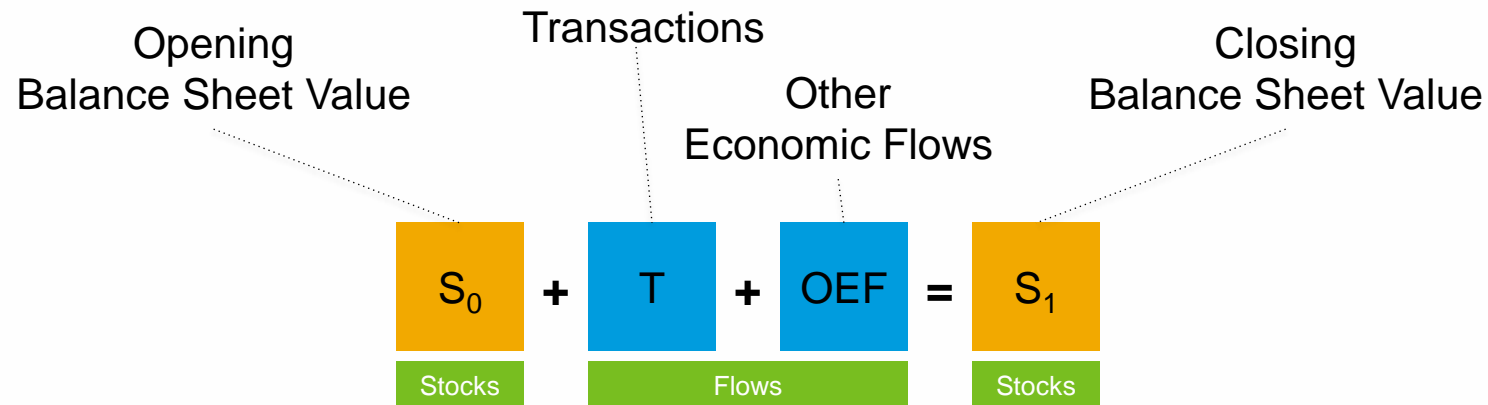
The GFSM 2014 Framework
Accounting Rules

Accounting rules in GFSM are the **same** as in **other macroeconomic statistical systems** (except for consolidation)

- **Accrual-based recording** ➔ Recording of transactions when transactions / events takes place,

- **Cash flow data** as additional requirement ➔ to allow analysis of liquidity constraints/position

- **Double-entry accounting** ➔ Every debit entry has a credit entry and vice versa

- **Market Values** ➔ All flow and stock positions are valued at current market prices

  - Transactions ➔ amounts that willing buyers pay to acquire something from willing sellers (at arms length transactions)

  - Stock positions ➔ current market value

- **Consolidation** ➔ presentation of data for a set of units as if they constitute a single unit (eliminating transactions and reciprocal stock positions among units)

The GFSM 2014 Framework
An Integrated Balance Sheet Approach

- GFSM 2014 follows a balance sheet approach.

- An integrated framework reports on stocks of assets (nonfinancial and financial) and liabilities, transactions, and other economic flows.

- Stock positions are conceptually connected with flows.

Opening Balance Sheet Value

Transactions

Other Economic Flows

Closing Balance Sheet Value

$$S_0 \;+\; T \;+\; OEF \;=\; S_1$$

| Stocks | Flows | Stocks |

S = stock position; T = transactions; OEF = other economic flows

The GFS Framework
Overview

Schematic Presentation

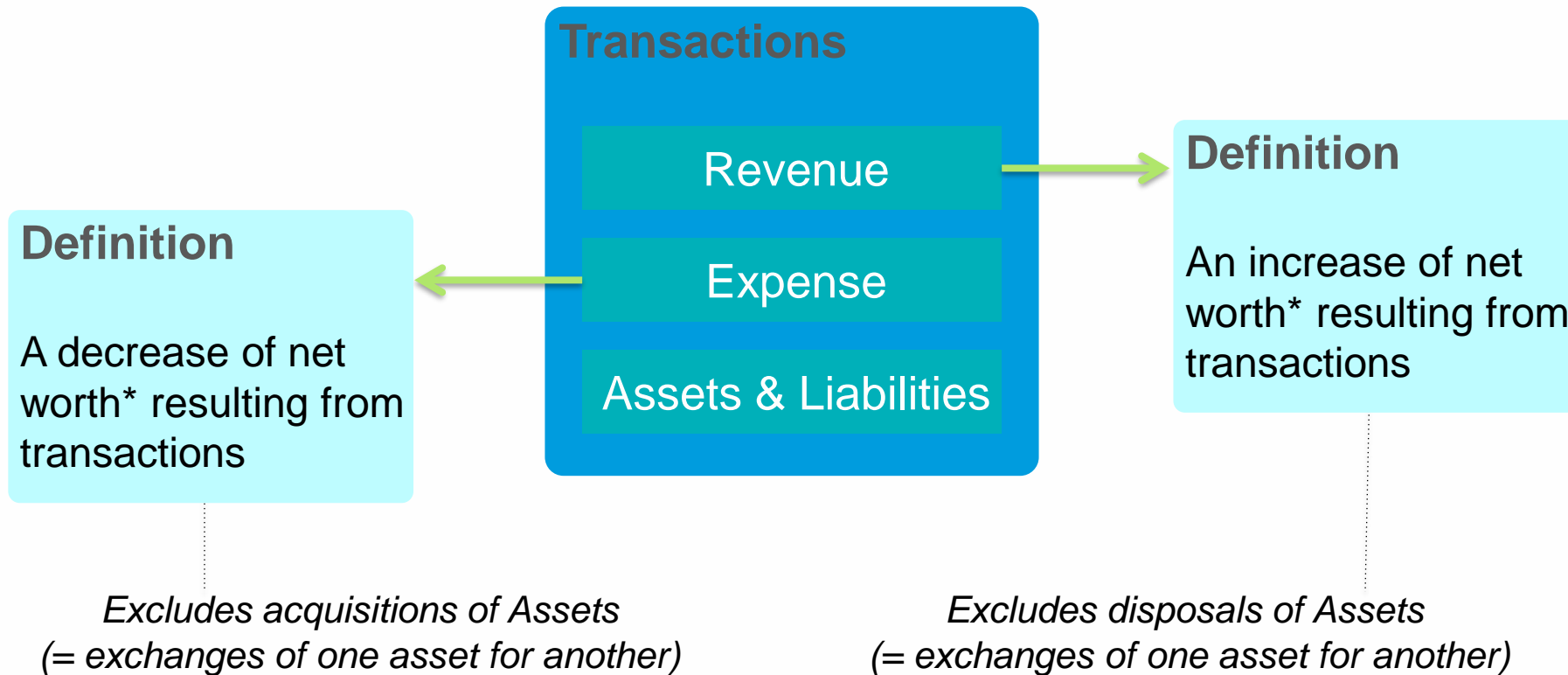| Stocks	Flows			Stocks
Opening Balance Sheet	Transactions	Other Economic Flows		Closing Balance Sheet

		Holding Gains	Other Volume Changes	
Expenditure	Revenue			
	Expense			
Net Worth	*= Net Operating Balance*	*Change in Net Worth*	*Change in Net Worth*	*Net Worth*
Nonfinancial Assets	Nonfinancial Assets	Nonfinancial Assets	Nonfinancial Assets	Nonfinancial Assets
	= Net Lending/ Net Borrowing	**Holding Gains**	**Other Volume Changes**	
Financial Assets	Financial Assets	Financial Assets	Financial Assets	Financial Assets
Liabilities	Liabilities	Liabilities	Liabilities	Liabilities

The GFS Framework
Transactions

Transactions

- Revenue
- Expense
- Assets & Liabilities

Definition

A decrease of net worth* resulting from transactions

Excludes acquisitions of Assets (= exchanges of one asset for another)

Definition

An increase of net worth* resulting from transactions

Excludes disposals of Assets (= exchanges of one asset for another)

*Net worth = total assets minus total liabilities

The GFS Framework
Transactions

Transactions

Revenue

Expense

Assets & Liabilities

Nonfinancial Assets

Financial Assets

Liabilities

➔ **Net investment in nonfinancial assets**

Disaggregated as
- (+) *Acquisitions*
- (-) *Disposals*
- (-) *Consumption of fixed Capital ("GFS depreciation")*

(+) **Net acquisition of financial assets**

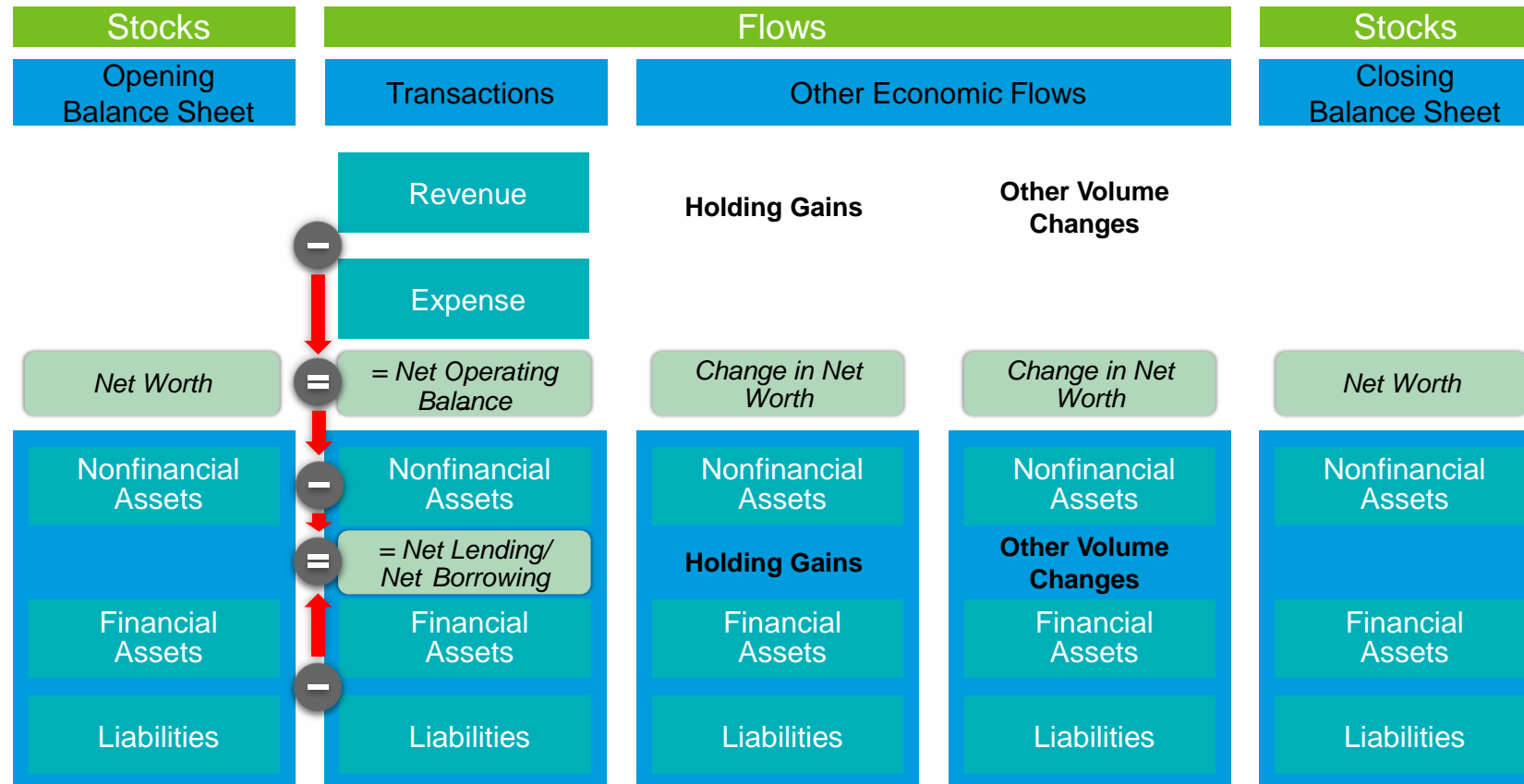(-) **Net incurrence of liabilities**

(=) **Financing**

Separate identification of financial assets & liabilities by
- *Residence*
- *Instrument*
- *Counterparty sector*

The GFS Framework
The Integrated Framework

Vertical balance of records

The GFS Framework
The Integrated Framework

Horizontal integration of stocks and flows

Stocks	Flows			Stocks
Opening Balance Sheet	Transactions	Other Economic Flows		Closing Balance Sheet
	Revenue	Holding Gains	Other Volume Changes	
	Expense			
Net Worth	*= Net Operating Balance*	*Change in Net Worth*	*Change in Net Worth*	*Net Worth*
Nonfinancial Assets	**+** Nonfinancial Assets	**+** Nonfinancial Assets	**+** Nonfinancial Assets	**=** Nonfinancial Assets
	= Net Lending/ Net Borrowing	**Holding Gains**	**Other Volume Changes**	
Financial Assets	**+** Financial Assets	**+** Financial Assets	**+** Financial Assets	**=** Financial Assets
Liabilities	**+** Liabilities	**+** Liabilities	**+** Liabilities	**=** Liabilities

Reporting GFS Data to the IMF

GFS Annual Database
Country Coverage
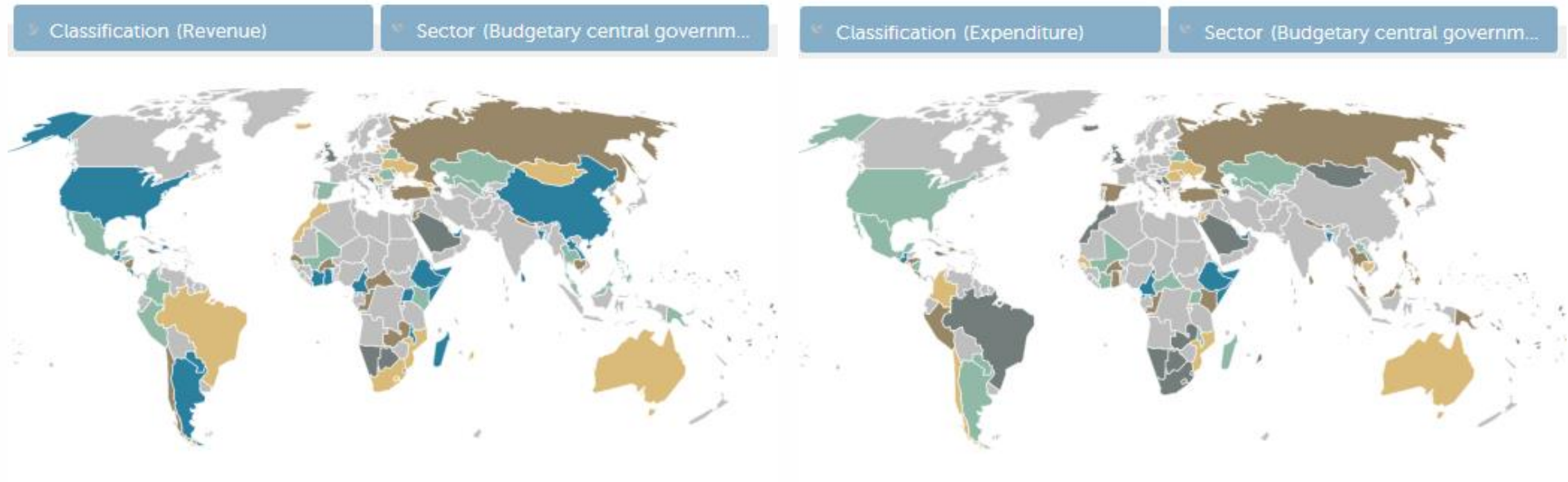
- Data reported by 130-140 countries each year – varying depth and breadth of data.
  - ► Reporting agencies include Ministries of Finances (for most countries), Central Banks, and National Statistics Offices.

*Color coordinated by range of value (% of GDP, 2020). Grey = non reporter

Annual GFS Questionnaire

Detailed / comprehensive questionnaire for collection of fiscal data*

- **4 Statements** ➡️

> - Statement I: Statement of operations
> - Statement II: Statement of sources and uses of cash
> - Statement III: Integrated statement of flows and stocks
> - Statement IV: Statement of total changes in net worth

- **5 Core Tables** ➡️

> - Table 1: Revenue
> - Table 2: Expense
> - Table 3: Transactions in assets and liabilities
> - Table 6: Balance Sheet
> - Table 7: Expenditure by functions of government

Data used to calculate SDG indicators

- **7 Additional Tables** ➡️

> - Table 6A: Debt liabilities at nominal/market value
> - Table 6B: Debt liabilities at face value
> - Table 8A: Transactions in FA&L by counterpart
> - Table 8B: Stock positions in FA&L by counterpart
> - Table 4: Holding gains and losses in A&L
> - Table 5: Other changes in the volume of A&L
> - Table 9: Total other economic flows in A&L

*Cover page including metadata and validation checks

Reporting GFS Data to IMF

Annual GFS

- Publication in the *Government Finance Statistics Yearbook (GFSY)* and on http://data.imf.org/gfs

High-frequency GFS

- 3 summary presentations aligned with the *GFSY*
  - ▶ Statement of government operations ⟶ Includes source data to calculate SDG indicators.
  - ▶ Statement of sources and uses of cash
  - ▶ Balance sheet
- Highest frequency available (monthly or quarterly)
- Questionnaire available for BCG, CG and GG*
- Published monthly in the *International Financial Statistics (IFS)*, with other macroeconomic statistics (financial sector, external sector, national accounts, etc.) and on http://data.imf.org/ifs

*BCG = budgetary central government, CG = central government, GG = general government

Metadata Questionnaire

- Provide users with information (metadata) about:

  - ▶ Contact Information

  - ▶ Units of General Government

  - ▶ Compilation Issues

    - ◆ Breaks in series (due to, e.g., coverage, classifications, methodology, valuation)

    - ◆ Compilation Notes (e.g., revisions, consolidation practices, methodology, estimation practices)

  - ▶ Implementation of GFSM 2001 / 2014

SDG Indicators Reporting Status of ESCWA Countries

SDG Indicators Reporting Status: ESCWA Countries

17.1.1 – Total Government Revenue as Proportion of GDP (%)

	2015	2016	2017	2018	2019	2020
Algeria						
Egypt	22.0					
Libya						
Morocco	26.4	26.1	26.3	26.1	25.8	28.6
Sudan	10.5	9.0				
Tunisia						
Comoros						
Djibouti						
Somalia			7.5	8.0	9.7	12.4
Mauritania						
Bahrain	17.5	15.7	16.5	19.6	20.1	16.3
Iraq	28.7	26.3	33.2	39.4	39.2	
Jordan	24.8	25.0	25.3	38.7	24.5	
Kuwait	38.6					
Lebanon	17.7	18.2	20.5	19.6	19.7	14.5
Oman						
Qatar						
Saudi Arabia	25.0	21.5	26.8	35.3	36.6	36.0
Syrian Arab Republic						
United Arab Emirates	21.4	30.7	28.3	30.8	31.1	27.9
West Bank and Gaza	7.6	8.3	8.3	7.9		
Yemen						

17.1.2 – Proportion of Domestic Budget Funded by Domestic Taxes (%)

	2015	2016	2017	2018	2019	2020
Algeria						
Egypt	38.2					
Libya						
Morocco	83.5	70.9	73.2	73.2	72.1	58.6
Sudan	68.9	68.5				
Tunisia						
Comoros						
Djibouti						
Somalia			59.1	65.6	57.3	38.6
Mauritania						
Bahrain	3.4	2.9	3.7	4.4	12.2	10.1
Iraq	3.6	6.0	8.0	6.7	3.7	
Jordan	53.0	53.5	53.1	41.4	53.1	
Kuwait	2.3					
Lebanon	54.6	49.0	54.7	48.6	49.9	57.4
Oman						
Qatar						
Saudi Arabia	8.2	9.9	9.4	22.2	18.7	18.8
Syrian Arab Republic						
United Arab Emirates	43.2	24.4	40.2	50.9	52.3	37.8
West Bank and Gaza	70.5	76.5	74.2	73.0		
Yemen						

*blank = GFS not reported

Questions?