



International Monetary Fund Statistics Department

Government Finance Statistics: Compilation Guide for Developing Economies

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Presentation for the Technical Consultation on Health Accounts
Pan American Health Organization/World Health Organization
6-7 October 2011, Washington, D.C. USA

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Outline

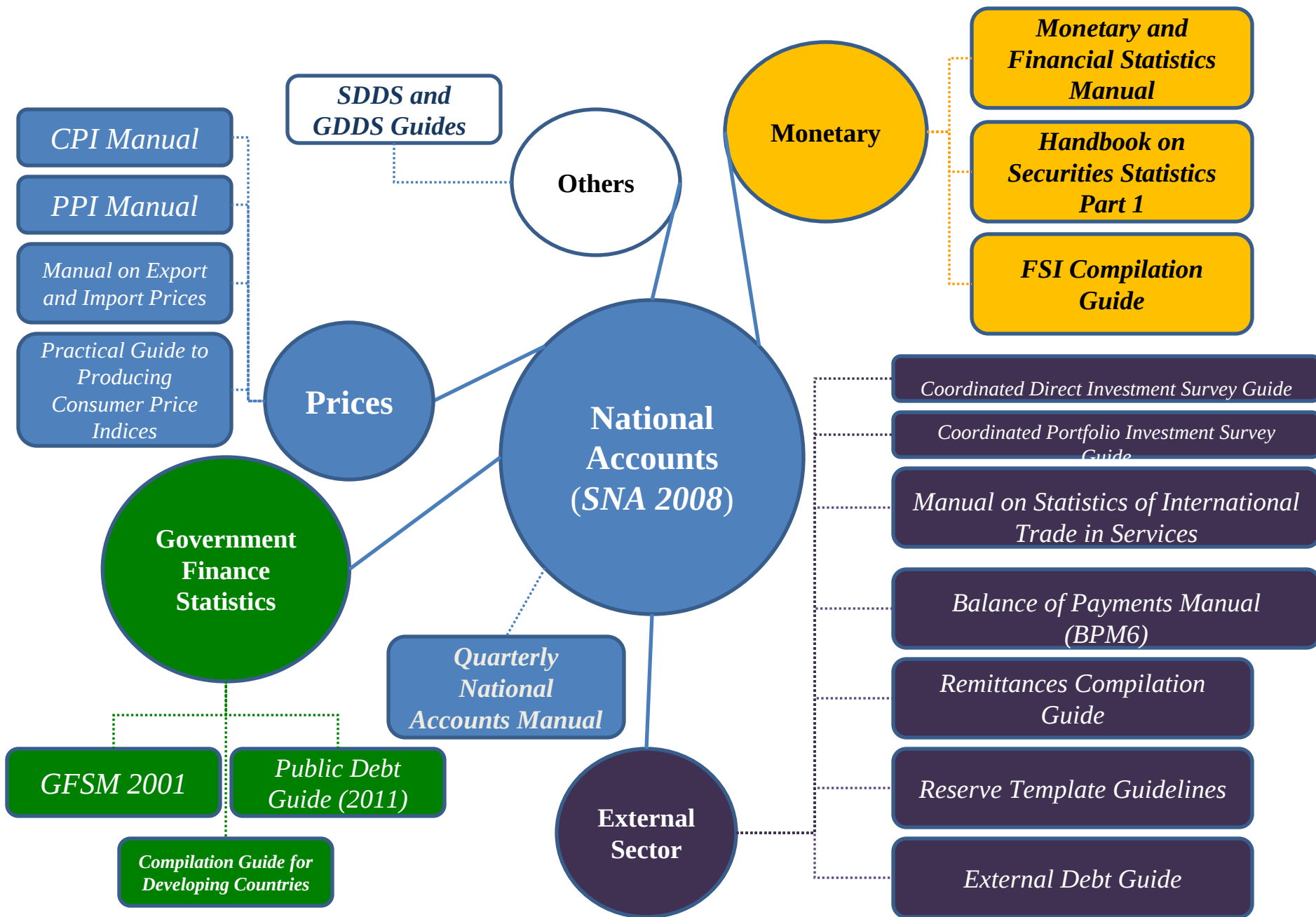
1. Background on the *Government Finance Statistics: Compilation Guide for Developing Economies*
2. Structure of *the Compilation Guide*:
 - a. Coverage of the Government Finance Statistics System
 - b. Flows, Stocks, and Accounting Rules
 - c. Integrated Framework
 - d. Classification of Revenue, Expense, Assets and Liabilities, and Other Economic Flows
3. Health expenditures: A Summary Look at the International Monetary Fund *Government Finance Statistics Yearbook* database
4. Ongoing cooperation projects with the Inter-American Development Bank and with the World Health Organization

1. Background on the *Government Finance Statistics: Compilation Guide for Developing Economies*

- A **new approach** by the IMF Statistics Department to assist developing countries to compile government finance statistics.
- It is based on many years of **technical assistance and training** to member countries.
- It was funded by the United Kingdom's **Department for International Development (DFID)** under its Enhanced Data Dissemination Initiative for Africa.
- It is **consistent** with the *Government Finance Statistics Manual 2001 (GFSM 2001)* and thus largely consistent with the *System of National Accounts 2008 (2008 SNA)*.



Consistency



2. Structure of the Compilation Guide

The concepts and the theoretical framework of the *Compilation Guide* follows those of standards-based macroeconomic statistics:



- Institutional units
- Institutional sectors
- Residency
- Corporations
- General Government
- Transactions
- Stocks and Flows
- Accrual basis versus cash recording
- Valuation
- Consistency

2. Structure of the Compilation Guide

- An institutional unit is the minimal building block in statistics.
- Definition: An economic entity that is capable, in its own right, of owning assets, incurring liabilities, and engaging in economic transactions with other entities.
- They are broadly classified as:



Households



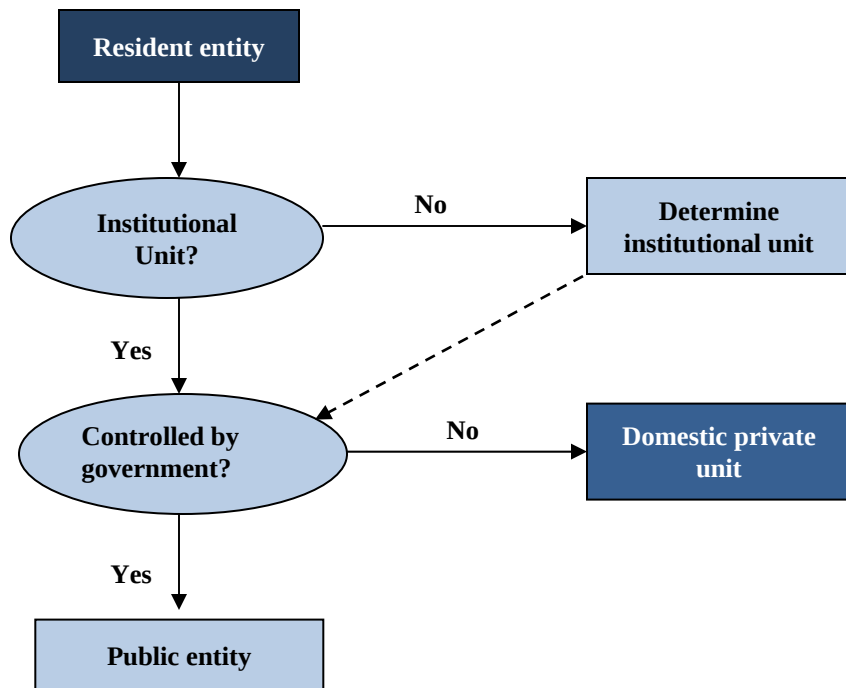
Legal or social entities

- We also need to identify whether institutional units are **RESIDENTS** of a country or not.
- An institutional unit is resident in a country if it has a center of economic interest in the economic territory of that country.

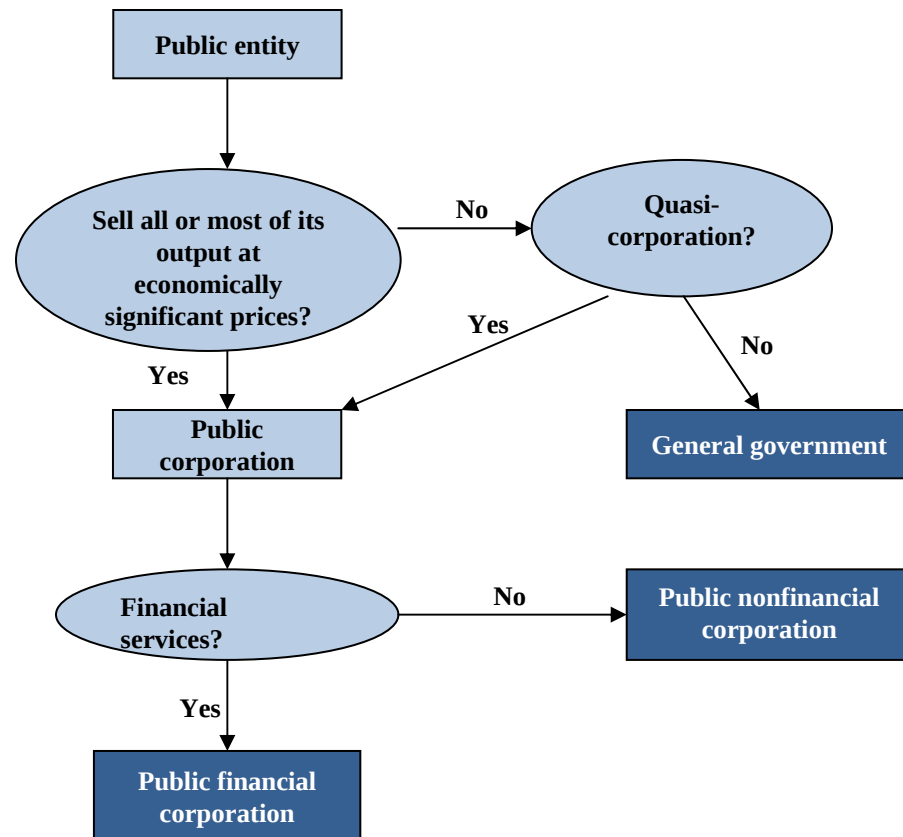
- ☐ Corporations
- ☐ Quasi-corporations
- ☐ Nonprofit institutions
- ☐ Government units

2. Structure of the Compilation Guide

Classifying institutional units (1st. part)



Classifying institutional units (2nd. part)



2. Structure of the Compilation Guide

General Government Sector	Nonfinancial Corporations Sector	Financial Corporations Sector	Households Sector	Nonprofit Institutions Serving Households Sector
Public	Public	Public	Private	Private
	Private	Private		

2. Structure of the Compilation Guide

- Economic stocks are recorded in balance sheet at the beginning and end of the accounting period.

- Stocks are connected with flows:

$$S_0 + F = S_1$$

- Assets are defined by ownership and economic benefits. There are financial and nonfinancial assets.
- Accrual basis of recording is recommended
- Consolidation is advised (elimination of all transactions and debtor-creditor relationships between two institutional units belong to the same sector or subsector.)

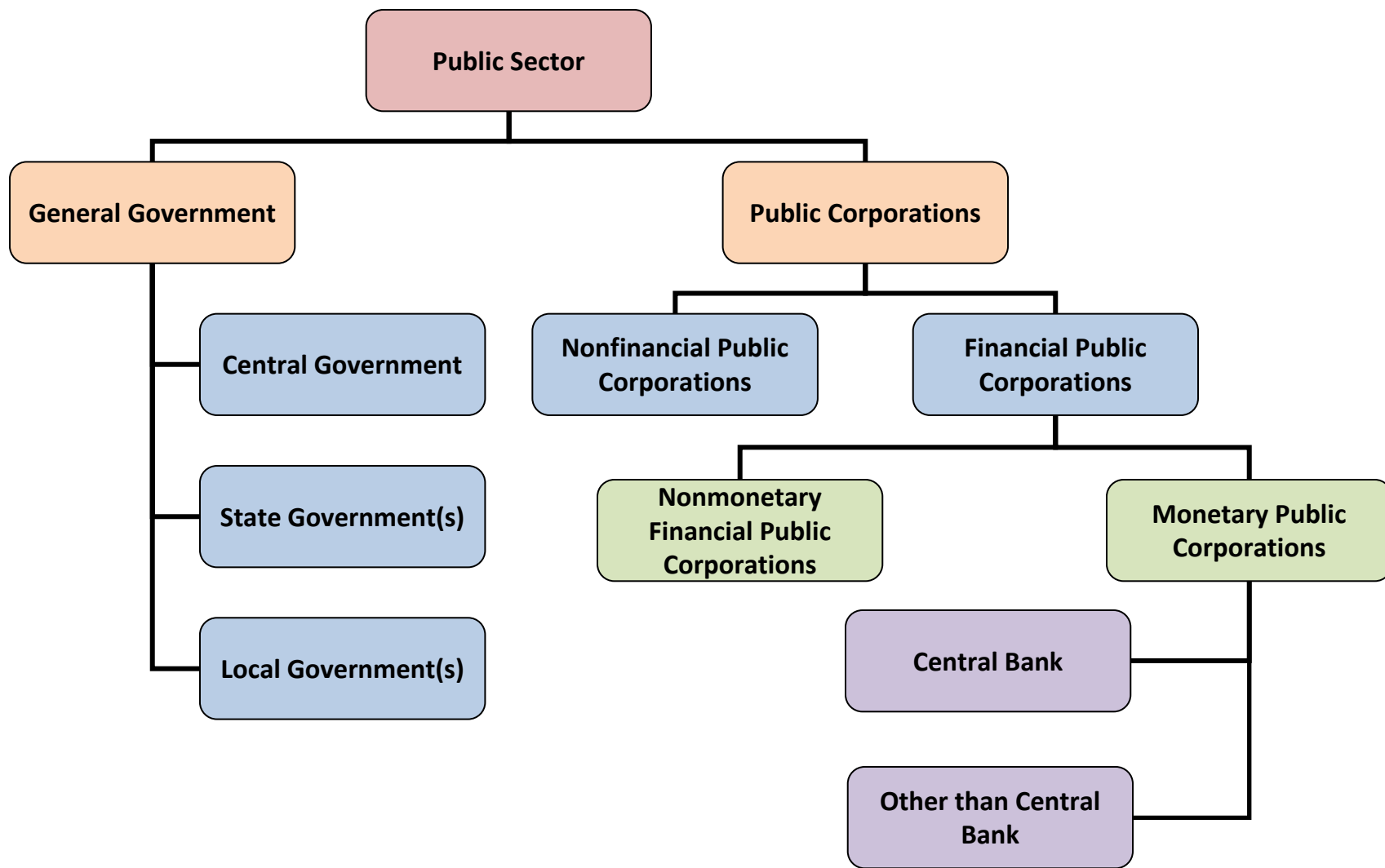
- Flows reflect the exchange, transfer, creation, transformation, or extinction of economic value.

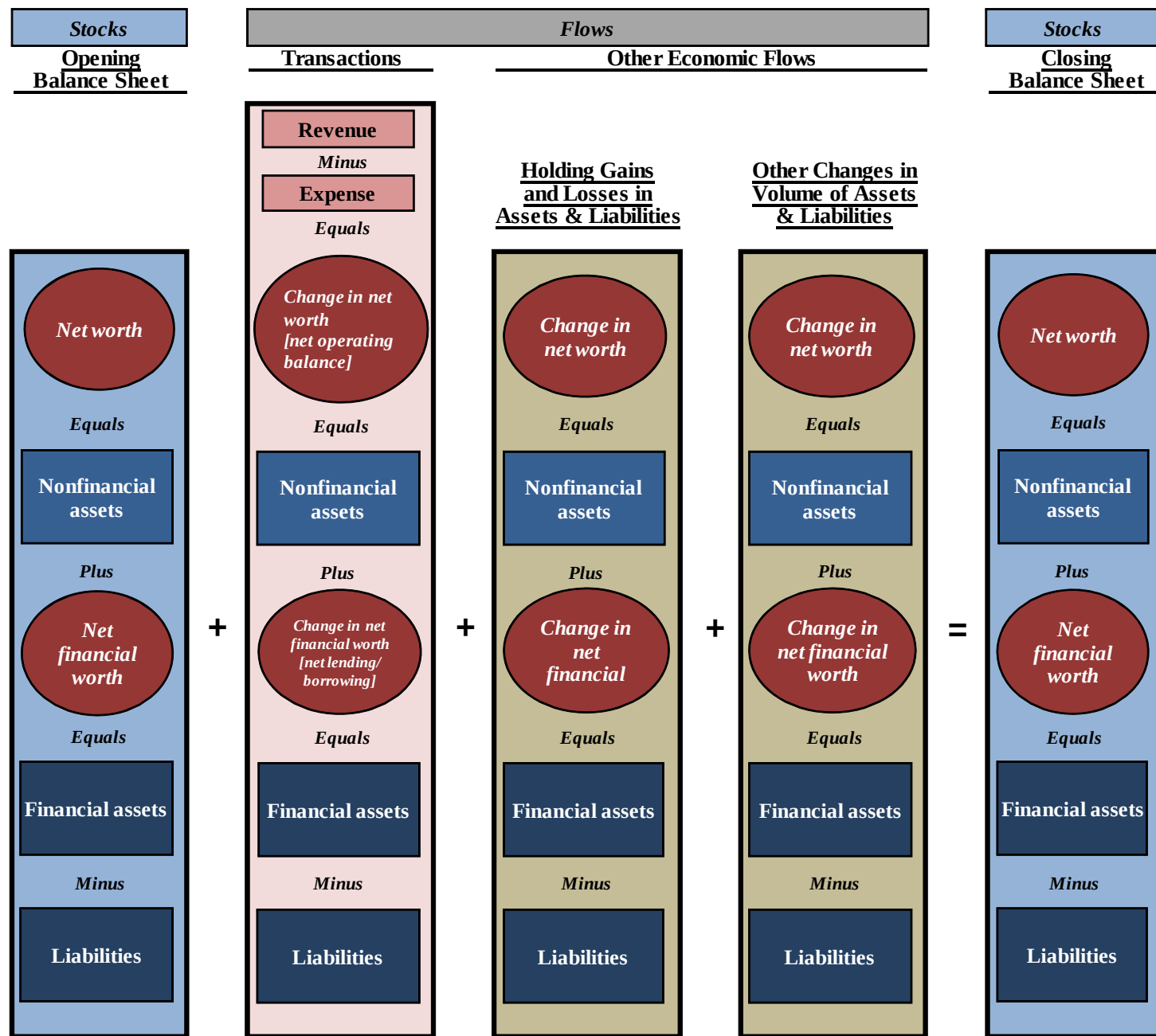
- There are two types of flows: Transactions and Other Economic Flows.

- Transactions are interactions based on mutual agreement.

- Valuation: All assets and liabilities should be valued at current market prices (*2008 SNA, GFSM 2001*).

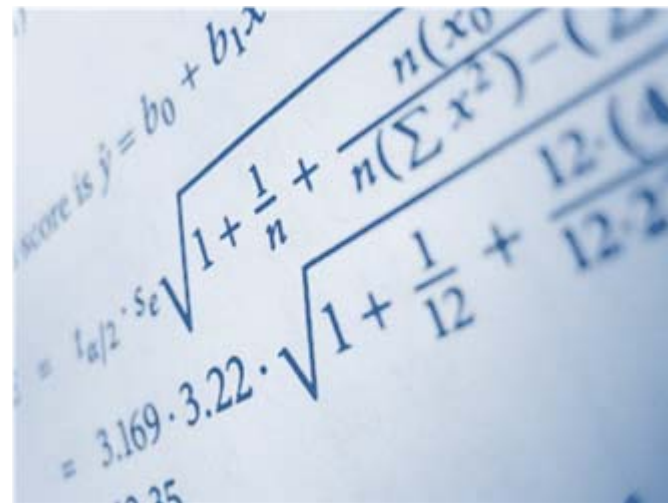
2. Structure of the Compilation Guide





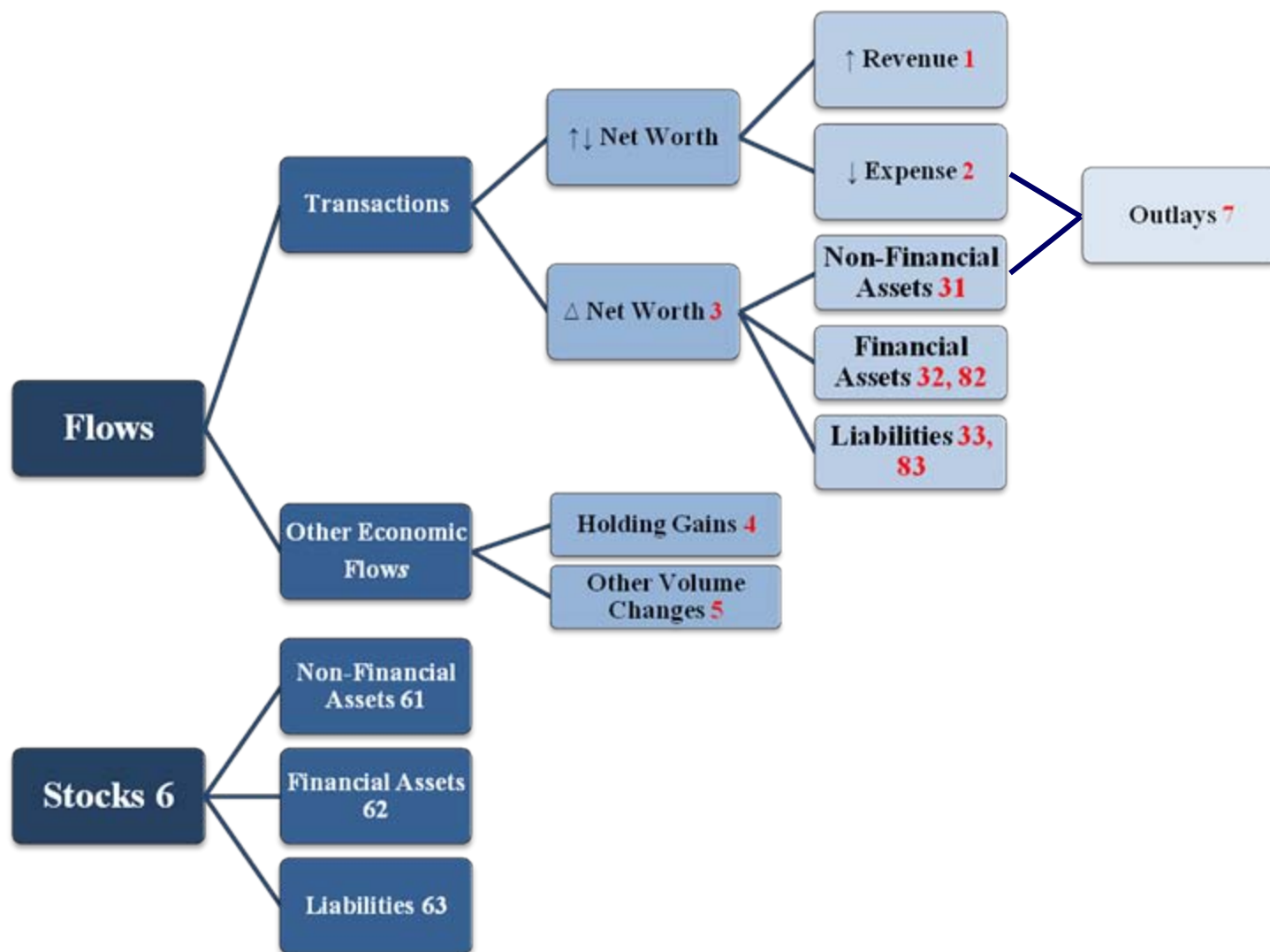
2. Structure of the Compilation Guide

- This integrated framework is captured in the *Government Finance Statistics Yearbook* in four statements:
 1. Statement of sources and uses of cash
 2. Statement of government operations
 3. Statement of other economic flows
 4. Balance sheet



The image shows a close-up of a document with mathematical formulas. The top line is a linear regression equation: $\text{score is } \hat{y} = b_0 + b_1x$. Below it is a formula for the standard error of the estimate: $= t_{\alpha/2} \cdot s_e \sqrt{1 + \frac{1}{n} + \frac{n(x_0 - \bar{x})^2}{n(\sum x^2) - (\sum x)^2}}$. The bottom line shows a numerical calculation: $= 3.169 \cdot 3.22 \cdot \sqrt{1 + \frac{1}{12} + \frac{12 \cdot (4 - 2)^2}{12 \cdot 2^2 - (12 \cdot 2)^2}}$.

2. Structure of the Compilation Guide



2. Structure of the Compilation Guide

Expenditures: Expense + Net acquisition of Nonfinancial Assets (Economic classification)

Compensation of employees

Use of goods and services

Consumption of fixed capital

Interest

Subsidies

Grants

Social benefits

Other expense

Net acquisition of nonfinancial assets

Expenditures: Expense + Net acquisition of Nonfinancial Assets (Functional classification) - *COFOG*

General public services

Defense

Public order and safety

Economic affairs

Environmental protection

Housing and community amenities

Health

Of which: Outpatient, hospital, and public health services

Recreation, culture, and religion

Education

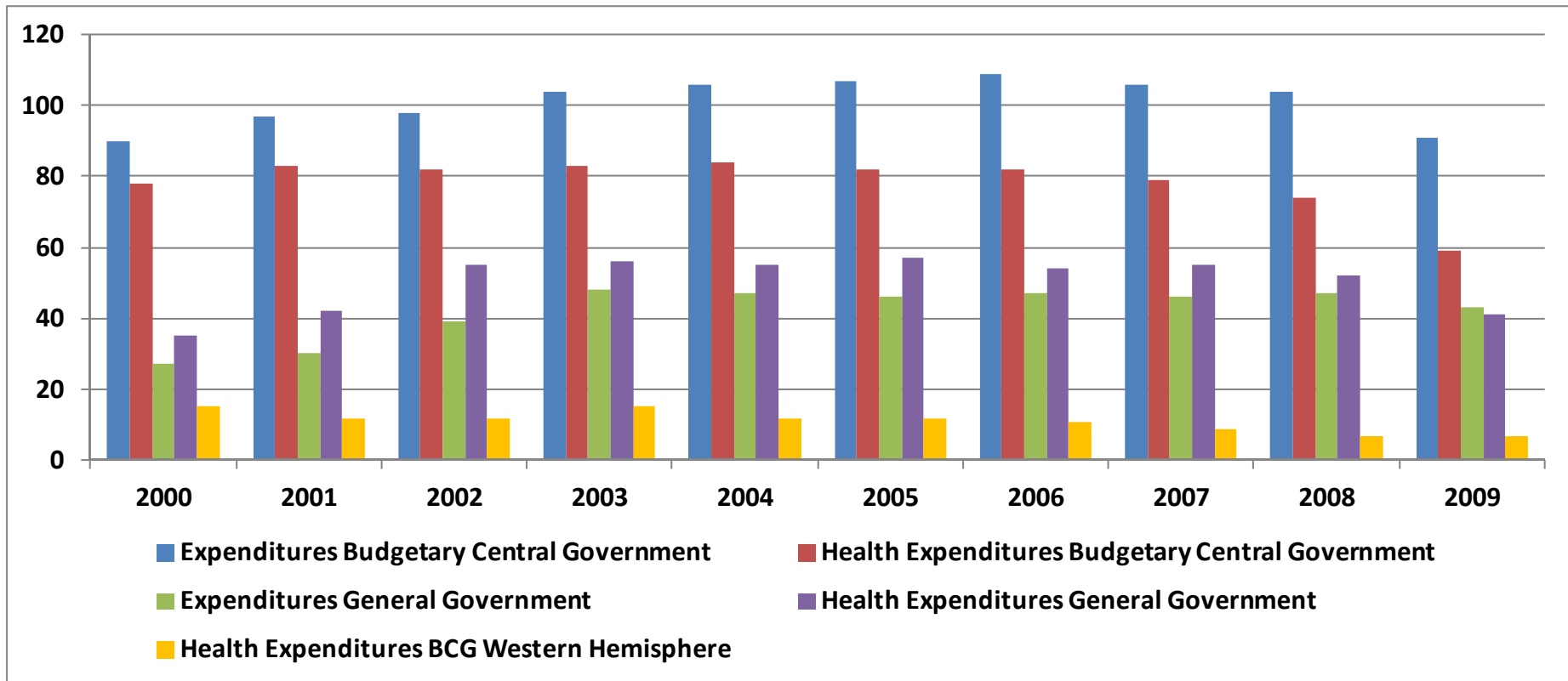
Social protection

2. Structure of the Compilation Guide

ANNUAL GFS QUESTIONNAIRE
TABLE 7

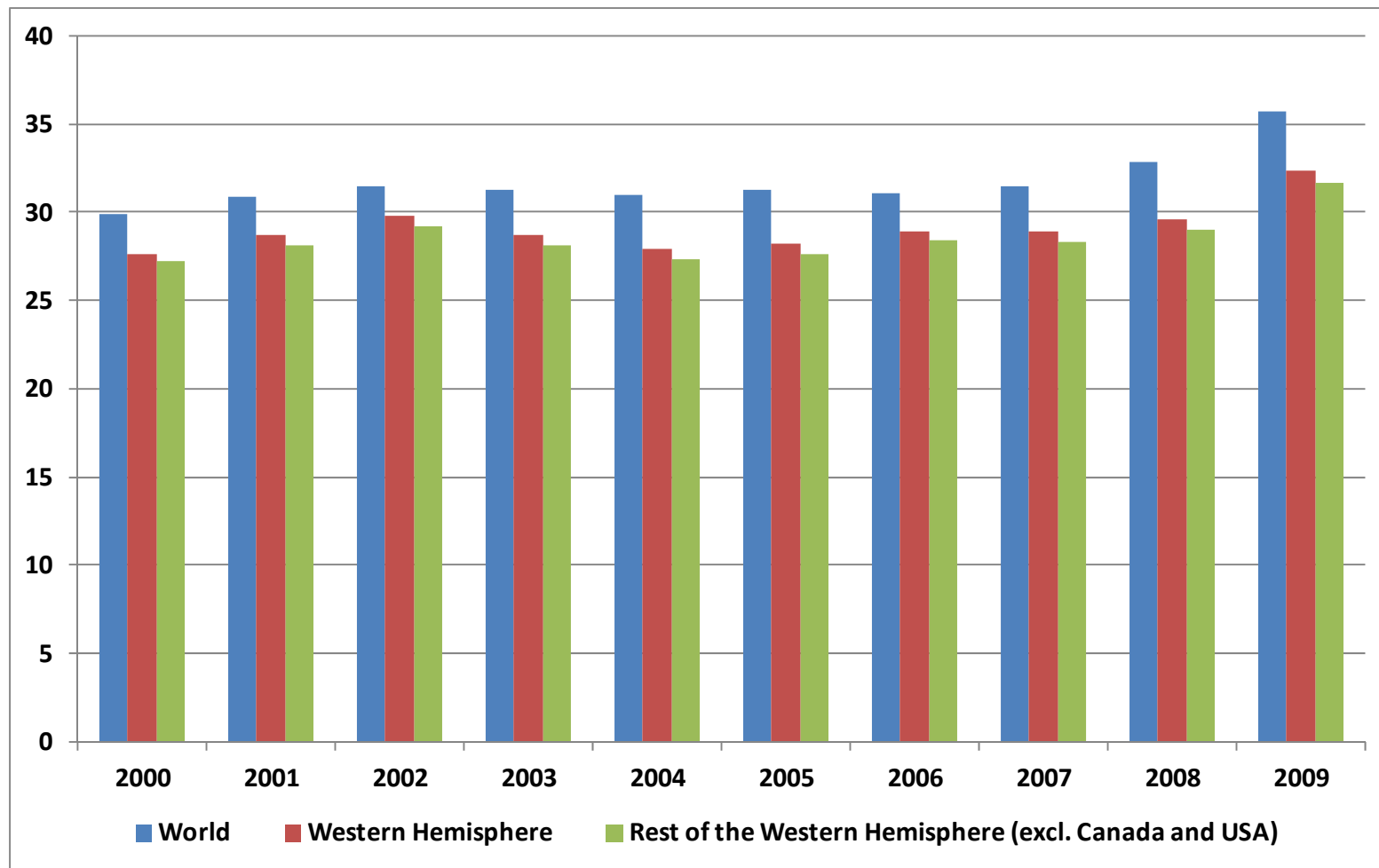
OUTLAYS BY FUNCTIONS OF GOVERNMENT		2009				
		Central Government ^{a/}	State	Local	Consolidation	General
			Governme	Governm	Column	Government
			nts	ents		^{b/}
Accounting method:		(5)	(6)	(7)	(8)	(9)
		A	A	A	A	A
7	TOTAL OUTLAYS	340,190.0	184,750.0	29,143.0	-92,732.0	461,351.0
701	General public services	73,178.0	15,054.0	6,972.0	-48,057.0	47,147.0
7017	Public debt transactions	11,497.0	6,682.0	369.0	-167.0	18,381.0
7018	Transfers of general character bet .....	....	....	....	....	0.0
702	Defense	21,932.0	0.0	0.0	0.0	21,932.0
703	Public order and safety	3,558.0	18,015.0	599.0	-402.0	21,770.0
704	Economic affairs	24,513.0	33,040.0	8,533.0	-8,113.0	57,973.0
7042	Agriculture, forestry, fishing, and	2,709.0	3,576.0	54.0	-664.0	5,675.0
7043	Fuel and energy	5,850.0	1,632.0	15.0	-92.0	7,405.0
7044	Mining, manufacturing, and cons	1,882.0	686.0	376.0	-2.0	2,942.0
7045	Transport	6,962.0	23,927.0	7,037.0	-7,246.0	30,680.0
7046	Communication	504.0	18.0	1.0	0.0	523.0
705	Environmental protection	1,768.0	3,065.0	2,942.0	-463.0	7,312.0
706	Housing and community amen	3,985.0	9,566.0	3,286.0	-4,303.0	12,534.0
707	Health	49,153.0	45,980.0	313.0	-14,281.0	81,165.0
7072	Outpatient services	18,544.0	7,315.0	33.0	-24.0	25,868.0
7073	Hospital services	12,468.0	35,438.0	32.0	-11,471.0	36,467.0
7074	Public health services	18,140.0	3,227.0	248.0	-2,784.0	18,831.0
708	Recreation, culture and religioi	2,906.0	3,185.0	4,841.0	-212.0	10,720.0
709	Education	34,167.0	44,138.0	134.0	-13,865.0	64,574.0
7091	Pre-primary and primary educat .....	....	....	....	....	....
7092	Secondary education .....	....	....	....	....	....
7094	Tertiary education .....	....	....	....	....	....
710	Social protection	125,030.0	12,707.0	1,523.0	-3,036.0	136,224.0

Number of Countries in the *Government Finance Statistics Yearbook* Database



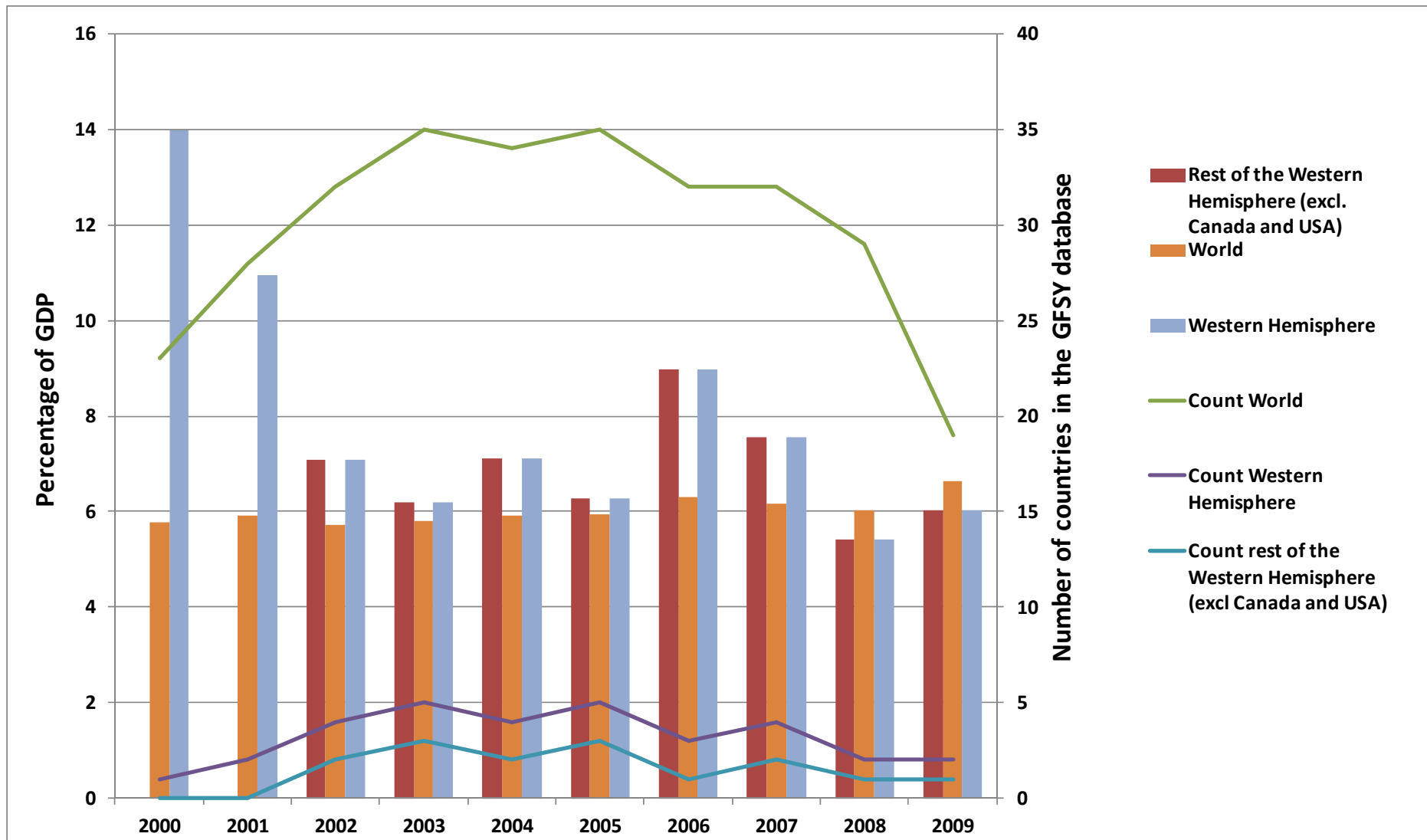
Source: IMF *Government Finance Statistics Yearbook* database

Average Ratio of General Government Expenditures to GDP



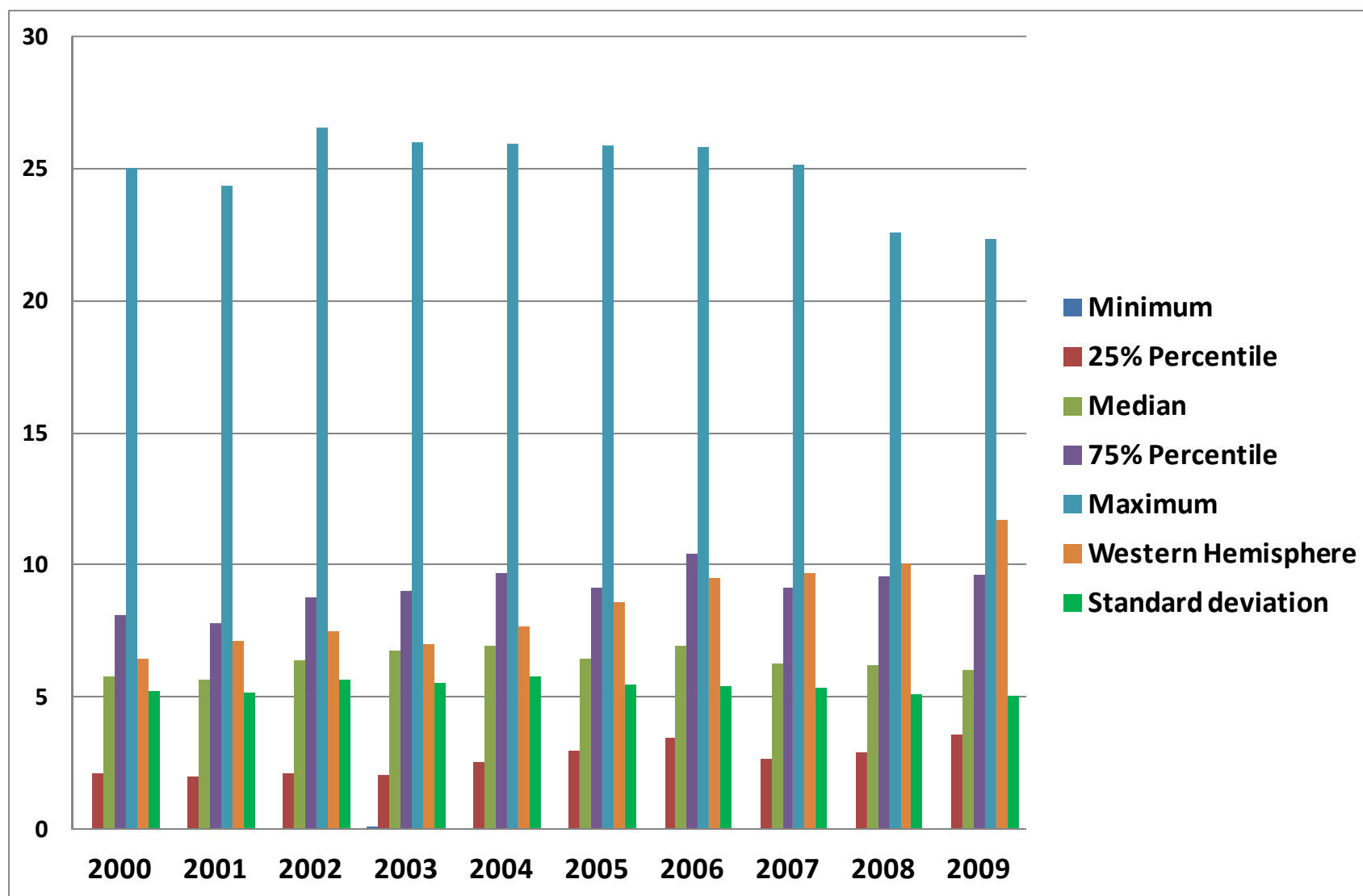
Source: IMF Government Finance Statistics Yearbook 2010, World Economic Outlook October 2011

Average Ratio of Health Expenditures to GDP – General Government



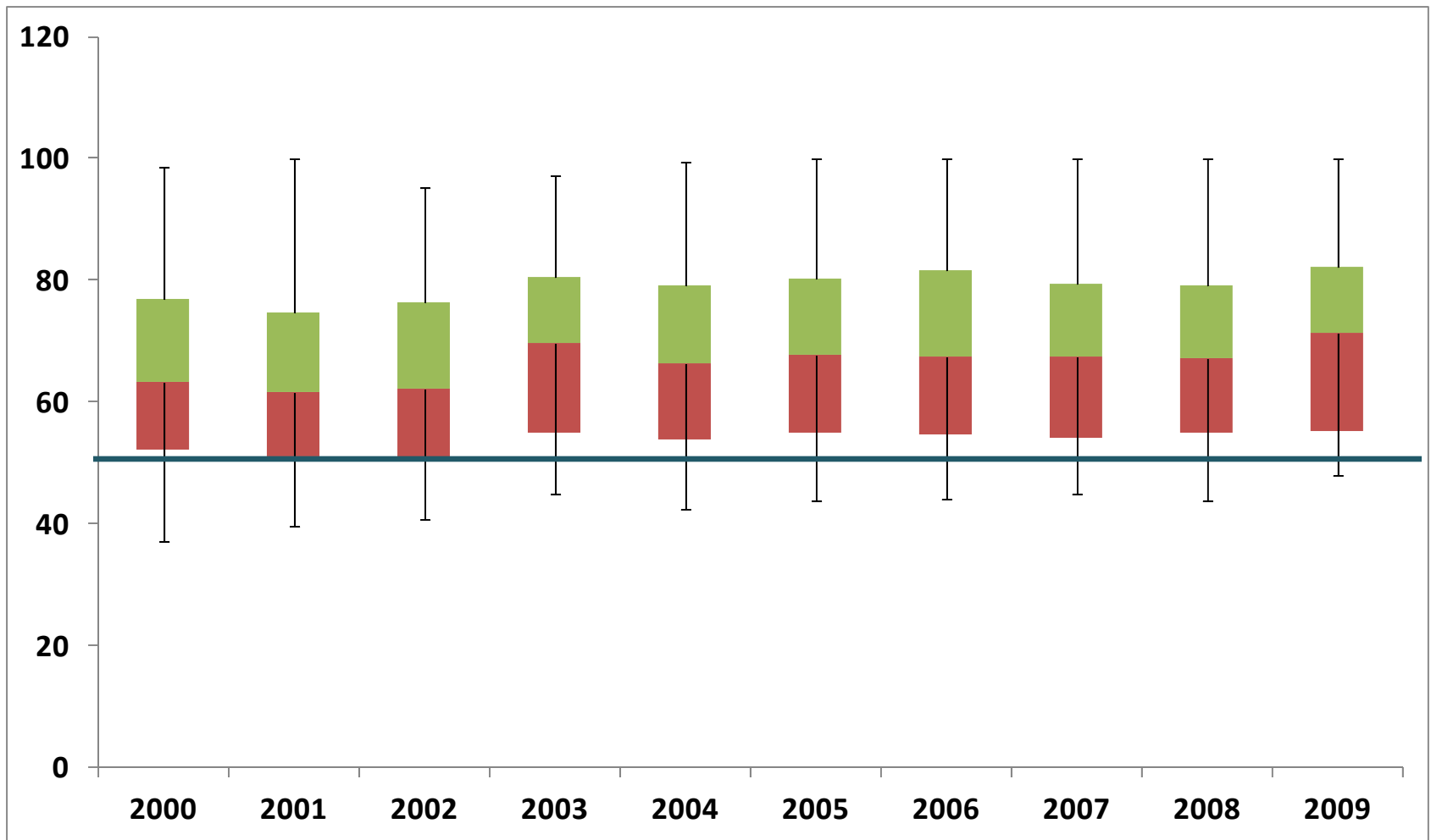
Source: IMF Government Finance Statistics Yearbook 2010

Distribution of Average Ratio of Health to Total Expenditures: Budgetary Central Government



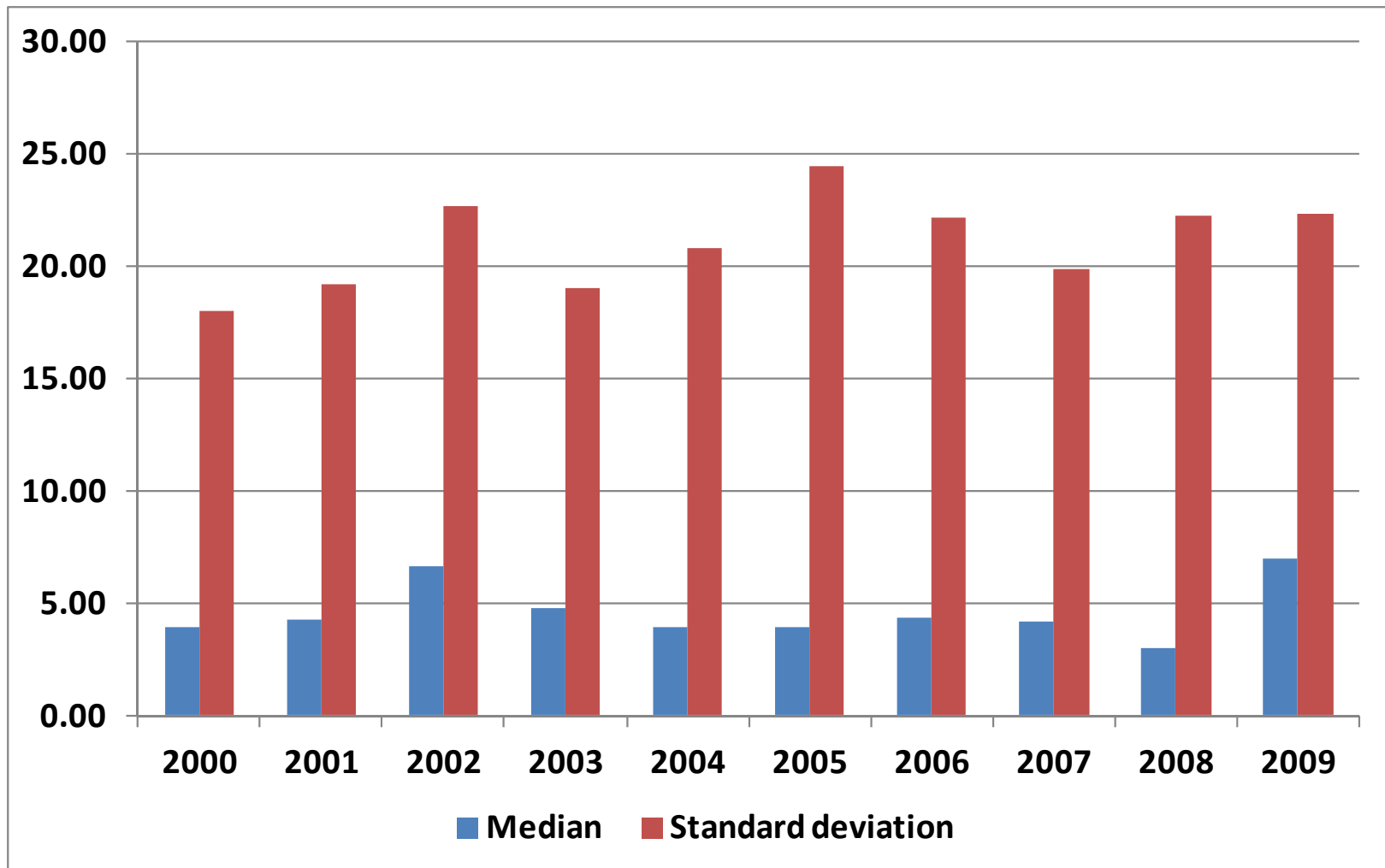
Source: IMF Government Finance Statistics Yearbook 2010

Distribution of the Ratio of the Budgetary Central Govt. Expenditures to General Government Expenditures



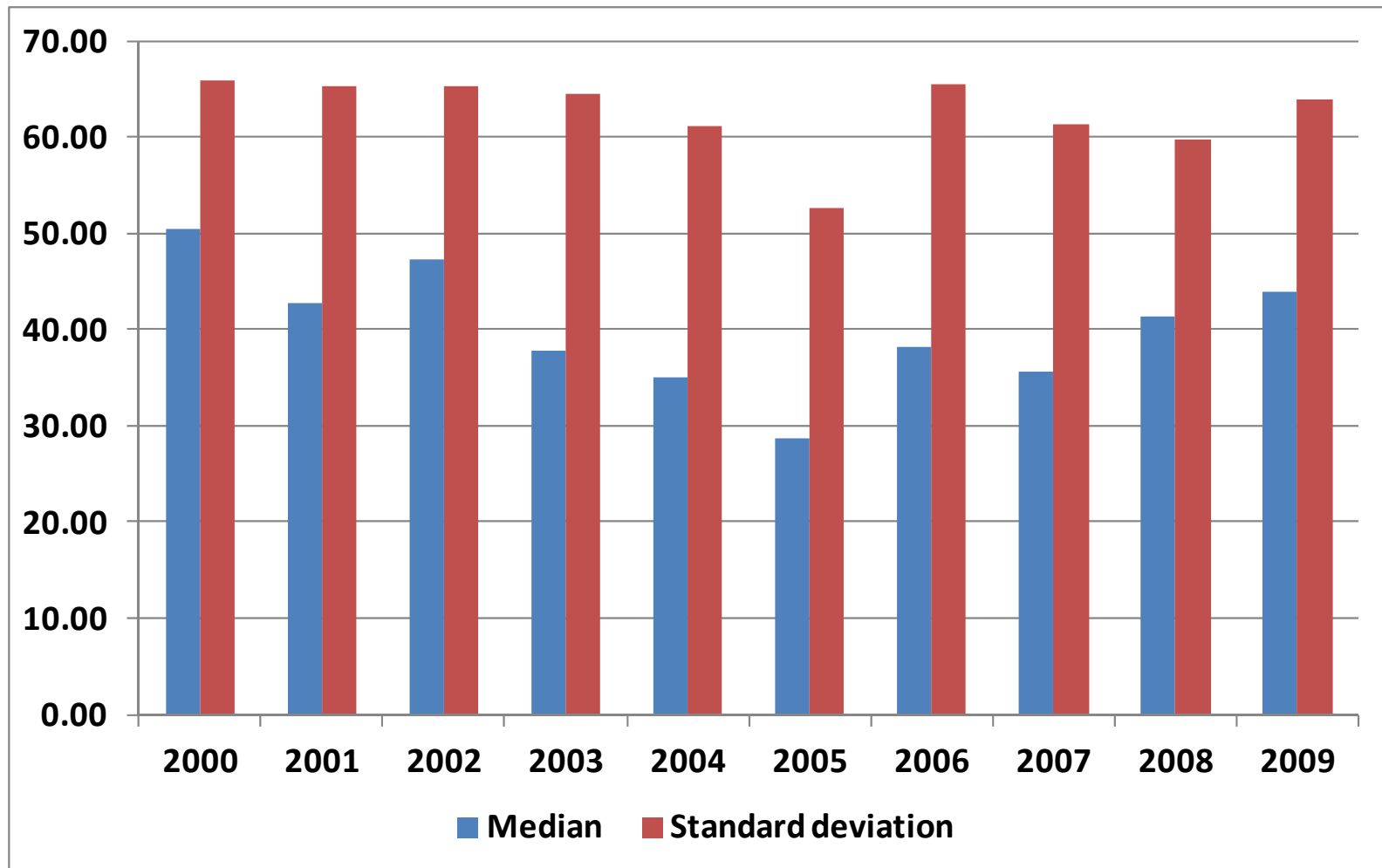
Source: IMF *Government Finance Statistics Yearbook 2010*

Ratio of Outpatient Services Expenditures to Health Expenditures



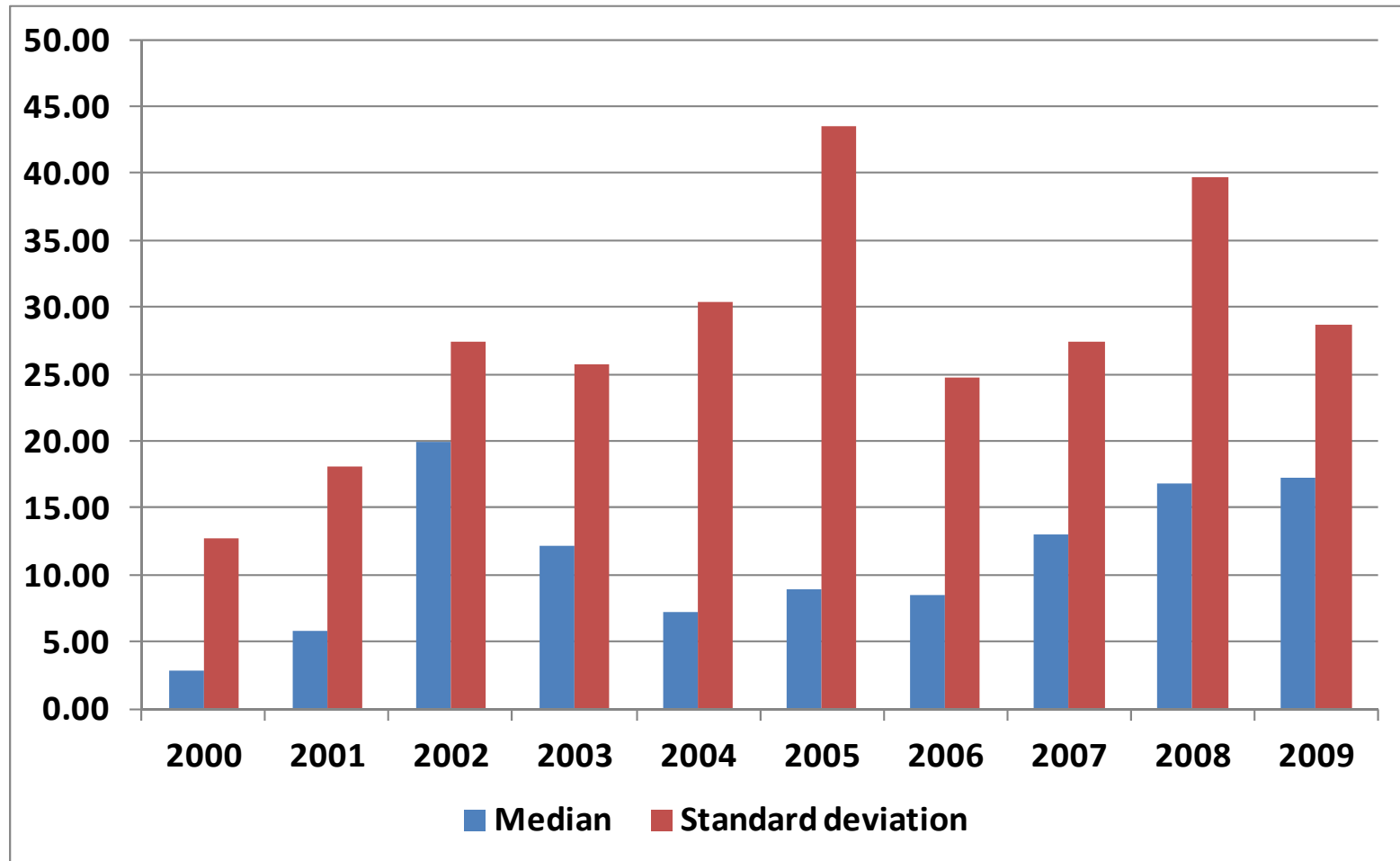
Source: IMF *Government Finance Statistics Yearbook 2010*

Ratio of Hospital Services Expenditures to Health Expenditures: Budgetary Central Government



Source: IMF *Government Finance Statistics Yearbook 2010*

Ratio of Public Health Services Expenditures to Health Expenditures: Budgetary Central Government



Source: IMF *Government Finance Statistics Yearbook 2010*

Ongoing Cooperation Projects

- The IMF Statistics Department is currently working on two cooperation projects relevant to health accounts:
 - With the Inter-American Development Bank to compile GFS for local governments.
 - With the World Health Organization and the Food and Agriculture Organization in the development of supplementary questionnaires.



IDB

Inter-American Development Bank



World Health Organization



**Food and Agriculture
Organization of the
United Nations**

for a world without hunger

Working with WHO to Develop GFS Health Questionnaire

Draft Supplementary WHO Questionnaire V2

		General Government								
		Central Government					State Govts	Local Govts	Consolidation Column	General Govt ^{b/}
		Budgetary	Extrabudgetary	Social Security Funds	Consolidation Column	Central Government ^{a/}				
		A	A	A	A	A	A	A	A	A
2	EXPENSE									
2H	EXPENSE for health									
	of which									
21	Compensation of employees									
21H	for health									
22	Use of goods and services									
22H	for health									
23	Consumption of fixed capital									
23H	for health									
24	Interest									
24H	for health									
25	Subsidies									
	of which									
25H	Subsidies for health									
251H	To public corporations									
252H	To private enterprises									

Working with WHO to Develop GFS Health Questionnaire

	Compensation of employees [GFS]	Use of goods and services	Consumption of fixed capital [GFS]	Interest [GFS]	Subsidies	Grants	Social benefits [GFS]	Other expense	Acquisition of nonfinancial assets
Budgetary Central Government									
7 TOTAL OUTLAYS									
707 Health expenditure (COFOG classification)									
7071 071 - Medical products, appliances and equipment									
70711 0711 - Pharmaceutical products (IS)									
70712 0712 - Other medical products (IS)									
70713 0713 - Therapeutic appliances and equipment (IS)									
7072 072 - Outpatient services									
70721 0721 - General medical services (IS)									
70722 0722 - Specialized medical services (IS)									
70723 0723 - Dental services (IS)									
70724 0724 - Paramedical services (IS)									
7073 073 - Hospital services (IS)									
70731 0731 - General hospital services (IS)									
70732 0732 - Specialized hospital services (IS)									
70733 0733 - Medical and maternity centre services (IS)									
70734 0734 - Nursing and convalescent home services (IS)									
7074 074 - Public health services									
7075 075 - R&D Health									
7076 076 - Health nec									

Thank You

