STA – Government Finance Statistics in Africa

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GFS in Africa - Contents

- Current Status of GFS in Africa
- Challenges in Implementing the GFS Framework
- Key elements to align fiscal statistics with the GFS Framework
- Moving forward – Priorities
- Points for Discussion
Current Status

- Majority of African countries only compile and disseminate data for budgetary central government
  - Cash or cash modified basis
  - Exclude information such as external donor grants

- In recent years, more regional initiatives to improve GFS
  - East African Community
  - West African Economic and Monetary Union
  - Central African Economic and Monetary Union
Current Status

- 38 (out of 54) countries report GFS data for dissemination in the GFSY
  - 68 percent cover the budgetary central government
  - 16 percent report balance sheet data

Table 1. Status of reporting GFS data for dissemination in the GFSY

<table>
<thead>
<tr>
<th>Number of countries</th>
<th>BA</th>
<th>CG</th>
<th>GG</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reporters of GFSY</td>
<td>26</td>
<td>5</td>
<td>7</td>
<td>38</td>
</tr>
<tr>
<td>Transactions only</td>
<td>24</td>
<td>5</td>
<td>3</td>
<td>32</td>
</tr>
<tr>
<td>Transactions and financial balance sheet</td>
<td>2</td>
<td>0</td>
<td>4</td>
<td>6</td>
</tr>
</tbody>
</table>

Source: 2013 edition of the GFSY
BA = Budgetary Central Government; CG = Central Government; GG = General Government
Challenges in Implementing GFS

- Insufficient legal framework for collecting data
  - Institutional arrangements (legislation) are often missing outside the scope of the budget (extrabudgetary entities, social security fund, etc.)

- Inadequate institutional arrangements and resources
  - No unit formally assigned for GFS compilation
  - Scarce human and financial resources
  - Challenges in communication and coordination among various source data providers and compilers
Challenges in Implementing GFS

- Fragmented source data
  - Heterogeneous source data (definition, coverage, basis of recording, valuation, etc)
  - Nonexistence of integrated and centralized databases

- Dispersion of source data on stocks of assets and liabilities
  - Usually, only data available are external and domestic debt data
  - Information on financial assets and liabilities dispersed among various entities

- Lack of use of the GFS framework
  - Focus on budget execution data – concept of surplus/deficit
  - No use of broader concepts such as net worth
Key Elements to Align Fiscal Statistics with GFS Framework

- **Institutional arrangements**
  - Establish strong institutional arrangements and legal framework
  - Reinforce human and financial capacity
  - Ensure political commitment

- **Materiality**
  - Use of indicators to assess materiality of individual government entities
  - Focus on institutional units that are the most relevant in terms of the government financial position
    - Share of expenditure and revenue
    - Eligibility to borrow
    - Impact on deficit and debt
Key Elements to Align Fiscal Statistics with GFS Framework

- Integrity
  - Consistency of stocks and flows
  - Consistency of macroeconomic statistics datasets

- Analytical usefulness
  - Detailed information on items useful for surveillance
  - Broader view such as the link between net lending/borrowing and the net financial worth
  - Additional important items for assessing fiscal risks (for example contingent and pension liabilities)

- Regional harmonization and comparability
  - Cross-country comparability
  - Convergence criteria across a monetary or economic union
Moving Forward - Priorities

- Produce good quality of fiscal statistics for the budgetary central government based on the GFSM
- Prepare a financial balance sheet for the budgetary central government
- Incorporate selected noncash items
  - Accrued interest
  - In kind grants
  - Debt restructuring operations
- Expand the institutional coverage
  - First stage, include major units outside the budgetary central government
  - Materiality concept should be applied in the selection of units to cover
Points of Discussion

- Do you agree with the priorities suggested?

- Should the focus be first on:
  - Expanding the fiscal reporting statistics for the budgetary central government by incorporating the financial balance sheet and selected noncash elements?

  OR

  - Expanding the institutional coverage beyond the budgetary central government?
Thank You!