

Meeting of the IMF Government Finance Statistics
Advisory Committee
Washington, D.C.

March 9–10, 2015

GFS in AFRICA

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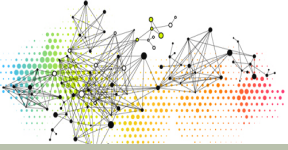
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STA – Government Finance Statistics in Africa

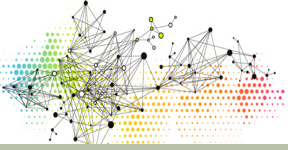
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GFS in Africa - Contents

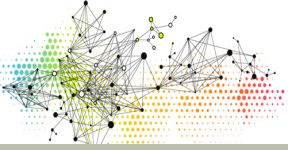
- Current Status of GFS in Africa
- Challenges in Implementing the GFS Framework
- Key elements to align fiscal statistics with the GFS Framework
- Moving forward – Priorities
- Points for Discussion



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

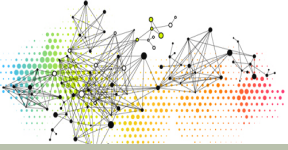
- 38 (out of 54) countries report GFS data for dissemination in the GFSY
 - 68 percent cover the budgetary central government
 - 16 percent report balance sheet data

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

Number of countries	BA	CG	GG	Total
Reporters of GFSY	26	5	7	38
Transactions only	24	5	3	32
Transactions and financial balance sheet	2	0	4	6

Source: 2013 edition of the *GFSY*

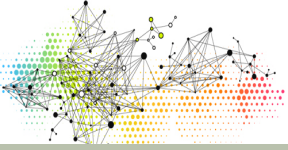
BA = Budgetary Central Government; CG = Central Government; GG = General Government



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



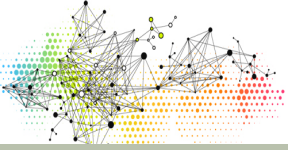
Challenges in Implementing GFS

- **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



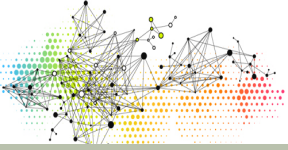
Key Elements to Align Fiscal Statistics with GFS Framework

- 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



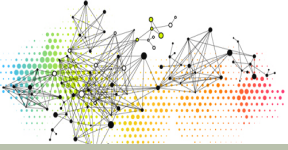
Key Elements to Align Fiscal Statistics with GFS Framework

- 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

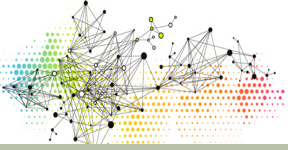


Points of Discussion

- 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 ?



GFS in Africa

Thank You!