**Palestinian Central Bureau of Statistics & Ministry of Finance**

**The press conference of the General Government Finance 2012**

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| **USD 3,616.4 million the total of gross expenses, USD 3,312.8 million the total of revenues, approximately 29.1% of which are grants and aids.** |

For the continuity of mutual cooperation between Ministry of Finance and the Palestinian Central Bureau of Statistics, the general government finance statistical program for the year 2012 was implemented in compliance with the Government Finance Statistics Manual (GFSM 2001) issued by the International Monetary Fund in 2001.

The general government sector composes of various sub sectors; the most important of which are: the central government that consists of all government institutions that work as agencies or bureaus of the central authority and the local government such as municipalities, village councils and project committees.

**Gross Expenses**

Gross expenses includes the current expenses and the net acquisition of non-financial assets (capital expenses).

The Results revealed that the total of the current and capital expenses of general government amounted to USD 3,616.4 million in the year 2012, of which USD 163.6 million was distributed on capital expenses , while the current expenses amounted to USD 3,452.8 million.

The gross expenses of the central government amounted to USD 3,271.0 million, that was distributed on compensation of employees (civil and military employees’ salaries) with the percentage of 59.0%, while the percentage of expenses on use of goods and services 15.9%, Social benefits 16.2%, and other expenses were 8.9%.

Whereas the results indicate that the amount of local government expenses amounted to USD 345.4 million in the year 2012, that was mainly distributed on other expenses such as (insurance and maintenance of vehicles, workers allowances, expenses for executing local projects, promotional discounts to repay debts) with a percentage of 30.7%, the use of goods and services with 29.8%, while the percentage of compensation of employees (employees’ salaries) with 27.4%.

**Revenues**

The results show that the total of general government revenues amounted to USD 3,312.8 million in the year 2012, of which 89.1% were central government revenues, mainly distributed on tax revenues with 67.2%, grants and aids with 32.4%, and the other revenues with 0.4%.

Whereas the results show that the total of the local government revenues amounted to USD 361.6 million in the year 2012, which was mainly distributed on the other revenues (margins of water and electricity sales to the public) with the percentage of 86.9%, taxes and fees with 9.9%, and grants and social contributions with 2.1% and 1.1% respectively.

**Net Operating Balance**

The calculation of the net operating balance is calculated by subtracting the current expenses from the total of the revenues, the deficit in operating balance amounted to USD 140.0 million in the year 2012, which means that the current expenses exceeded the revenues by this amount. The ratio of the central government current expenses to its revenues amounted to 106.3%, while the ratio of local government was 87.2%.

**Net Lending and Borowing**

The calculation of the net lending and borrowing is calculated by subtracting the net acquisition of non-financial assets from the net operating balance, the deficit in net lending and borrowing amounted to USD 303.6 million in the year 2012.

**Financial Assets and Liabilities**

Central government budget data show an increase in the acquisition of financial assets during the year 2012 amounted to USD 576.4 million of which 95.8% were domestic and 4.2% were foreign, while the total accumulation of liabilities amounted to USD 893.5 million, of which 81.8% were domestic and 18.2% were foreign.

**Classification of Outlays by Functions of Central Government**

Total expenses of the central government by function amounted to USD 3,271.0 million mainly destributed on: order and public safety with 30.0% while education with 18.2%, social protection with 17.0%, public services with 16.3%, health sector with 11.1%, and the other items were as follows: the economy with 3.2%, and welfare services with 2.6%, housing and public works with 1.5%.

**For more information, please call:**

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**For further details please refer to the attached table…**

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| **General Government Finance 2012** | | | | | | | | | |  | | | | | |
| **Indicator** | Value in million US$ | | | | | | | | | Percentage Distribution for both Revenues and Expenses | | | | | | |
| **General Government** | | | **Central Government** | | | | **Local Government \*** | | **General Government** | | **Central Government** | | **Local Government** | | |
| **1.Total Revenues** | **3312.8** | | | **2951.2** | | | | **361.6** | | **100** | | **100** | | **100** | | |
| 1.1 Taxes | 2020.1 | | | 1984.3 | | | | 35.8 | | 61.0 | | 67.2 | | 9.9 | | |
| 1.2 Social contributions | 3.8 | | | 0.0 | | | | 3.8 | | 0.1 | | 0.0 | | 1.1 | | |
| 1.3 Grants and aids | 962.6 | | | 955.0 | | | | 7.6 | | 29.1 | | 32.4 | | 2.1 | | |
| 1.4 Other revenues\*\* | 326.3 | | | 11.9 | | | | 314.4 | | 9.8 | | 0.4 | | 86.9 | | |
| **\*Gross Expenses(2+1.3)** | **3,616.4** | | | **3,271.0** | | | | **345.4** | | **100** | | **100** | | **100** | | |
| **2.Current Expenses** | **3,452.8** | | | **3,137.6** | | | | **315.2** | |  | | | | | | |
| 2.1 Compensation of employees | 2023.6 | | | 1928.8 | | | | 94.8 | | 56.0 | | 59.0 | | 27.4 | | |
| 2.2 Use of goods and services | 624.7 | | | 521.6 | | | | 103.1 | | 17.3 | | 15.9 | | 29.8 | | |
| 2.3 Consumption of fixed capital | 0.2 | | | 0.0 | | | | 0.2 | | 0.0 | | 0.0 | | 0.2 | | |
| 2.4 Interest | 69.0 | | | 69.0 | | | | 0.0 | | 1.9 | | 2.1 | | 0.0 | | |
| 2.5 Subsidies | 8.8 | | | 8.8 | | | | 0.0 | | 0.2 | | 0.3 | | 0.0 | | |
| 2.6 Grants | 9.6 | | | 9.6 | | | | 0.0 | | 0.3 | | 0.3 | | 0.0 | | |
| 2.7 Social benefits | 541.7 | | | 530.7 | | | | 11.0 | | 15.0 | | 16.2 | | 3.2 | | |
| 2.8 expenses \*\*\*\* | 175.2 | | | 69.1 | | | | 106.1 | | 4.8 | | 2.1 | | 30.7 | | |
| **(N.O) Net Operating Balance (1-2)\*\*\*\*\*** | **-140.0** | | | **-186.4** | | | | **46.4** | |  | |  | |  | | |
| **3.1 Transactions in nonfinancial assets (Net acquisition of):** | **163.6** | | | **133.4** | | | | **30.2** | | 4.5 | | 4.1 | | 8.7 | | |
| 3.1.1 Fixed assets | 138.7 | | | 108.5 | | | | 30.2 | |  | |  | |  | | |
| 3.1.2 Change in inventories | 12.8 | | | 12.8 | | | | 0.0 | |  | |  | |  | | |
| 3.1.3 Valuables | 0.0 | | | 0.0 | | | | 0.0 | |  | |  | |  | | |
| 3.1.4 Non-produced assets | 12.1 | | | 12.1 | | | | 0.0 | |  | |  | |  | | |
| **(N.L) Net lending (+) / Borrowing (-), (N.O - 3.1) \*\*\*\*\*\*** | **-303.6** | | | **-319.8** | | | | **16.2** | |  | |  | |  | | |
| **3.2 Net acquisition of financial assets** | **602.8** | | | **576.4** | | | | **26.4** | |  | |  | |  | | |
| 3.2.1 Domestic | 578.9 | | | 552.5 | | | | 26.4 | |  | |  | |  | | |
| 3.2.2 Foreign | 23.9 | | | 23.9 | | | | 0.0 | |  | |  | |  | | |
| **3.3 Net incurrence of financial Liabilities** | **893.5** | | | **893.5** | | | | **0.0** | |  | |  | |  | | |
| 3.3.1 Domestic | 731.0 | | | 731.0 | | | | 0.0 | |  | |  | |  | | |
| 3.3.2 Foreign | 162.5 | | | 162.5 | | | | 0.0 | |  | |  | |  | | |
| **Notes:** | | | | | | | | | | | | | | | | |
| \* Gross Expenses = Current Expenses + Transactions in nonfinancial assets Net acquisition (Capital Expenses)  \*\*The data of local government participating 95% of west bank, it also didn’t includes Gaza Strip data. | | | | | | | | | | | | | | | | |
| \*\*\* Its included the fees from resale electricity and water to the people. | | | | | | | | | | | | | | | | |
| \*\*\*\* Its included the expenses on scholarships, NGOs support and emergency expenses for central government. | | | | | | | | | | | | | | | | |
| \*\*\*\*\* Net operating balance = Revenues – Expenses | | | | | | | | | | | | | | | | |
| \*\*\*\*\* Net lending/ borrowing = Net operating balance - Net acquisition of nonfinancial assets. | | | | | | | | | | | | | | | | |
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