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## **The Press Release of the General Government Finance 2015**

**USD 4,428.1 million the total of gross expenses, USD 4,112.2 million the total of revenues, of which 20.0% are foreign grants and aids.**

The Palestinian Central Bureau of Statistics (PCBS) and the Ministry of Finance and Planning have announced the results of the general government finance for Palestine for the year 2015. The general government finance statistics were prepared according to the Government Finance Statistics Manual (GFSM 2001) issued by the International Monetary Fund in 2001.

The general government sector consists of many sub sectors; mainly, the central government that includes 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 current expenses and net acquisition of non-financial assets (capital expenses).

The results showed that gross expenses (current and capital) of the general government amounted to USD 4,428.1 million in the year 2015, of which USD 4,100.2 million was current expenses, whereas capital expenses (net acquisition of non-financial assets) amounted to USD 327.9 million.

The gross expenses of the central government amounted to USD 3,909.5 million, it was distributed as follows: compensation of employees (civil and military employees' salaries) 53.3%, social benefits 20.3%, expenses on use of goods and services 17.4%, interest 2.4%, other expenses 1.6%, grants 1.2%, and subsidies 0.3%. While capital expenses represented 3.5% of the value of gross expenses of the central government.

Whereas the results showed that the amount of local government gross expenses amounted to USD 518.6 million in the year 2015, it was distributed as follows: use of goods and services 27.7%, compensation of employees (employees' salaries) 16.7%, consumption of fixed capital 9.3%, other expenses such as (insurance and maintenance of vehicles, workers allowances, expenses for executing local projects, promotional discounts to repay debts) 7.7%, social benefits 1.4%, grants 0.4%, subsidies 0.2%, and interest 0.1%. While capital expenses constituted 36.5% of the total amount of local government expenses.

### **Revenues**

The results showed that the value of general government revenues amounted to USD 4,112.2 million in the year 2015, of which 91.0% were central government revenues, of which 73.6% were tax revenues, 21.6% were grants and aids, and 4.8% were other revenues.

Whereas the results showed that the value of local government revenues amounted to USD 368.2 million in the year 2015, (9.0% of general government revenues), it was distributed as follows: other revenues (which includes sales of water and electricity to the public) 78.7%, taxes and fees 14.8%, grants 4.5%, and social contributions 2.0%.



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**General Government Finance\* 2015**

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**Net Operating Balance**

The net operating balance is calculated by subtracting current expenses from total revenues, the surplus in operating balance amounted to USD 12.0 million in the year 2015, which means that revenues exceeded current expenses by this amount. Whereas, current expenses of the central government exceeded its revenues by USD 26.9 million. On the other hand, revenues of the local government exceeded its current expenses by USD 38.9 million.

**Net Lending and Borrowing**

The net lending and borrowing is calculated by subtracting net acquisition of non-financial assets from net operating balance, the deficit in net lending and borrowing amounted to USD 315.9 million in the year 2015.

**Financial Assets and Liabilities**

General government budget data showed that net acquisition of financial assets during the year 2015 amounted to USD 520.8 million of which 98.0% were domestic and 2.0% were foreign.

**Important note:**

The general government finance statement is prepared according to GFSM 2001. Its methodology and classification are different from that used to prepare the monthly published reports on fiscal operations which reflect the budget.

It should be noted that in these reports, there is an item known as (net lending/borrowing), which is a key component of the budget. According to the methodology of GFSM 2001 this item is considered as a financial asset not an expense. therefore, it has been excluded from expenses and included in the acquisition of financial assets.

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Indicator	Value in million US\$			Percentage Distribution for both Revenues and Expenses		
	General Government	Central Government	Local Government	General Government	Central Government	Local Government
<b>1. Total Revenues</b>	<b>4,112.2</b>	<b>3,744.0</b>	<b>368.2</b>	<b>100</b>	<b>100</b>	<b>100</b>
1.1 Taxes	2,811.3	2,756.7	54.6	68.4	73.6	14.8
1.2 Social contributions	7.4	0.0	7.4	0.2	0.0	2.0
1.3 Grants and aids	824.5	808.1	16.4	20.0	21.6	4.5
1.4 Other revenues**	469.0	179.2	289.8	11.4	4.8	78.7
<b>Gross Expenses (2+3.1)***</b>	<b>4,428.1</b>	<b>3,909.5</b>	<b>518.6</b>	<b>100</b>	<b>100</b>	<b>100</b>
<b>2. Current Expenses</b>	<b>4,100.2</b>	<b>3,770.9</b>	<b>329.3</b>			
2.1 Compensation of employees	2,170.1	2083.3	86.8	49.0	53.3	16.7
2.2 Use of goods and services	822.0	678.4	143.6	18.6	17.4	27.7
2.3 Consumption of fixed capital	48.1	0.0	48.1	1.1	0.0	9.3
2.4 Interest	93.4	93.0	0.4	2.1	2.4	0.1
2.5 Subsidies	12.2	11.0	1.2	0.3	0.3	0.2
2.6 Grants	47.4	45.4	2.0	1.1	1.2	0.4
2.7 Social benefits	802.5	795.4	7.1	18.1	20.3	1.4
2.8 Other Expenses ****	104.5	64.4	40.1	2.3	1.6	7.7
<b>(N.O) Net Operating Balance (1-2)*****</b>	<b>12.0</b>	<b>-26.9</b>	<b>38.9</b>			
<b>3.1 Transactions in nonfinancial assets (Net acquisition of):</b>	<b>327.9</b>	<b>138.6</b>	<b>189.3</b>	7.4	3.5	36.5
3.1.1 Fixed assets	261.8	113.9	147.9			
3.1.2 Change in inventories	19.5	17.4	2.1			
3.1.3 Valuables	0.0	0.0	0.0			
3.1.4 Non-produced assets	46.6	7.3	39.3			
<b>(N.L) Net lending (+)/Borrowing (-), (N.O - 3.1) *****</b>	<b>-315.9</b>	<b>-165.5</b>	<b>-150.4</b>			
<b>3.2 Net acquisition of financial assets</b>	<b>520.8</b>	<b>432.7</b>	<b>88.1</b>			
3.2.1 Domestic	510.4	423.4	87.0			
3.2.2 Foreign	10.4	9.3	1.1			
<b>3.3 Net incurrence of financial Liabilities</b>	<b>350.1</b>	<b>335.4</b>	<b>14.7</b>			
3.3.1 Domestic	327.2	312.7	14.5			
3.3.2 Foreign	22.9	22.7	0.2			

**Notes:**

- ✓ (\*) The Data excludes Gaza Strip and those parts of Jerusalem which were annexed by Israel in 1967.
- ✓ (\*\*) It includes any fees collected for the resale of electricity and water, administrative fees, fines, property income, and voluntary transfers other than grants.
- ✓ (\*\*\*) Gross Expenses = Current Expenses + Transactions in nonfinancial assets Net acquisition (Capital Expenses).
- ✓ (\*\*\*\*) It includes scholarships and any educational benefits, NGOs support and any emergency expenses for the central government, Insurance and maintenance of vehicles in addition to workers allowance.
- ✓ (\*\*\*\*\*) Net operating balance = Revenues – Current expenses
- ✓ (\*\*\*\*\*) Net lending/ borrowing = Net operating balance - Net acquisition of non financial assets.