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

**2014**

**USD 4,285.8 million the total of gross expenses, USD 4,447.6 million the total of revenues, of which 28.1% are foreign 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 2014 was prepared 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 4,285.8 million in the year 2014, of which USD 4,106.1 million was distributed on current expenses, and the capital expenses (transactions in non financial assets) amounted to USD 179.7 million.

The gross expenses of the central government amounted to USD 3,860.1 million, that was distributed on compensation of employees (civil and military employees’ salaries) with the percentage of 58.2%, social benefits 19.4%, while the percentage of expenses on use of goods and services 14.4%, interest 1.8%, other expenses were 1.8%, and grants 0.7%. While the percentage of capital expenses 3.7%.

Whereas the results indicate that the amount of local government expenses amounted to USD 425.6 million in the year 2014, that was mainly distributed on the use of goods and services by 36.8%, the percentage of compensation of employees (employees’ salaries) by 32.0%, other expenses such as insurance and maintenance of vehicles, workers allowances, expenses for executing local projects, promotional discounts to repay debts by a percentage of 16.5%, the consumption of fixed capital by 4.3%, the social benefits by 1.8%, while the percentage of capital expenses 8.6%.

**Revenues**

The results show that the total of general government revenues amounted to USD 4,447.6 million in the year 2014, of which 90.7% were central government revenues, mainly distributed on tax revenues with 64.5%, grants and aids with 30.5%, and the other revenues with 5.0%.

Whereas the results show that the total of the local government revenues amounted to USD 414.9 million in the year 2014, which was mainly distributed on the other revenues (value of water and electricity sales to the public) with the percentage of 82.7%, taxes and fees with 12.7%, and grants and social contributions with 4.0% and 0.6% 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 surplus in operating balance amounted to USD 341.5 million in the year 2014, which means that the current revenues exceeded the expenses by this amount. The ratio of the central government current expenses to its revenues amounted to 92.2%, while the ratio of local government was 93.8%.

**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 surplus in net lending and borrowing amounted to USD 161.8 million in the year 2014.

**Financial Assets and Liabilities**

Central government budget data show an increase in the acquisition of financial assets during the year 2014 amounted to USD 582.8 million of which 84.0% were domestic and 16.0% were foreign, while the total accumulation of liabilities amounted to USD 410.0 million.

**Important note:**

 A general government finance statement is issued according to the GFSM 2001 and methodology and classification that is different from published monthly reports on finance operations which reflects preparing the budget.

Please be aware that in the operational monthly financial reporting, there is an item known as (net lending), which is a key component of the budget and as shown clearly in these reports. according with the methodology of GFSM 2001 and needless to mention that this is considered as a financial asset and not an expense. on this bases, this has been excluded from the list of expenses in the statement of the general government and this item was listed in the acquisition of financial assets, leading to the conversion of deficit of current balance in financial operations reports into a surplus in net lending and borrowing in the list of government operations.

Noting that the list of government operations and in accordance with the GFSM 2001 is compiled by combining current and capital expenses without details, while it separately appears in the monthly financial operations reports.

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

For more information, please call:

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| **General Government Finance 2014** |  |
| **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** | **4447.6** | **4032.7** | **414.9** | **100** | **100** | **100** |
|  1.1 Taxes | 2651.8 | 2599.0 | 52.8 | 59.6 | 64.5 | 12.7 |
|  1.2 Social contributions  | 2.6 | 0.0 | 2.6 | 0.1 | 0.0 | 0.6 |
|  1.3 Grants and aids  | 1247.9 | 1231.3 | 16.6 | 28.1 | 30.5 | 4.0 |
|  1.4 Other revenues\*\* | 545.3 | 202.4 | 342.9 | 12.2 | 5.0 | 82.7 |
| **Gross Expenses(2+3.1)\*\*\*** | **4285.8** | **3860.1** | **425.6** | **100** | **100** | **100** |
| **2.Current Expenses** | **4106.1** | **3716.8** | **389.2** |  |
|  2.1 Compensation of employees  | 2384.3 | 2248.2 | 136.0 | 55.6 | 58.2 | 32.0 |
|  2.2 Use of goods and services  | 712.1 | 555.5 | 156.6 | 16.6 | 14.4 | 36.8 |
|  2.3 Consumption of fixed capital | 18.5 | 0.0 | 18.5 | 0.4 | 0.0 | 4.3 |
|  2.4 Interest  | 70.0 | 70.0 | 0.0 | 1.6 | 1.8 | 0.0 |
|  2.5 Subsidies | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
|  2.6 Grants | 28.8 | 28.8 | 0.0 | 0.7 | 0.7 | 0.0 |
|  2.7 Social benefits | 754.1 | 746.3 | 7.8 | 17.7 | 19.4 | 1.8 |
|  2.8 Other Expenses \*\*\*\* | 138.3 | 68.0 | 70.3 | 3.2 | 1.8 | 16.5 |
| **(N.O) Net Operating Balance (1-2)\*\*\*\*\*** | **341.5** | **315.9** | **25.7** |   |   |  |
| **3.1 Transactions in nonfinancial assets (Net acquisition of):** | **179.7** | **143.3** | **36.4** | 4.2 | 3.7 | 8.6 |
|  3.1.1 Fixed assets  | 154.7 | 118.3 | 36.4 |   |   |  |
|  3.1.2 Change in inventories  | 18.2 | 18.2 | 0.0 |   |   |  |
|  3.1.3 Valuables | 0.0 | 0.0 | 0.0 |   |   |  |
|  3.1.4 Non-produced assets | 6.8 | 6.8 | 0.0 |  |  |  |
| **(N.L) Net lending (+) / Borrowing (-), (N.O - 3.1) \*\*\*\*\*\*** | **161.8** | **172.6** | **-10.7** |   |   |  |
| **3.2 Net acquisition of financial assets** | **582.8** | **582.8** | **0.0** |   |   |  |
|  3.2.1 Domestic | 489.8 | 489.8 | 0.0 |   |   |  |
|  3.2.2 Foreign | 93.0 | 93.0 | 0.0 |   |   |  |
| **3.3 Net incurrence of financial Liabilities** | **410.0** | **410.0** | **0.0** |   |   |  |
|  3.3.1 Domestic | 420.3 | 420.3 | 0.0 |   |   |  |
|  3.3.2 Foreign  | -10.3 | -10.3 | 0.0 |   |   |  |
| **Notes:** |
| \*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, administrative fees, fines, property income, transfers other than grants.\*\*\*Gross Expenses = Current Expenses + Transactions in nonfinancial assets Net acquisition (Capital Expenses) |
| \*\*\*\* Its included the expenses on scholarships, NGOs support and emergency expenses for central government. |
| \*\*\*\*\* Net operating balance = Revenues – Current expenses |
| \*\*\*\*\*\* Net lending/ borrowing = Net operating balance - Net acquisition of non financial assets.  |