



**The press conference of the General Government Finance 2013
USD 3,927.3 million the total of gross expenses, USD 4,049.2 million the
total of revenues, approximately 34.0% of which 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 2013 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 3,927.3 million in the year 2013, of which USD 143.7 million was distributed on capital expenses, while the current expenses amounted to USD 3,783.6 million. The gross expenses of the central government amounted to USD 3,520.0 million, that was distributed on compensation of employees (civil and military employees' salaries) with the percentage of 59.1%, Social benefits 19.2%, while the percentage of expenses on use of goods and services 14.0%, interest 2.6%, other expenses were 1.4%, and grants 0.5%. while the percentage of capital expenses 3.2%.

Whereas the results indicate that the amount of local government expenses amounted to USD 407.3 million in the year 2013, 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 31.2%, the use of goods and services with 30.3%, the percentage of compensation of employees (employees' salaries) with 27.9%, while the percentage of capital expenses 7.3%.

Revenues

The results show that the total of general government revenues amounted to USD 4,049.2 million in the year 2013, of which 89.9% were central government revenues, mainly distributed on tax revenues with 59.5%, grants and aids with 37.3%, and the other revenues with 3.2%.

Whereas the results show that the total of the local government revenues amounted to USD 408.6 million in the year 2013, which was mainly distributed on the other revenues (margins of water and electricity sales to the public) with the percentage of 85.0%, taxes and fees with 9.6%, and grants and social contributions with 4.4% and 1.0% 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 265.6 million in the year 2013, 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 93.6%, while the ratio of local government was 92.4%.

Net Lending and Borrowing

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 121.9 million in the year 2013.

Financial Assets and Liabilities

Central government budget data show an increase in the acquisition of financial assets during the year 2013 amounted to USD 374.3 million of which 86.0% were domestic and 14.0% were foreign, while the total accumulation of liabilities amounted to USD 253.4 million, of which 81.8% were domestic and 18.2% were foreign.

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 basis, 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 General 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...

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General Government Finance 2013

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	4049.2	3640.6	408.6	100	100	100
1.1 Taxes	2203.9	2164.8	39.1	54.4	59.5	9.6
1.2 Social contributions	4.1	0.0	4.1	0.1	0.0	1.0
1.3 Grants and aids	1376.1	1358.2	17.9	34.0	37.3	4.4
1.4 Other revenues**	465.1	117.6	347.5	11.5	3.2	85.0
Gross Expenses(2+3.1)***	3927.3	3520.0	407.3	100	100	100
2.Current Expenses	3783.6	3405.9	377.7			
2.1 Compensation of employees	2194.1	2080.5	113.6	55.9	59.1	27.9
2.2 Use of goods and services	616.7	493.2	123.5	15.7	14.0	30.3
2.3 Consumption of fixed capital	0.2	0.0	0.2	¹ 0.0	0.0	0.1
2.4 Interest	89.3	89.3	0.0	2.3	2.6	0.0
2.5 Subsidies	0.0	0.0	0.0	0.0	0.0	0.0
2.6 Grants	17.9	17.9	0.0	0.5	0.5	0.0
2.7 Social benefits	688.1	674.9	13.2	17.4	19.2	3.2
2.8 Expenses ****	177.3	50.1	127.2	4.5	1.4	31.2
(N.O) Net Operating Balance (1-2)*****	265.6	234.7	30.9			
3.1 Transactions in nonfinancial assets (Net acquisition of):	143.7	114.1	29.6	3.7	3.2	7.3
3.1.1 Fixed assets	117.4	87.8	29.6			
3.1.2 Change in inventories	14.7	14.7	0.0			
3.1.3 Valuables	0.0	0.0	0.0			
3.1.4 Non-produced assets	11.6	11.6	0.0			
(N.L) Net lending (+) / Borrowing (-), (N.O - 3.1) *****	121.9	120.6	1.3			
3.2 Net acquisition of financial assets	374.3	374.3	0.0			
3.2.1 Domestic	321.9	321.9	0.0			
3.2.2 Foreign	52.4	52.4	0.0			
3.3 Net incurrence of financial Liabilities	253.4	253.4	0.0			
3.3.1 Domestic	207.4	207.4	0.0			
3.3.2 Foreign	46.0	46.0	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.

***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 nonfinancial assets.

¹ The percentage is almost zero.

**Palestinian Central Bureau of
Statistics**



Palestine

Ministry of Finance

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