

REGIONAL GFS WORKSHOP: ACCELERATING GFS REPORTING, AND EXPANDING THE *GUIDELINES*

International Monetary Fund's East AFRITAC and East African Community Secretariat



Dar es Salaam, Tanzania
August 29 – September 2, 2016

TIMES	WORKSHOP SESSIONS AND TOPICS
DAY 1: Monday August 29, 2016	
8:30 – 9:00 a.m.	Registration
9.00 – 10.30 a.m.	<u>Session 1:</u> Welcome, Participants' Introductions, Select a Chairperson and Rapporteur, and Report on EAC Secretariat – AFRITAC East GFS Capacity Building Program (Robert Maate and Brooks Robinson (BR))
10.30 – 11.00a.m.	<i>Coffee/tea Break</i>
11:00 - 12.30 p.m.	<u>Session 2:</u> Review of Revised and New GFS for General Government for FYs 2013/14 and 2014/15, Respectively (Kenya and Rwanda)
12.30 – 2.00 p.m.	<i>Lunch Break</i>
2.00 – 3.30 p.m.	<u>Session 2 Continued:</u> (Tanzania and Uganda)
3.30 – 4.00 p.m.	<i>Coffee Break</i>
4:00 – 5:00 p.m.	<u>Session 3:</u> Upcoming Public Event in Arusha (November 2, 2016) and Public Events in Each of the Four Partner States - (BR)
DAY 2: Tuesday August 30, 2016	
9.00 - 10.30 a.m.	<u>Session 4:</u> Accelerating GFS Reporting (Data Sources, Estimation Methods, Statistical Discrepancies, Dissemination and Publication Procedures, and Revision Policy) - Charles Matovu (Uganda's Ministry of Finance).
10.30 - 11.00 a.m.	<i>Coffee/tea Break</i>
11.00 - 12.30 p.m.	<u>Session 5:</u> Accelerating GFS Reporting (Problems and Prospects for Monthly Reporting, Establishing a Deadline for Monthly Reporting in the Context of Newly Extended Work Plans, and Discussion of Data Collection for Quarterly Reporting) – Ismael Ahamdanech Zarco (IAZ)
12.30 - 2.00 p.m.	<i>Lunch break</i>
2.00 - 3.30 p.m.	<u>Session 6:</u> Talk and Interactive Session with IMF HQ Representative - Ms. Viera Karolova (VK)
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4.00 - 5.00 p.m.	<u>Session 7:</u> Expanding the <i>Guidelines</i> (Review of Existing <i>Guidelines</i> , Discussion of Outline for New Chapter on “Debt”) – (IAZ)

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TIMES	WORKSHOP SESSIONS AND TOPICS
DAY 3: Wednesday August 31, 2016	
9.00 - 10.30 a.m.	<u>Session 8</u> : Expanding the <i>Guidelines</i> (Discussion of Outline for New Chapter on “Public Private Partnerships” (PPP)) – (BR)
10.30 – 11.00 a.m.	<i>Coffee/tea break</i>
11.00 - 12.30 p.m.	<u>Session 9</u> : Drafting of New <i>Guidelines</i> Chapters on “PPPs” and “Debt” (Dual Groups: All Participants)
12.30 - 2.00 p.m.	<i>Lunch break</i>
2.00 - 3.30 p.m.	<u>Session 10</u> : Drafting of New <i>Guidelines</i> Chapters on “PPPs” and “Debt” (Dual Groups: All Participants)
3.30 - 4.00 p.m.	<i>Coffee Break</i>
4.00 - 5.00 p.m.	<u>Session 11</u> : Status Check on New <i>Guidelines</i> Chapters on “PPPs” and “Debt” (Facilitators* and All Participants)
DAY 4: Thursday September 1, 2016	
9.00 - 10.30 a.m.	<u>Session 12</u> : Drafting of New <i>Guidelines</i> Chapters on “PPPs” and “Debt” (Dual Groups: All Participants)
10.30 – 11.00 a.m.	<i>Coffee/tea break</i>
11.00 - 12.30 p.m.	<u>Session 13</u> : Drafting of New <i>Guidelines</i> Chapters on “PPPs” and “Debt” (Dual Groups: All Participants)
12.30 - 2.00 p.m.	<i>Lunch break</i>
2.00 - 3.30 p.m.	<u>Session 14</u> : Drafting of New <i>Guidelines</i> Chapters on “PPPs” and “Debt” (Dual Groups: All Participants)
3.30 - 4.00 p.m.	<i>Coffee Break</i>
4.00 - 5.00 p.m.	<u>Session 15</u> : Developing an Outline for a New <i>Guidelines</i> Chapter on Selected GFS Concepts and Principles – VK

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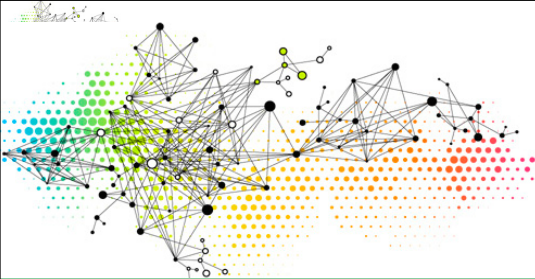

International Monetary Fund's East AFRITAC and East African Community Secretariat




Dar es Salaam, Tanzania
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TIMES	WORKSHOP SESSIONS AND TOPICS
DAY 5: Friday September 2, 2016	
9.00 - 10.30 a.m.	<u>Session 16:</u> Review New <i>Guidelines</i> Chapters on “PPPs” and “Debt” – Group Leaders
10.30 – 11.00 a.m.	<i>Coffee/tea break</i>
11.00 - 12.00 p.m.	<u>Session 17:</u> Preparation of Workshop Proceedings (Robert Maate, Chairperson, and Rapporteur)
12.00 – 1.00 p.m.	<u>Session 18:</u> Workshop Summary, Evaluation, and Awarding of Certificates (Facilitators*)
1.00 – 2.00 p.m.	<i>Lunch</i>
<i>Afternoon</i>	Departure

*--Facilitators for this Workshop include: Viera Karolova (IMF Economist and Back Stopper for the EAC Secretariat – AFE GFS Capacity Development Program); Brooks Robinson (AFE Regional GFS Advisor); Ismael Ahamdanech Zarco (IMF GFS Expert); and Tim Youngberry (IMF GFS Expert).

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Session 1: Workshop Scope

EAC Secretariat – AFE Joint Regional GFS Workshop

Dar es Salaam, Tanzania – August 29 – September 2, 2016

Brooks Robinson

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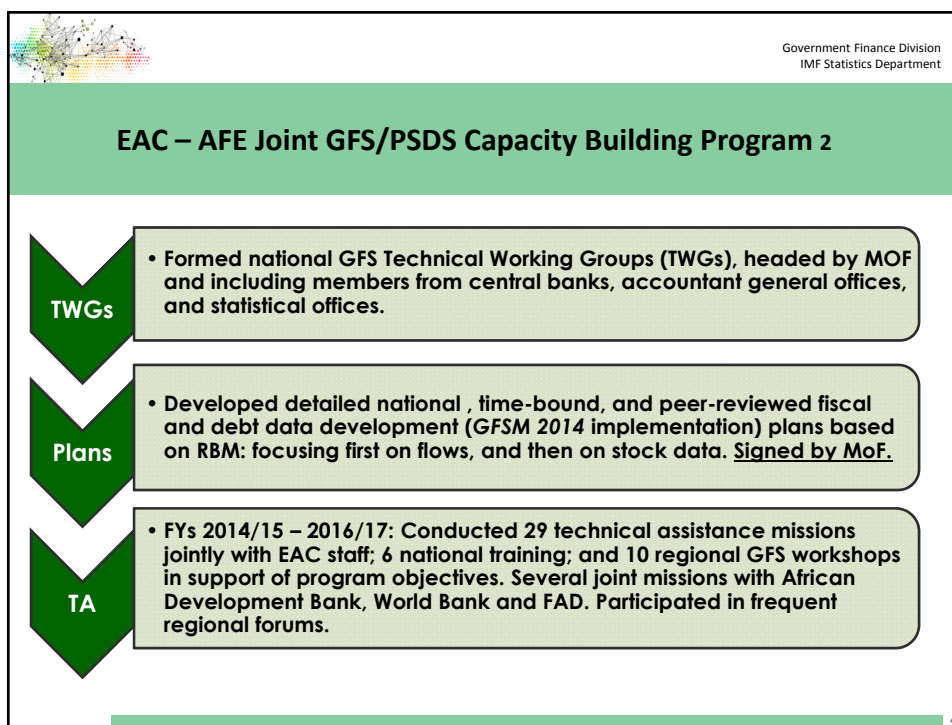
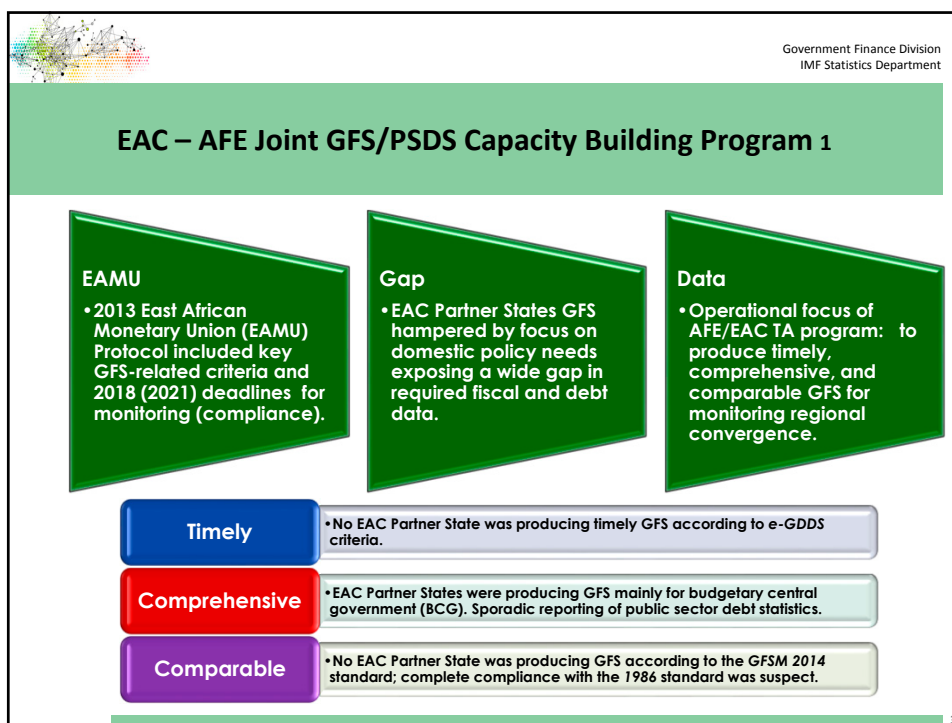


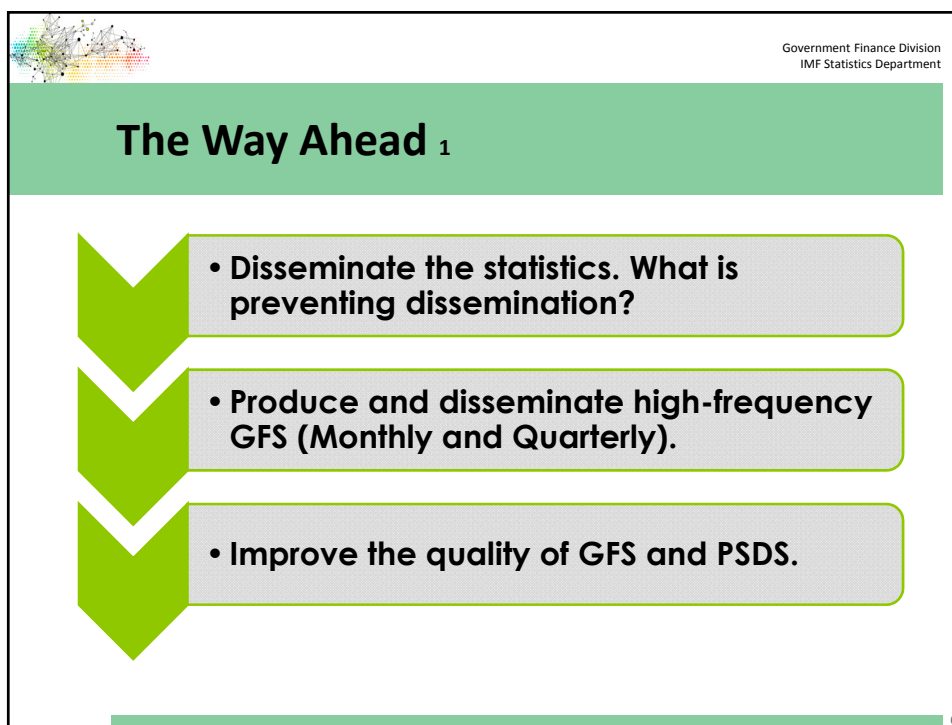
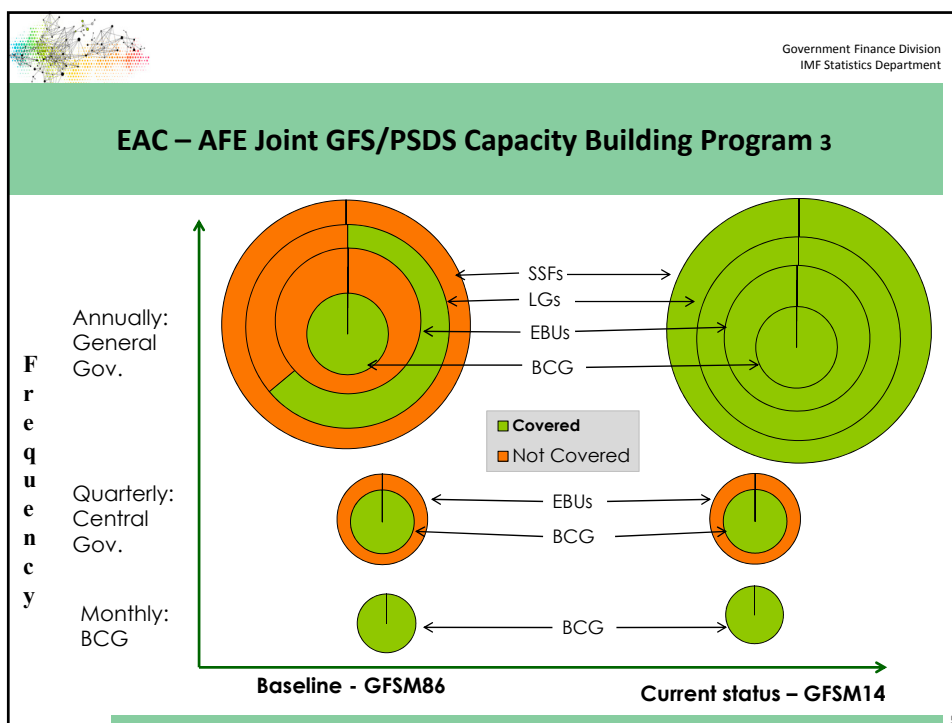
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Overview

- 1) What we have Achieved through the EAC Secretariat – AFE Joint GFS/PSDS Capacity Development Program (CDP).**
- 2) The Way Ahead.**
- 3) Expected Achievements for the Current Workshop.**
- 4) Our Expectations for You.**
- 5) Workshop Outputs.**

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The Way Ahead ₂

Missions dates		
Country	Planned	Proposed
Tanzania	Oct 3-14, 2016	
Ethiopia	Oct 17-28, 2016	
Uganda	Nov 14-25, 2016	
Zanzibar	Dec 12-16, 2016	
Rwanda	Jan 16-27, 2017	
Tanzania	Feb 6-17, 2017	
Malawi	Feb 20-24, 2017	
Ethiopia	Mar 13-17, 2017	
Uganda	Apr 10-21, 2017	
Kenya	Apr 24 – May 5, 2017	

National GFS Training		
Topic	Location	Date
GFS	Naivasha	Jan 2017 ?
???		

Regional Workshops		
Topic	Location	Date
Data Quality and the <i>Guidelines</i>	Entebbe	Nov 28 - Dec 2, 2016
???		


These missions will focus on determining that new work plans are in place; that the GFS TWG has been reconstituted; and that data dissemination, high-frequency data production, and improvements in GFS/PSDS quality are evolving.





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Workshop Expected Achievements ₁

DAY 1: Monday August 29, 2016	
<i>8:30 – 9:00 a.m.</i>	Registration
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Workshop Expected Achievements 2	
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Workshop Expected Achievements ⁶

EAC Secretariat – AFE

Regional
GFS
Workshop

Six AFE Member States



EAC Secretariat – AFE

Time
of
Recording
Task Force
Meeting

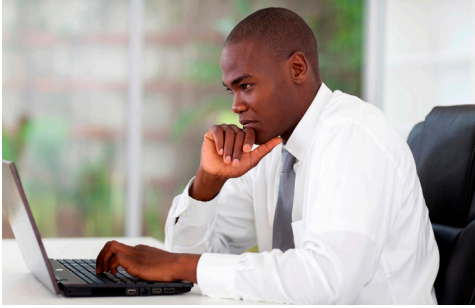
Four EAC Partner States

The workshop and meeting will be conducted in parallel. The two groups will convene jointly on Friday and share results.

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Our Expectations for You




Workshop Facilitators Expect:

- Highest level of “professionalism”
- Attentativeness
- Dedication
- Follow through

What do you need from Facilitators?

Remember : “You Get Out What You Put In.” If you want to be GREAT, and if you want your country to be GREAT, then high-quality GFS/PSDS is a good starting point for making both of these important developments become a reality.

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Workshop Outputs

- Participants' Enhanced Knowledge of GFS, PSDS, and the EAC Secretariat and IMF AFE Joint GFS CDP.
- Participants' Enhanced Contacts and Synergy Across EAC Partner States.
- Participants' Renewed Conviction to Prepare High-Frequency GFS and to Disseminate the Statistics.
- A Draft Chapter on "Debt" for the *Guidelines*.
- A Draft Chapter on "PPPs" for the *Guidelines*.
- Workshop Proceedings.

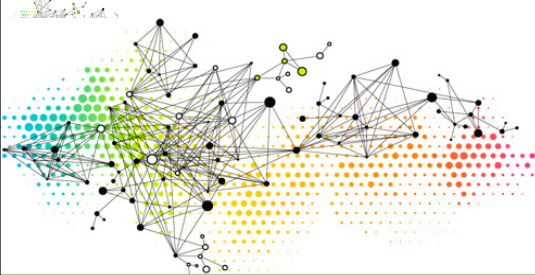

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Questions?

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Session 3: November 2, 2016 Public Event in Arusha, Tanzania

EAC Secretariat – AFE Joint Regional GFS Workshop

Dar es Salaam, Tanzania – August 29 – September 2, 2016

Brooks Robinson

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Overview

- **Event's Purpose**
- **Event's Objectives**
- **Draft Event Program**
- **GFS Compilers Represented at the Event**

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Event's Purposes

- To inform the public concerning the EAC Secretariat – IMF AFE Joint GFS/PSDS Capacity Development Program (CDP).
- To introduce the public to the statistics (in aggregate form) that are being produced under the GFS CDP, and to accelerate demand for, and improvements in, the statistics.
- To inform the public concerning the ongoing work in preparation for EAC Monetary.
- To motivate the public to begin asking and answering questions concerning: “Why an EAC Monetary Union?”

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Event's Objectives

- To intensify the EAC Secretariat and IMF AFE collaborative GFS/PSDS CDP partnership.
- To acknowledge the AfDB's role in the GFS CDP effort.
- To test an OpenData Platform dashboard system that will be used by the EAC Secretariat in the future to analyze and visualize GFS for the EAC Region: Aggregate (not country-specific) GFS and PSDS will be presented for the Region.
- To formulate a model for conducting public (press) events that can be used throughout the EAC region.

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Draft Event Program

Press Event
EAC Secretariat – AFE Joint GFS Capacity Building Program
 International Monetary Fund's East AFRITAC and East African Community

Mt. Meru Hotel, Arusha, Tanzania
November 2, 2016

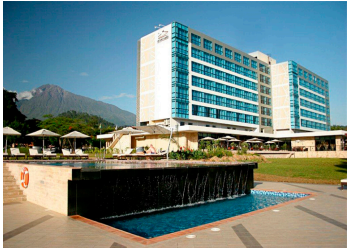

TIMES	EVENT ACTIVITIES
09.30 – 10.00	Registration and Refreshments
10.00 – 10.05	Opening Remarks by Dr. Enos Bukuku , Deputy Director General of the EAC Secretariat
10.06 – 10.15	Remarks by Mr. Louis Ducharme , Director of the Statistics Department, International Monetary Fund
10.16 – 10.20	Remarks on the OpenData Platform's Role in the CBP by TBD , African Development Bank
10.21 – 10.30	Presentation of Results by Mr. Robert Maate , Head of Statistics Department, EAC Secretariat
10.30 – 10.45	<i>Q&A with the Press</i>
10.46 – 11.29	After Press Event Interviews
11.30	Press Event Ends

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GFS Compilers Represented at the Event

- At least one GFS compiler from each of the four EAC Partner States that are AFE Member States should be present at the event.
- Compilers should be available to answer general questions about the EAC Secretariat – AFE GFS CDP vis-à-vis their country.





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Questions?

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ACCELERATING GFS REPORTING

REGIONAL WORKSHOP ON HARMONISATION OF GOVERNMENT FINANCE
STATISTICS AMONG THE EAC PARTNER STATES
Dar es Salaam, August 29- September 2, 2016
Ismael Ahamdanech Zarco, IMF, GFS Expert

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Presentation Overview

- Problems and prospects for monthly reporting
- Deadline for monthly reporting
- Data sources for monthly reporting
- Problems and prospects for quarterly reporting
- Deadline for quarterly reporting
- Data sources for quarterly reporting

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Problems and Prospects for Monthly Reporting (BCG)

- EAC countries are in a good position to start compiling (and transmitting) monthly BCG data
- However, some challenges remain, mainly:
 - Fine tuning the data sources
 - Adjusting the compilation process to the deadline

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Deadline for Monthly Reporting (BCG)

- According to the preliminary Newly Extended Working Plans, monthly BCG data should be transmitted with a delay of $t+30$ days
- This implies that the core of data sources have to be available no later than $t+25$ days so compilers can develop the compilation procedure

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Data Sources for Monthly Reporting (BCG)

- **Expenditure:** Data for most categories of Expenditure are reported in IFMS in real time.
- **Revenue:** Country Revenue Authorities report data usually with a short delay.
- **Financial items:**
 - The Monetary Surveys are usually available at t+30 days. This could pose a problem for timely compilation.
 - DMFAS and CDRMS data report on a real time basis for some items. However, data related to capital loans may have a bigger delay.

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Pert Chart for BCG Monthly Compilation

	Data source collection	Manual interventions	Compilation	Aggregation	Quality checks	Data release
Revenue						
Taxes	T+20 days	T+23 days	T+25 days	T+28 days	T+29 days	T+30 days
Social Contributions	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Grants	T+20 days	T+23 days	T+25 days	T+28 days	T+29 days	T+30 days
Other Revenue	T+20 days	T+23 days	T+25 days	T+28 days	T+29 days	T+30 days
Expense						
Compensation of Employees	Real time	T+10 days	T+15 days	T+28 days	T+29 days	T+30 days
Use of Goods and Services	Real time	T+10 days	T+15 days	T+28 days	T+29 days	T+30 days
Consumption of Fixed Capital	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Interest	Real time	T+10 days	T+15 days	T+28 days	T+29 days	T+30 days
Grants	Real time	T+10 days	T+15 days	T+28 days	T+29 days	T+30 days
Subsidies	Real time	T+10 days	T+15 days	T+28 days	T+29 days	T+30 days
Social Benefits	Real time	T+10 days	T+15 days	T+28 days	T+29 days	T+30 days
Other Expense	Real time	T+10 days	T+15 days	T+28 days	T+29 days	T+30 days
NANFA	Real time	T+10 days	T+15 days	T+28 days	T+29 days	T+30 days
NAFA						
Currency and deposits	T+25 days	T+27 days	T+27 days	T+28 days	T+29 days	T+30 days
Debt securities	Real time	T+10 days	T+15 days	T+28 days	T+29 days	T+30 days
Loans	Real time	T+10 days	T+15 days	T+28 days	T+29 days	T+30 days
Accounts receivable	Real time	T+10 days	T+15 days	T+28 days	T+29 days	T+30 days
NIL						
Debt securities	T+25 days	T+27 days	T+27 days	T+28 days	T+29 days	T+30 days
Loans	T+25 days	T+27 days	T+27 days	T+28 days	T+29 days	T+30 days
Accounts payable	T+25 days	T+27 days	T+27 days	T+28 days	T+29 days	T+30 days

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Problems and Prospects for Quarterly Reporting (CG)

- Once monthly BCG data have been compiled and transmitted, the next step is to produce quarterly Central Government data
- The main problem for such goal is the inclusion of EBUs in the compilation process

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Deadline for Quarterly Reporting (CG)

- According to the preliminary Newly Extended Working Plans, quarterly Central Government data should be transmitted with a delay of $t+60$ days
- This implies that the core of data sources have to be available no latter than $t+55$ days so compilers can develop the compilation procedure

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Data Sources for Quarterly Reporting (CG)

- The main challenge for the compilation of quarterly Central Government data at t+60 days is the inclusion of EBU's data
- The biggest part of EBU's revenue is expected to come from the budget, but for some EBU's extrabudgetary revenue may be important
- For expenditure and financing it may be even more complicated as the budget will not usually show such items with the required level of detail

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Data Sources for Quarterly Reporting (CG)

- One solution to these problems is that EBU's are to be integrated in IFMS
- Otherwise, financial statements should be transmitted to GFS compilers with time enough for them to integrate EBU's in the compilation process

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Pert Chart for CG Quarterly Compilation

	Data source collection	Manual interventions	Compilation	Aggregation	Quality checks	Data release
Revenue						
Taxes	T+55 days	T+57 days	T+58 days	T+58 days	T+59 days	T+60 days
Social Contributions	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Grants	T+55 days	T+57 days	T+58 days	T+58 days	T+59 days	T+60 days
Other Revenue	T+55 days	T+57 days	T+58 days	T+58 days	T+59 days	T+60 days
Expense						
Compensation of Employees	T+55 days	T+57 days	T+58 days	T+58 days	T+59 days	T+60 days
Use of Goods and Services	T+55 days	T+57 days	T+58 days	T+58 days	T+59 days	T+60 days
Consumption of Fixed Capital	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Interest	T+55 days	T+57 days	T+58 days	T+58 days	T+59 days	T+60 days
Grants	T+55 days	T+57 days	T+58 days	T+58 days	T+59 days	T+60 days
Subsidies	T+55 days	T+57 days	T+58 days	T+58 days	T+59 days	T+60 days
Social Benefits	T+55 days	T+57 days	T+58 days	T+58 days	T+59 days	T+60 days
Other Expense	T+55 days	T+57 days	T+58 days	T+58 days	T+59 days	T+60 days
NANFA	T+55 days	T+57 days	T+58 days	T+58 days	T+59 days	T+60 days
NAFA						
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Loans	T+55 days	T+57 days	T+58 days	T+58 days	T+59 days	T+60 days
Accounts receivable	T+55 days	T+57 days	T+58 days	T+58 days	T+59 days	T+60 days
NIL						
Debt securities	T+55 days	T+57 days	T+58 days	T+58 days	T+59 days	T+60 days

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In summary

- BCG monthly data should be transmitted at t+30 days; the timeliness for quarterly Central Government data will be t+60 days
- This poses a challenge regarding the adjustment of the compilation process and the availability of data sources

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THANK YOU FOR YOUR ATTENTION...

Time for comment country state of play

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Talk and Interactive Session

Regional Government Finance Statistics Workshop
Dar es Salaam, Tanzania
August 29 – September 2, 2016

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- IMF's Standards and Codes
 - Data Dissemination Standards
 - Fiscal Transparency Code
- Some useful information
- QUESTIONS

15



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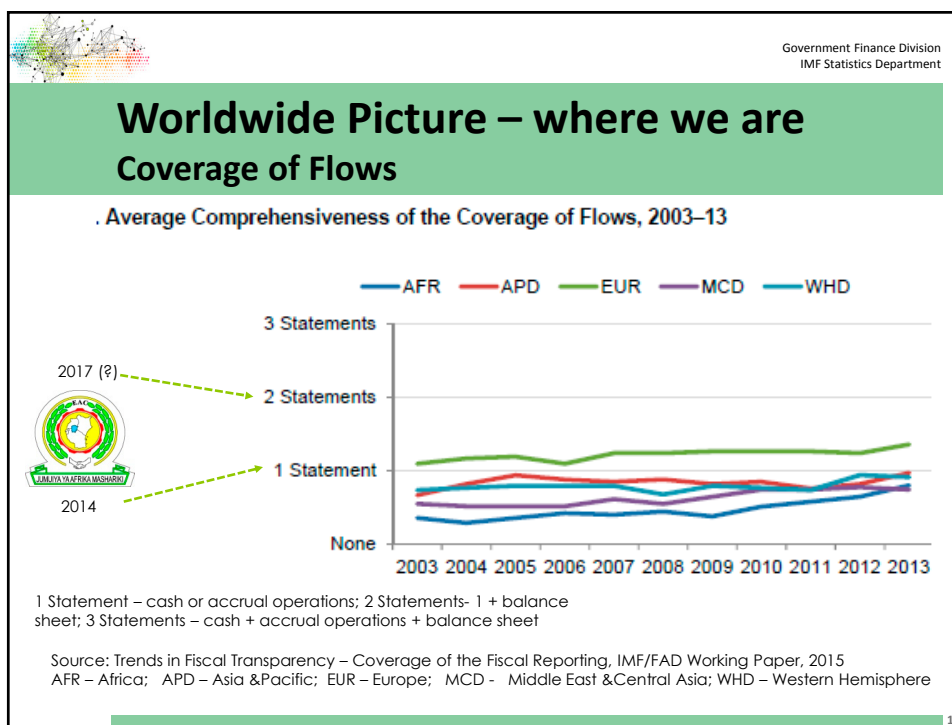
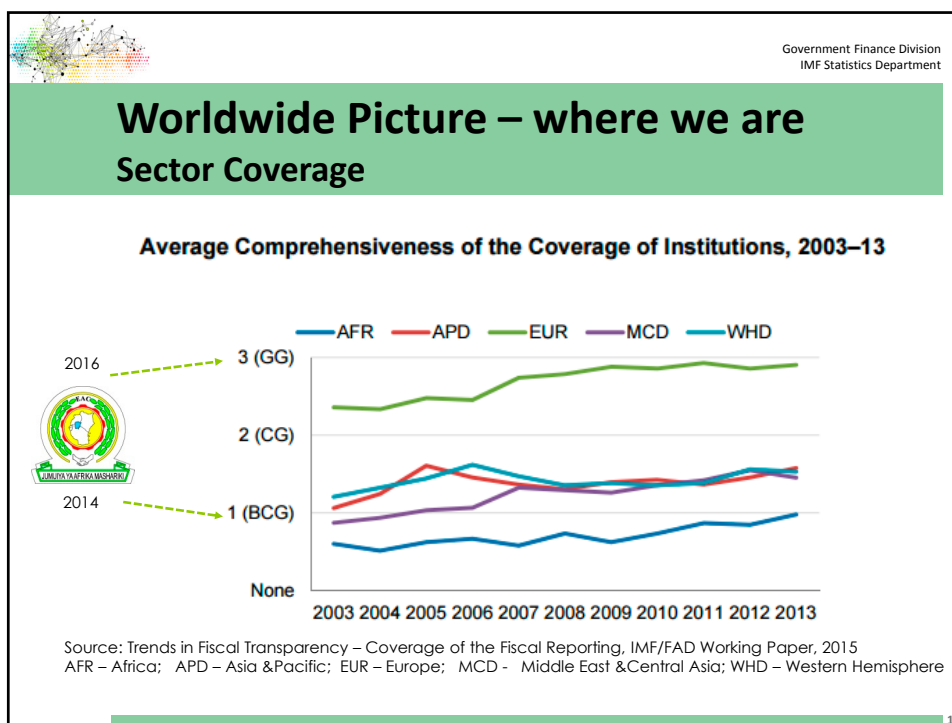
Introduction

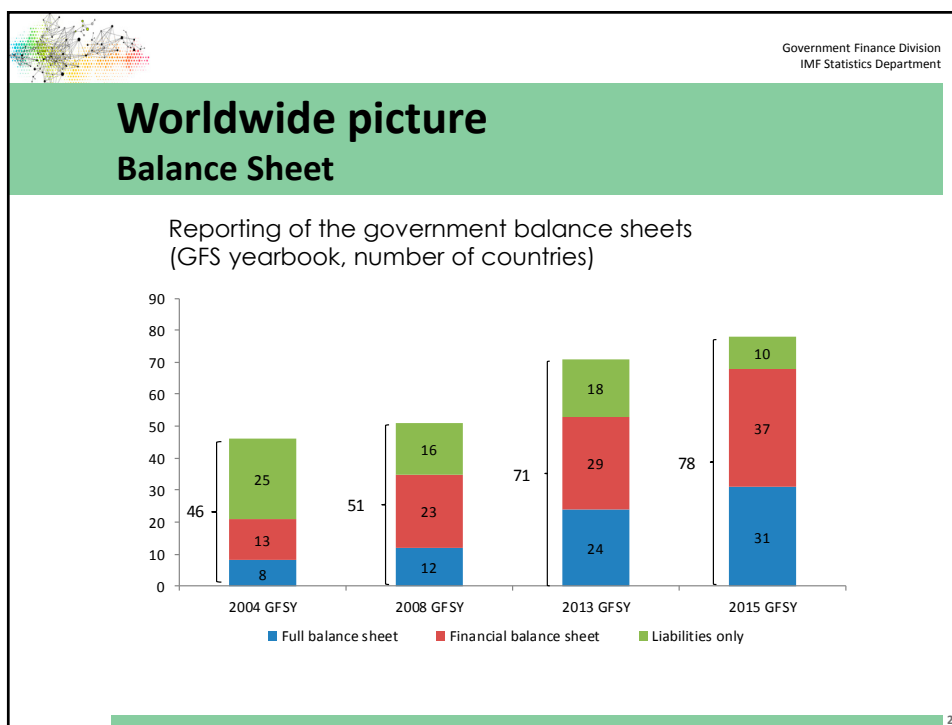
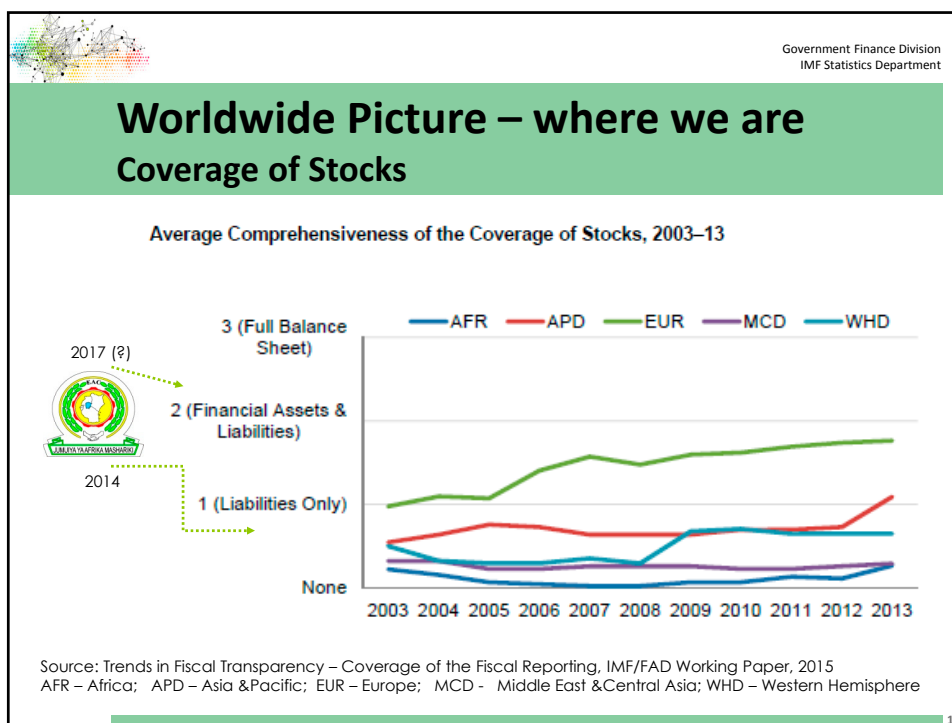
"I know that I know nothing"

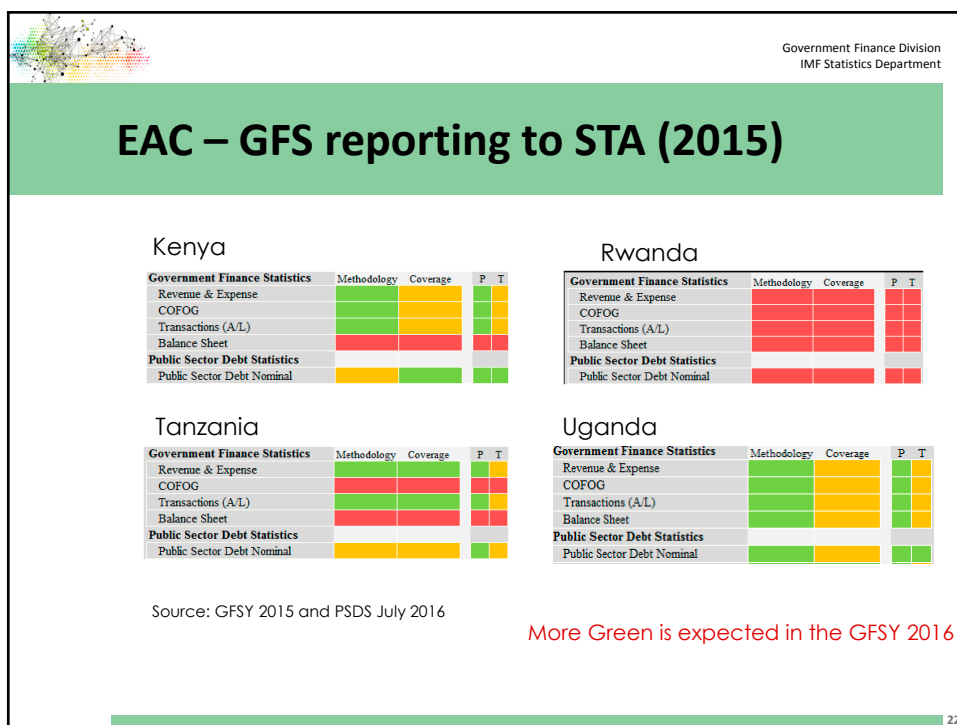
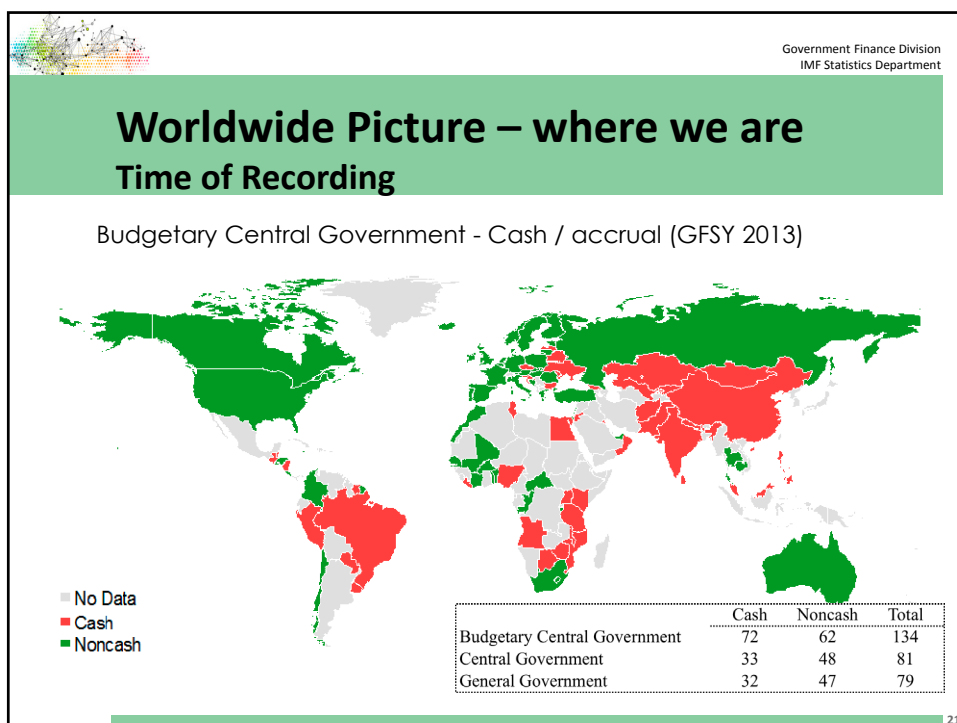
...Socratic paradox...

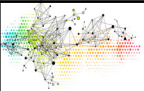
Is this statement TRUE or FALSE?

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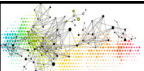




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IMF's Standards and Codes

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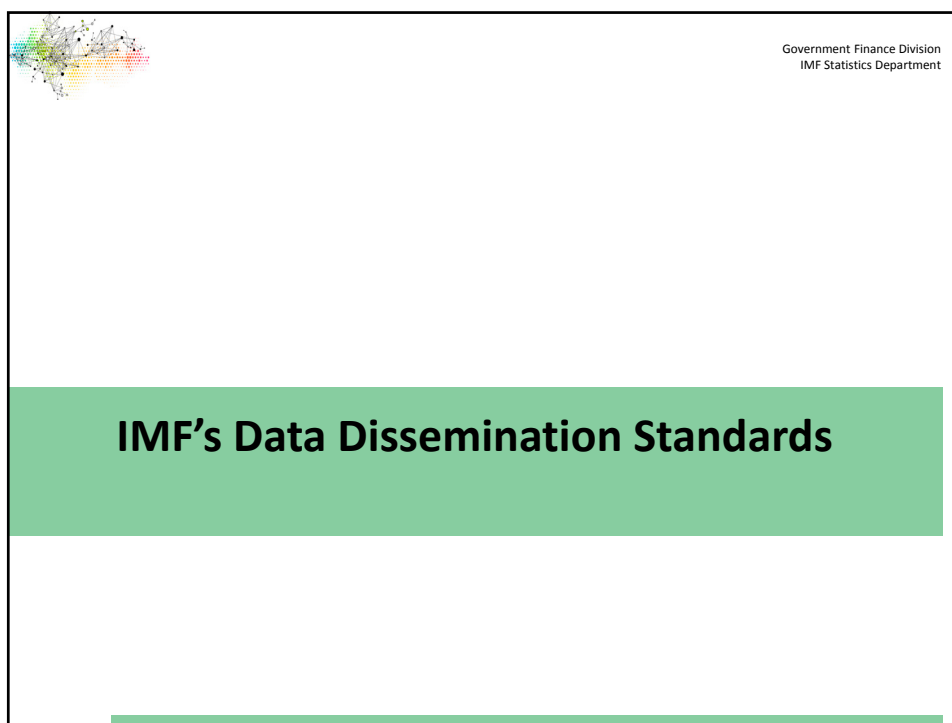
IMF's Standards and Codes

The IMF and the World Bank have recognized international standards in 12 policy areas, which form three broader group

One of the Group is **Policy Transparency: Standards in these areas have been developed by the IMF.**

- **Data Dissemination:** IMF's *Special Data Dissemination Standard (SDDS)*, *Enhanced General Data Dissemination System (e-GDDS)*, and *Special Data Dissemination Standard Plus (SDDS Plus)*.
- **Fiscal Policy Transparency :** The IMF's *Fiscal Transparency Code*, part of the *IMF's Fiscal Transparency Initiative*, is the international standard for disclosure of information about public finances. It is based on four pillars covering the key elements of fiscal transparency: (i) fiscal reporting; (ii) fiscal forecasting and budgeting; (iii) fiscal risk analysis and management; and (iv) resource revenue management.
- **Monetary and Financial Policy Transparency:** IMF's Code of Good Practices on Transparency in Monetary and Financial Policies.

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IMF's Data Dissemination Standards

- The need for data standards was highlighted by the financial crises of the 1990s, in which information deficiencies were seen to play a role.
- The IMF launched the data standards initiatives in 1996 to enhance member countries' data transparency and to promote their development of sound statistical systems to inform public and private decision-making.

Lack of market information & transparency with respect to macroeconomic and financial statistics

Investors/policymakers
Experts
IMF

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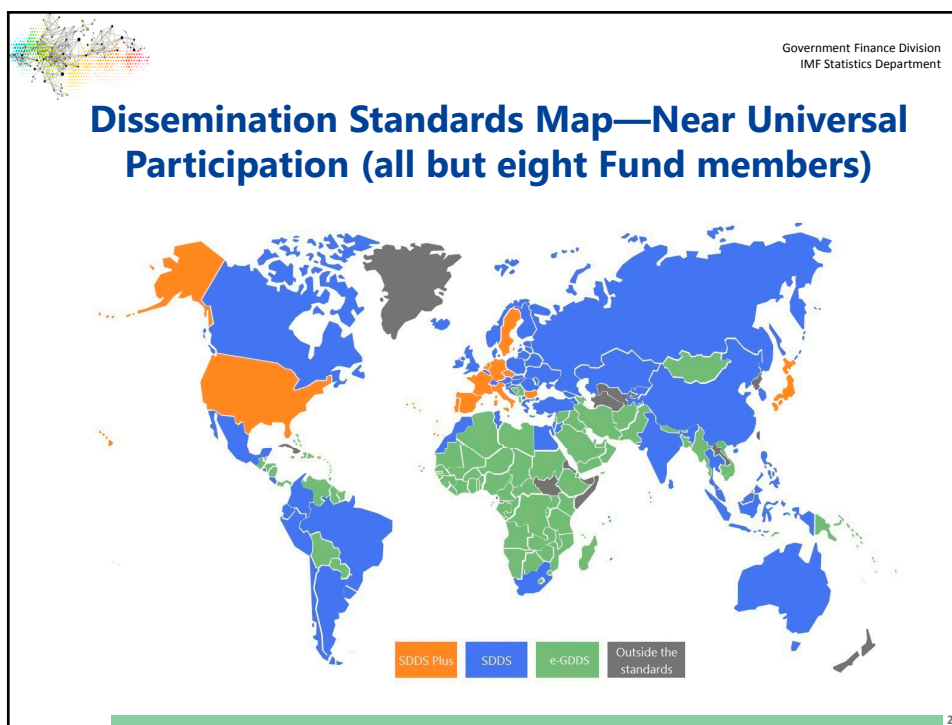
IMF's Data Dissemination Standards

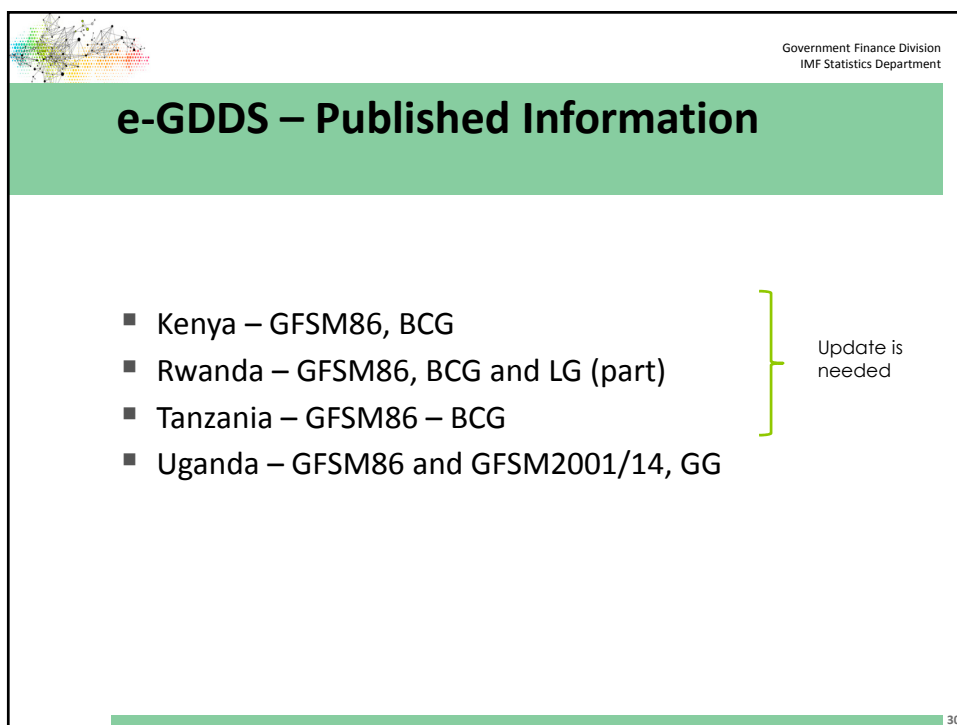
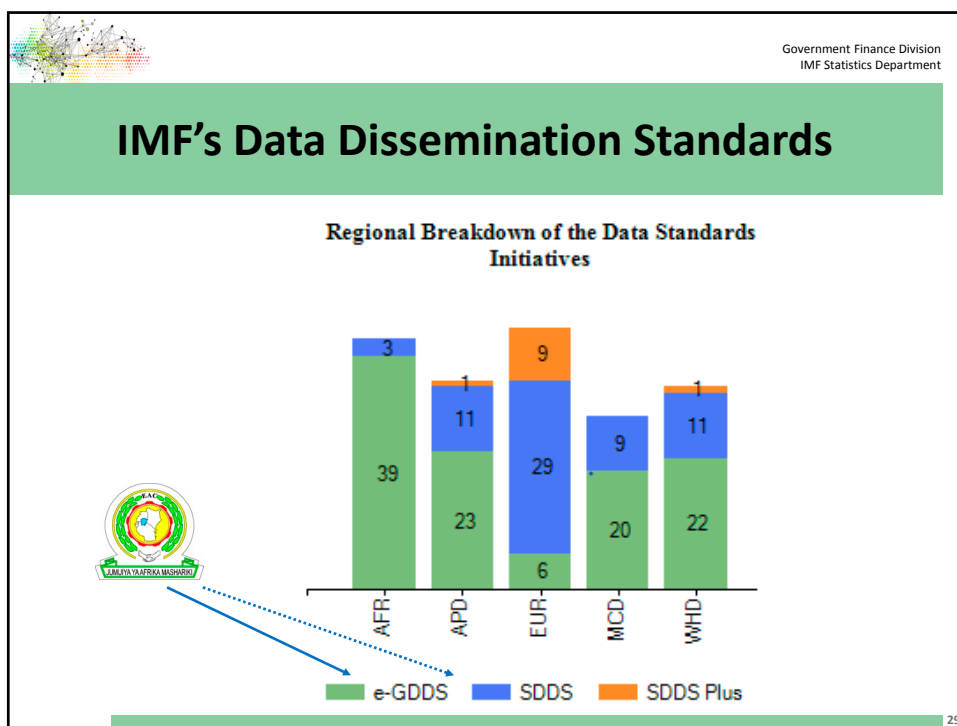
e-GDDS
SDDS
SDDS plus

	SDDS		e-GDDS	
	Periodicity	Timeliness	Periodicity	Timeliness
GG operations	A	2Q	A	3Q
CG operations	M	1M	Q	1Q
CG debt	Q	1Q	Q	2Q

Check the link: <http://dsbb/Pages/GDDS/CountryList.aspx>

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Moving Towards the SDMX Data Sharing Vision

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The current data reporting process

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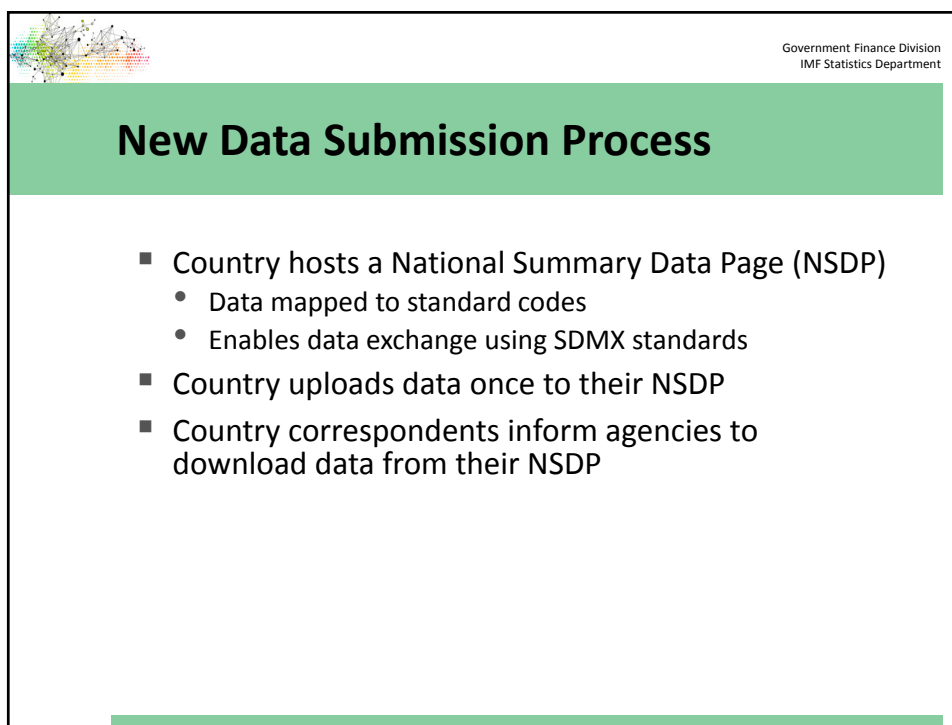
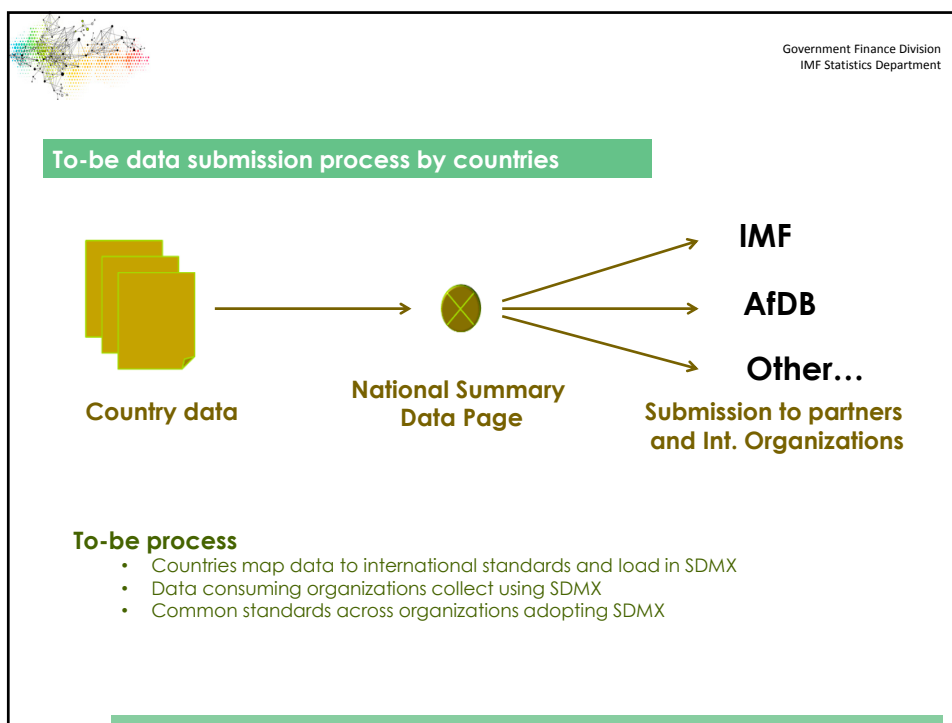
graph LR
    A[Country data] --> B[Data mapping to Requested formats]
    B --> C[IMF]
    B --> D[AfDB]
    B --> E[Other...]
  
```

Country data → **Data mapping to Requested formats** → **Submission to partners and Int. Organizations**

IMF
AfDB
Other...

As-Is process

- Organization specific data mapping and formats leading to repetitive work
- Lack of common standards
- Significant reporting burden



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Moving countries to a National Summary Data Page (NSDP)

- Part of the IMF's data dissemination standards (SDDS, SDDS Plus, and e-GDDS)
- Requires (SDDS, SDDS Plus) or recommends (e-GDDS) countries to disseminate a standard set of data
- NSDP: Countries disseminate data in Statistical Data and Metadata Exchange (SDMX) format for SDDS Plus and e-GDDS; IMF considering proposals for using SDMX for SDDS in the future


Login Sign Up

OpenData for the Bank of Botswana

[Home](#)
[Data Catalog](#)
[Gallery](#)
[NSDP](#)

National Summary Data Page (NSDP)

Data linked from this page correspond to data described in the International Monetary Fund's DSBB. For a fuller explanation of the DSBB and the enhanced General Data Dissemination System in which Botswana participates, please visit the [DSBB home page](#).



Statistical Data and Metadata eXchange

Macroeconomic and Financial Data

National Accounts (GDP)	Browse Data	Download in SDMX	DSBB Metadata
Consumer Price Index	Browse Data	Download in SDMX	DSBB Metadata
General Government Operations	DSBB Metadata		
Central Government Operations	Browse Data	Download in SDMX	DSBB Metadata
Central Government Gross Debt	Browse Data	Download in SDMX	DSBB Metadata

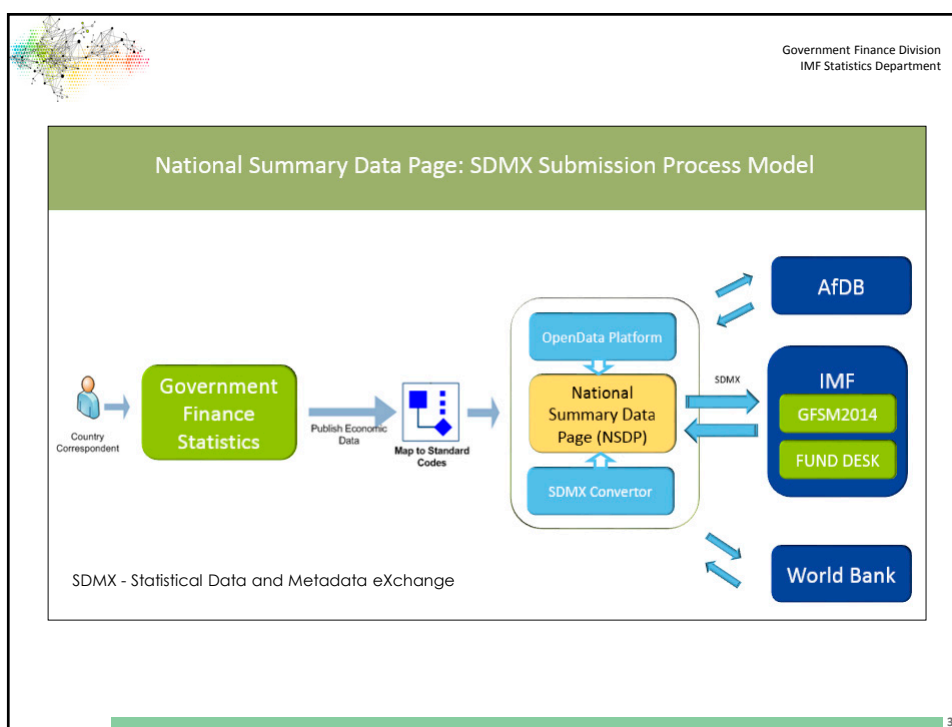
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New Data Submission Process – Benefits

Streamline: Reduces reporting burden on countries by promoting one data upload to meet the needs of different organizations and types of data users

Standardize: Provides a centralized data hub for all country data using standard tools easily accessed by multiple International Organizations and users


Automate: Enables the automation of processes that allows for exchange of data using “machine-to-machine” technologies





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Fiscal Transparency



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Some Shocks Can Impose a Major, Unexpected Burden on the Public Finances: the Financial Crisis Case

Sources of Unexpected Increase in General Government Debt
(percent of GDP, 2007-2010)

	FRA	DEU	NLD	ESP	PRT	GBR	USA	GRC	IRL	ISL	AVE*	Issues Revealed by the Crisis
Underlying fiscal position	1.7	3.2	-2.4	1.8	11.3	3.7	8.1	16.3	1.3	10.9	6.0	
Revisions to 2007 deficit & debt	1.7	1.8	-0.9	-0.1	0.1	1.5	7.1	2.5	1.6	4.0	4.7	Unreported Deficits
Changes to government boundary	-0.7	1.4	-0.2	0.6	9.4	1.9	0.9	11.2	-0.1	2.5	1.1	SoEs & PPPs
Cash-accrual adjustments	0.7	0.0	-1.3	1.3	1.7	0.3	0.0	2.6	-0.2	4.5	0.2	Arrears
Exogenous shocks	8.4	12.8	14.2	15.4	8.1	17.0	6.3	40.0	60.2	39.5	9.8	
Macroeconomic shocks	8.3	4.7	5.2	13.0	4.4	8.9	3.8	38.4	35.7	-3.3	6.0	Macroeconomic Risks
Financial sector interventions	0.0	8.1	9.0	2.5	3.6	8.1	2.5	1.6	24.5	42.8	3.8	Contingent Liabilities
Policy changes	2.3	3.8	1.9	4.9	4.7	1.1	6.4	-8.0	-9.9	-4.3	4.7	Stimulus / Consolidation
Other factors	2.1	-0.3	6.5	1.9	3.7	6.2	8.3	-6.7	7.5	21.6	5.9	
Total Unforecast Increase in Debt	14.4	19.5	20.2	24.0	27.8	28.0	29.1	41.7	59.1	67.7	26.4	

* GDP-weighted average

Source: FAD

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Fiscal Transparency Code

The IMF's Fiscal Transparency Code (the Code) is the international standard for disclosure of information about public finances. The Code comprises a set of principles built around four pillars (Figure below): (i) fiscal reporting; (ii) fiscal forecasting and budgeting; (iii) fiscal risk analysis and management; and (iv) resource revenue management. For each transparency principle, the Code differentiates between basic, good, and advanced practices to provide countries with clear milestones toward full compliance with the Code and ensure its applicability to the broad range of IMF member countries. Pillars I-III have been issued while a draft of Pillar IV is under public consultation.

- 2014 new Fiscal Transparency Code (FTC)
- Fiscal Transparency Evaluation - to assess compliance with the FTC
- Replaced the Report on the Observance of Standards and Codes (ROSC)

Objective	2007 Code	2014 Code
Align with recent advances in standards & practices	Institutions: General Government Stocks: Financial Balance Sheet Frequency: Quarterly Classification: GFSM 2001 Accounting: GAAP Budgeting: N/A	Institutions: Public Sector Stocks: Full Balance Sheet Frequency: Monthly Classification: GFSM 2014 Accounting: IPSAS Budgeting: PEFA & OECD

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New Fiscal Transparency Code

Four Pillars of the Fiscal Transparency Code

I. Fiscal Reporting	II. Fiscal Forecasting & Budgeting	III. Fiscal Risk Analysis & Management	IV. Resource Revenue Management
1.1 Coverage	2.1 Comprehensiveness	3.1 Risk analysis & disclosure	4.1 Ownership, contracting, & fiscal regime
1.2 Frequency and timeliness	2.2 Orderliness	3.2 Risk management	4.2 Fiscal reporting
1.3 Quality	2.3 Policy orientation	3.3 Fiscal coordination	4.3 Fiscal forecasting & budgeting
1.4 Integrity	2.4 Credibility		4.4 Fiscal Risk Analysis & Management

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Fiscal Transparency Needs GFS

I. Fiscal Reporting

1.1 Coverage

1.2 Frequency & Timeliness


1.3 Quality

1.4 Integrity

GFS data is critical in providing a rich source of information to allow accurate assessment of fiscal position and performance

- Focus on broader **coverage**
 - Institutions (central government, subnational governments, state-owned enterprises)
 - Transactions and stocks fully reconciled
- Aims to improve data **quality**
 - Internally and historically **consistent**
 - Internationally **comparable**
- Objective is to have more **reliable** fiscal data
 - Improved accountability by close links to **international statistical and accounting standards**

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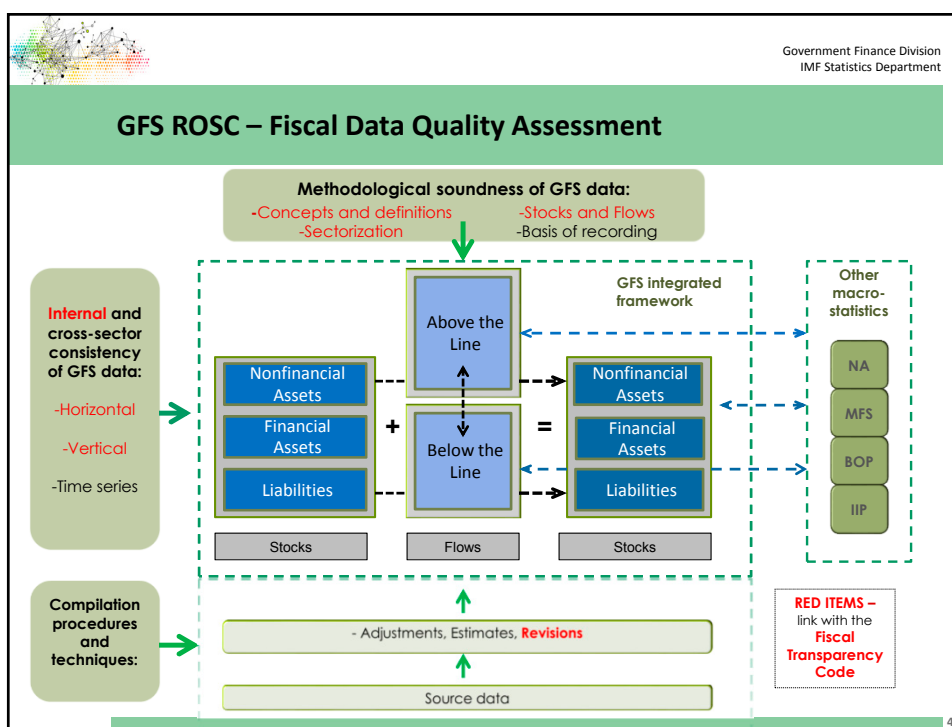
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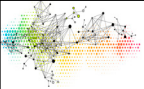
	PRINCIPLE	ASSESSMENT	IMPORTANCE**	Rec
1.1	Structure of the Public sector	Basic: The government maintains a register of public sector entities	High: Significant proportion of 41,891 public corporations may belong in general government	1
1.2	Coverage of Institutions	Good: Fiscal reports consolidate all general government units	High: Public corporations with expenditure of 28% of GDP in 2012 outside consolidated fiscal reports	1
1.3	Coverage of Stocks	Good: Fiscal reports cover all conventional financial and nonfinancial assets and liabilities	High: Subtotal assets of 200% of GDP and pensions liabilities of 285% of GDP not included in balance sheets	2,3
1.4	Coverage of Flows	Good: Fiscal reports cover cash and accrued revenues and expenditures	Medium: Non-recognized non-recoverable claims of 0.4% of GDP reduce reliability of the fiscal balances	3
1.5	Tax Expenditures	Basic: There is annual disclosure of revenue loss due to some tax reliefs subsidies	Medium: Estimated 1-2% of GDP in annual revenue foregone due to tax expenditures	4
2.1	Frequency of In-year Fiscal Reports	Advanced: Cash-based budget execution reports are published on a monthly basis	Low: Monthly fiscal reports are published within 30 days	
2.2	Timeliness of Annual Financial Statements	Advanced: Annual financial statements are published in a timely manner	Low: Annual reports are published within 5 months of the end of the financial year	
3.1	Classification	Good: Fiscal reports include an administrative, economic and functional classifications comparable with international standards	Medium: Inconsistent classifications of some transactions lead to different levels of the fiscal balances	
3.2	Data Consistency	Basic: Fiscal reports reconcile cash balance and financing	High: Unexplained stock-flow adjustment of 4-5% of GDP in recent years	3
3.3	Historical Consistency	Basic: Material revisions to historical fiscal statistics are reported	Medium: Historical statistics are not revised on regular basis to reflect new information	
4.1	Statistical Integrity	Good: Statistics are prepared by semi-autonomous government agency	Medium: Statistical integrity is supported by a government order	1
4.2	External Audit	Good: Government accounts are audited by an independent supreme audit institution	Low: Accounts Chamber independence is protected by the Constitution	
4.3	Statistical dissemination	Good: Fiscal statistics meet SDDS	Low: Reforms required to meet SDDS plus are underway	
4.4	Reliability	Good: The annual financial statements meet national accounting standards and their reliability is validated	Low: No significant qualifications to recent accounts	

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Fiscal Data Quality Assessment – the Way Forward





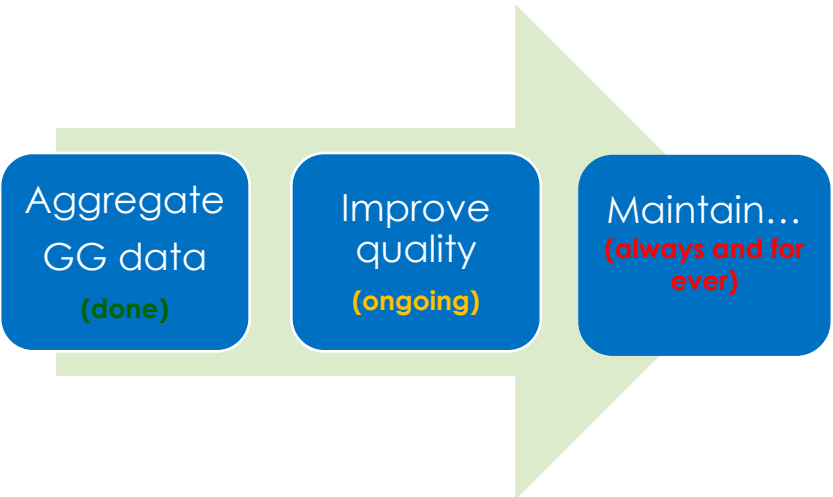
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EAC – the Way Forward




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Good News – GFS is never boring...



- Aggregate GG data
(done)
- Improve quality
(ongoing)
- Maintain...
(always and for ever)

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Some Useful Links

- Data Standards:
<http://dsbb/Pages/GDDS/CountryList.aspx>
- Fiscal Transparency
<http://www.imf.org/external/np/exr/facts/fiscal.htm>
- IMF trainings/courses:
<http://www.imf.org/external/np/ins/english/learning.htm>


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QUESTIONS?

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General Government Debt

Regional Government Finance Statistics Workshop
Dar es Salaam, Tanzania
August 29 – September 2, 2016

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Overview

- Introduction/Statement of the problem
- General principles
- Debt under EAMU Protocol convergence criteria

2

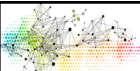


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Introduction/Statement of the problem

- Having comparable and reliable debt statistics is crucial in the context of a monetary union
- EAMU protocol establishes that, in order to join the monetary union, EAC Partner States should maintain the net present value of general government debt below 50% of GDP
- While this debt criterion may seem straightforward, there are many aspects that need to be taken into account to obtain a debt value that is comparable across countries
- Clearly defining all these aspects and establishing a harmonized way to treat them is the main objective of this chapter

3




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General principles

- Financial assets (liabilities) consist of financial claims plus gold bullion held by monetary authorities as a reserve asset:
 - SDRs and monetary gold
 - Currency and deposits
 - Debt securities
 - Loans
 - Equity and investment fund shares
 - Insurance, pension and standardized guarantee schemes
 - Financial derivatives and employee stock options
 - Other accounts receivable (payable)

4




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General principles

- Debt liabilities are all liabilities that require payment(s) of interest and/or principal by the debtor to the creditor at a date, or dates, in the future:
 - SDRs
 - Currency and deposits
 - Debt securities
 - Loans
 - Insurance, pension and standardized guarantee schemes
 - Other accounts payable

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General principles

- Time of recording:
 - Cash accounting basis
 - Accrual accounting basis
 - Modified accounting basis
- Main impact on debt: interest accrued, debt cancellation, debt assumption

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General principles

- Valuation:
 - Face Value: Undiscounted amount of principal to be repaid at maturity
 - Market value: Value if the debt was acquired / incurred on the reference date
 - Nominal value: Value at creation plus any subsequent economic flows such as transactions (accrual of interest/repayment of principal) plus exchange rate changes

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General principles

- Consolidation: Debt must be consolidated within the sector (subsector) for which it is presented
- Extremely important to make a proper consolidation for comparability purposes
- High quality source data are critical to the consolidation process

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Debt Under the EAMU Protocol

- The EAMU Protocol establishes that for the purpose of realizing the Monetary Union, each Partner State shall:
 - Attain the macroeconomic convergence criteria (...) including a ceiling on the fiscal deficit including grants of 3 per cent of GDP, and **a ceiling on gross public debt of 50 per cent of GDP in Net Present Value terms.**
 - **Phase out any outstanding national central bank lending to its Government and public entities by 2021.**

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Debt Under the EAMU Protocol

- Sector coverage:
 - **General Government**
 - **Public Corporations not included**

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Debt Under the EAMU Protocol

- EAMU Protocol debt instruments:
 - SDRs: Expected to be held by the Central Bank
 - Currency and Deposits: Expected to be small amount
 - Debt Securities:
 - ❖ T-bills
 - ❖ Bonds
 - ❖ Securities issued at and below par
 - Loans

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Debt Under the EAMU Protocol

- Memo items:
 - Publicly guaranteed debt (usually especially important in the case of Public Corporations)
 - Arrears: Not the same as Other accounts payable (although Other accounts payable may be in arrears)

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Debt Under the EAMU Protocol

- Non EAMU debt instruments:
 - Insurance, pensions and standardized guarantee schemes
 - Other accounts payable

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Debt Under the EAMU Protocol

- Borderline cases:
 - Loans versus deposits: Overdrafts; agents
 - Loans versus Other accounts payable: Timing issues and credit advances
 - Loans versus debt securities: Tradability

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Debt Under the EAMU Protocol

- Specific issues:
 - Debt cancellations: when a debt can be considered cancelled?
 - Debt assumptions: when a debt can be considered assumed?
 - Debt rescheduling: which are the effects of rescheduling on debt's Net Present Value?
 - Paris Club: are EAC countries involved in Paris Club arrangements?

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Debt Under the EAMU Protocol

- Valuation:
 - Nominal value as valuation for EAMU Protocol debt
 - Net present value: Need for a discount rate

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Debt Under the EAMU Protocol

- Data sources:
 - DMFAS
 - CS-DRMS

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Session 8: Public Private Partnerships (PPPs)

EAC Secretariat – AFE Regional Government Finance Statistics Workshop
Dar es Salaam, Tanzania
August 29 – September 2, 2016

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Overview

- What are PPPs?
- Debt Arising from PPPs
 - The Issues
 - Statistical Treatment
- Benefits of PPPs
- How Governments are Responding to PPPs

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What are PPPs?

- PPPs are long-term contracts between two units, whereby one unit acquires or builds an asset or set of assets, operates it for a period, and then transfers the asset to the second unit.
- Contracts are usually between government and private corporations, but other arrangements are possible.
- Types of PPPs:
 - PFIs: Private finance initiatives
 - DBOT: Design, build, operate, and transfer
 - BOTs: Build, own, transfer
 - BOOTs: Build, own, operate, and transfer

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Debt arising from PPPs

Introduction

- The issues are:
 - Who is the economic owner of assets during the contract period?
 - Are operating leases or financial leases involved?
 - PPP-related assets and liabilities—are they in the government's or the private enterprise's balance sheet?
- Frequently not obvious
 - Who controls assets over their service lives?
 - Which party bears the majority of the risks and benefits?

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Debt arising from PPPs

Types of PPPs

- Funded by Public Sector
 - For example, there are PPP contracts where the end-user is a public sector agency such as hospitals, prisons, or schools: The private part of the PPP constructs assets and provides services to the public sector in exchange for recurrent payments by the public sector. After some years the assets is handed over to the public sector
- Funded by third parties
 - On the other hand, PPP may involve toll roads, airports, ports, and sports stadiums: The private partner constructs assets and provides services in exchange for a payment by final users. After some years the assets are handed over to the public sector

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Debt arising from PPPs

Unit classification

- Important to classify the unit involved as a PPP
 - Often a separate legal entity – an SPE (special purpose entity)
 - Public or private?
 - Control indicators
 - ❖ For government-funded PPPs, government will be the dominant customer – **this is not sufficient for control over a PPP entity.**
 - For public units, are they market or nonmarket? Do they charge economically significant prices?
 - ❖ If nonmarket, then it may just be a government ancillary unit (extrabudgetary unit (EBU)).

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Debt arising from PPPs

Statistical treatment

- **Depends on economic ownership** of the assets involved (during and at the end of contract period)
 - ❖ Legal and economic owner is often different in PPPs.
- Economic owner is the unit that **bears the majority of the risks and benefits from the majority of the rewards.**
- Possibilities:
 - ❖ Public sector is economic owner during contract period and afterwards.
 - ❖ Private enterprise is economic owner during contract period and the public sector afterwards.

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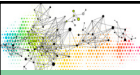
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Debt arising from PPPs

Risks and benefits

- Risks
 - Construction risk
 - Supply risk
 - Demand risk
 - Residual value and obsolescence risk
 - Availability risk
- Benefits
 - Profits and holding gains
- See *GFSM 2014* Box A4.4; and *PSDS Guide* Box 4.14

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PSDS Guide, Box 4.14

Box 4.14. Consideration of Risks Associated with PPP-Related Asset(s) to Determine Economic Ownership*

The factors that need to be considered in assessing economic ownership of PPP-related assets include those associated with acquiring the asset and those associated with using the asset. Some of the risks associated with acquiring the asset are:

- The degree to which the government controls the design, quality, size, and maintenance of the assets; and
- **Construction risk**, which includes the possibility of additional costs resulting from late delivery, not meeting specifications or building codes, and environmental and other risks requiring payments to third parties.


Some of the risks associated with using the asset in production are:

- **Supply risk**, which covers the degree to which the government is able to control the services produced, the units to which the services are provided and the prices of the services produced;
- **Demand risk**, which includes the possibility that the demand for the services, either from government or from the public at large in the case of a paying service, is higher or lower than expected;
- **Residual value and obsolescence risk**, which includes the risk that the value of the asset will differ from any price agreed for the transfer of the asset to government at the end of the contract period; and
- **Availability risk**, which includes the possibility of additional costs or the incurrence of penalties because the volume and/or quality of the services do not meet the standards specified in the contract.

The relative importance of each factor is likely to vary with each PPP.

*At the time of drafting this *Guide*, this approach is consistent with draft proposals by IPSASB which use considerations of risk to determine the control of the assets.

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PSDS Guide, Box 4.15


Box 4.15. Practical Applications of the Economic Ownership Concept

To operationalize the criteria for economic ownership (i.e., whether the risks and rewards accrue to government or to the private enterprise) countries have followed different approaches.

Under Eurostat's guidelines to its member states, a sufficient condition for a PPP to be excluded from government's accounts has been that the private enterprise bears the construction risk in the project and either the availability or the demand risks in using the asset in production. In 2010, Eurostat clarified how other elements (in addition to these three principal risk categories) should be analyzed to determine the distribution of risks between the public and private sectors; notably, the existence and scope of grantor guarantees, majority financing by the grantor of capital cost during the construction phase, and financial aspects of termination clauses (see *ESA95 Manual on Government Deficit and Debt, 2010 Edition*, section VI.5).

Some countries are following accounting standards (for example, IPSAS) applicable to financial leases (as explained in paragraphs 4.87–4.95). If a PPP contract is deemed to be a financial lease, an asset and liability are recorded on the public sector unit's balance sheet, interest and depreciation are recorded as operating expenses, and amortization is recorded as a financial asset transaction. IPSAS treat a lease as a financial lease to the extent that the following criteria are met: (i) the contract period covers most of the useful life of the asset; (ii) the asset is transferred to the lessee (the public sector unit in the case of a PPP) at the end of the contract; (iii) the lessee can purchase the asset at a bargain price at the end of the contract; (iv) the present value of payments prescribed in the contract is close to the fair market value of the asset; and (v) the asset is useful mainly to the lessee.

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Debt arising from PPPs

Risks and benefits

- Things to consider:
 - Public sector guarantees and contingent liabilities.
 - Public sector financing
 - Contract renegotiations
 - Profit sharing
- Compilers must analyze each case independently taking time to study each contract.

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Debt arising from PPPs

Statistical treatment

- **Public Sector** is economic owner during contract period
 - No explicit payment at the beginning of the contract - impute a transaction for acquisition of the asset
 - ❖ Just like a financial lease
 - All assets and related liabilities (e.g. debt) are on the balance sheet of the public sector
- **Private enterprise** is the economic owner during the contract period
 - Assets and related liabilities are on the balance sheet of the private enterprise
 - At the end of the contract, public sector obtains legal and economic ownership

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Debt arising from PPPs: Financial Lease

Statistical Treatment

- Public Sector is the economic owner:
 - Obtains asset without payment
 - Impute a financial lease in the form of a loan
 - Payments to partner are petitioned into interest and principal payments
 - At the end of the contract, leasee accounts for residual value of the asset and assumes full legal and economic ownership of the asset
- See Boxes 4.11 in the *PSDS Guide* (pp. 71-72)
- **Debt on public sector's balance sheet during the contract period**

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Debt arising from PPPs: Capital Transfer Statistical Treatment (1)

- Private Sector is the economic owner:
 - Acquires asset using own resources
 - Receives payments from public sector through the sale of goods and services throughout the contract period
 - Builds up a liability through capital transfers (accounts payable)
 - Transfers asset to public sector at the end of the contract period (reduces liability)
- See Boxes 4.16 in the *PSDS Guide* (pp. 84-85)
- Debt on private sector's balance sheet during the contract period

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Debt arising from PPPs: Capital Transfer Statistical Treatment (2)

- Private Sector is the economic owner:
 - Acquires asset using own resources
 - Receives payments from public sector through the sale of goods and services throughout the contract period
 - Issues a capital transfer to the public sector at the end of the contract period, which finances the public sector's acquisition of the asset from the private sector
- See Boxes 4.16 (1a and 1b) in the *PSDS Guide* (pp. 84-85)
- Debt on private sector's balance sheet during the contract period

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Debt arising from PPPs

Further reading


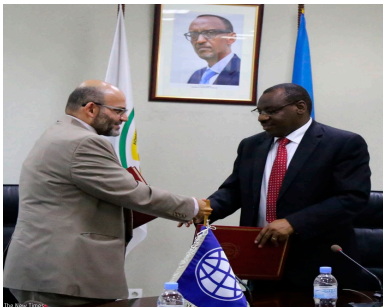
- *GFSM 2014*, Appendix 4
- *PSDS Guide*, Chapter 4
- IPSAS 32
- Eurostat Clarification Note: The Statistical Treatment of PPP Contracts
- Eurostat *Manual on Government Deficit and Debt (Implementation of ESA 10)* Part VI
- *SNA 2008*, Chapter 22

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Benefits of PPPs

- Can accelerate development
- Can increase economic efficiency
- Facilitates development without government financing
- Facilitates development without debt

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How Governments are Responding to PPPs

- Kenya's National Treasury has secured a consultant (Mr. Wohoro) to assist its Fiscal Commitments and Contingent Liabilities (FCCL) Unit within the Debt Management Department with managing public private partnerships (PPPs), classifying them properly within *Government Finance Statistics Manual 2014 (GFSM 2014)* guidelines, and reporting PPPs' debt properly.
- Uganda is now initiating a PPP Unit within the National Treasury – Ministry of Finance, Planning, and Economic Development. The leader of the Unit is Ms. Beatrice Florah Ikilai.
- Both Kenya and Uganda have enacted a PPP Act.


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QUESTIONS?

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Selected GFS Concepts and Principles
Developing a new Chapter

Regional Government Finance Statistics Workshop
Dar es Salaam, Tanzania
August 29 – September 2, 2016

Reproductions of this material, or any parts of it, should refer to the IMF Statistics Department as the source.



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Overview

- Key concepts for measuring deficit and debt
- The nature of transactions
- Above versus below the line transactions
- A new Chapter?

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Key Concepts Affecting Deficit and Debt

General Concepts:

- ☑ **Sector classification**
(two chapters released)
- ☑ **Time of recording**
(being dealt by TFTR)
- ☐ **The nature of transactions**
 - Above versus below the line transactions
 - Transactions versus other economic flows

Specific EAC concepts:

- ☑ **Composition and valuation of debt** (chapter being drafted)
- ☑ **Grants** (chapter released)
- ☑ **Taxes** (chapter released)

→ To draft a new Chapter?

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The nature of Transactions

The main issue

Below or Above the Line Transaction?


Above the line transactions

- Revenue and Expenditure
- Affect NLB
- Affect NFW

Below the line transactions

- Transactions in financial instruments (both counterparts)
- Do not affect NLB
- Do not affect NFW

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Above versus below the Line

Statistical Issue

- In **practice**, it is **not always clear-cut** whether or not to record an event as an above the line operation (e.g. a transfer) or a below the line transaction in financial assets/liabilities
- Some economic **events require detailed assessment** to decide how NLB and NFW is affected and hence how to record the event
- Some events **require partitioning** to reflect economic reality
 - One flow element is considered a transaction in assets/liabilities
 - A different flow element is considered an operative flow (revenue/expense)
- The treatment often has a **critical impact** on **key fiscal headline indicators** and, thus, is very important

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What is the correct treatment?

Example 1:
Government buys equities issued by a public corporation

Example 2:
Government lends money to a public corporation

Example 3:
Public corporation pays dividends to government

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What is the correct treatment?


More details available

Example 1:
Government buys equities issued by a **loss-making** public corporation.

Example 2:
Government lends money to a public corporation on a **regular basis** to finance the **operational activities**.

Example 3:
Public corporation pays dividends to government from the **profit on holding gains** of its non-financial assets.

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Above versus Below the Line

If there is a *change in NFW* = the operation should be recoded **above the line** (Revenue or Expenditure)

If both counterpart transactions are recorded **below the line**, the operation *does not affect NFW and NLB*:

- Exchange of one asset for another (e.g. acquisition of shares financed by cash)
- Acquisition of financial assets financed by new borrowing (increase in liabilities)
- Reduction in financial assets to repay liabilities

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The nature of Transactions

If it is not clear whether a transactions in “financial instruments” affects or not NFW, one should check if

Something is given in exchange for something of equal value?


OR

Something is given in exchange for something of a different value?

OR

Something is given for nothing?

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Above versus below the Line

Effective Claim

Financial Claim

→


Definition

An asset that typically entitles the owner of the asset (the creditor) to receive funds or other resources from another unit, under the terms of a liability (unconditional).

Economic
Substance
over
Legal Form
!!!

- The **effectiveness** of a financial claim is often critical to assess
 - Some legally/formally defined claims may not be effective
 - Some informal claims may be effective
- Government acquires an asset only if the claim is effective
- Detailed assessment of the individual circumstances is necessary

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The nature of Transactions

To be examined


How to determine if the claim is effective?

If government provides funds to public corporation...

To be examined:

- Shall government get anything in return?
- Does government acquire an effective claim?
- Is it an investment?
- Shall government receive a market rate of return from the investment?
- Is the payment just a “gift”?

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Above versus below the Line

Statistical Treatment

Statistical Treatment

If the actual value of the claim acquired by government is...

= amount paid	<ul style="list-style-type: none"> • Record below the line transaction (and respective change in stocks)
< / > amount paid	<ul style="list-style-type: none"> • Record below the line transaction at the market/nominal value of the asset/liability involved, and • Record above the line capital transfer (paid/received) for the difference between amount paid/received and the assessed value
Zero	<ul style="list-style-type: none"> • Record above the line capital transfer received/paid at (estimated) value of the asset/liability involved

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Above versus below the Line

Guidance: Capital Injections

Capital injections (equity injections, loans)

Recorded as Expense	Recorded as transactions in financial assets
<ul style="list-style-type: none"> To cover recurrent losses as matter of economic or social policy objectives -> Recorded as subsidy To cover accumulated deficit for reasons outside of the control of the corporation -> Recorded as capital transfer Investment without expectation of realistic rate of return / claim/asset -> Recorded as capital transfer A portion of investments with no expectation of realistic return -> Record this portion as capital transfer 	<ul style="list-style-type: none"> If government obtains an effective (recoverable) financial claim -> Record as acquisition of financial assets If the injected funds will increase market value of the assets and will generate a market rate of return -> Record as acquisition of equity asset The portion of investments on which realistic return can be expected -> Record as acquisition of equity asset (the residual = capital transfer)

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Above versus below the Line

Guidance: Dividends/Super-dividends

Dividends/Super-dividends

Recorded as Revenue	Recorded as Withdrawal of Equity
<ul style="list-style-type: none"> If paid out of operating surplus excluding profits from sales of assets and/or holding gains and reserves -> Recorded as revenue (dividends) 	<ul style="list-style-type: none"> If declared dividends are disproportionately large relative to the recent level of dividends and earnings -> Record as withdrawal of equity (decrease in assets) If paid out accumulated reserves, privatizations proceeds and other sales of assets, holding gains -> Record as withdrawal of equity (decrease in assets) Interim dividends (pre)payments if not paid out of operating profit -> Record as withdrawal of equity (decrease in assets)

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The Nature of Transactions


To summarize

The nature of transactions and their classification may have large material impact on the level of NLB and Debt.

It is not always straightforward **if a transaction affects or not the NFW and NLB**. In order words, if the transaction should be recorded above the line (revenue/expenditure), or below the line as a financing.

Borderline cases should be treated consistently to achieve comparable data in the region.

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Above versus below the Line

Examples

Many practical cases for critical distinctions between operative transactions and asset/liability transactions exist. These include...

- Capital/equity injections into public corporations
- Privatization transactions
- Acquisitions of financial or nonfinancial assets from private units for policy reasons
- Super-dividends
- Subsidies
- Debt assumption (e.g. Pension obligations) or other debt-related operations
- Transfer of assets under PPP-contracts
- ...

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The Nature of Transactions

New Chapter?

Above versus below the line

- *Capital injections*
- *Dividends / super-dividends*
 - *Loans*
 - *Other...?*

Transactions versus OEF?

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