



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

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 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 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 distributed 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 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.