

**MANUAL OF FISCAL STATISTICS**  
**GRUPO DE MONITOREO MACROECONÓMICO**  
**GMM**  
**(MACROECONOMIC MONITORING GROUP)**

**I. INTRODUCTION**

This manual is intended to allow for development of harmonized fiscal indicators in the scope of the Grupo de Monitoreo Macroeconómico (GMM), made up of the Governments of Argentina, Brazil, Paraguay and Uruguay.

As from April 2000, GMM has carried on the harmonization process for fiscal statistics. Along such process, certain differences were detected in methodology, allocation, and the universe covered by the such countries official statistics. Consequently, it was reached a consensus on a common methodology to estimate the most relevant indicators, thus enabling homogeneous comparisons among member countries.

The methodology described in this manual allows for development of the following indicators: i) the National Government Nominal Fiscal Results, ii) the National Government Primary Fiscal Results, iii) the National Government Net Debt, iv) Net Debt of the Consolidated Public Sector, and v) Variances in Net Fiscal Debt.

It is to be emphasized that such indicators shall be used by member countries solely for GMM purposes. Each country shall keep its official indicators and methodologies.

**II. SOURCES OF INFORMATION**

The official statistics of each country are the primary sources of information for development of harmonized statistics.

Each country shall take its own official statistics as a starting point, and then shall make adjustment therein as appropriate to conform them to the harmonized methodology described in this manual. Such adjustments shall be explained to GMM in a clear and transparent manner in order to facilitate the control task under its care. Likewise, each country shall specify the sources of information of its official statistics.

### **III. PRESENTATION OF INFORMATION**

Each country shall submit on a quarterly basis, all indicators defined in this manual, denominated in local currency, and as a percentage of GDP.

Local currency denominated indicators shall be valued at current values. Otherwise, indicators shall be calculated at constant prices, prior presentation of this methodology to GMM.

As for GDP calculation, each country shall use its official methodology.

In the event of flow indicators, that indicator accrued for the last 12 months shall be used.

Indicators shall be lagged one quarter, that is:

- By the end of March each year, the information correspondent to December of the year before shall be submitted.
- By the end of June each year, the information correspondent to March in that same year shall be submitted.
- By the end of September each year, the information correspondent to June in that same year shall be submitted.
- By the end of December each year, the information correspondent to September in that same year shall be submitted.

#### **IV. RESPONSIBILITY FOR INFORMATION SUBMITTED**

Each country shall be responsible for information it may submit conforms to terms specified under this manual.

GMM shall assume control tasks over the information.

#### **V. COVERAGE**

Two groups of indicators are defined in reference to their level of coverage:

- National Government indicators
- Consolidated Public Sector indicators

##### ***National Government***

For the purposes of this manual, the National Government is made up of:

- National Central Administration
- Social Security Institutions
- Decentralized Agencies of the National Administration
- National Non-Financial Public Enterprises (including Binational Enterprises, according to the appropriate share therein)
- The Central Bank

##### ***Provincial or State and Municipal Governments***

For the purposes of this manual they are made up of:

- Provincial Central Administration
- Decentralized Agencies of the Provincial Administration
- Provincial Non-Financial Public Enterprises

### ***Consolidated Public Sector***

It is defined as a consolidation of the National Government, the Provincial Government, or State and Municipal Governments.

#### **Clarifications:**

As a general principle it is provided that indicators must cover the whole of jurisdictions, agencies and entities which make up the National Government and the Provincial Governments.

Only banks and other enterprises whose principal activity is that of financial intermediation, are excluded from the definition of “Government” (National or Provincial).

The Central Bank is included on the universe of “National Government”. This is because its leading purpose on the one hand, is not financial intermediation, and on the other that there is a great disparity among countries in what refers to Central Banks’ activities and purposes, and their relations with the Central administration. Central Banks in some countries carry on businesses which in other countries are under the Central administration area, and vice versa. This situation has turned essential their inclusion in the universe of Public Sector for harmonization purposes of statistics.

Non Financial Public Enterprises (National or Provincial/Municipal) are also included, it being understood as such those wholly or partly owned by the Government, selling goods and/or services to the public.

## **VI. ALLOCATION CRITERIA**

### **Cash Basis:**

Expenditures and resources shall be allocated to the period when the expense or revenue in public accounts (National Treasury or others) is made effective, irrespective of the period when they have accrued.

In the events there is no reliable information supplied by some entities, transfers from the Treasury to such entities shall be deemed expenditures.

Allocation of debt shall be entered in the period when resources obtained from credit transactions are posted in public accounts. Likewise, amortization shall be allocated to the period when payment thereof is made effective.

**Interest on an Accrual Basis:** As a sole exception to the general criterion of “cash basis” interest revenues and expenditures over assets and liabilities shall be allocated on an accrual basis, according to calculation methods included as an annex hereto. This particular criterion shall be used both for fiscal result indicators (above line) or for Debt indicators (below line).

## **VII. DEFINITION OF INDICATORS**

### ***VII. a. National Government Nominal Fiscal Result***

shall mean the difference between total revenues, except for revenues from privatizations, and total expenditures of agencies under the National Government.

### **Revenues**

Revenues included under the National Government Nominal Result: Tax Revenues, Social Security Contributions, Sale of Goods and Services, Tariffs, Fines, Royalties, Leases,

Interest on Financial Assets, Sales of Capital Goods, Current Transfers and Transfers of Capital collected (including recovery of loans granted for policy purposes to provinces, municipalities, or the private sector).

Revenues from Privatizations are excluded: that means, revenues from privatizations such as proceeds from sales, total or partial, of Government interests in corporate producers of goods and/or services, and financial corporations (banks or otherwise).

### **Expenditures**

Expenditures covered under National Government Nominal Result: Compensations, Consumption and Operating expenditures (Compensations, goods and services and other current expenses), Return on Property (interest on financial liabilities), Social Security benefits, Transfers (including loans granted for policy purposes), Real Investment.

It is made clear that all capital expenditures, including those of public enterprises, must be included in estimates for the Nominal Results.

The methodological adjustments (*skeletons*) defined as: expenditures paid with Government securities in settlement of debts arisen prior to December 31, 1999 which do not originate a permanent flow in the long run, and which stock does not exceed 5% of GDP, such debts and the GDP being valued at the above mentioned value date. In order to provide for the 5% limit of GDP, debts incurred to privatize public enterprises shall be deducted from the amount of the privatization at issue.

Expenditures settled with Government securities not covered under the definition in the paragraph above, shall be included under National Government expenditures.

**Clarifications**

Such as above mentioned, all flows shall be recorded on a “cash basis”, except for revenues and expenditures on Return on Property (interest on financial assets and liabilities) that shall be recorded on an “accrual basis”.

Pension Funds: Bearing in mind differences in pension fund systems among the countries, and particularly, the fiscal effects of pension fund reforms implemented in Argentina and Uruguay during the last decade, both countries shall include a descriptive information specifying the effects of such reforms upon the fiscal results.

***VII. b. National Government Primary Fiscal Result***

means the National Government Nominal Fiscal Result excluding revenues and expenditures related to Return on Property (interest on financial assets and liabilities).

Financial revenues: includes revenues of Central Administration on account of interest (including those from lending to provinces), of the Central Bank from its portfolio assets, and of Public Enterprises.

Interest on account of overdue taxes are not deemed financial revenues. They are considered within the “Tax Income” bracket, and covered under Primary Result.

Financial Expenditures: Includes all payment of interest on National Government liabilities.

***VII. c. National Government Net Debt***

means total financial liabilities correspondent to the Central Administration, Social Security System, National Government Decentralized Agencies, Non Financial National State Enterprises, and Central Bank (the monetary base excluded), net of the relevant financial assets.

**Liabilities:** All liabilities of the above mentioned universe shall be computed, including: Government Securities, Bank Loans, Loans from Multilateral Agencies, and Other Liabilities. The Monetary Base is excluded as a liability.

**Assets:** All financial liabilities of the above mentioned universe shall be computed, including: the Treasury's Cash and Cash Equivalents, Collateral for Brady Bonds, Federal Government Securities in the Treasury, Relending of International Agencies to Provinces, Assets of Special Funds, and Other Assets. The indicator shall be elaborated including and excluding international reserves.

### **Clarifications**

All assets and liabilities, including debt consolidation or methodological adjustments, shall be taken into account.

Assets with non-financial private sector resulting from credit transactions for policy purposes shall not be recorded for estimates. Flows resulting from such transactions are recorded above the line.

Guarantees shall not be included under the stock of net debt. Guarantees given in private sector's favor shall be informed as a memorandum item.

### **VII. d. Consolidated Public Sector Net Debt**

The Consolidated Public Sector Net Debt is the result of adding financial liabilities of Provincial and Municipal Governments (as defined under V above), and also their financial assets kept available, to the National Government Net Debt.

**Liabilities:** All liabilities of the above mentioned universe shall be computed, including: Government Securities, Bank Loans, Loans from Multilateral Agencies, and Other Liabilities. The Monetary Base is excluded as a Central Bank liability. The estimate for

consolidation purposes of the whole public sector shall be made net of intergovernmental debt. The indicator shall be elaborated including and excluding international reserves.

**Assets:** All financial liabilities of the above mentioned universe shall be computed, including: the Treasury's Cash and Cash Equivalents, Collateral for Brady Bonds, Federal Government Securities in the Treasury, Provincial Securities in the Provinces' portfolios, Special Funds Available, and Other Assets.

### **Clarifications**

The indicator shall be elaborated including and excluding international reserves.

Recording methodology employed is similar both for National Government Net Debt, and Consolidated Public Sector Net Debt, and to that end all assets and liabilities of the above mentioned universes shall be computed, including debt consolidation or methodological adjustments. Liabilities for valuation purposes shall be taken at their nominal value, except for public debt securities which shall be treated with the methodology explained in the Annex hereto.

### ***VII. e. Variances in the Consolidated Public Sector Net Fiscal Debt***

Variance in Net Fiscal Debt are the base for calculation of consolidated public sector financing requirements.

Variance considered shall be that for the last 12 months. Herein below you will find details of the methodology for calculation of Variance in the Consolidated Public Sector Net Fiscal Debt:

1. The variance in the Stock of Consolidated Public Sector Net Fiscal Debt occurred for the last 12 months is used as a basis for calculation.
2. Then, the variance in the monetary base for the last 12 months is added.

3. Then, revenues from privatizations for the last 12 months are added.
4. Then, the debt issued for the last 12 months which proceeds would be used in payment of the methodological adjustments (*skeletons*) as defined under VII.a. above) is subtracted.
5. Then, the effect of variances in the rate of exchange (Foreign Debt) on the Net Debt for the last 12 months is subtracted.

***VII. f. Consumer Price Index:***

Each country shall use its own official consumer price index. Each country shall inform the variance accrued for the last 12 months.

Argentina: IPC  
 Brazil: IPCA  
 Paraguay: IPC  
 Uruguay: IPC

**VIII. METHODOLOGICAL ANNEX**

**Valuation Criterion for Securities Issued by the Public Sector**

The valuation criterion for Government securities is as follows:

1. The value of the security, at any date, is the sum of its relevant items (coupon, subscription discount, and the indexer). The generic formula to obtain a value at a certain date is:

$$VT=C+DA+PCA$$

Where:

VT→ Value of the security at any date.

C→ Value of coupon at the reference date.

DA→Value of discount at the reference date.

PCA→ Subscription price for the security at the reference date.

2. For discount of coupon, if any, it is used the *pro rata tempore* criterion of competence, exponentially accrued, applying the formula as follows:

$$C = [VNA \times (1+FC)^{(P/N)}] - VNA$$

Where :

C→ discounted value of current pay interest on coupon

VNA→ updated nominal value of security at the reference date

FC→ intrinsic rate of coupon (in factor)

P→ term elapsed since the last payment of coupon (days)

N→ periodicity in payment of coupon (days)

3. In order to determine the current nominal value of the security, the nominal value of the security is taken or indexed, if appropriate, until the valuation date, as follows:

$$VNA = PFE \times (1 + VAI)$$

Where:

VNA→ updated nominal value of security at the reference date.

PFE → nominal value of the security at the date of issue .

VAI → percentage variance accrued of the correction index for such paper from the date of issue until the reference date.

4. For discounted amount, whenever appropriate, it is used the *pro rata tempore* criterion of competence, exponentially accrued, as follows:

$$DA = \{[(PEE / PC)^{(P/N)}] - 1\} \times PCA$$

Where:

DA → Discount to be made

PC → Average subscription price for the security

PEE → Nominal value of the paper (at date of issue)

p → term elapsed since the date of issue of the security until the reference date (days).

n → life term of the security (days)

PCA → subscription price for the security at the reference date.

5. In order to determine the current subscription price of the security, the subscription price of the security is taken or indexed, if appropriate, until the valuation date, as follows:

$$PCA = PC \times (1 + VAI)$$

Where:

PCA → updated average subscription price for the security

PC → average subscription price for the security

VAI → percentage variance accrued of the correction index for such paper since the date of issue until the reference date.