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**ISSUES OF COMPILATION OF GENERAL GOVERNMENT ACCOUNTS  
IN THE RUSSIAN STATISTICS**

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## **Issues of Compilation of General Government Accounts in the Russian Statistics**

### ***Introduction***

At present, there is a growing understanding that the efficiency and the stability of national economy does not depend so much neither on volume nor on growth rate of particular indicators as on rational macroeconomic structure and stability of enterprises and other resident institutional units. In order to analyze the institutional structure of economy the Goskomstat of Russia develops the compilation of sectors accounts.

### ***Compilation of sector accounts***

A very clear description of the institutional structure of economy is presented in the matrix of integrated economic accounts. The Goskomstat of Russia compiles and publishes matrices of integrated economic accounts regularly since 1995. Up to now, indicators are compiled for three sectors: general government, households and an aggregated sector conventionally called "sector of enterprises". The sector of enterprises covers non-financial and financial enterprises as well as non-profit institutions serving households. Calculations for the sector of non-profit institutions serving households and financial enterprises are developed on an experimental basis, so the compilation and publication of the matrix of integrated economic accounts in full measure will be possible in the near future.

At present, production, generation of income, allocation of primary income, secondary distribution of income, use of income and capital accounts are compiled regularly for the sectors of general government, households and rest of the world. Sectors accounts are compiled annually and published since 1995.

The compilation of sectors accounts is based on the existing information structure. The specific feature of this information structure is related to the fact that a functional but not institutional approach was used in Russia to observe results of economic activity. In order to develop statistical system, new forms of statistical reporting are introduced now including information on institutional units and establishments. The classification of institutional sectors is being developed in the same time.

The sector of general government in Russia covers budgetary organizations of federal and regional levels as well as state extra-budgetary funds. Production, generation of income, allocation of primary income, secondary distribution of income, use of income and capital accounts are compiled regularly for this sector. Main information sources for this work are reports on federal budget execution and on budget execution of subjects of Russian Federation. Statistical surveys of extra-budgetary funds, balance of payments and other sources also play an important role.

### ***Problem of classifications used in the Russian GFS***

In compiling general government sector accounts the main problems are related to the existing information base of the government financial statistics. It was not so long ago that the Ministry of Finance started to bring the government finance statistics into line with the international standards. So, the existing classifications of budgetary incomes and expenditures are not harmonized with the SNA 93. Certainly, it brings difficulties in compiling GDP and general government sector accounts. The existing classifications differ

from the international standards first of all by their structure, due to the not enough consistent application of basic principles and criteria of economic transactions classification. Such important notions as taxes, property income and transfers, financing expenditures are not always strictly distinguished within the existing budgetary classification. In some cases the content of items can be of an all-embracing type and include heterogeneous categories (elements of intermediate consumption and of value added). In some cases the content of items describing compensation of employees, taxes, subsidies does not correspond to notions adapted in the system of national accounts. Redistributive transactions between residents and non-residents are also not always strictly distinguished in the existing budgetary classification (e.g. in case of current transfers).

### ***Statistical surveys to meet coverage requirements***

The main problem in compiling the general government sector accounts is to ensure full coverage of sector units and transactions through the government finance statistics. The activity of extra-budgetary funds is not observed within the government finance statistics at present. The share of these funds is 9% in the total output and about 40% of healthcare output of the general government sector. In order to get information on the extra-budgetary funds activity, the Goskomstat carries out a special quarterly statistical survey. It covers the Pension Fund, Social Insurance Fund, State Employment Fund, Social Support Fund, Federal and territorial funds of compulsory health insurance, Federal and territorial road funds, Russian Fund of Technology Development, extra-budgetary funds of federal and local executive authorities for research financing, Federal and regional ecology funds.

The results of statistical survey on extra-budgetary funds give the opportunity to compile main indicators for accounts. The survey questionnaire is modified with the development of national accounts. However, from our point of view in the future it is necessary to implement a unified classification of income and expenditures for budget institutions and extra-budgetary funds. It will ensure the unified methodological approaches in treating economic transactions as well as the consolidation of transactions.

### ***Developing statistical classifications for sector accounts compilation***

About 1000 funds are recorded in the United State Register of Enterprises and Organizations, a lot of them have to be included into the general government sector according to the SNA and GFS criteria. In this context an analysis of all extra-budgetary funds is needed to check their attribution to different sectors, in particular to the general government sector.

In order to ensure the full coverage of general government sector units, it is planned to develop a register of government institutions which have to be included into this sector. The construction of this register will be possible after the implementation of the Classification of institutional units by sectors of economy, which is being developed now by the Goskomstat. This Classification will be based on the international principles of classification of economic agents by sectors and adapted to conditions of the Russian economy. It will use classifications of organizational forms of enterprises, kinds of activity, property forms etc. existing in the Russian practice.

### ***Problem of volume under-recording in the general government sector***

An other aspect of the coverage problem is related to the specific under-recording of volumes in the existing government finance statistics in Russia. The total volumes of incomes and expenditures in the GFS include the only transactions within the budget

allocations and extra-budgetary financed flows are not included. At present, the Goskomstat disposes of information on incomes received by government institutions on entrepreneurial and other activity, but it is too difficult to use this information in compiling the national accounts, as there is no data by kind of activity.

#### ***Accrual basis and cash basis recorded data***

The budget execution reports are produced on the cash basis. While compiling the national accounts special adjustments are carried out in order to bring some indicators nearer to accrual basis estimations. These indicators are: compensation of employees, taxes, transactions between government institutions and the rest of the world. The adjustments are based on the information on wages arrears, taxes, balance of payments data.

#### ***Development of the general government sector accounts***

Compilation of the general government sector accounts is intensively developed in Russian statistics. At the first stage, the work is mainly focused on the improvement of the information basis: practical implementation of the register of government institutions related to this sector as well as bringing the government finance statistics into line with the international standards. It is planned to concentrate the further efforts on the compilation of sub-sectors accounts.