

**FOR
AGENDA**

SM/08/219

July 3, 2008

To: Members of the Executive Board

From: The Secretary

Subject: **Republic of Kazakhstan—Information Note on the Pilot Study
on Government Finance Statistics Manual 2001 (GFSM 2001)
Implementation**

Attached for the information of Executive Directors is an information note on the pilot study on GFSM 2001 implementation for the Republic of Kazakhstan. This paper includes background information for the staff report on the 2008 Article IV consultation discussions with the Republic of Kazakhstan (SM/08/173, 6/17/08), which is tentatively scheduled for discussion on **Wednesday, July 9, 2008**. At the time of circulation of this paper to the Board, the Secretary's Department has not received a communication from the authorities of the Republic of Kazakhstan indicating whether or not they consent to the Fund's publication of this paper; such communication may be received after the authorities have had an opportunity to read the paper.

Questions may be referred to Mr. Dublin, STA (ext. 37993).

This document will shortly be posted on the extranet, a secure website for Executive Directors and member country authorities.

Att: (1)

Other Distribution:
Department Heads

INTERNATIONAL MONETARY FUND

Republic of Kazakhstan

Information Note on the Pilot Study on *GFSM 2001* Implementation

Prepared by the Statistics Department

Approved by the Statistics, Fiscal Affairs, and Middle East and Central Asia Departments

July 1, 2008

Contents	Page
I. Presentation of Kazakhstan's Fiscal Data Using the Framework of the <i>GFSM 2001</i> ,	
Preliminary Results	1
A. General Issues	4
B. Results	7
C. Next Steps	11
Tables	
1. Statement of General Government Operations 2005–2007	14
1.1. Statement of General Government Operations 2005 (by subsectors)	15
1.2. Statement of General Government Operations 2006 (by subsectors)	16
1.3. Statement of General Government Operations 2007 (by subsectors)	17
2. Integrated Balance Sheet of the General Government 2005–2007	18
2.1. Integrated Balance Sheet of the General Government 2006 (by subsectors)	19
2.2. Integrated Balance Sheet of the General Government 2007 (by subsectors)	20
3. Statement of Sources and Uses of Cash of the General Government 2005–2007	21
Figures	
1. Reconciliation Between Overall Balance and Net Lending/Borrowing	5
2. Bridge Between Staff Report and <i>GFSM 2001</i> Presentation for 2007	6
3. Change in the Stock of Government Liabilities and Its Determinants	11
Boxes	
1. Background for the Pilot Studies	3
2. Summary of Accounting and Reporting Practices in Kazakhstan	4
3. The National Fund of the Republic of Kazakhstan (NFRK)	9
4. The <i>GFSM 2001</i> Statements and Core Balances	13

I. PRESENTATION OF KAZAKHSTAN'S FISCAL DATA USING THE FRAMEWORK OF THE *GFSM 2001*, PRELIMINARY RESULTS

1. **At the Executive Board seminar on November 16, 2005 Directors agreed that the use of the *Government Finance Statistics Manual 2001 (GFSM 2001)* framework would lead to greater transparency and consistency in the presentation of country fiscal data in staff reports** (see Box 1). This paper reports on the preliminary results for the Kazakhstan pilot study—one of two Middle East and Central Asia Department (MCD) countries participating in this exercise¹—which aims to incorporate the *GFSM 2001* statement of government operations, the integrated balance sheet, and the sources and uses of cash statement in Article IV consultation reports. The *GFSM 2001* analytic framework is based on the premise that all changes in stocks of assets and liabilities result from flows, which can either be transactions or other economic flows. The resulting statements contain three core fiscal indicators (net lending borrowing, cash surplus/deficit, and net worth) that can help member countries strengthen their capacity to formulate fiscal policy and monitor fiscal developments. Equally important, the framework fully conforms to the Fund-wide effort to promote the Balance Sheet Approach within a streamlined surveillance program, while also fostering international standards of transparency in fiscal reporting.²

2. **The pilot study shows that using the *GFSM 2001* framework as a basis for compiling and analyzing data for the general government sector is feasible for Kazakhstan in the short-term.** Although some adjustments to the official data are necessary to conform to *GFSM 2001* concepts and definitions, the areas in which changes are needed can be clearly identified and the required detailed data can be provided by the government accounting system and reporting formats. However, a full migration to the *GFSM 2001* framework would involve a sustained coordinated effort—led by senior staff at the Ministry of Finance—to ensure an integrated approach to the adoption of the new methodology.

3. **This paper concludes that enhanced analytical value results from the main fiscal aggregates and balancing items derived from the *GFSM 2001* tables constructed for the general government sector and its subsectors.** A more comprehensive view of the government's fiscal position is obtained by including the National Fund of the Republic of Kazakhstan (NFRK) in the fiscal accounts. The NFRK

¹ Two countries have been selected by each Area Department. The second MCD country is Morocco.

² For the *Report on the Observance of Standards and Codes* data modules, *GFSM 2001* is the standard against which the methodological soundness of fiscal data is assessed. Similarly, the *Manual on Fiscal Transparency* recommends *GFSM 2001*-based fiscal reporting. Recent reviews of the Fund's Data Standards Initiatives have also encouraged the adoption of *GFSM 2001*.

is already included in the fiscal aggregates presented in the Article IV staff reports, but it is not included in the presentation shown in the country's fiscal accounts or the data reported to the Statistics Department (STA). The introduction of a balance sheet also lays the foundation for the more comprehensive presentation of stock data, and ensures its integration with the information on flows.³ The institutional coverage of the Kazakhstan pilot study, the data sources used for compiling the pilot study tables, and the differences between these tables and those shown in staff reports are described further in Section A. Section B reviews the main findings using data for 2005-2007. Additional follow-up actions are outlined in Section C.

Box 1. Background for the Pilot Studies

The November 2005 Executive Board seminar endorsed the joint STA/FAD paper "Using the *GFSM 2001* Statistical Framework to Strengthen Fiscal Analysis in the Fund." Directors noted that use of the *GFSM 2001* framework will lead to greater transparency and consistency in the presentation of country fiscal data in staff reports and agreed on the following:

- The Fund should, in principle, move in a phased way to present fiscal data using the *GFSM 2001* framework in staff reports.
- To conduct pilot studies to include the *GFSM 2001* operating statement, integrated balance sheets, and cash statements in Article IV consultation reports. The pilot studies should be done for volunteer countries, over the course of two years and within the Fund's budgetary envelope, to map out more fully the process involved in moving to the *GFSM 2001* framework, while also drawing references from countries (nearly 100) that have begun to compile and report fiscal data using the *GFSM 2001* system.
- That the staff should report to the Board in 2008 on the experience with the pilot studies, together with migration path proposals to fully implement the *GFSM 2001* methodology as the basis for the Fund's operational work.

For a more complete summary of the discussion, see the paper, available online at <http://www.imf.org/external/np/pp/eng/2005/102505.pdf> and the Public Information Notice (PIN) No. 05/167 available online at <http://www.imf.org/external/np/sec/pn/2005/pn05167.htm>.

³ This is in sharp contrast to *A Manual on Government Finance Statistics*, 1986 (*GFSM 1986*) system, still widely used in member countries and within the Fund, which is limited to the reconciliation of the above-the-line and below-the-line (financing) and does not contemplate an integration of flows and stocks.

A. General Issues

4. **Kazakhstan was selected for a pilot study in consultation with MCD and the national authorities.** The selection was done against a background of the increasing importance of natural resource (mineral) wealth and the challenges of managing and measuring the associated flows to enhance fiscal performance. Kazakhstan's basic fiscal data are viewed by MCD as being broadly adequate for Fund's surveillance that focuses mainly on the cash flows from the operating activities of the government.

5. **The institutional coverage in this pilot study is the consolidated general government sector.** The tables present a complete set of fiscal data for the consolidated general government (budgetary central government, extrabudgetary funds, and local governments) as well as for its subsectors. In particular, sovereign wealth funds owned by the government are fully consolidated within the general government accounts. Staff reports use an institutional coverage that is similar to the pilot, but with some differences in classifications and the consolidation process.

Box 2. Summary of Accounting and Reporting Practices in Kazakhstan

A new chart of accounts was introduced in 2005 for all general government units. This facilitated greatly the aggregation and consolidation of data for the compilation of fiscal statistics. A number of detailed budget execution reports are produced monthly for the general government and its subsectors. The Ministry of Finance (MoF) uses a double entry accounting system to compile detailed data on the cash-based transactions pertaining to the republican budget (budgetary central government), the local budget (local governments), and the consolidated state budget (general government). Data are available and provided separately for the National Fund of the Republic of Kazakhstan (NFRK), which is managed by the National Bank of Kazakhstan (see Box 3 for more details). There is no social security subsector, only a non-contributory, unfunded, employer social insurance scheme for government employees who started their career before 1997. Employees who joined the scheme after that date are covered by the current contributory social insurance scheme, which is private. The three main reports used during the pilot study were the reports for receipts, for expenditures, and the aggregate table. Receipts are defined as all cash inflows, while expenditures are defined as all cash outflows. These reports generally follow the guidelines of *A Manual on Government Finance Statistics 1986 (GFSM 1986)*.

Fiscal data compiled by the MoF and reported to MCD do not fully follow GFSM 2001 standards. The budget execution reports are the primary source for the fiscal data presented in Fund staff reports, including forward looking projections. The data for receipts and expenditures need to be adjusted to exclude all transactions in nonfinancial assets, financial assets, and liabilities to be consistent with the *GFSM 2001* classifications. A few other minor adjustments are also needed, including reclassifying the windfall tax as tax on income and profits instead of royalties, and repayment of budgetary surpluses as negative expense instead of revenue. Data to be consolidated are clearly identified. Stock data are readily available only for cash balances and debt liabilities.

6. **Mainly as a result of the different treatment of lending and equity for policy purposes, the fiscal outcomes shown in the *GFSM 2001* tables (net lending/borrowing) and staff reports (overall balance) differ by 2.4 percent of GDP, on average.** The results of the reconciliation between these two fiscal indicators for the period 2005-2007 are presented in Figure 1, along with a detailed bridge between the Article IV staff report main aggregates and the *GFSM 2001* presentation for 2007 in Figure 2. Discrepancies are mainly related to the treatment of lending and equity participation, with residual discrepancies attributable to differences in the source data.

Figure 1. Reconciliation Between Overall Balance and Net Lending/Borrowing
(In percent of GDP)

	2005	2006	2007
Overall balance (Staff reports)	5.8	7.2	5.2
Net lending/borrowing (<i>GFSM 2001</i>)	7.5	9.5	8.4
Discrepancy	-1.7	-2.3	-3.2
<i>Explained by:</i>			
* Classification issues			
Lending minus repayment	-1.4	-1.2	-3.3
<i>Loans disbursements minus repayments</i>	<i>-0.1</i>	<i>-0.1</i>	<i>0.0</i>
<i>Transactions in financial assets (sales minus acquisitions)</i>	<i>-1.3</i>	<i>-1.1</i>	<i>-3.3</i>
* Differences in source data	-0.3	-1.0	0.1

Figure 2. Bridge Between Staff Report and *GFSM 2001* Presentation for 2007 (billions of Tenge)

Staff Report		GFSM 2001	
General Government Fiscal Operations		Statement of Government Operations	
Total revenues and grants	3767	3671	Revenue b/
Of which:			
Capital revenue	36		
Discrepancies in data sources	60		
Total expenditure and net lending and transfers	3106	1954	Expense c/
Current expenditures	2318		
Of which:			
Current expenditures	1901		
Transactions in financial assets a/	417		
		1717	Gross Operating Balance d/
Capital expenditure	779		
Of which:			
Capital transfers	0		
Purchases of fixed assets	779	630	Net acquisition of nonfinancial assets
		721	Purchases of nonfinancial assets
		-91	Sales of nonfinancial assets
Discrepancies in data sources	-53		
Lending minus repayments	8		
Overall balance	661	1087	Net lending (+)/ borrowing(-) e/
Financing	-652		
Domestic	274	1144	Net acquisition of financial assets
Changes in cash		241	Domestic
Domestic borrowing (net)		415	Of which:
		904	Shares and other equity
			Foreign
Foreign borrowing (net)	-44		
Privatization receipts	60	58	Net incurrence of liabilities
NFRK	-941	107	Domestic
		-49	Foreign
Statistical discrepancy	9	1	

a/ Consist of transactions in financial assets (acquisition of equity in public corporations). The *GFSM 1986* record this transactions as net lending minus repayments, while the *GFSM 2001* records it as acquisition of equity provided that these corporations are an ongoing concern.

b/ *GFSM 2001* Revenue = Total revenue and grants, minus Capital revenue, minus discrepancies in data sources [3671=3767-36-60]

c/ *GFSM 2001* Expense = Total expenditure and net lending, minus Transactions in financial assets, minus Purchases of fixed assets, minus Lending minus repayments, minus discrepancies in data sources [1954=3106-417-779-8-(-53)]

GFSM 2001 Expense = Current expenditure, plus Capital transfers, minus discrepancies in data sources [1954=1901+0-(-53)]

d/ Equal to the change in net worth of the government due to transactions.

e/ Net lending (+) / Borrowing (-) = Gross operating balance minus Net acquisition of nonfinancial assets [1087=1717-630]

Note that in the staff report, the Overall balance is equal, but with an opposite sign, to total financing; whereas the *GFSM 2001* Net lending/borrowing is equal, and with the same sign, as Net acquisition of financial assets minus Net incurrence in liabilities [1087=1144-58].

7. **An important difference between the pilot study and the staff reports consists of the treatment of government acquisitions of corporate equity.** This difference alone amounts to 3.3 percent of GDP in 2007. The *GFSM 2001* treats acquisitions of equity normally as a “below-the-line” item because the acquisition changes the composition of government’s net worth rather than the level of its net worth. In other words, the *GFSM 2001* fiscal balance is not affected by such acquisitions.⁴ This treatment is consistent with public accounting standards and the other macroeconomic statistics. On the other hand, staff reports tend to follow the *GFSM 1986* methodology in considering government acquisitions of equity always as policy-promoting payments. Such payments are recorded as lending minus repayments, that is, similar to outright expenditures. Staff reports thus show equity acquisitions “above-the-line.”

B. Results

8. **Existing data sources support the development of a consistent set of fiscal statistics using the *GFSM 2001* framework, even though the accounting system is on a cash-basis.**⁵ Comprehensive and timely source data are available for the general government and its subsectors (see Box 2). Although the national presentation and classification differ in several respects from the *GFSM 2001*, the available level of detail in national data allow compilation of the *GFSM 2001* statements and tables. The numerical results presented in this section should be considered illustrative due to unresolved data issues. Box 4 provides a description of the main aggregates and balances of analytical significance presented in the attached tables: *Statement of Government Operations*, *Integrated Balance Sheet*, and *Statement of Sources and Uses of Cash* (see Appendix I, Tables 1, 2, and 3, respectively).

9. **The Kazakhstan pilot study draws attention to:** (i) the integration of sovereign wealth funds (SWFs) in fiscal analysis in a transparent and clear manner; and (ii) the use of an integrated statistical approach to assess fiscal sustainability and perform vulnerability analysis.

10. **The consolidation of SWFs operations with the government accounts is essential for accurately measuring fiscal performance and government’s net worth.**

⁴ An exception is the situation that government acquires equity in a corporation that is not a going concern. In that case, government cannot expect to receive a financial asset and the transaction is recorded as a capital transfer to the corporation in question.

⁵ The *GFSM 2001* presentation can be used for fiscal statistics regardless of the level of sophistication and basis of recording of a government’s accounting practices. For illustration purposes, the Kazakhstan pilot study used available cash data to compile all *GFSM 2001* statements and tables—i.e., the *Statement of Government Operations* (data recorded on an accrual basis), the *Integrated Balance Sheet*, as well as the *Statement of Sources and Uses of Cash* (data recorded on a cash basis).

In cases where the government receives the benefits and bears the risks related to the SWF operations, its assets and liabilities should be incorporated into the general government's balance sheet. Also, the income generated by these assets should be recorded as property income for the government. This is particularly important for Kazakhstan, since the NFRK, a SWF that was established in 2001 to address fiscal challenges posed by the volatility of oil revenues, has greatly benefited from rising oil prices. Since that time, the NFRK has accumulated significant financial assets which have contributed to the net worth of the general government (see Box 3 for details). The consolidation of the NFRK with the government account has significant implications for the fiscal stance, cash management, and the analysis of vulnerability and sustainability of fiscal policies. This consolidation is already carried out in the staff's analysis presented in the Article IV reports, but the details of the items and amounts consolidated are not presented.

11. The Statement of Government Operations shows the positive impact of NFRK transactions on the general government's net worth (Table 1). As indicated by the gross operating balance (GOB) in Table 1, total net worth of the general government has increased by 38 percent of GDP over the three-year period under analysis,⁶ of which 20 percent of GDP is explained by the NFRK (see supplementary Tables 1.1, 1.2, and 1.3). The contribution of the NFRK was the result of tax collection on income, profits, and capital gains payable by oil-corporations, as well as interest received and royalties. Following the *GFSM 2001* framework, transfers between the budgetary central government and the NFRK are identified and eliminated during the consolidation process (Tables 1.1, 1.2, and 1.3). The transfers from the fund to the budgetary central government were significant in 2007, when they reached an equivalent to 2.0 percent of GDP. It should be noted that the new system of oil related revenue flows introduced in 2007 does not affect their classification of revenues or expense under the *GFSM 2001*.

⁶ The total increase in net worth is equal to the addition of the GOB for the period (11.6 , 13.1 , and 13.5 percent of GDP for 2005, 2006, and 2007, respectively)

Box 3. The National Fund of the Republic of Kazakhstan (NFRK)

In 2000, Kazakhstan established the NFRK aimed at enhancing fiscal management. As many other oil-producing countries, Kazakhstan has turned to sovereign wealth funds to help address fiscal challenges posed by the volatility of oil export revenues, the nonrenewable nature of the resources, and the need for more active management of public assets. The NFRK is fully owned and controlled by the government and has been operating as a stabilization and saving fund that enables the government to smooth its revenues receipts and expenses, despite the volatile and unpredictable nature of the oil market.

The Central Bank of Kazakhstan administers the fund and acts as the government's investment agent. The 2005 decree on the Framework for the Formation and Use of Assets of the NFRK established that, beginning in 2007, all proceeds from direct taxes on the oil sector, privatization of state property under republican ownership in the mining, extraction, and manufacturing sectors, and sale of agricultural land, would flow directly to the fund. The NFRK, in turn, would provide a guaranteed transfer to the government according to a specified method. In previous years the flow of oil related revenues to the NFRK represented only a specified proportion of these revenues. Resources accumulated in the NFRK are invested in foreign assets, mainly in short-term and low-risk securities. They can only be spent by proposal of the president that is approved by parliament. Beginning in 2007, the NFRK can make transfers to the budgetary central government as approved by parliament to finance the development program. As of the end of 2007, the total amount of financial assets of the NFRK amounted to 14.6 percent of GDP.

12. **The consolidation of the NFRK with government significantly improves the net financial worth of the general government sector, as shown in the Integrated Balance Sheet (Table 2).**⁷ The fund has accumulated a significant stock of financial assets that, by 2007, accounts for 1.8 billion of Tenge (14.6 percent of GDP) as shown by supplementary Tables 2.2. The NFRK resources have been invested in foreign assets, mainly in the form of securities.⁸

13. **The current lack of data on the stock of financial assets for the budgetary and local governments, highlighted by the Integrated Balance Sheet (Table 2), precludes deriving a measure of net worth—or net financial worth—for the general government.** Apart from the stock of financial assets of the NFRK, only data on the stock of currency and deposits are currently available for the budgetary and local governments. The lack of data on total stock of financial assets is particularly important

⁷ Previous staff reports presented flow and stock data of the NFRK and showed transfers to the fund and dividends paid to the budgetary central government.

⁸ The authorities did not provide the composition of the NFRK financial assets by instrument, currency, or maturity.

in light of strong equity participation by the government in recent years.⁹ Future availability of these data, not only in terms of transactions but also with regard to changes in their value as a result of price or volume changes, would greatly facilitate the application of appropriate asset management principles and policies. More generally, informed investment decisions with regard to the composition of government's portfolio require a comprehensive recording not only of government's liabilities but also of its assets.

14. Despite existing data gaps, the Integrated Balance Sheet (Table 2) provides an important insight into the composition of government liabilities. Kazakhstan's liabilities are held in the form of securities and loans—domestic and foreign.¹⁰ All liabilities are reported at face value, which represents the contractually agreed amount that the government will have to remit to creditors at maturity. The outstanding balances of securities and loans denominated in foreign currency are converted into domestic currency at the market exchange rate on the reporting date. As a result, the difference between opening and closing balances for securities and loans denominated in foreign currency is not fully explained by transactions; the residual being the effect of price and volume changes, which the *GFSM 2001* classifies as “other economic flows”.¹¹

15. The Integrated Balance Sheet facilitates the identification of vulnerabilities that pose risks to the government's sustainability profile. In Kazakhstan, the stock of liabilities is low, with Table 2 showing that the decrease in the debt to GDP ratio was the result of both transactions (new borrowing net of amortizations), other economic flows, and the increase in GDP. While the accounting system does not provide separate information on other economic flows, the authorities confirmed that they are mainly related to the impact of changes in the exchange rate on liabilities denominated in foreign currency. As a result, changes in liabilities due to transactions have been partially counterbalance by holding gains and losses due to exchange rate movements during the period.¹² The government's liabilities would be affected by changes in the exchange rate given their currency composition, a feature that is made apparent in the *GFSM 2001* integration of stock and flow information. A complete assessment of the impact of

⁹ The net acquisition of equity by the general government accounts for 3.3 percent of GDP in 2007. Loans extended for policy purposes are less significant in magnitude.

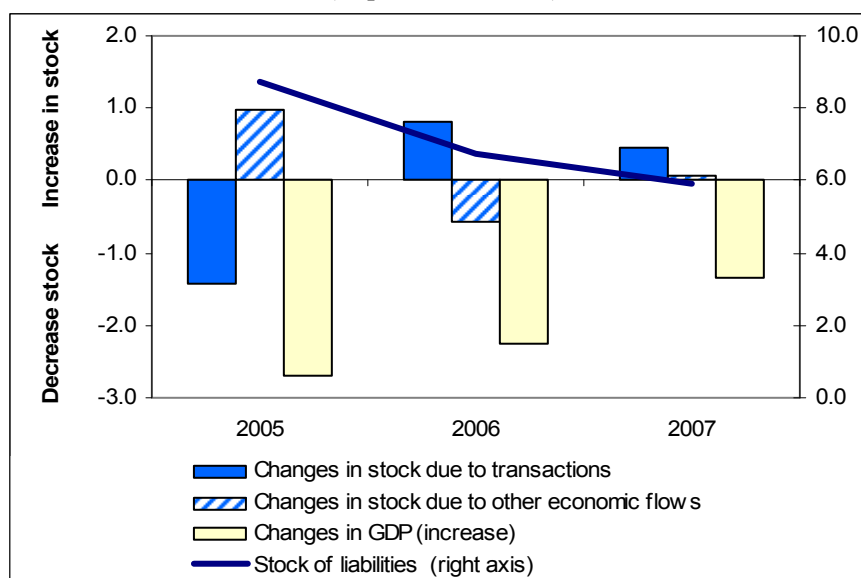
¹⁰ Debt data are classified on a residence basis only at the issuance point of the debt instruments. The residence basis is not updated to reflect changes in residence status of debt holders resulting from secondary market trading.

¹¹ At present, the national accounting system does not provide these data. Therefore, for the purpose of the pilot, the “other economic flows” are calculated as residuals.

¹² Particularly in 2006, the stock of liabilities decrease in percent of GDP as the result of holding gains due to the appreciation of the domestic currency and changes in the denominator.

exchange rate fluctuations on the government balance sheet would require better information on the composition of both liabilities and assets, which is not currently available in Kazakhstan.

Figure 3. Changes in the Stock of Government Liabilities and Its Determinants
(In percent of GDP)



16. **Potential vulnerabilities arising from cash flow shocks due to the volatility of commodity prices are highlighted in the Statement of Sources and Uses of Cash** (Table 3). Commodity-producing countries are exposed to unpredictable cash flows as the result of fluctuations in commodity prices. This poses significant risks for fiscal management, in particular to cash management. A sudden deterioration of market conditions will force government either to adjust or acknowledge deterioration of its net worth. Kazakhstan's oil-related revenues have increased substantially in recent years, resulting in large cash inflows for the general government. However, the authorities have kept the stock of cash held (currency and deposits) relatively low, as shown in Statement of Sources and Uses of Cash and the Integrated Balance Sheet, by using cash inflows to reduce liabilities and keeping additional resources invested in more profitable financial assets.

C. Next Steps

17. **The Kazakhstan authorities expressed their interest in continuing to report fiscal data to STA in the *GFSM 2001* format** for publication in the *GFS Yearbook*, and stated their intention to begin reporting monthly data in the same format for the *IFS*. The fiscal data reported for surveillance purposes is currently in *GFSM 1986* format. Full implementation of the *GFSM 2001* framework will take time, demand additional resources, as well as require further technical assistance. In this regard, the authorities

expressed interest in increasing the number of staff trained in the *GFSM 2001* framework. If the authorities were to take a decision to migrate to the *GFSM 2001* framework, it would be important to convert the data for at least the past 5 years to the new format to have an adequate time series.

18. To fully implement the *GFSM 2001* framework, staff will continue to work with the authorities to compile more comprehensive and detailed data in the following areas:

- High frequency data in the *GFSM 2001* format for enhanced fiscal analysis and publication in IFS. As a priority, staff will assist the authorities to reclassify current available monthly and quarterly data in the *GFSM 2001* presentation to support MCD's operational work and publication in the IFS.
- Stock of financial assets (Table 2). Staff will work with the authorities to expand data sources for the stock of financial assets of the budgetary and local governments, particularly those related to lending and equity participation for policy purposes.
- Breakdown of the stock of liabilities (Table 2). Staff will work with the authorities to improve data on the composition of government liabilities by currency, maturity, and debt holder, in line with the Public Sector Debt Template.¹³
- Valuation of the stock of financial assets and liabilities at market value (Table 2). Staff will work with the authorities to improve the valuation of stocks of financial assets and liabilities to conform to the *GFSM 2001* concepts and definitions.
- Coverage of institutional units in the public sector. Staff will work with the authorities and MCD to extend the results of this pilot to the nonfinancial public corporations.
- Stock of nonfinancial assets (Table 2). Staff will work with the authorities to identify and incorporate nonfinancial assets in the balance of the government.

¹³ The Public Sector Debt Template was developed by STA and PDR to improve data availability on the financial balance sheet of the government in support of the Balance Sheet Analysis.

Box 4. The *GFSM 2001* Statements and Core Balances

The **Statement of Government Operations** (see Table 1) records transactions on an accrual basis. The statement distinguishes between the following transactions:

Revenue	Transactions that increase net worth.
Expense	Transactions that reduce net worth.
Net acquisitions of nonfinancial assets	Transactions that affect the stock of nonfinancial assets, without changing net worth (acquisitions minus disposals).
Financing	Transactions that affect the stock of financial assets and liabilities, without changing net worth (net acquisition of financial assets minus net incurrence of liabilities)

The analysis of government operations is supported by two key fiscal indicators:

Operating balance	Summary measure of the effects of revenue and expense transactions on net worth. Net operating balance (NOB) equals revenue minus expense. The gross operating balance (GOB) equals revenue minus expense other than consumption of fixed capital. ^{1/}
Net lending/borrowing	Represents the financial resources that the government absorbs from, or releases to, other sectors of the economy. It is calculated as the NOB minus the net acquisition of nonfinancial assets. Net lending/borrowing is also equal to the net acquisition of financial assets minus net incurrence of liabilities.

The **Integrated Balance Sheet** (see Table 2) focuses on an assessment of the sustainability of government operations from a fiscal perspective. It shows the government's net worth at the beginning and end of each fiscal year, as well as the related transactions and other economic flows. The sustainability of fiscal policy depends in part on how the government's net worth changes over time. Changes in net worth can be explained not only by government's transactions but also by other economic flows attributable to gains or losses resulting from changes in the prices of assets and liabilities, as well as other changes in their volume.

Net worth	The total stock of assets minus liabilities. The net worth in period (t) can also be calculated as the net worth of the previous period (t-1), plus changes in net worth in period (t) due to transactions (the NOB), plus changes in net worth in period (t) due to other economic flows.
Net financial worth	The stock of financial assets minus liabilities.

The **Statement of Sources and Uses of Cash** (see Table 3) shows purely cash flows associated with revenue and expense transactions and transactions in nonfinancial assets, which yields the cash surplus/deficit. The assessment of the government's level of cash holdings and its determinants is a key element in analyzing fiscal policy, its interrelationships with the monetary policy and liquidity analysis.

Cash surplus/deficit	Net cash inflow from operating activities minus the net cash outflow from investments in nonfinancial assets.
----------------------	---

1/ The NOB/GOB excludes net acquisition of nonfinancial assets. The latter does not affect net worth because it represents only an accumulation of assets in exchange for an accumulation of liabilities or use of existing assets.

Table 1. Kazakhstan: Statement of General Government Operations 2005–2007
(Provisional results)

GFS Descriptor	2005	2006	2007
Transactions affecting net worth:			
	(In millions of Tenge)		
Revenue	2,452,459	3,011,017	3,671,006
Taxes	1,995,324	2,524,821	3,107,801
Social contributions	0	0	0
Grants	738	1,526	1,211
Other revenue	456,397	484,670	561,995
Expense	1,570,311	1,667,885	1,954,280
Compensation of employees	269,555	320,257	439,245
Use of goods and services	480,549	600,395	822,794
Consumption of fixed capital	0	0	0
Interest	30,334	28,777	34,011
Subsidies	48,904	49,208	64,696
Grants	1,615	1,593	1,435
Social benefits	324,091	397,284	474,578
Other expense	415,262	270,371	117,520
Gross operating balance 1/	882,147	1,343,132	1,716,727
Transactions in nonfinancial assets			
Net acquisition of nonfinancial assets 2/	307,751	378,317	630,096
Net lending/borrowing 3/	574,396	964,816	1,086,631
Transactions in financial assets and liabilities (financing):			
Net acquisition of financial assets	525,465	1,046,429	1,144,350
Domestic	98,815	260,137	240,785
Foreign	426,650	786,292	903,566
Monetary gold and SDRs	0	0	0
Net incurrence of liabilities	-48,931	81,613	57,720
Domestic	64,406	82,046	106,697
Foreign	-113,337	-433	-48,977
	(In percent of GDP)		
Revenue	32.3	29.5	28.8
Expense	20.7	16.3	15.4
Gross operating balance 1/	11.6	13.1	13.5
Primary gross operating balance 1/	12.0	13.4	13.8
Net acquisition of nonfinancial assets 2/	4.1	3.7	5.0
Net lending/borrowing 3/	7.6	9.4	8.5
Net acquisition of financial assets	6.9	10.2	9.0
Net incurrence of liabilities	-0.6	0.8	0.5
Domestic	0.8	0.8	0.8
Foreign	-1.5	0.0	-0.4
Memorandum items:			
GDP at market prices (Billions of Tenge)	7,591	10,214	12,726
Oil revenue to GDP (percent)	10.6	10.2	9.5
Non-oil revenue to GDP (percent)	21.7	19.3	19.3
Non-oil balance to GDP (percent)	-3.0	-0.8	-1.0

Sources: Kazakhstani authorities, and staff estimates.

1/ The net operating balance equals revenue minus expense, when expense includes the consumption of fixed capital.

The gross operating balance equals revenue minus expense other than consumption of fixed capital.

2/ Acquisitions minus disposals and consumption of fixed capital.

3/ Net lending/borrowing equals the net operating balance minus the net acquisition of nonfinancial assets.

It is also equal to the net acquisition of financial assets minus the net incurrence of liabilities.

Table 1.1. Kazakhstan: Statement of General Government Operations **2005** (by subsectors)
(Provisional results)

GFS Descriptor	Budget	NFRK	Consolidation	Central Government	Local Governments	Consolidation	General Government
(In millions of Tenge)							
Transactions affecting net worth:							
Revenue	1,713,724	401,749	-13,658	2,101,815	724,229	-373,585	2,452,459
Taxes	1,301,737	262,773	0	1,564,509	430,814	0	1,995,324
Social contributions	0	0	0	0	0	0	0
Grants	95,747	13,658	-13,658	95,747	278,115	-373,123	738
Other revenue	316,241	125,318	0	441,559	15,299	-461	456,397
Expense	1,383,162	725	-13,658	1,370,229	573,667	-373,585	1,570,311
Compensation of employees	97,315	0	0	97,315	172,241	0	269,555
Use of goods and services	255,358	725	0	256,083	224,466	0	480,549
Consumption of fixed capital	0	0	0	0	0	0	0
Interest	29,645	0	0	29,645	1,150	-461	30,334
Subsidies	24,508	0	0	24,508	24,396	0	48,904
Grants	278,470	0	-13,658	264,812	96,763	-359,959	1,615
Social benefits	308,625	0	0	308,625	15,466	0	324,091
Other expense	389,242	0	0	389,242	39,185	-13,164	415,262
Gross operating balance 1/	330,562	401,024	0	731,586	150,561	0	882,147
Transactions in nonfinancial assets:							
Net acquisition of nonfinancial assets 2/	135,382	-11,965	0	123,417	184,335	0	307,751
Net lending/borrowing 3/	195,180	412,989	0	608,169	-33,773	0	574,396
Transactions in financial assets and liabilities (financing)	195,180	412,989	0	608,169	-33,773	0	574,396
Net acquisition of financial assets	148,585	412,989	0	561,574	3,372	-39,481	525,465
By residence							
Domestic	134,923	0	0	134,923	3,372	-39,481	98,815
Foreign	13,662	412,989	0	426,650	0	0	426,650
By instrument							
Currency and deposits	127	0	0	127	-2,280	0	-2,152
Securities other than shares	0	412,989	0	412,989	0	0	412,989
Loans	48,175	0	0	48,175	-1,541	-39,481	7,153
Shares and other equity	100,282	0	0	100,282	7,193	0	107,475
Insurance technical reserves	0	0	0	0	0	0	0
Financial derivatives	0	0	0	0	0	0	0
Other accounts receivable	0	0	0	0	0	0	0
By holder							
General government	39,523	0	0	39,523	0	-39,481	41
Central bank	0	0	0	0	0	0	0
Other depository corporations	15,110	0	0	15,110	-2,280	0	12,830
Financial corporations not elsewhere classified	17,454	412,989	0	430,442	-297	0	430,145
Nonfinancial corporations	59,283	0	0	59,283	6,111	0	65,393
Households & nonprofit institutions serving h/holds	3,554	0	0	3,554	-161	0	3,393
International organizations	13,662	0	0	13,662	0	0	13,662
Other nonresidents	0	0	0	0	0	0	0
Net incurrence of liabilities	-46,595	0	0	-46,595	37,145	-39,481	-48,931
By residence							
Domestic	66,742	0	0	66,742	37,145	-39,481	64,406
Foreign	-113,337	0	0	-113,337	0	0	-113,337
By instrument							
Currency and deposits	0	0	0	0	0	0	0
Securities other than shares	66,742	0	0	66,742	-2,024	-39,481	25,237
Loans	-113,337	0	0	-113,337	39,169	0	-74,168
Shares and other equity	0	0	0	0	0	0	0
Insurance technical reserves	0	0	0	0	0	0	0
Financial derivatives	0	0	0	0	0	0	0
Other accounts payable	0	0	0	0	0	0	0
By holder							
General government	-119,563	0	0	-119,563	0	0	-119,563
Central bank	0	0	0	0	0	0	0
Other depository corporations	66,742	0	0	66,742	37,145	-39,481	64,406
Financial corporations not elsewhere classified	0	0	0	0	0	0	0
Nonfinancial corporations	0	0	0	0	0	0	0
Households & nonprofit institutions serving h/holds	0	0	0	0	0	0	0
International organizations	6,225	0	0	6,225	0	0	6,225
Other nonresidents	0	0	0	0	0	0	0
(In percent of GDP)							
Revenue	22.6	5.3	-0.2	27.7	9.5	-4.9	32.3
Expense	18.2	0.0	-0.2	18.1	7.6	-4.9	20.7
Gross operating balance 1/	4.4	5.3	0.0	9.6	2.0	0.0	11.6
Primary gross operating balance 1/	4.7	5.3	0.0	10.0	2.0	0.0	12.0
Net acquisition of nonfinancial assets 2/	1.8	-0.2	0.0	1.6	2.4	0.0	4.1
Net lending/borrowing 3/	2.6	5.4	0.0	8.0	-0.4	0.0	7.6
Net acquisition of financial assets	2.0	5.4	0.0	7.4	0.0	-0.5	6.9
Net incurrence of liabilities	-0.6	0.0	0.0	-0.6	0.5	-0.5	-0.6
Memorandum items:							
GDP at market prices (Billions of Tenge)	7,591						
Gross operating balance/Net acquisition of nonfinancial assets (ratio)							

Sources: Kazakhstani authorities, and staff estimates.

1/ The net operating balance equals revenue minus expense, when expense includes the consumption of fixed capital.

The gross operating balance equals revenue minus expense other than consumption of fixed capital.

2/ Acquisitions minus disposals and consumption of fixed capital.

3/ Net lending/borrowing equals the net operating balance minus the net acquisition of nonfinancial assets.

It is also equal to the net acquisition of financial assets minus the net incurrence of liabilities.

Table 1.2. Kazakhstan: Statement of General Government Operations **2006** (by subsectors)
(Provisional results)

GFS Descriptor	Budget	NFRK	Consolidation	Central Government	Local Governments	Consolidation	General Government
(In millions of Tenge)							
Transactions affecting net worth:							
Revenue	1,836,459	757,768	-10,617	2,583,610	960,880	-533,473	3,011,017
Taxes	1,516,825	470,586	0	1,987,411	537,410	0	2,524,821
Social contributions	0	0	0	0	0	0	0
Grants	121,003	10,617	-10,617	121,003	413,501	-532,978	1,526
Other revenue	198,632	276,564	0	475,196	9,969	-495	484,670
Expense	1,490,989	919	-10,617	1,481,290	720,067	-533,473	1,667,885
Compensation of employees	115,171	0	0	115,171	205,086	0	320,257
Use of goods and services	306,099	919	0	307,018	293,377	0	600,395
Consumption of fixed capital	0	0	0	0	0	0	0
Interest	28,309	0	0	28,309	963	-495	28,777
Subsidies	16,974	0	0	16,974	32,234	0	49,208
Grants	412,627	0	-10,617	402,009	122,035	-522,452	1,593
Social benefits	380,287	0	0	380,287	16,997	0	397,284
Other expense	231,522	0	0	231,522	49,374	-10,526	270,371
Gross operating balance 1/	345,471	756,849	0	1,102,319	240,813	0	1,343,132
Transactions in nonfinancial assets:							
Net acquisition of nonfinancial assets 2/	181,450	-16,539	0	164,911	213,406	0	378,317
Net lending/borrowing 3/	164,021	773,388	0	937,409	27,407	0	964,816
Transactions in financial assets and liabilities (financing)	164,021	773,388	0	937,409	27,407	0	964,816
Net acquisition of financial assets	247,886	773,388	0	1,021,273	32,267	-7,112	1,046,429
By residence							
Domestic	234,981	0	0	234,981	32,267	-7,112	260,137
Foreign	12,905	773,388	0	786,292	0	0	786,292
By instrument							
Currency and deposits	138,560	0	0	138,560	25,045	0	163,606
Securities other than shares	0	773,388	0	773,388	0	0	773,388
Loans	15,842	0	0	15,842	-813	-7,112	7,918
Shares and other equity	93,483	0	0	93,483	8,035	0	101,518
Insurance technical reserves	0	0	0	0	0	0	0
Financial derivatives	0	0	0	0	0	0	0
Other accounts receivable	0	0	0	0	0	0	0
By holder							
General government	145,672	0	0	145,672	0	-7,112	138,560
Central bank	0	0	0	0	0	0	0
Other depository corporations	21,712	0	0	21,712	25,045	0	46,757
Financial corporations not elsewhere classified	20,605	773,388	0	793,993	-542	0	793,450
Nonfinancial corporations	47,243	0	0	47,243	7,812	0	55,054
Households & nonprofit institutions serving h/holds	-250	0	0	-250	-47	0	-297
International organizations	13,057	0	0	13,057	0	0	13,057
Other nonresidents	-152	0	0	-152	0	0	-152
Net incurrence of liabilities	83,865	0	0	83,865	4,860	-7,112	81,613
By residence							
Domestic	83,838	0	0	83,838	5,320	-7,112	82,046
Foreign	26	0	0	26	-459	0	-433
By instrument							
Currency and deposits	0	0	0	0	0	0	0
Securities other than shares	83,838	0	0	83,838	-1,544	-7,112	75,183
Loans	26	0	0	26	6,404	0	6,431
Shares and other equity	0	0	0	0	0	0	0
Insurance technical reserves	0	0	0	0	0	0	0
Financial derivatives	0	0	0	0	0	0	0
Other accounts payable	0	0	0	0	0	0	0
By holder							
General government	0	0	0	0	-459	0	-459
Central bank	0	0	0	0	0	0	0
Other depository corporations	83,838	0	0	83,838	5,320	-7,112	82,046
Financial corporations not elsewhere classified	0	0	0	0	0	0	0
Nonfinancial corporations	0	0	0	0	0	0	0
Households & nonprofit institutions serving h/holds	0	0	0	0	0	0	0
International organizations	8,990	0	0	8,990	0	0	8,990
Other nonresidents	-8,964	0	0	-8,964	0	0	-8,964
Revenue	18.0	7.4	-0.1	25.3	9.4	-5.2	29.5
Expense	14.6	0.0	-0.1	14.5	7.0	-5.2	16.3
Gross operating balance 1/	3.4	7.4	0.0	10.8	2.4	0.0	13.1
Primary gross operating balance 1/	3.7	7.4	0.0	11.1	2.4	0.0	13.4
Net acquisition of nonfinancial assets 2/	1.8	-0.2	0.0	1.6	2.1	0.0	3.7
Net lending/borrowing 3/	1.6	7.6	0.0	9.2	0.3	0.0	9.4
Net acquisition of financial assets	2.4	7.6	0.0	10.0	0.3	-0.1	10.2
Net incurrence of liabilities	0.8	0.0	0.0	0.8	0.0	-0.1	0.8
Memorandum items:							
GDP at market prices (Billions of Tenge)	10,214						
Gross operating balance/Net acquisition of nonfinancial assets (ratio)							

Sources: Kazakhstani authorities, and staff estimates.

1/ The net operating balance equals revenue minus expense, when expense includes the consumption of fixed capital.

The gross operating balance equals revenue minus expense other than consumption of fixed capital.

2/ Acquisitions minus disposals and consumption of fixed capital.

3/ Net lending/borrowing equals the net operating balance minus the net acquisition of nonfinancial assets.

It is also equal to the net acquisition of financial assets minus the net incurrence of liabilities.

Table 1.3. Kazakhstan: Statement of General Government Operations 2007 (by subsectors)
(Preliminary results)

GFS Descriptor	Budget	NFRK	Consolidation	Central Government	Local Governments	Consolidation	General Government
(In millions of Tenge)							
Transactions affecting net worth:							
Revenue	2,206,760	1,133,863	-258,000	3,082,623	1,440,004	-851,621	3,671,006
Taxes	1,577,771	809,782	0	2,387,553	720,248	0	3,107,801
Social contributions	0	0	0	0	0	0	0
Grants	410,710	0	-258,000	152,710	699,692	-851,191	1,211
Other revenue	218,279	324,082	0	542,361	20,064	-430	561,995
Expense	1,816,147	259,317	-258,000	1,817,464	988,436	-851,621	1,954,280
Compensation of employees	152,361	0	0	152,361	286,884	0	439,245
Use of goods and services	424,588	1,317	0	425,906	396,888	0	822,794
Consumption of fixed capital	0	0	0	0	0	0	0
Interest	33,735	0	0	33,735	705	-430	34,011
Subsidies	19,839	0	0	19,839	44,857	0	64,696
Grants	684,290	258,000	-258,000	684,290	168,329	-851,184	1,435
Social benefits	450,480	0	0	450,480	24,098	0	474,578
Other expense	50,853	0	0	50,853	66,674	-7	117,520
Gross operating balance 1/	390,613	874,546	0	1,265,159	451,568	0	1,716,727
Transactions in nonfinancial assets:							
Net acquisition of nonfinancial assets 2/	240,301	-5,407	0	234,894	395,202	0	630,096
Net lending/borrowing 3/	150,312	879,953	0	1,030,265	56,366	0	1,086,631
Transactions in financial assets and liabilities (financing)							
Net acquisition of financial assets	233,436	879,953	0	1,113,389	42,800	-11,838	1,144,350
<i>By residence</i>							
Domestic	209,823	0	0	209,823	42,800	-11,838	240,785
Foreign	23,613	879,953	0	903,566	0	0	903,566
<i>By instrument</i>							
Currency and deposits	-129,394	0	0	-129,394	-4,521	0	-133,915
Securities other than shares	0	879,953	0	879,953	0	0	879,953
Loans	-2,994	0	0	-2,994	-742	-11,838	-15,574
Shares and other equity	365,823	0	0	365,823	48,063	0	413,887
Insurance technical reserves	0	0	0	0	0	0	0
Financial derivatives	0	0	0	0	0	0	0
Other accounts receivable	0	0	0	0	0	0	0
<i>By holder</i>							
General government	-141,232	0	0	-141,232	0	-11,838	-153,071
Central bank	0	0	0	0	0	0	0
Other depository corporations	350	0	0	350	-4,521	0	-4,171
Financial corporations not elsewhere classified	-4,401	879,953	0	875,552	-411	0	875,141
Nonfinancial corporations	355,486	0	0	355,486	47,753	0	403,240
Households & nonprofit institutions serving h/holds	-380	0	0	-380	-22	0	-402
International organizations	23,760	0	0	23,760	0	0	23,760
Other nonresidents	-148	0	0	-148	0	0	-148
Net incurrence of liabilities	83,124	0	0	83,124	-13,566	-11,838	57,720
<i>By residence</i>							
Domestic	131,447	0	0	131,447	-12,912	-11,838	106,697
Foreign	-48,323	0	0	-48,323	-654	0	-48,977
<i>By instrument</i>							
Currency and deposits	0	0	0	0	0	0	0
Securities other than shares	89,870	0	0	89,870	-1,074	-11,838	76,958
Loans	-6,747	0	0	-6,747	-12,492	0	-19,239
Shares and other equity	0	0	0	0	0	0	0
Insurance technical reserves	0	0	0	0	0	0	0
Financial derivatives	0	0	0	0	0	0	0
Other accounts payable	0	0	0	0	0	0	0
<i>By holder</i>							
General government	-13,398	0	0	-13,398	-654	0	-14,052
Central bank	0	0	0	0	0	0	0
Other depository corporations	131,447	0	0	131,447	-12,912	-11,838	106,697
Financial corporations not elsewhere classified	-41,577	0	0	-41,577	0	0	-41,577
Nonfinancial corporations	0	0	0	0	0	0	0
Households & nonprofit institutions serving h/holds	0	0	0	0	0	0	0
International organizations	6,652	0	0	6,652	0	0	6,652
Other nonresidents	0	0	0	0	0	0	0
Revenue	17.3	8.9	-2.0	24.2	11.3	-6.7	28.8
Expense	14.3	2.0	-2.0	14.3	7.8	-6.7	15.4
Gross operating balance 1/	3.1	6.9	0.0	9.9	3.5	0.0	13.5
Primary gross operating balance 1/	3.3	6.9	0.0	10.2	3.6	0.0	13.8
Net acquisition of nonfinancial assets 2/	1.9	0.0	0.0	1.8	3.1	0.0	5.0
Net lending/borrowing 3/	1.2	6.9	0.0	8.1	0.4	0.0	8.5
Net acquisition of financial assets	1.8	6.9	0.0	8.7	0.3	-0.1	9.0
Net incurrence of liabilities	0.7	0.0	0.0	0.7	-0.1	-0.1	0.5
Memorandum items:							
GDP at market prices (Billions of Tenge)	12,726						
Gross operating balance/Net acquisition of nonfinancial assets (ratio)							

Sources: Kazakhstani authorities, and staff estimates.

1/ The net operating balance equals revenue minus expense, when expense includes the consumption of fixed capital. The gross operating balance equals revenue minus expense other than consumption of fixed capital.

2/ Acquisitions minus disposals and consumption of fixed capital.

3/ Net lending/borrowing equals the net operating balance minus the net acquisition of nonfinancial assets. It is also equal to the net acquisition of financial assets minus the net incurrence of liabilities.

Table 2. Kazakhstan: Integrated Balance Sheet of the General Government 2005–2007
(Provisional results, millions of Tenge)

GFS Descriptors	2005			2006			2007		
	Closing balance	Transactions	Other economic flows 1/	Residual	Closing balance	Transactions	Other economic flows 1/	Residual	Closing balance
<u>Net worth and its changes:</u>									
Nonfinancial assets	...	1,343,132	...	...	...	1,716,727	...	...	...
Fixed assets	...	378,317	...	...	...	630,096	...	...	...
Change in inventories	...	413,897	...	...	...	689,336	...	...	...
Valuables	...	-1,066	...	...	...	-1,114	...	...	...
Nonproduced assets	...	0	...	...	...	0	...	...	...
	...	-34,514	...	...	...	-58,126	...	...	...
<u>Net Financial Worth:</u>									
Financial assets	...	964,816	...	...	...	1,086,631	...	...	...
Domestic	...	1,046,429	...	...	...	1,144,350	...	...	...
Currency and deposits	...	260,137	...	...	...	240,785	...	...	59,060
Securities other than shares	29,369	163,606	0	0	192,974	-133,915	0	0	59,060
Loans	0	0	...	...	0	0	...	...	0
Shares and other equity	...	8,070	...	...	...	-15,427	...	...	0
	...	88,461	...	...	...	390,126	...	...	0
Foreign	1,080,011	786,292	...	...	1,853,398	903,566	...	...	2,733,351
Currency and deposits	0	0	0	0	0	0	0	0	0
Securities other than shares	1,080,011	773,388	...	...	1,853,398	879,953	...	...	2,733,351
Loans	...	-152	...	...	...	-148	...	...	0
Shares and other equity	...	13,057	...	...	...	23,760	...	...	0
Monetary gold and SDRs	0	0	0	0	0	0	0	0	0
Liabilities	663,960	81,613	0	-56,736	688,837	57,720	0	7,789	754,346
Domestic	380,732	82,046	0	-1,536	461,242	106,697	0	14,234	582,173
Currency and deposits	0	0	0	0	0	0	0	0	0
Securities other than shares	297,875	75,183	0	5,780	378,838	118,535	0	14,321	511,694
Loans	82,857	6,864	0	-7,317	82,404	-11,838	0	-87	70,479
Shares and other equity	0	0	0	0	0	0	0	0	0
Foreign	283,228	-433	0	-55,200	227,595	-48,977	0	-6,445	172,173
Currency and deposits	0	0	0	0	0	0	0	0	0
Securities other than shares	46,820	0	0	-2370	44,450	-41577	0	-2874	0
Loans	236,408	-433	0	-52,830	183,145	-7,401	0	-3,571	172,173
Shares and other equity	0	0	0	0	0	0	0	0	0
Memorandum items:									
Gross Debt to GDP (in percent)	8.7			0	6.7				5.9

Sources: Kazakhstani authorities, and staff estimates.

1/ Other economic flows record holding gains and losses and other changes in the volume of assets and liabilities. At present, the national accounting system does not provide these data. Therefore the figures presented are calculated as residuals.

Table 2.1. Kazakhstan: Integrated Balance Sheet of the General Government 2006 (by subsectors)
(Provisional results, millions of Tenge)

GFS Descriptors	Budget				NFRK				Central Government				Local Governments				General Government			
	Opening balance (closing balance 2005)	Transactions	Other economic flows 1/	Closing balance (2006)	Opening balance (closing balance 2005)	Transactions	Other economic flows 1/	Closing balance (2006)	Opening balance (closing balance 2005)	Transactions	Other economic flows 1/	Closing balance (2006)	Opening balance (closing balance 2005)	Transactions	Other economic flows 1/	Closing balance (2006)	Opening balance (closing balance 2005)	Transactions	Other economic flows 1/	Closing balance (2006)
Net worth and its changes:	...	345,471	...	...	...	756,849	...	...	...	1,102,319	...	...	...	240,813	...	...	...	1,343,132	...	...
Nonfinancial assets 1/	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
Fixed assets	...	181,450	...	...	...	-16,539	...	...	...	164,911	...	...	...	...	213,406	...	...	378,317	...	...
Change in inventories	...	180,709	...	...	...	-12,563	...	...	...	168,146	...	...	...	...	245,751	...	...	413,897	...	...
Valuables	...	-1,066	...	...	...	0	...	...	...	-1,066	...	...	...	...	0	...	...	-1,066	...	...
Nonproduced assets	...	0	...	...	...	0	...	...	...	0	...	...	...	...	0	...	...	0	...	...
	...	1,807	...	...	...	-3,976	...	...	...	-2,169	...	...	...	...	-32,345	...	...	-34,514	...	...
Net Financial Worth:	...	164,021	...	...	1,080,011	773,388	0	1,853,398	...	937,409	...	...	...	...	27,407	...	...	964,816	...	...
Financial assets	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
Domestic	...	247,886	...	...	1,080,011	773,388	0	1,853,398	...	1,021,273	...	...	...	...	32,267	...	...	1,046,439	...	...
Currency and deposits	...	234,981	...	...	0	0	0	0	...	234,981	...	...	...	...	32,267	...	...	260,137	...	...
Securities other than shares	...	12,480	138,560	0	151,041	0	0	0	12,480	138,560	0	151,041	16,889	25,045	0	41,934	29,369	163,606	0	192,974
Loans	...	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Shares and other equity	...	15,994	...	...	0	0	0	0	...	15,994	...	...	...	...	-813	...	...	8,070	...	...
Foreign	...	80,426	...	...	0	0	0	0	...	80,426	...	...	...	...	8,035	...	...	88,461	...	...
Currency and deposits	...	12,905	...	...	1,080,011	773,388	0	1,853,398	...	786,292	...	...	...	...	0	...	...	786,292	...	...
Securities other than shares	...	0	...	...	0	0	0	0	...	0	...	...	...	...	0	...	...	0	...	...
Loans	...	0	...	...	1,080,011	773,388	0	1,853,398	...	773,388	...	...	...	...	0	...	...	773,388	...	...
Shares and other equity	...	-152	...	...	0	0	0	0	...	-152	...	...	...	...	0	...	...	-152	...	...
Monetary gold and SDRs	...	13,057	...	...	0	0	0	0	...	13,057	...	...	...	...	0	...	...	13,057	...	...
	...	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Liabilities	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
Domestic	581,103	83,865	-58,535	606,433	0	0	0	0	581,103	83,865	-58,535	606,433	82,857	4,860	-5,213	82,404	663,960	81,613	-56,736	688,837
Currency and deposits	297,875	83,838	-2,875	378,838	0	0	0	0	297,875	83,838	-2,875	378,838	82,857	5,320	-5,773	82,404	380,732	82,046	-1,536	461,242
Securities other than shares	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Loans	297,875	83,838	-2,875	378,838	0	0	0	0	297,875	83,838	-2,875	378,838	0	-1,544	1,544	0	297,875	751,183	5,780	378,838
Shares and other equity	0	0	0	0	0	0	0	0	0	0	0	0	82,857	6,864	-7,317	82,404	82,857	6,864	-7,317	82,404
Foreign	283,228	26	-55,659	227,595	0	0	0	0	283,228	26	-55,659	227,595	0	0	0	0	283,228	-433	-55,200	227,595
Currency and deposits	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Securities other than shares	46,820	0	-2,370	44,450	0	0	0	0	46,820	0	-2,370	44,450	0	0	0	0	46,820	0	-2,370	44,450
Loans	236,408	26	-53,289	183,145	0	0	0	0	236,408	26	-53,289	183,145	0	-459	459	0	236,408	-433	-52,830	183,145
Shares and other equity	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Memorandum items:	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
Net worth (in percent of GDP)	...	...	...	...	14.2	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
Financial assets (in percent of GDP)	...	...	...	...	0.0	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
Gross Debt to GDP (in percent)	7.7	...	...	5.9	...	...	...	...	7.7	...	...	...	...	...	...	...	...	...	...	6.7

Sources: Kazakhstan authorities, and staff estimates.

1/ Other economic flows record holding gains and losses and other changes in the volume of assets and liabilities. At present, the national accounting system does not provide these data.

Table 2.2. Kazakhstan: Integrated Balance Sheet of the General Government 2007 (by subsectors)

(Provisional results, millions of Tenge)

GFS Descriptors	Budget			NFRK			Central Government			Local Governments			General Government		
	Opening balance (closing balance 2006)	Transactions	Other economic flows 1/	Closing balance (2007)	Opening balance (closing balance 2006)	Transactions	Other economic flows 1/	Closing balance (2007)	Opening balance (closing balance 2006)	Transactions	Other economic flows 1/	Closing balance (2007)	Opening balance (closing balance 2006)	Transactions	Other economic flows 1/
Net worth and its changes:	...	390,613	...	...	...	874,546	...	...	...	451,568	...	...	...	1,716,727	...
Nonfinancial assets 1/	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
Fixed assets	...	240,301	...	...	...	...	...	...	...	395,202	...	...	...	630,096	...
Change in inventories	...	238,445	...	...	...	...	...	...	...	450,891	...	...	...	689,336	...
Valuables	...	-1,114	...	...	...	...	...	...	...	0	...	...	...	-1,114	...
Nonproduced assets	...	0	...	...	...	...	...	...	...	0	...	...	...	0	...
	...	2,970	...	...	...	-5,407	...	...	...	-55,689	...	...	...	-58,126	...
Net Financial Worth:	...	150,312	...	...	...	...	...	...	...	56,366	...	...	...	1,086,631	...
Financial assets	...	233,436	...	...	...	...	...	...	...	42,800	...	...	...	1,144,350	...
Domestic	...	209,823	...	...	...	...	...	...	...	42,800	...	...	...	240,785	...
Currency and deposits	151,041	-129,394	...	21,646	151,041	-129,394	0	21,646	41,934	-4,521	0	37,413	192,974	-133,915	0
Securities other than shares	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Loans	...	-2,846	...	...	...	...	...	...	...	-742	...	...	...	-15,427	...
Shares and other equity	...	342,063	...	...	...	...	...	...	...	48,063	...	...	...	390,126	...
Foreign	...	23,613	...	2,733,351	1,853,398	879,953	...	...	...	0	...	...	...	903,566	...
Currency and deposits	...	0	...	...	...	...	...	...	...	0	...	...	...	0	...
Securities other than shares	...	0	...	...	1,853,398	879,953	...	...	...	0	...	...	...	879,953	...
Loans	...	-148	...	...	...	...	...	...	...	0	...	...	...	-148	...
Shares and other equity	...	23,760	...	...	...	...	...	...	...	0	...	...	...	23,760	...
Monetary gold and SDRs	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Liabilities	606,433	83,124	-5,690	683,867	0	0	0	0	606,433	83,124	-5,690	683,867	688,837	57,720	7,789
Domestic	378,838	131,447	1,409	511,694	378,838	131,447	1,409	511,694	378,838	131,447	1,409	511,694	461,242	106,697	14,234
Currency and deposits	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Securities other than shares	378,838	131,447	1,409	511,694	378,838	131,447	1,409	511,694	378,838	131,447	1,409	511,694	378,838	118,535	14,321
Loans	0	0	0	0	0	0	0	0	0	0	0	0	82,404	-11,838	-87
Shares and other equity	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Foreign	227,595	-48,323	-7,099	172,173	227,595	-48,323	-7,099	172,173	227,595	-48,323	-7,099	172,173	227,595	-48,977	-6,445
Currency and deposits	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Securities other than shares	44,450	-41,577	-2,874	0	44,450	-41,577	-2,874	0	44,450	-41,577	-2,874	0	44,450	-41,577	-2,874
Loans	183,145	-6,747	-4,225	172,173	183,145	-6,747	-4,225	172,173	183,145	-6,747	-4,225	172,173	183,145	-7,401	-3,571
Shares and other equity	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Memorandum items:	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
Net worth (in percent of GDP)	...	...	...	21.5	...	...	...	...	...	...	...	...	...	...	...
Financial assets (in percent of GDP)	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
Gross Debt to GDP (in percent)	5.9	...	...	0.0	18.1	...	...	...	5.9	...	...	...	6.7	...	5.9

Sources: Kazakhstani authorities, and staff estimates.

1/ Other economic flows record holding gains and losses and other changes in the volume of assets and liabilities. At present, the national accounting system does not provide these data. Therefore the figures presented are calculated as residuals.

Table 3. Kazakhstan: Statement of Sources and Uses of Cash of the General Government 2005–2007
(Provisional results, millions of Tenge)

GFSM 2001 Descriptors	2005	2006	2007
Cash flows from operating activities:			
Cash receipts from operating activities (inflows +)	2,452,459	3,011,017	3,671,006
Taxes	1,995,324	2,524,821	3,107,801
Social contributions	0	0	0
Grants	738	1,526	1,211
Other receipts	456,397	484,670	561,995
Cash payments for operating activities (outflows -)	-1,570,311	-1,667,885	-1,954,280
Compensation of employees	-269,555	-320,257	-439,245
Purchases of goods and services	-480,549	-600,395	-822,794
Interest	-30,334	-28,777	-34,011
Subsidies	-48,904	-49,208	-64,696
Grants	-1,615	-1,593	-1,435
Social benefits	-324,091	-397,284	-474,578
Other payments	-415,262	-270,371	-117,520
Net cash inflow (+) from operating activities	882,147	1,343,132	1,716,727
Cash flows from investments in nonfinancial assets:			
Purchases of nonfinancial assets (cash outflows -)	-346,862	-462,015	-721,201
Fixed assets	-344,642	-459,979	-716,761
Strategic assets	0	0	0
Valuables	0	0	0
Nonproduced assets	-2,220	-2,037	-4,440
Sales of nonfinancial assets (cash inflows +)	39,111	83,699	91,106
Fixed assets	13,872	46,082	27,425
Strategic assets	1,439	1,066	1,114
Valuables	0	0	0
Nonproduced assets	23,799	36,550	62,567
Net cash outflow (-) from investments in nonfinancial assets	-307,751	-378,317	-630,096
CASH SURPLUS (+)/DEFICIT (-) 1/	574,396	964,816	1,086,631
Cash flows from financing activities:			
Net acquisition of financial assets other than cash (cash outflows -)	-527,617	-882,824	-1,278,265
Domestic	-100,967	-96,531	-374,700
Foreign	-426,650	-786,292	-903,566
Net incurrence of liabilities (cash inflows +)	-48,931	81,613	57,720
Domestic	64,406	82,046	106,697
Foreign	-113,337	-433	-48,977
Net cash inflow (+) from financing activities	-576,549	-801,210	-1,220,546
NET CHANGE IN THE STOCK OF CASH 2/	-2,152	163,606	-133,915
Memorandum:			
THE STOCK OF CASH (end of the fiscal year)	29,369	192,974	59,060
(in percent of GDP)	0.4	1.9	0.5

Sources: Kazakhstani authorities, and staff estimates.

1/ Net cash inflow from operating activities less the cash outflow from investments in nonfinancial assets.

2/ Cash surplus/deficit plus the net cash inflow from financing activities.