



STATISTICAL COMMISSION
Tenth session
Item 12 of the provisional agenda

PROGRESS REPORT ON CLASSIFICATION OF GOVERNMENT ACCOUNTS

(Memorandum by the Secretary-General)

1. In response to the request of the Statistical Commission made at its eighth session the Secretary-General is submitting to the members of the Commission a copy of A Manual for the Economic and Functional Classification of Government Transactions prepared by the Fiscal and Financial Branch of the Bureau of Economic Affairs (ST/TAA/M.12). In accordance with resolution 486 D (XVI) adopted at the sixteenth session of the Economic and Social Council and in accordance with the request of the Statistical Commission made at its ninth session, the Manual is being circulated in draft form to member countries for their information, observations and comments. Arrangements have been made to obtain such comments from the national statistical services and the national fiscal authorities as well as from interested regional and international organizations. A summary of the comments received will be submitted to the Statistical Commission in response to a request included in the report of its ninth session.
2. A short description of the purpose and of the content of the Manual was already given in the previous progress report (E/CN.3/209). The Manual is intended to serve as a guide in the reclassification of government transactions with a view to providing data required for economic programming. The Manual is divided into a general part and a technical part.
3. Part I deals with the government as an economic entity, the scope of the government sector and the general characteristics of the classification schemes. One of the major conceptual problems discussed is the distinction between the government sector and the public sector of the economy.

4. Part II presents the detailed classification schemes. The economic classification is a single scheme which can be applied to the transactions of all types of public agencies whether they are of a general government nature or engaged in production, trading or financing activities. It also includes a classification by function. In establishing this classification the categories in the Indexes to the International Standard Industrial Classification of All Economic Activities (Statistical Papers Series M, No. 4, Add.1) served as a guide. There is a presentation of the uses of a combined economic-functional classification. Part II further includes a reconciliation of the classification schemes of the Manual with the classification of government transactions given in A System of National Accounts and Supporting Tables (Studies in Methods, Series F, No. 2).

5. Earlier drafts of the Manual were presented as working papers to meetings of regional workshops on problems of budgetary reclassification and management held in Mexico City in 1953 and in Bangkok in 1955 and 1957. The Secretariat also undertook studies of the work on reclassification of government transactions according to economic and functional categories which has recently been carried out in a number of countries. In a paper entitled Reclassification of Government Expenditures and Receipts in Selected Countries (E/CN.11/BRW.2/L.3), which was submitted as a working document to the Second Budgetary Workshop held in Bangkok, experiences of governments in this particular field are summarized. The comments made during the discussions at these workshops as well as observations from a number of experts working as consultants to the Secretariat in this field were utilized in producing the present version of the Manual. This version differs only in minor respects from the one submitted to the 1957 workshop, where it was recommended that the Manual should be taken as a standard reference for guiding future classification work in the ECAFE region.
