



Agencies and Public-Private Partnerships Meeting

**OECD Working Party
of Senior Budget Officials**

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Current stance of PPPs in the statistical macroeconomic system

- ◆ 1993 SNA and related manuals do not currently provide specific guidance on PPP
- ◆ ESA 95 manual on government deficit and debt released a chapter
- ◆ With the update of 1993 SNA, it is recognized that:
 - Sharp increase in the use of PPPs
 - PPPs have an important impact on government finance
 - Policy decisions (government behavior) is often affected by the treatment given



Two main issues to be resolved

- ◆ Establish the economic ownership of the asset
- ◆ Once the ownership is established, how to account for the control and use of the assets during the contract period.



Problems considered in update of SNA

- ◆ Specific difficulties of PPPs:
 - establishment of economic owner of the fixed assets involved in PPPs
 - legal substance of agreements does not reflect the underlying economic reality
- ◆ SNA update cannot cover every possibility of PPP
- ◆ Conclusion: SNA updated with description and general principles for treatment



Update SNA proposal (1)

- ◆ Agreed that a description of PPPs is needed
- ◆ Description proposed:
 - Complex contractual arrangement involving fixed assets
 - PPPs provide variety of services
 - Payments arrangements differ
 - Ownership arrangements differ
 - Variation in contracts with regards to
 - Disposition of assets, operation, maintenance, price, quality, volume of services produced, etc.

(as proposed by the Canberra Group II)



Update SNA proposal (2)

- ◆ List of indicators will assist in determining economic ownership of assets employed in PPPs
 - risks, rewards and control important factors
- ◆ Relative importance of indicators will vary case-by-case



Update SNA proposal (3)

- ◆ List of indicators to include:
 - Government's control over design, quality, size and maintenance of asset
 - Government's control over services
 - Construction, availability and demand risk
 - Residual value and obsolescence risk
 - Presence of third party revenues, etc.



Update SNA proposal (4)

- ◆ Broad update SNA description SNA pending on:
 - settlement of international financial accounting standard for service concessions
 - accounting standard evaluated for consistency with SNA principles
 - IPSAS also adopting the international accounting standard
- ◆ Macroeconomic statistics will follow lead of accounting developments on PPPs



Concluding remark

***International
Accounting
Standards***



***Macroeconomic
Systems***

- ◆ Harmonization benefit all
- ◆ Coordinated development important



1993 SNA Update

- ◆ UN Commission called for update in 2003
- ◆ Update required because of:
 - Changes in the economic environment
 - Advances in methodological research
 - Changes in the needs of users
 - Need for greater harmonization
- ◆ Consultative process was required
- ◆ AEG established
- ◆ List of issues for consideration agreed
- ◆ PPPs identified as one of the issues



Concluding comments

- ◆ Macroeconomic statistical system aims at:
 - Reflecting economic reality
- ◆ Statisticians should keep up with changed economic behavior
 - Use of PPPs are a good example



Concluding Comments (2)

- ◆ The purpose of the Statistician is:
 - Presenting data according to user needs
 - Government, investors, analysts and the public
 - Presenting data that could be used in economic analysis, management decisions and policy decisions
 - Promoting complete coverage and comparability
 - Enhancing consistency and transparency
 - Ensuring accuracy and reliability



Thank you



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