

**STATISTICS**

# **Updating the GFSM 2014**

## **UNCEEA meeting**

Sagé de Clerck  
IMF Statistics Department

# Contents

- Overview of Process and Timeline
- Role and Responsibilities
- Task Teams and Working Procedure
- Overlaps with other update initiatives

# Overview of Process and Timeline

# Updating the *GFSM 2014*

- **Objectives:**
  1. Harmonization with other statistical standards
  2. Meeting user needs for better fiscal analysis / reporting
- **Intended outcome:**
  - ▶ A new GFS manual (updating and replacing the *GFSM 2014*)
- **Time required for update:**
  - ▶ Aim: Updated manual by end-2027
- **Who will be involved:**
  - ▶ IMF-led project requiring extensive collaboration and consultation with statistical compilers and users worldwide

# Key Features of the Update Process

- **Update Stages:**
  - **Research phase:** to develop new guidance for each project in the research program
    - **Existing research projects** for which guidance notes have already been prepared as part of the 2008 SNA and BPM6 updates
    - **New research projects** that have been identified as of importance to progress for GFS users and compilers and were not covered by the SNA/BPM update
  - **Drafting phase:** to prepare the new manual (structure and content)

Research and drafting phases overlap and are nonlinear

# Overview of Timeline



# New Research Projects

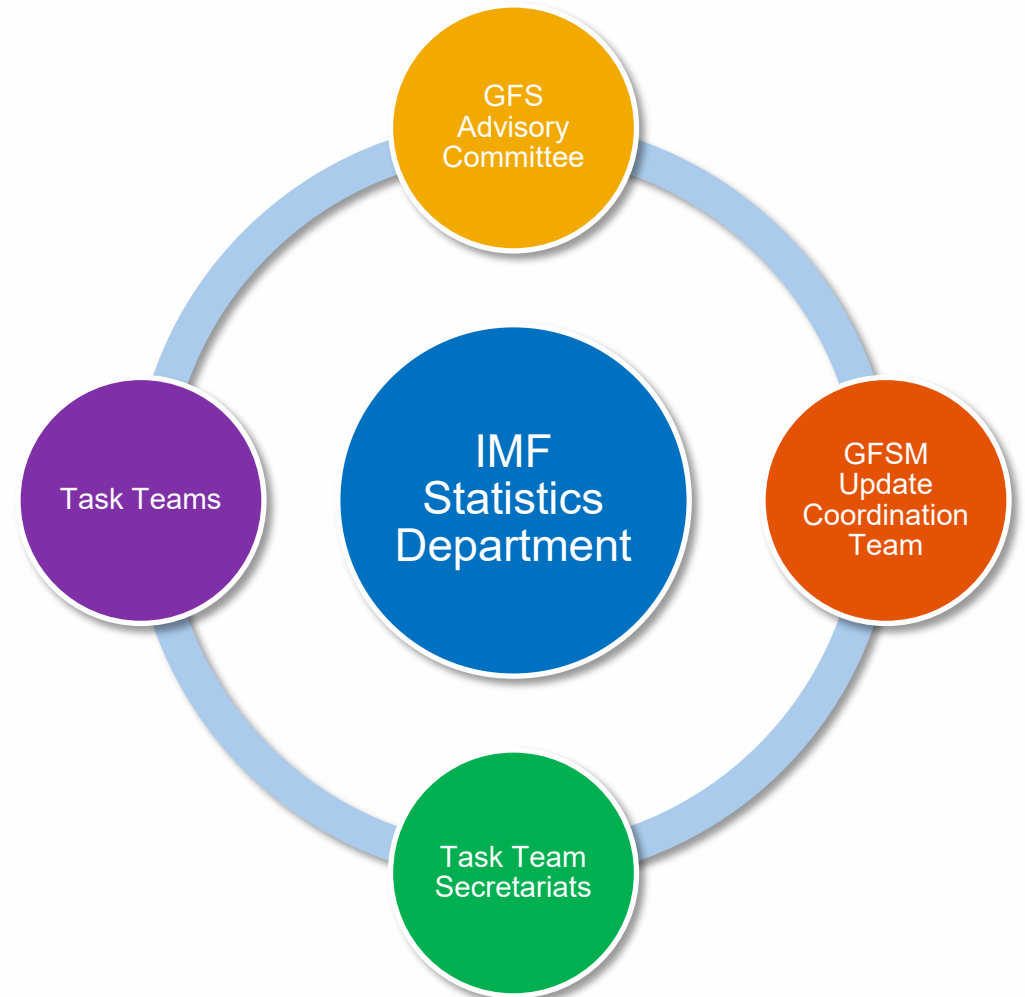
GFS Compilation Issues	Debt and Other Monetary and Financial	Environmental	Fiscal Analysis & GFS Communication
2.1 Boundary between government and nonfinancial public corporations	2.2 Boundary between government and financial public corporations	2.18 Recording and valuation of infrastructure assets	2.24 A framework for the presentation of GFS metadata
2.3. Indigenous governments	2.4 Transactions with sovereign wealth funds(SWFs)	2.19 Accounting for natural resources and their exploitation in GFS	2.25 Communicating GFS to users
2.5 Treatment of zakat	2.8 Debt valuation issues	2.20 Climate-sustaining and climate-damaging subsidies and other transfers	2.27 Relationship between GFS and IPSAS
2.6 Defining and subclassifying extrabudgetary units	2.9 Debt assumption and debt payments on behalf of others	2.26 Presentation of GFS flows related to natural resources	2.28 Tax expenditures, tax deferrals, and other similar incentives
2.7 Government or public nonlife insurance schemes	2.10 Valuation and recognition of loans		2.29 Retained earnings of public corporations and their impact on fiscal analysis
2.14 Treatment of public private partnerships (PPPs)	2.11 Recording of provisions and contingent liabilities		2.30 Methodological guidance on compilation and analyzing SOE data
2.17 Boundary between capital and current transfers	2.12 Stock positions and related flows with the IMF and other regional / international organizations		2.31 GFS within fiscal analysis and policymaking
2.21 Social Security Schemes	2.13 Equity for public corporations		2.32 Balance sheet analysis
2.22 Government assumption of pension obligations	2.15 Treatment of capital injections by government into corporations		
2.23 Employee benefits – defined benefit schemes	2.16 Treatment of privatization		

# Roles and Responsibilities



# Governance

- **Governance:**
  - **IMF Statistics Department** has overall responsibility for the update, for which the project is coordinated by the **GFSM Update Coordination Team**
  - **GFS Advisory Committee (GFSAC)** provides technical advice to the IMF through review and endorsement of update materials (discussion notes, new guidance, chapter drafts etc.). Chaired by the Director of the Statistics Department.
  - **Task teams** will provide the technical input, research on specific new research projects, and prepare discussion notes and recommendations, and are supported by **Task Team Secretariats**.



# Task Teams

- **Four Task Teams:**
  - GFS Compilation Issues (Task Team 1)
  - Debt and Other Monetary and Financial (Task Team 2)
  - Environmental (Task Team 3)
  - Fiscal analysis and GFS communication (Task Team 4)
- Task teams will contribute to the work related to updating the GFSM 2014 by providing technical inputs and recommendations on the specific research projects assigned to the task team.
- Each task team is led by **2 co-chairs** and has **10-15 members**, working on a voluntary basis, including IMF staff that serve as experts and secretariat support.
- Task team composition may change as the update progresses, and additional members may be invited based on specific expertise.

# **TT 3 Environmental Research Projects Membership**

- **Co-Chairs**

- ▶ **Alessandra Alfieri and Tom Orford**

- **Members**

- |                               |                             |
|-------------------------------|-----------------------------|
| ▶ <b>Ahmed Ali Al Abdouli</b> | <b>Arturo de la Fuente</b>  |
| ▶ <b>Ilaria Di Matteo</b>     | <b>Bram Edens</b>           |
| ▶ <b>Vitor Fabel</b>          | <b>Jean-Francois Fortin</b> |
| ▶ <b>Floris Jansen</b>        | <b>Gary Jones</b>           |
| ▶ <b>Carl Obst</b>            | <b>Sjoerd Schenau</b>       |
| ▶ <b>Joe St Lawrence</b>      | <b>Hennie Swanepoel</b>     |

- **Secretariat**

- ▶ **Justine Ayebare and Sagé de Clerck**

# **Task Team Working Procedure**

# Deliverables and Procedures

- GFS Coordination Committee developed **Project Initiation Documents** as basis for the research projects
- Task Teams will develop discussion notes and proposed recommendation documents:
  - **Discussion Notes:** One discussion note per research project, which clearly and succinctly conveys issues and possible options to technical experts, compilers and users to encourage informed discussion.
  - **Proposed Recommendations Documents:** Developed after global consultation, which clearly explain the issue and proposed recommendation for updating the *GFSM 2014*.
- Co-chairs are encouraged to engage and consider relationships with other research projects.
- Work process is built on flexibility and consensus
  - GFSAC will review and eventually endorse documents for global consultation
  - Global consultation to ensure inclusive update process

# **TT3 Environmental Research Projects**

# TT 3 Research Projects

## Environmental Research projects comprise:

2.18 Documentation and assessment of infrastructure assets

2.19 Financial reporting of natural resources and their utilization in GFS

2.20 Subsidies and other transfers that support or harm the climate

2.26 Display of GFS transactions pertaining to natural resources

GFSAC established process to identify and deal with additional topics as needed

## 2.18 Recording and Valuation of Infrastructure Assets

- Infrastructure assets are an area of high interest for governments and for sustainability analysis
- Policy users are interested in more granular information on infrastructure assets and investments
  - ▶ getting accurate valuation reflecting the quality and the life of the asset
  - ▶ getting information on how infrastructure may potentially be affected by climate issues
- This may also be an opportunity to bring GFS in line with IPSAS 45 on Property Plant and Equipment
- **Expected Outcomes**
  - ▶ Possible expanded asset classification for infrastructure assets
  - ▶ Assess the main compilation challenges and guide proper measurement of value of stocks and flows related to these assets



## 2.19 Accounting for natural resources and their exploitation in GFS

- SNA update has, over a series of GNs recommended significant changes to the treatment of natural resources
  - Identification of new natural resources e.g., renewable energy resources
  - Accounting for extraction of exhaustible natural resources through depletion
  - Partitioning of economic ownership of natural resources between owners (usually government) and extractors
- These recommendation raise questions also on how best to calculate and value the stocks and flows related to these resources
- **Expected Outcome**
  - Review implications of SNA updates for GFS
  - Consider related work being done by SEEA CF and IPSASB on the valuation of natural resources

## 2.20 Climate-sustaining and climate-damaging subsidies and other transfers

- Recommendation 6 of G-20 Data Gaps Initiative 3, encourage G20 economies to report on “*climate-impacting subsidies*” (both climate-damaging and climate-sustaining)
- SEEA CF research agenda includes an item to consider the reporting of “*potentially environmentally damaging subsidies and related transfers*”
- **Expected Outcome**
  - ▶ Explore definitions of these items and how it should be included in GFSM
  - ▶ It is expected to work in close collaboration with other task teams
  - ▶ It could also potentially lead to identifying additional needs to also report on not only subsidies, but also on other expenditure related to these issues.

## 2.26 Presentation of GFS flows related to natural resources

- For resource rich countries it could often be important in fiscal analysis to separately present flows related to natural resources
- A template for gathering data from government revenues from natural resources was established
- In addition, FAD has produced a Resource Revenue transparency code
- **Expected Outcomes**
  - ▶ Explore whether the GFSM should provide additional guidance on the reporting of flows related to natural resources – not only consider revenue but also expenditure
  - ▶ Consider any implications from the new treatment for depletion and the “split-asset” approach may have on GFSM

# Abundant opportunities for collaboration on these topics exist

- Objective is to establish procedures according to which synergies and exploited and overlaps/divergence is minimized
- Opportunities exist to tap into the expertise pool of respective update processes, for example:
  - Mixed drafting teams
  - Respective communities could contribute/review relevant scoping notes
  - Common notes on the conceptual issues with implications for the updates of GFS and SEEA CF as different annexes
- Mutually inclusive processes could eliminate duplications and minimize divergence

**Thank you**  
**<https://www.imf.org/en/Data/Statistics/government-finance-statistics-manual>**