

STATISTICS

Government Finance Statistics and development goals

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Outline

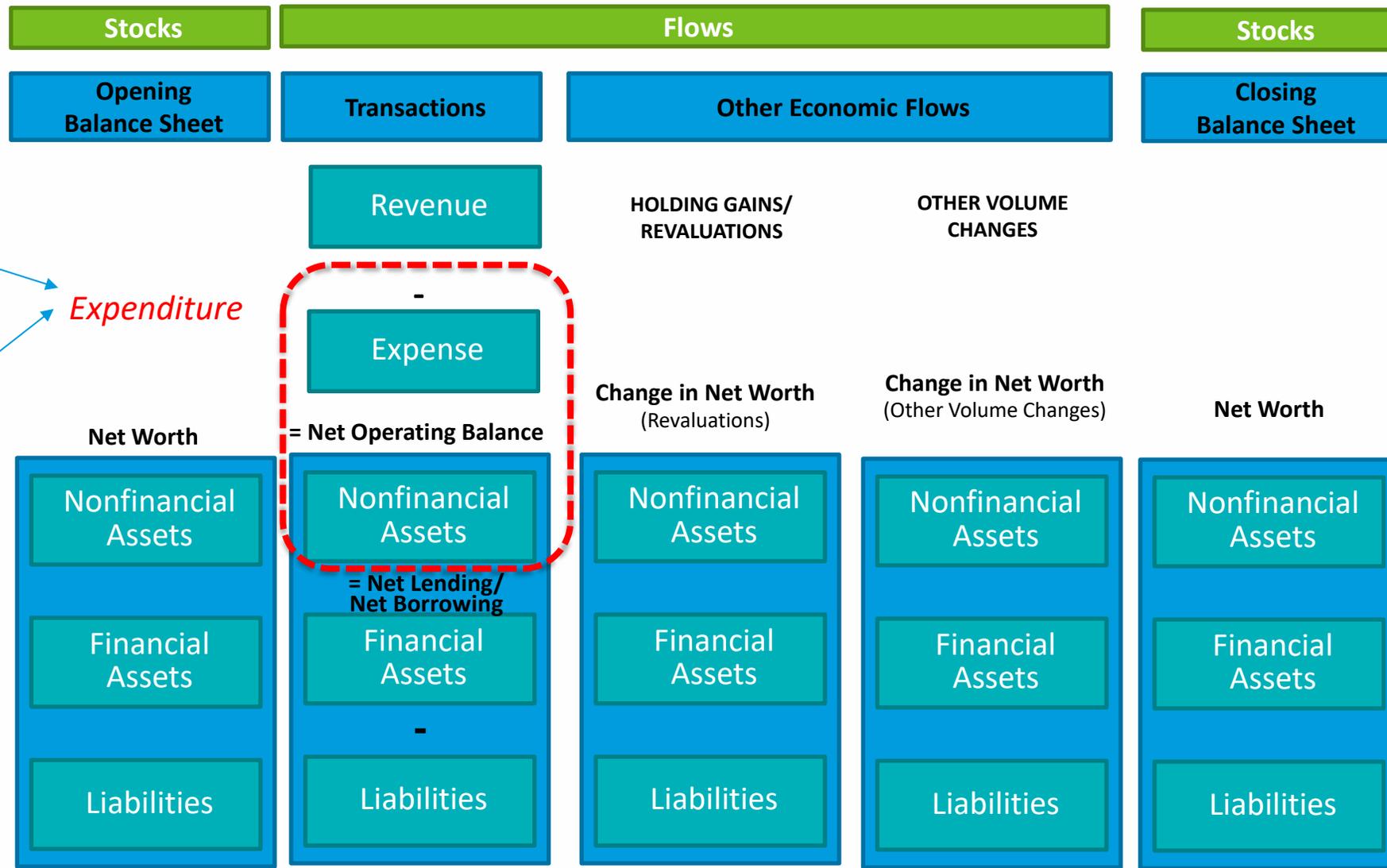
- About GFSM 2014
- Update to the GFSM 2014
- The relationship between GFS and IPSAS
- GFS, SDGs and DGI
- Conclusion

About GFSM 2014

Government Finance Statistics (GFS): Overview

- GFS an **integrated framework** designed to support **fiscal analysis, policymaking and the IMF's surveillance**
- GFS is **standardized, consistent, comparable, comprehensive, and transparent**
- Part of wider **macroeconomic statistics** with *GFSM 2014* consistent with the *2008 System of National Accounts (SNA)*
- Government expenditure categorized according to the classification of functions of government (COFOG) is an **integral part of the GFS framework** and presentation

GFS Integrated Framework

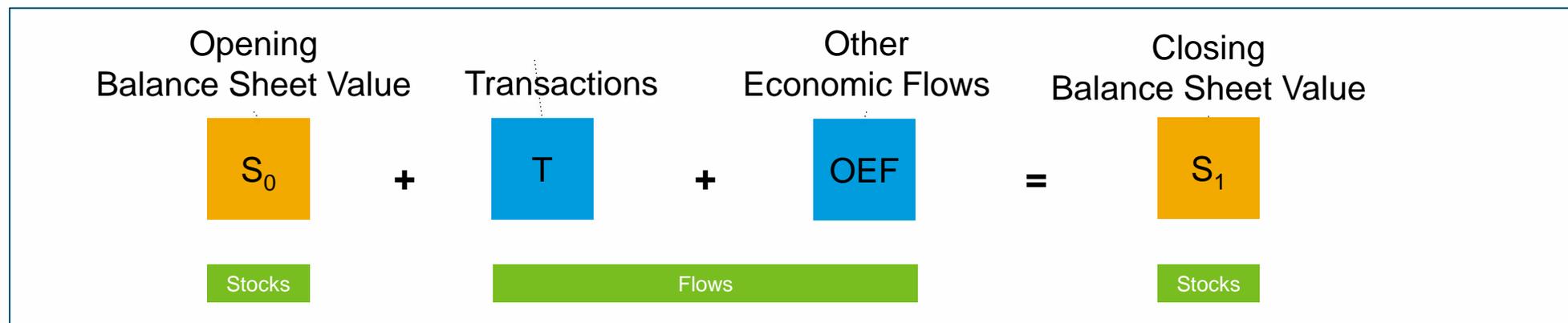


Vertical integration:
 revenue – expenditure
 =
 transactions in financial assets - liabilities

Horizontal integration: change in stocks = sum of flows

GFS Framework: Integrated Balance Sheet Approach

- An integrated framework that reports on stocks of assets (nonfinancial and financial) and liabilities, transactions, and other economic flows
- Stock positions are conceptually connected with flows



It also allows the distinction between:

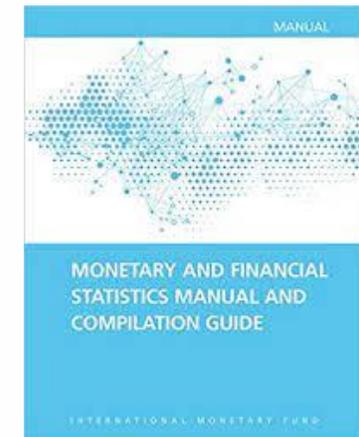
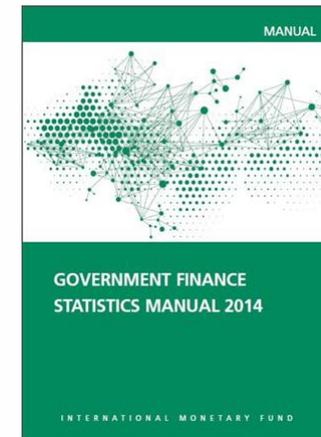
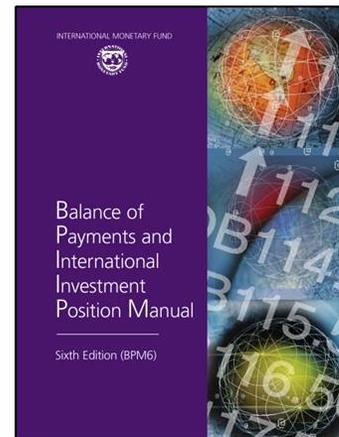
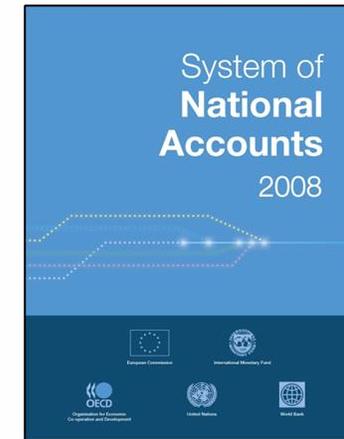
Transactions (under the direct control of the Government) and

Other economic flows (impact of internal or external shocks)

Update to the GFSM 2014

Macroeconomic statistics standards

- The System of National Accounts (SNA):
 - the core statistical system
 - serving as an "umbrella" framework
 - ▶ providing definitions and concepts for all other macroeconomic statistics.
- GFS Manual 2014 is aligned with 2008 SNA
- GFS data are:
 - **Standardized**
 - **Consistent**
 - **Comparable**



 **2025 SNA & BPM7**

Update to the GFSM 2014

- **Objectives:**

1. Harmonization with other statistical standards, including:

- **2025 SNA and BPM7,**
- COFOG, SEEA CF, MFSM updates

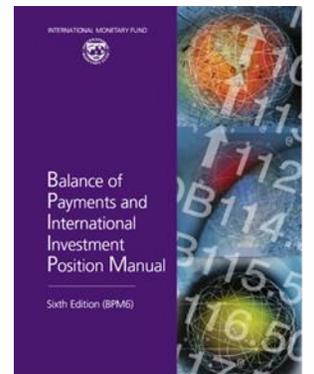
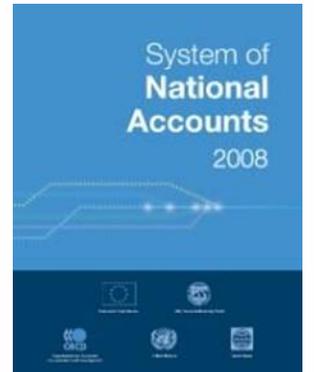
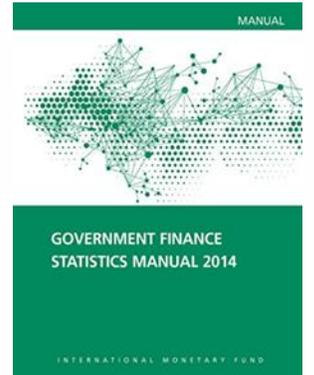
2. Meeting user needs

- **Intended outcome:**

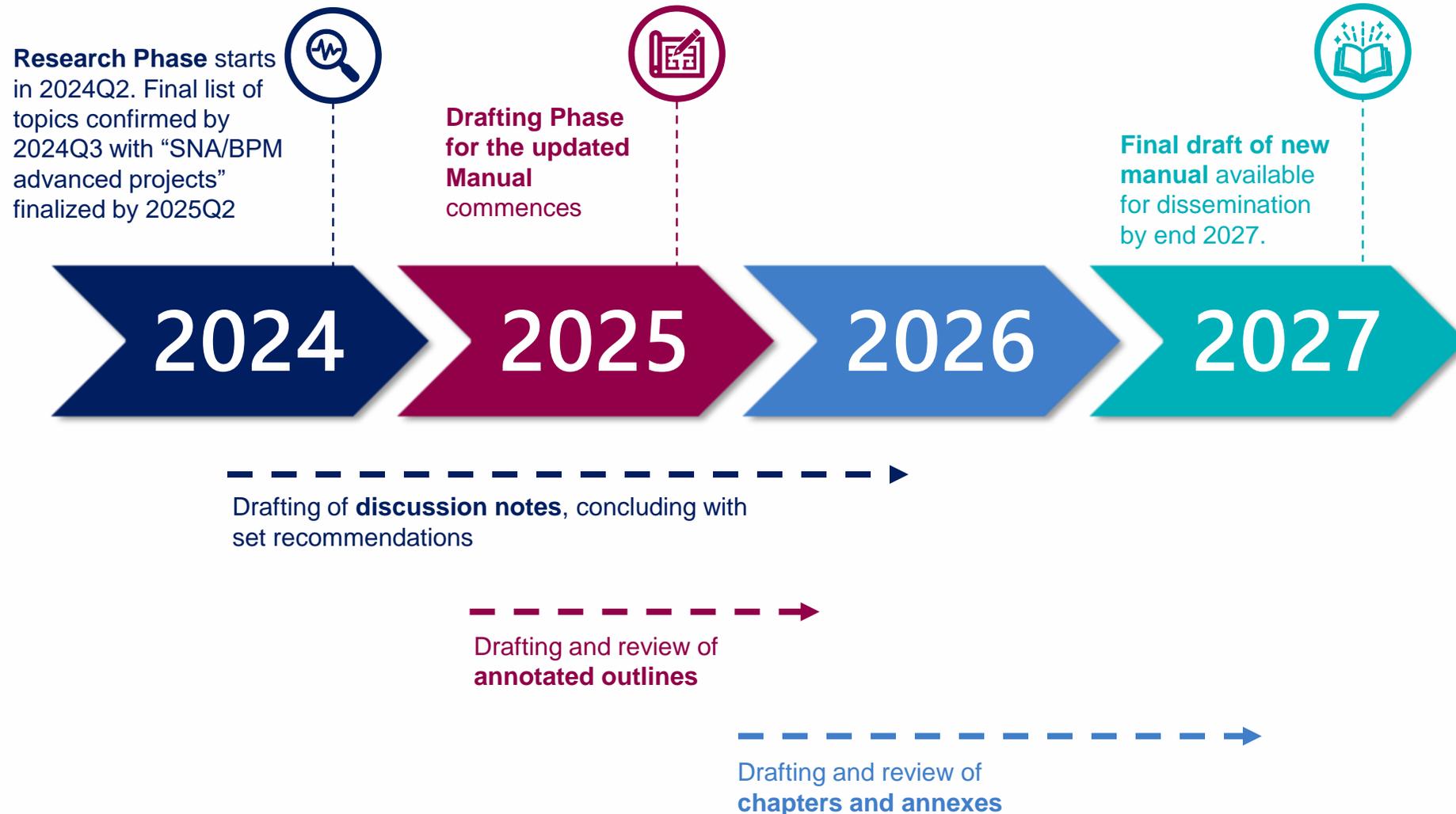
A new GFS manual (updating and replacing the GFSM 2014) by end-2027 (“GFSM 2027”)

- **Who will be involved:**

IMF-led project requiring extensive collaboration and consultation with statistical compilers and users worldwide



Overview of Project Timeline



Research projects for delivery by Task Teams

- **32 Research projects that are GFS specific are assigned to four different task teams based on the subject:**
 1. GFS Compilation
 2. Debt and Other Monetary and Financial
 3. Environmental
 4. Fiscal analysis and GFS communication
- Task Teams will prepare:
 - ▶ **Discussion notes** will convey the issues to encourage informed discussion and develop recommendations.
 - ▶ **Proposed recommendations:** Once global consultation on the discussion note has taken place, the Task Teams will prepare a proposed recommendations document.

Research projects in Task Teams

GFS compilation Task team	Debt and Other Monetary and Financial topics Task team	Environmental topics Task team	Fiscal Analysis & GFS Communication Task team
Boundary between government and nonfinancial public corporations	Treatment of capital injections by government into corporations	Accounting for natural resources and their exploitation in GFS	Methodological guidance on compilation and analyzing SOE data
Treatment of public private partnerships (PPPs)	Debt valuation issues	Recording and valuation of infrastructure assets	GFS within fiscal analysis and policymaking
Social Security Schemes	Boundary between government and financial public corporations	Presentation of GFS flows related to natural resources	Communicating GFS to users
Government assumption of pension obligations	Recording of provisions and contingent liabilities	Climate-sustaining and climate-damaging subsidies and other transfers	Relationship between GFS and IPSAS
Employee benefits – defined benefit schemes	Debt assumption and debt payments on behalf of others		Balance sheet analysis
Boundary between capital and current transfers	Equity for public corporations		A framework for the presentation of GFS metadata
Defining and subclassifying extrabudgetary units	Valuation and recognition of loans		Tax expenditures, tax deferrals, and other similar incentives
Government or public nonlife insurance schemes	Stock positions and related flows with the IMF and other regional / international organizations		Retained earnings of public corporations and their impact on fiscal analysis
Treatment of zakat	Transactions with sovereign wealth funds (SWFs)		
Indigenous governments	Treatment of privatization		

Many of these align with IPSASB Strategy Key Activity on Advocating the Benefits of Accrual and Sustainability Reporting Information

Relationship between GFS and IPSAS

GFS and IPSAS

SIMILARITIES

- Record economic events
- Based on double entry recording
 - However, reporting and terminology varies
- Conceptually asset and liability definitions are the same
 - Uncollectible taxes → not recognized as revenue
 - Finance leases → recognized as liability and lease payments split between interest and repayment
 - Recognize pension liabilities
- Time of recording revenue and expense
 - Cash basis of recording → when cash movement occurs
 - Accrual basis of recording → when economic event occurs

DIFFERENCES

- Objectives:
 - GFS: Analysis of financial/economic impact of fiscal policy operations on economy
 - IPSAS: Evaluate financial performance and position, accountability
- Reporting entity/scope (Sector vs. entity)
- Recognition criteria for financial assets and liabilities – uncertainty about future economic flows is treated differently.
 - In GFS a liability is recognized only when a claim by counterparty exists
 - Statistics maintain symmetry – provisions and contingencies are generally not recognized (Exception: claims for nonlife insurance and standardized guarantees)
- Assets and Liabilities valuation (GFS: General principle is current market value)
- Treatment of revaluations and other volume changes (GFS: other economic flows)

Alignment opportunities

Implementation of GFSM 2014 and IPSAS provides additional value

- ▶ Integrated systems
- ▶ Chart of Accounts
- In recognition, there is **deliberate coordination** between the main counterparts of both systems:
 - IMF participates as an observer in IPSASB
 - IPSASB is part of the GFSAC (Government Finance Statistics Advisory Committee)
- IPSAS-based information can already be used to support the preparation of GFS
- **A review could help to identify further areas for potential alignment in both systems during the update to the GFSM by creating a firmer ‘baseline’**
- Strong mutual interest in taking advantage of the expected global **upward trend in the move to accrual accounting and encourage its use for integrated production of GFSM-compliant data.**

Cash basis of recording remains crucial for managing liquidity constraints

GFS, SDGs and DGI

SDGs – Overview



17 Goals

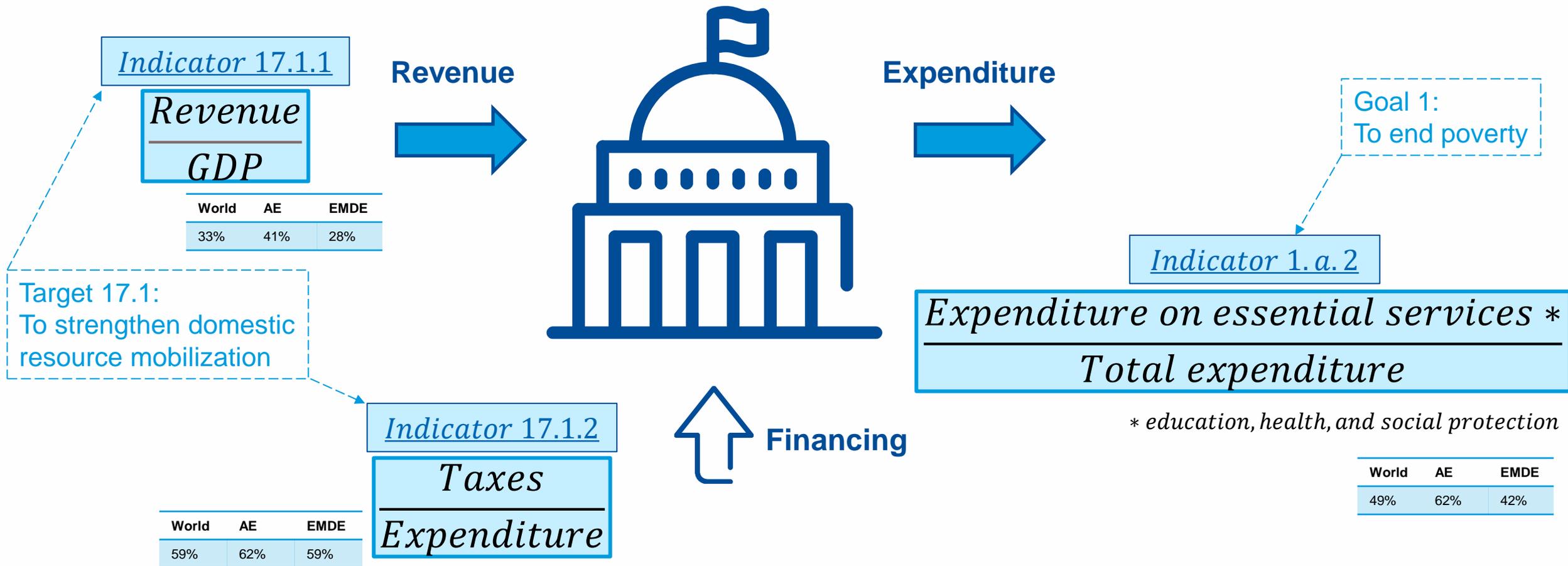
169 Targets

248 Indicators*

*231 unique indicators (some indicators serve multiple targets).

IMF – Custodian Agency for 3 Government-related SDG indicators

- Source data are taken from government finance statistics (GFS) database



(Note) Indicator's values are for 2022 data. AE = Advanced Economies; EMDE = Emerging and Developing Economies. IMF is also a custodian agency for 2 other SDG indicators: [8.10.1](#) (financial inclusion) and [10.5.1](#) (financial soundness).

G20 Data Gap Initiative (DGI)

G20 Data Gaps Initiative (DGI) aims to address data gaps revealed by the global financial crisis and improve the availability and comparability of economic and financial statistics.

Climate Change Related Expenditures (Recommendations 6 and 7)

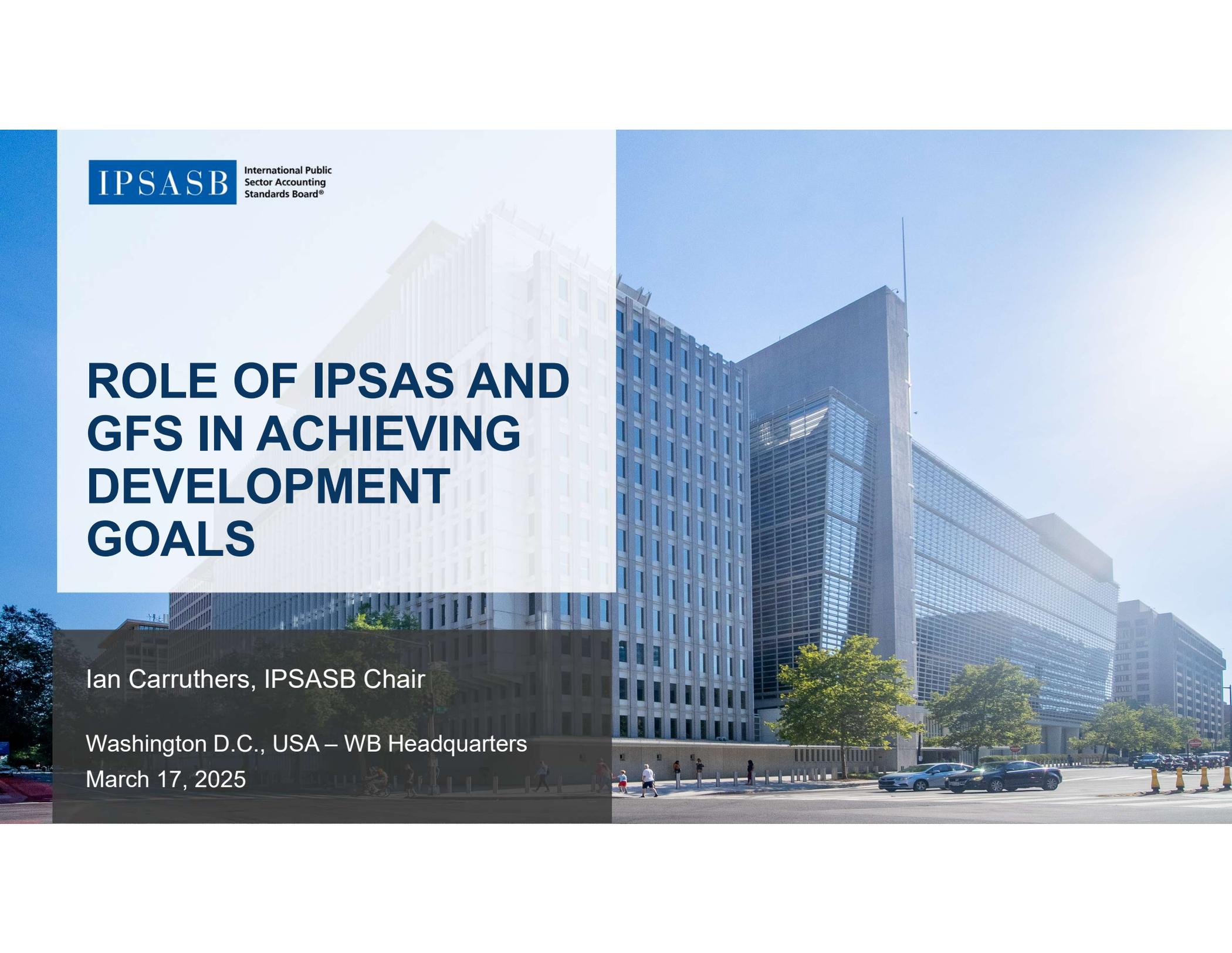
- DGI Recommendation 6:
 - Focuses on Government Climate Impacting Subsidies. It aims to develop and implement frameworks for collecting and reporting data on subsidies that have significant climate impacts. This includes subsidies that support fossil fuels or other activities contributing to greenhouse gas emissions.
- DGI Recommendation 7:
 - Seeks to enhance the collection and reporting of data on expenditures (including by government) related to climate change mitigation and adaptation. This includes tracking investments in renewable energy, energy efficiency, and other initiatives aimed at reducing the impact of climate change.

Conclusion

Key messages

- International standards support consistency resulting in better data quality and promote transparency.
 - The IMF calls for quality of macroeconomic statistics to support surveillance as prerequisites for the formulation of appropriate macroeconomic and financial policy.
- The GFSM update incorporates relevant changes arising from the SNA and BPM update (harmonization) and addresses fiscal data user needs.
- The GFSM update process is designed to promote discussions across the global data user and compiler community and between international institutions responsible for international standards.
- Opportunity for a thoughtful alignment of IPSAS and GFS

Thank you!



IPSASB

International Public
Sector Accounting
Standards Board®

ROLE OF IPSAS AND GFS IN ACHIEVING DEVELOPMENT GOALS

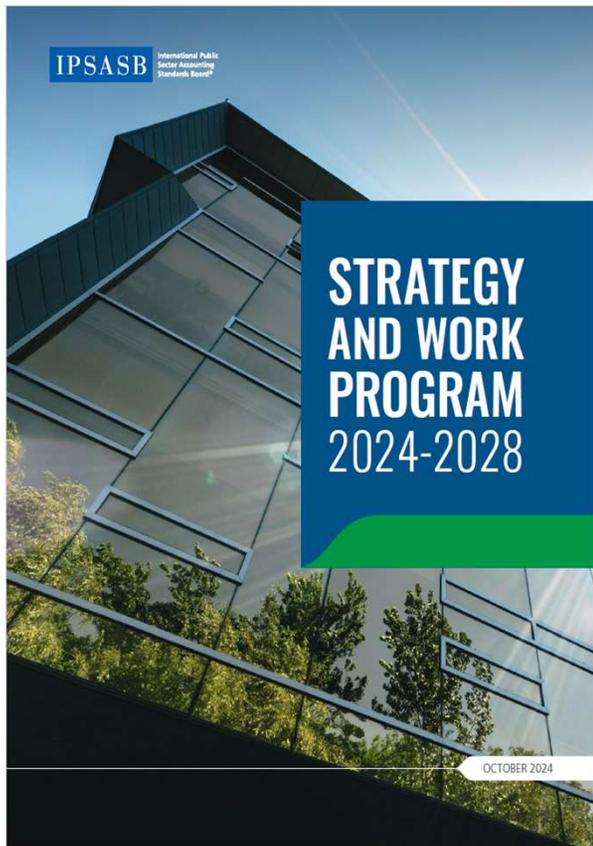
Ian Carruthers, IPSASB Chair

Washington D.C., USA – WB Headquarters

March 17, 2025

Meeting changing stakeholder needs

Strengthening Public Financial Management and sustainable development globally through increasing adoption and implementation of accrual IPSAS and International Public Sector Sustainability Reporting Standards.



DELIVERING GLOBAL STANDARDS

- Addressing Constituents' Needs
- Collaborating Internationally
- Clarifying Principles



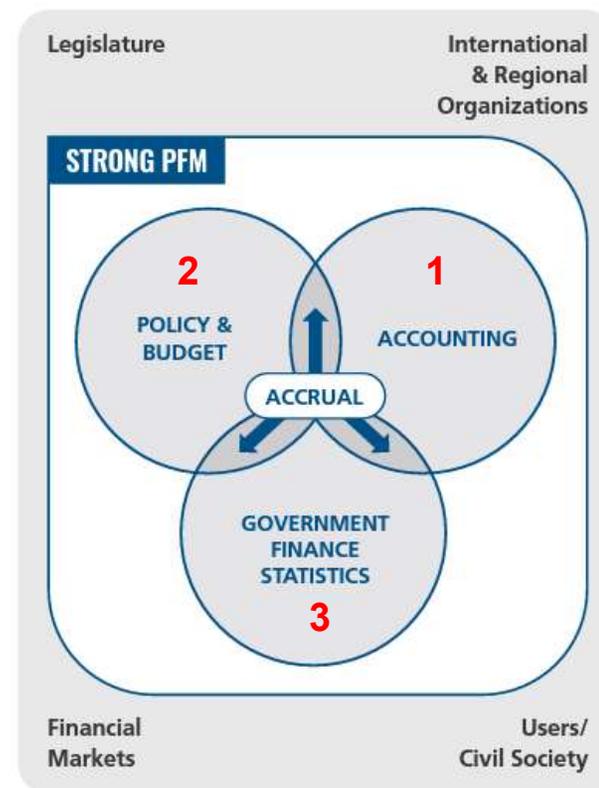
INSPIRING ADOPTION AND IMPLEMENTATION

- Raising Awareness
- Building Alliances
- Supporting Jurisdictional, Regional & International Initiatives



Using IPSAS data to strengthen PFM

- Supporting increased integration of accrual-based information in financial statements (1) with other reports used for PFM purposes
- Encouraging greater use of accrual-based information for (2) budgeting, and (3) GFS reporting purposes
- Consistency in presentation formats will support increased:
 - Data quality
 - Understanding
 - Use of information



Potential for data quality reduction wherever there is difference between data sources

Using IPSAS Data to Support Improved GFS Data Quality

IPSAS and GFS: Overlaps and Differences

Similar but different objectives:

IPSAS	2008 SNA	BPM6	GFSM 2014
Accountability	Economic analysis	National Economy vis-à-vis the rest of the world	Fiscal analysis
Decision-making	Decision-making	Decision-making	Decision-making



BUT considerable overlaps:

- Economic substance - accrual information
- Assets, liabilities, revenue and expense

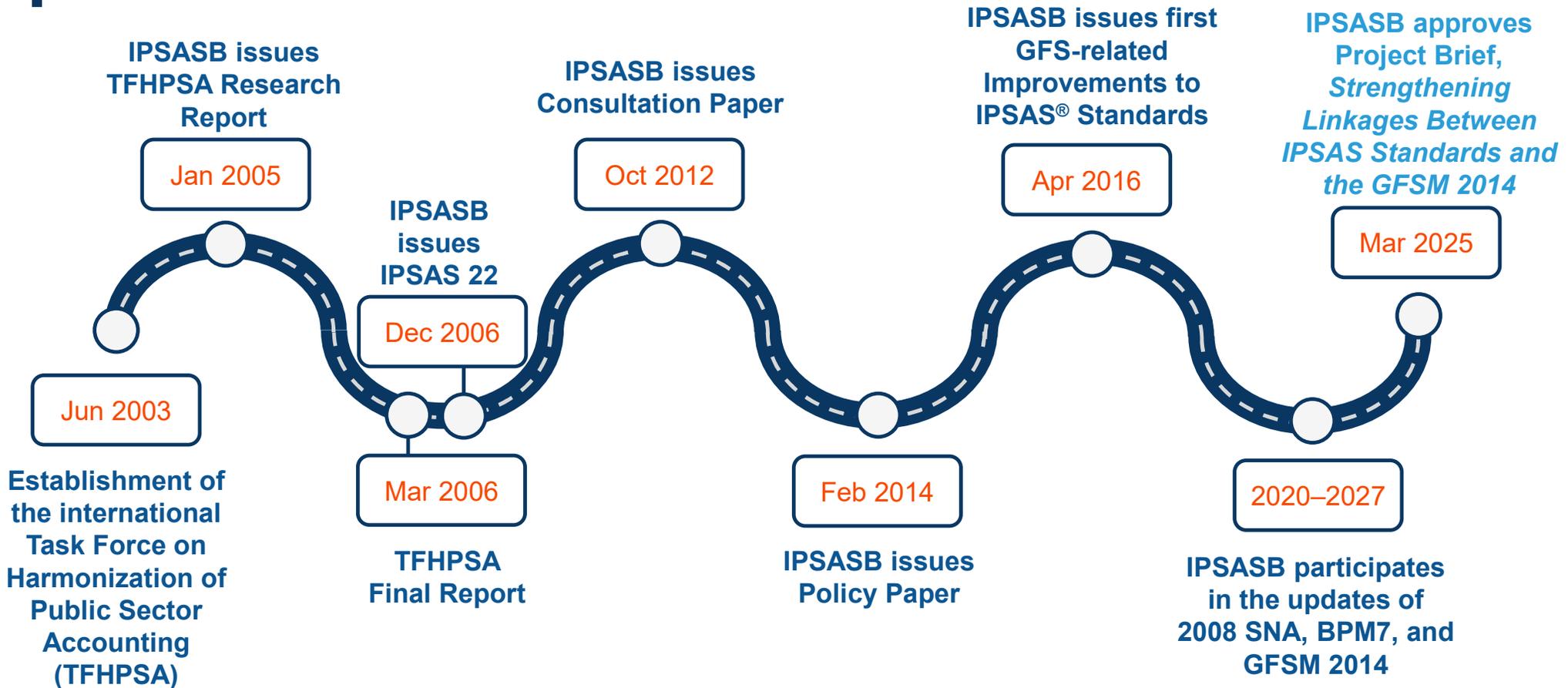
Regular timely production of accrual data can support increased GFSM data submission

Audited entity level and consolidated data can be used to support quality improvements in GFS data and increased GFSM compliance

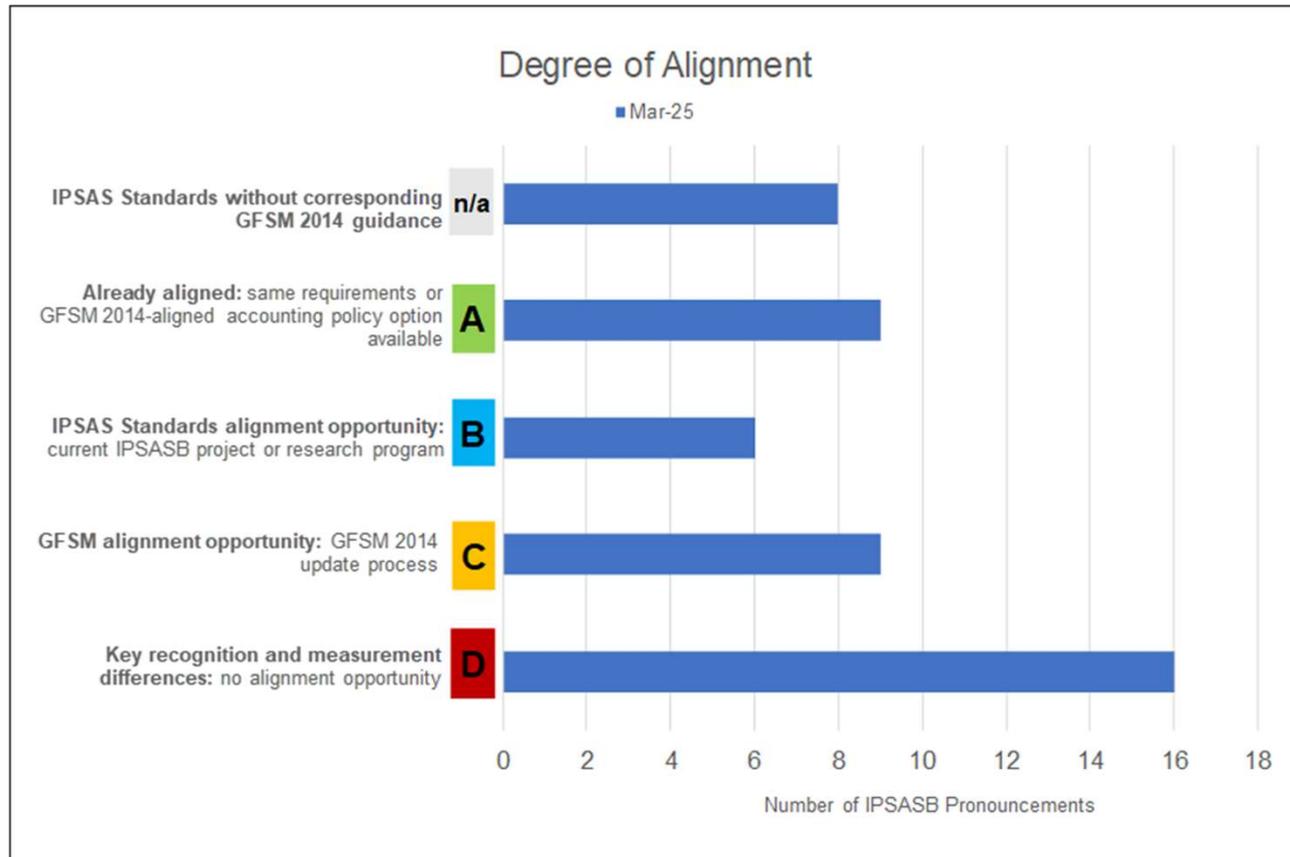
IPSASB Policy to consider GFS during IPSAS development

Using IPSAS Data to Support Improved GFS Data Quality

More than 20 years of Harmonization of Public Sector Accounting



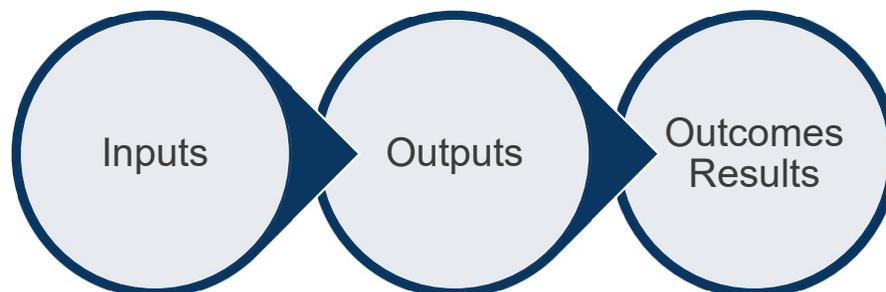
IPSAS Standards-GFSM 2014 Alignment Dashboard



Strengthening Links between IPSAS and the GFSM

- Project Brief for Approval at IPSASB meeting this week proposes to:
 - Identify current policy options under IPSAS that align with GFSM 2014 (IPSAS - GFSM Dashboard Category A) or where additional needs to be collected (Categories B, C & D)
 - Add Implementation Guidance to IPSAS 22, Disclosure of Financial Information About the General Government Sector on these options
 - Add non-authoritative 'boxes' to each individual standard
- Supports delivery of GFSM Task Team 4 project 2.27 on 'Relationship Between GFS and IPSAS'
 - IPSAS – GFS Dashboard will support update of GFSM 2014 Appendix 6
 - Will identify potential GFSM alignment opportunities through other projects – Category C

RPG 3: Reporting Service Performance Information



Can be used now to support reporting on outcomes of programs designed to deliver SDGs.

IPSASB has already added additional guidance specifically addressing sustainability reporting:

- Implementation Guidance to clarify that RPG 3 applies to reporting information on sustainability programs, and how to apply the existing guidance
- Illustrative Examples:
 - Green Bond
 - Carbon Tax
 - Investments in infrastructure to mitigate climate change
 - Tax Expenditures

Complemented by additional implementation guidance for RPG 1: Reporting on Long-Term Financial Sustainability

IPSASB SRS ED 1: Unique Public Sector Role in Climate Action





The role of Government Finance Statistics and Public Sector Accounting in achievement development goals

17 March 2025

Fiscal statistics and public accounting – the European experience

John Verrinder

European Commission - EUROSTAT

The importance of GFS in Europe

- Budgeting and accounting diversity within and across countries in the 1990s
- Government Finance Statistics (based on “European System of Accounts”) are accruals-based and comparable
- Thus **the EU fiscal policy system was built on GFS**
- Major investment in Statistical Offices, underlying systems, verification etc. Quality and timeliness of statistics has improved enormously over time

The overall European fiscal governance framework

- Founded in legislation (Treaties, Regulations etc)
- Stability and Growth Pact
 - **Preventative arm – stability and convergence programmes**
 - **Corrective arm (Excessive Deficit Procedure) - references: 3% deficit, 60% debt**
- Budgetary Frameworks Directive
 - **Budgeting and forecasting, statistics, public accounting and audit**

Updates to the European fiscal governance framework

- EU Economic Governance updated in 2024
 - **Medium-term approach bringing together fiscal policy, investments and reform**
 - **Gradual and credible debt reduction with prudent fiscal policy and underpinned by growth enhancing investment and structural reforms for EU priorities**
 - **More national ownership, based on common EU rules, and better enforcement**
 - **Simpler rules taking account of different fiscal challenges > Net Expenditure**
 - **ps. Defence spending...**

Fiscal sustainability analysis in the EU

- Long-standing coordinated process across EU countries, each 3 years
- Main focus on ageing-related fiscal pressures (pensions, health etc) – “Ageing report” - but broadened to a full sustainability analysis, within a “Debt sustainability Monitor”

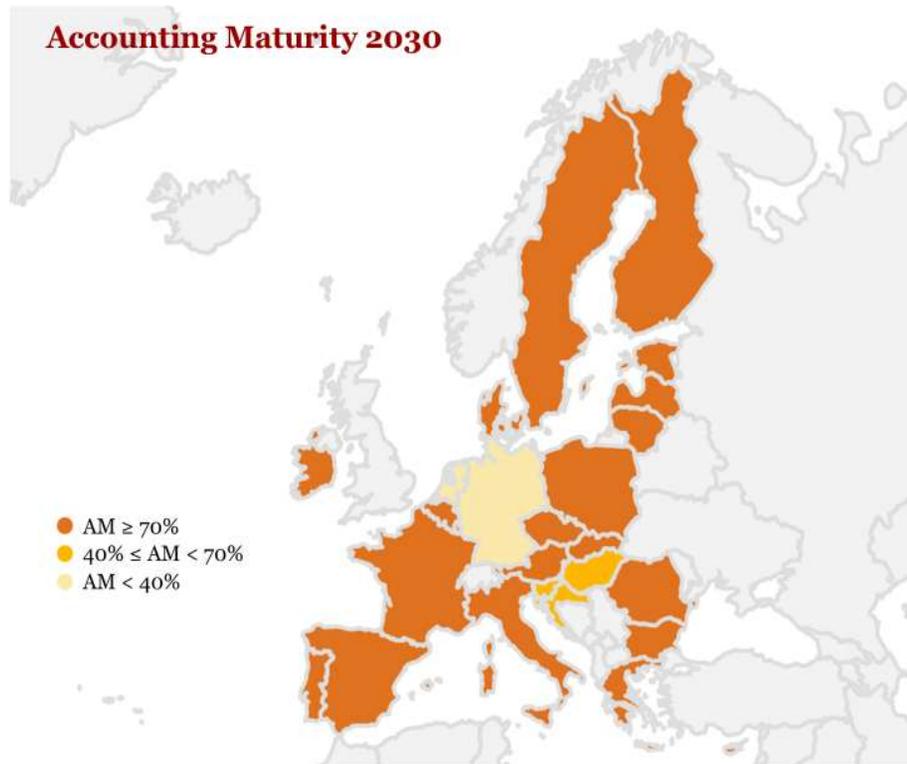
https://economy-finance.ec.europa.eu/publications/debt-sustainability-monitor-2023_en

Diversity of public accounting and budgeting in Europe

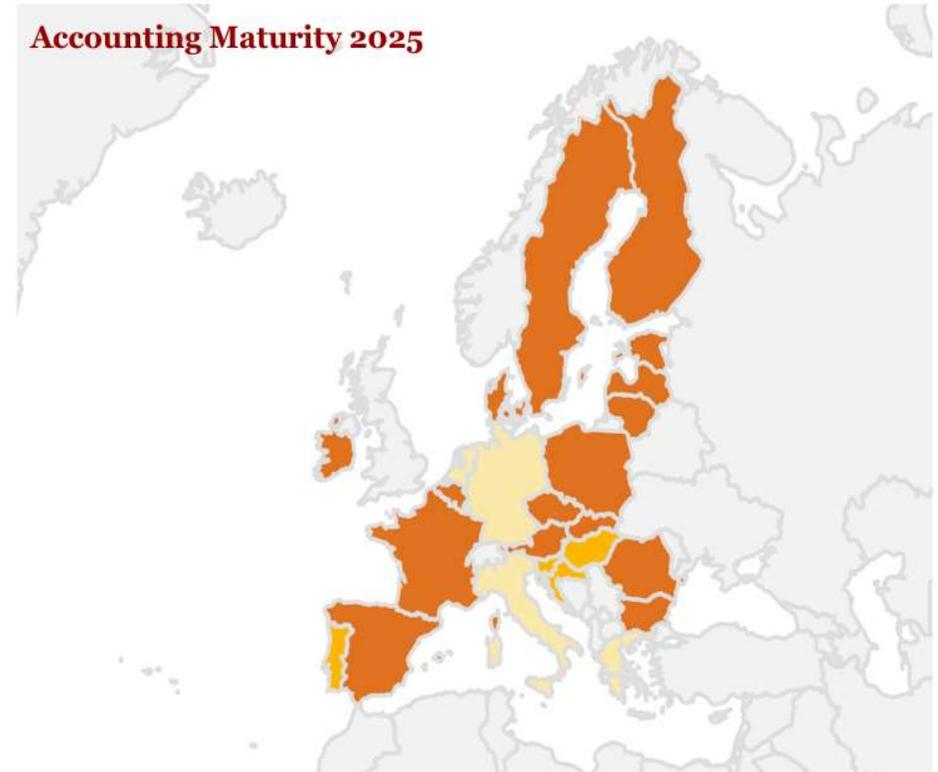
- Some EU countries have long traditions of public accruals accounting at all levels of government
- Major progress across most countries in recent years, many public accounting reform projects
- Most countries look towards IPSAS, but usually adapt/adjust for national circumstances
- Public budgeting is traditionally cash or near-cash based; reluctance of national Parliaments to move to accruals budgeting

Accounting maturity 2025 and 2030 (forecast)

AM update - Central governments



The average accounting maturity (unweighted) is expected to further increase to 77% in 2030



The average accounting maturity (unweighted) has increased from 64% in 2020 to 66% in 2025

EPSAS

- Project towards harmonised European public accounting standards. Two phases:
 - **Promotion of public accruals accounting**
 - **Move to harmonised standards across countries and levels of government**
- EPSAS Expert Group – regular meetings
- Focus on financial reporting, not budgeting!
- *Publication of a comprehensive report on public accounting in the EU at end-2026*

Bringing accounting data into GFS

- Statistical Offices cooperate closely with Finance Ministries, Central Banks and other bodies
- Often a broad range of input data, sometimes on mixed accounting bases
- Many countries build statistical needs into their Charts of Account, or use reconciliation tables
- Introduction of (**integrated/systematic**) accruals accounting significantly improves statistical compilation, but cash data still needed for some purposes (e.g. tax revenues)

Reflections...

- Accruals-based public accounting brings substantial benefits to accountability and policy/decision-making
- It also benefits the quality of statistics, providing that there is a good organisation
- Important to see that financial statements and statistics are complementary
- Budgeting aspects have to be taken into account

Thank you



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