GFS Manual Update

MEETING OF UNCEISC

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Government Finance Statistics (GFS): Overview

- GFS is an integrated framework designed to support fiscal analysis and policymaking.
- GFS is standardized, consistent, comparable, comprehensive, and transparent.
- Government expenditure by COFOG is an integral part of the GFS framework and presentation.
GFS Integrated Framework

- **Steady State**:
  - Opening Balance Sheet
  - Transactions
  - Other Economic Flows
  - Closing Balance Sheet

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

- **Horizontal Integration**: change in stocks = sum of flows

- **Net Worth**:
  - = Net Operating Balance
  - = Net Lending/Net Borrowing

- **Nonfinancial Assets**
- **Financial Assets**
- **Liabilities**

- **Revenue**
- **HOLDING GAINS/REVALUATIONS**
- **OTHER VOLUME CHANGES**

- **Expenditure**

- **COFOG breakdown**

- **Economic breakdown**
Classification of the Functions of Government (COFOG)

- COFOG provides **a functional breakdown of government expenditure**

- COFOG is increasingly **used in fiscal analysis**
  - UN SDG 1.a.2 using COFOG data on education, health and social protection
  - Social spending by governments is a focus for many countries and international organizations with COFOG often used to delimit/measure social spending
  - Climate and environmental spending increasingly important in fiscal policies and COFOG offers one key tool to capture this information

- **Expenditure matrix** by COFOG and economic categories can be a particularly powerful tool for fiscal analysis
GFS Advisory Committee (GFSAC)

- GFSAC advises IMF on the GFS research agenda and on issues related to methodological clarifications, guidance, and implementation

- Last GFSAC meeting in September 2020

- Since 2020, GFSAC have been consulted on various aspects of update to the SNA and BPM

- Tenure of existing GFSAC members has come to an end, and GFSAC is being reconstituted in preparation for envisaged update to GFSM 2014

- Next GFSAC meeting is tentatively scheduled for April 2024

- GFSAC meetings over next 3 - 4 years will help deliver GFSM update
**GFSM 2014 Update**

- IMF is the custodian of the Government Finance Statistics Manual (GFSM)
- Latest version of the manual was published in 2014 and is closely aligned with the SNA 2008
- Harmonization of guidance across macroeconomic statistical standards is important to users and compilers alike
- An updated SNA will be published in 2025 so it is an opportune time to update the GFSM
GFSM Update: Process

- First the update to the *GFSM 2014* needs to be formally launched
- Update process is envisaged to be closely resemble that of the SNA and BPM
- Meeting of GFSAC in April 2024 will consider both the GFSM update process and content
- Coordination with other statistical updates will be essential: SNA/BPM, MFS, SEEA, COFOG…
GFSM Update: Content – areas for consideration

**SNA/BPM Alignment**
- e.g., taxes vs sales of service, treatment of natural resources, emission permits, recording of data, crypto assets

**GFS Additional Topics**
- e.g., capital injections, SWFs, PPPs, sectorization, debt operations

**Other Cross-cutting Topics**
- e.g., COFOG update, IPSAS alignment, compilation guidance
Thank you!