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**2025**

# Adoption of GFSM 2014 in Brazil

Institutional Challenges, Progress, and Perspectives

SECRETARIA DO
**TESOURO NACIONAL**

MINISTÉRIO DA
**FAZENDA**

# Agenda

**1** **Historical Context**

**2** **Progress and Outputs**

**3** **Challenges and Outlook**

# Adoption Timeline

**Creation of the GFSM Interagency Working Group (GTI-GFSM)**

**Brazil fulfilled the G-20 DGI recommendation by publishing quarterly general government data (on both cash and accrual bases).**

**2007** — **2015** — **2016** — **2023**

Joint Publication by the National Treasury and IBGE;
Submission of GG data to the IMF

Adoption of statistics compiled under the GFSM 2014 framework in the IMF's Fiscal Monitor analysis
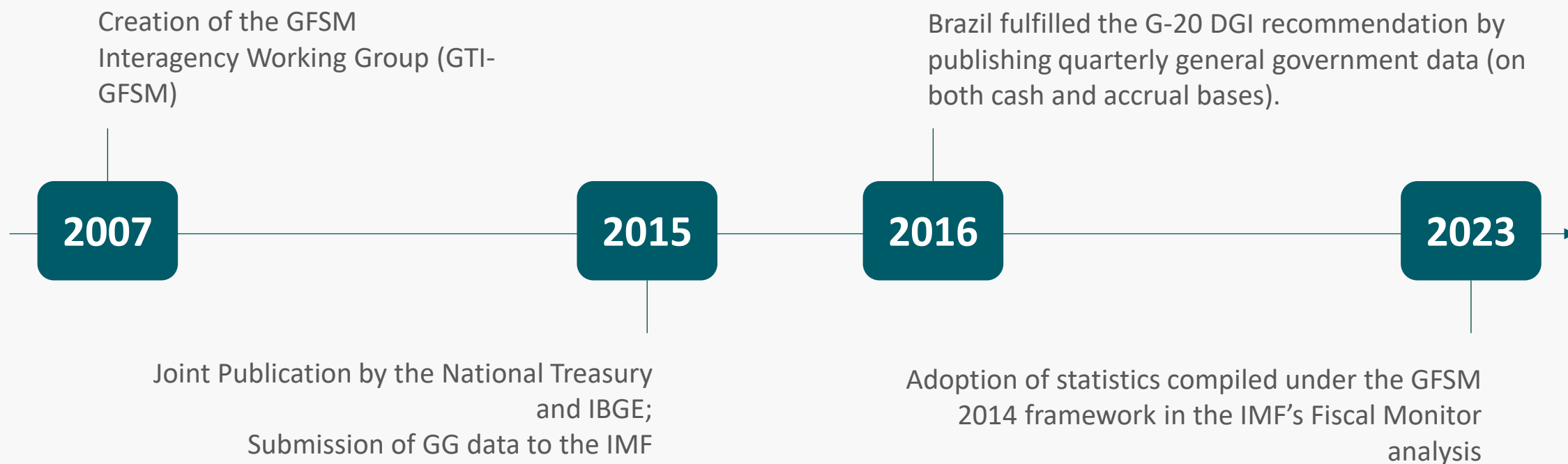
*Advancements in Public Sector Accounting*

# Institutional Arrangements

**The pillar of advances**

**SPECIALIZATION**
The creation of a specialized division allowed the exclusive focus on compiling statistics according to the GFSM 2014.

**COOPERATION AGREEMENTS**
Institutional partnerships with IBGE and IPEA were formalized in 2013.

**STATISTICAL HARMONIZATION**
Integration between fiscal statistics and the SNA, ensuring consistency across statistical frameworks.

**INTERINSTITUTIONAL COOPERATION**
Compilation of fiscal statistics coordinated jointly by the STN, BCB, and IBGE.

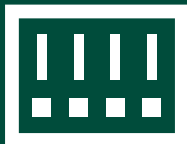# 1 Advancements in Public Sector Accounting

**Chart of Accounts Applied to the Public Sector – PCASP**

Enhancement of accrual accounting practices.

Standardized terminology. Enhances control and transparency.

Standards applied across all levels of government, facilitating the consolidation of public accounts.

Alignment with International Public Sector Accounting Standards (IPSAS).

Harmonized with the rules and procedures of Government Finance Statistics.

# **1** Siconfi - Public Sector Accounting and Fiscal Information System

**siconfi** Sistema de Informações
Contábeis e Fiscais do
Setor Público Brasileiro
Área Pública

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### WHAT IT IS

Tool developed by the National Treasury to facilitate the **submission of accounting and financial information** by subnational governments.

### HOW IT WORKS

Subnational entities use the **Account Balances Matrix** to submit monthly information on the movement of accounts in all classes (budget, assets and control) following a standardized format.

### TECHNOLOGY

It is based on the **XBRL standard**, an internationally recognized format specifically designed for the exchange of financial data.

### BENEFITS

A more straightforward and less error-prone consolidation process.

**Monthly data submissions** enable the timely compilation of regional government statistics.

## 2 Statistical Outputs and Data Users

### MAIN PRODUCTS

- Government Finance Statistics and Intermediate Government Account – EFP e CIG
- General Government Fiscal Statistics
- Tax Burden
- COFOG

- Sustainable Development Gols – SDGs Indicators

  *- Goal 16: Peace, Justice and Strong Institutions*

  *16.6.1 – Primary government expenditures as a proportion of the original approved budget, by sector.*

  *- Goal 17: Partnerships for the Goals*

  *17.1.1 – Total government revenue as a proportion of GDP, by source.*

  *17.1.2 – Proportion of government budget funded by domestic taxes.*

  *- Goal 2: Zero Hunger*

  *2.a.1 – Agriculture orientation index for government expenditures.*

- Methodological Notes

### CONSUMERS

# 2 Recent Developments

## COFOG CLASSIFICATION AND ARTIFICIAL INTELLIGENCE

✓ Automated COFOG classification powered by artificial intelligence has achieved **high accuracy**.

✓ The model was initially implemented using data from state governments and reached an **accuracy rate of 98%.**

✓ This AI-driven solution **drastically reduced the classification time** — from 1,000 hours to just 8 hours.

✓ The process became 125 times faster and **12,400% more efficient.**

✓ It enabled broader coverage and timely production of fiscal data aligned with international standards.

## CLIMATE-RELATED EXPENDITURES

✓ Adoption of the methodology developed by the Inter-American Development Bank (IDB).

✓ The approach is based on a dual-entry functional classification matrix, which captures both **primary and secondary climate-related purposes of public spending**.

✓ It applies an analytical satellite account framework to classify expenditures related to **climate change** - including their purpose and type (mitigation, adaptation, mixed, etc.) - as well as to **disaster risk management and biodiversity**.

✓ The methodology enables targeted reporting and timely analytical information for evidence-based decision-making.

## 2 COFOG in Political Discourse







**FISCAL TRANSPARENCY**
The COFOG data have enhanced the visibility of public expenditures across all government functions, providing a more detailed and comparable view of the functional breakdown of public spending.

**MEDIA COVERAGE**
COFOG data on judiciary spending, including 'super salaries', drew significant media attention and fueled public debate on fiscal transparency.

**SOCIAL ENGAGEMENTE**
The availability of detailed and comparable fiscal data has strengthened social oversight and contributed to a more informed public debate, reinforcing discussions on the allocation of public resources.

# Key Challenges

**Limited use of GFS statistics**

### Methodological enhancements

An action plan is underway focusing on methodological improvements that are crucial to improving the reliability and quality of statistics.

### Limited institutional use

Although compiled under GFSM 2014, GFS statistics are not yet officially adopted or effectively used to inform fiscal policy decisions in Brazil.

### Fiscal Rules Not Aligned with GFS Standards

Brazil's fiscal rules are still based on the 1986 manual and cash-basis statistics. While GFSM 2014 offers flexibility for transition, its impact on key fiscal policy elements — such as rule calibration, fiscal targets, debt metrics, and long-term projections — remains unknown and requires further study.

*Despite technical advances, challenges remain. The limited use of GFS statistics constrains their potential to support high-quality public policymaking.*

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# **3** IMF Technical Assistance Mission – 2024

The 2024 IMF mission marked an important milestone. Its technical recommendations pave the way for improving Brazil's fiscal statistics and their potential adoption as official statistics.

**Methodological Assessment**
The mission conducted a detailed review of Brazil's compilation practices, identifying strengths and areas for improvement.

**Governance Recommendations**
A multi-year work program was developed jointly by the institutions involved in fiscal statistics compilation to monitor progress in improving the quality and coverage of fiscal statistics.

**Migration Plan**
An institutional roadmap was proposed to support the transition of GFS to official statistical status in Brazil.

### **3** Looking ahead

**FULL ADOPTION**
Advance the formal adoption of GFS as Brazil's official fiscal statistics, strengthening alignment with international standards and enhancing the credibility of fiscal reporting

**STRENGTHENING POLICY USE**
Promote greater use of GFS data by policymakers and public officials to support evidence-based fiscal decision-making.

**INOVATION AND COVERAGE**
Consolidate technological innovations—such as automation and AI-based classification—and expand the coverage of fiscal statistics to encompass the entire public sector.