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Discussion Document on Draft Outline of the Updated GFSM based on Identified Research Projects

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Discussion Document on the Draft Outline of the Updated *GFSM* based on Identified Research Projects

The purpose of this note is to generate discussion with respect to the content and structure of the next GFS Manual (GFSM). It represents initial thinking based on the research program for the update of the *GFSM 2014*. The document structure is as follows:

- Section I presents some topics for discussion with respect to the structure of the next GFSM
- Section II illustrates, in summary format, the likely impact of the research projects on the text in the current GFSM (i.e., *GFSM 2014*)
- Appendices (in separate document) provide a detailed assessment of the likely impact of the research projects on the text of the *GFSM 2014*.

It is anticipated that this document will be revised as the research phase of the update progresses.

This draft outline of the updated GFSM is based on the impact that the pending research projects as identified in the Proposed Recommendations and the Project Initiation Documents may have on the *GFSM 2014*. These updates will be finally determined by the outcome of the research projects after global consultation and the consideration by the Government Finance Statistics Advisory Committee (GFSAC). The update proposals are therefore still pending final Notices of Decision.

SECTION I: PROPOSED ISSUES FOR DISCUSSION ON THE STRUCTURE OF THE UPDATED GFSM

This discussion document shows where in the *GFSM 2014* changes are anticipated to be required, but it also tries to highlight the issues that are open for discussion when deciding the structure of the updated manual. An understanding of the basis on which the *GFSM 2014* structure was established is helpful as background information before proceeding to a discussion on the issues for consideration in deciding the structure of the revised GFSM.

Background to the structure of *GFSM 2014*: The structure of *GFSM 2014* was established based on two main considerations. Firstly, it was decided that the *GFSM 2014* should be primarily a principle-based conceptual manual and not a compilation guide. Secondly it was decided that the manual be organized by the main elements that determine the compilation of GFS statistics. These considerations resulted in the manual with ten distinct chapters. All conceptual principles were provided in these chapters. The Annexes were considered extensions of the topics discussed in the chapters, while the Appendices were used to bring together practical guidance on how to apply the conceptual principles around a specific

topic, without introducing new conceptual principles. For example, the social protection, debt, and cross-cutting appendices bring together accounting rules, sectorization, flows and stocks related to a topical area that has proven to be particularly challenging. In addition, it provides practical example on how to apply the principles spelled out in the chapters. In addition, the chapters making the linkages with other statistics became more relevant due to the international need to reconcile various data sets.

Outline of the updated GFSM: GFSAC already indicated a preference for a principle-based manual and since the elements of the GFS framework are not expected to change, the proposed structure of the updated manual could be largely maintained. However, based on an analysis of the impact of the SNA/BPM revisions on the GFSM detailed in the Appendix to this document and summarized in the matrix in Section II, staff have identified areas where alternative structures of the manual may be considered. The proposed structural changes for consideration also identify cases where uncertainty about timing may have an influence on the outcome of the discussion on the structure of the updated GFSM. Particularly the uncertainty around the outcome of the revised MFSM, COFOG and SEEA-CF may have an impact on the way these are accommodated in the updated GFSM. The Table below follows the structure of the *GFSM 2014*, with an indication of possible structural changes for discussion. The pending changes resulting from the research projects are as at end of April 2025. The list of updates should be viewed as broadly representing the major conceptual/methodological or content changes and do not include details on all changes such as general terminology/clarification/editorial changes that will be introduced to align *GFSM 2014* with the Statistical Glossary that was produced as part of the development of the *2025 SNA* and *BPM7*. In addition, the tables in this paper focus on the content and structure of individual chapters and appendices of the GFSM 2014 and do not consider potential reordering of these in the GFSM update, such as to bring together in the chapter sequencing those related to expenditure and/or transactions.

<i>GFSM 2014 Section</i>	<i>Main updates to the GFSM 2014</i>	<i>Proposed structural changes for consideration</i>
<i>Chapter 1</i> <i>Introduction</i>	Revised to include a section on the evolution of international statistical guidelines based on a high-level discussion of the changes between <i>GFSM 2014</i> and the updated GFSM. The uses of the GFS framework may be updated pending the outcome of the research projects on fiscal analysis while the implementation of the GFS framework will be expanded to refer to the presentation of metadata pending the outcome of that research project.	Consider whether the section on the differences with the traditional <i>GFSM 1986</i> framework should be maintained. Options are: <ul style="list-style-type: none"> • It could be maintained as a section in Chapter 1; • It could be moved to an Appendix; or • It could be deleted, and reference could be made to external documents/training material with guidance on the topic.

<p><i>Chapter 2</i></p> <p>Institutional Units and Sectors</p>	<p>Revised to include clarifications and additions based on the outcome of research projects that impact on the concepts of residence, institutional units and sectors, and boundaries of institutional coverage and sectorization of the public sector. Consideration to be given whether to align fully with the common chapter in SNA/BPM. Practical application of sector classification principles for public sector units will be revised accordingly.</p>	<p>Consider whether to align text fully with common chapter in SNA/BPM.</p> <p>Consider whether the practical application of sector classification principles on public sector units should remain an integral part of the chapter. Options are:</p> <ul style="list-style-type: none"> • Keep the practical application examples as part of Chapter 2; or • Move the practical application examples into a separate Chapter or an Appendix.
<p><i>Chapter 3</i></p> <p>Economic Flows, Stock Positions, and Accounting Rules</p>	<p>Revised to introduce depletion as a flow and to extend the asset boundary to include data and crypto currencies as assets in line with the outcome of the relevant research projects. Consideration to be given whether to align fully with the common chapter in SNA/BPM. Also, the accounting rules will be updated to incorporate the outcome of the research projects that reviewed the valuation principles used when compiling GFS.</p>	<p>Consider whether to align text fully with common chapter in SNA/BPM, while adding GFS specific elements such as discussion of consolidation and other outcomes of the research projects.</p>
<p><i>Chapter 4</i></p> <p>The Government Finance Statistics Analytical Framework</p>	<p>While the analytical framework of the GFS will broadly remain unchanged, changes in classifications, presentation and supplementary details may result from the pending outcome of the various research projects. Also, consideration should be given to whether the construction of the analytical framework's relationship with <i>GFSM 1986</i> should be maintained. The Annex for using GFS for fiscal analysis could further be impacted by the outcome of the research projects on enhancing the use of GFS for fiscal analysis and the analytical need to apply the analysis to public corporations. Furthermore, the rise of the relevance of balance sheet analysis could further impact the Annex.</p>	<p>Consider whether the relationship with <i>GFSM 1986</i> should be maintained (see options in Chapter 1).</p> <p>Consider also the Annex to Chapter 4 in the revised GFSM. The options are:</p> <ul style="list-style-type: none"> • Maintain as is with updated and expanded text on the analytical uses of GFS; • Elevate the Annex to become a chapter in the revised GFSM; • Move to be an Appendix in the revised GFSM; or

		<ul style="list-style-type: none"> • Develop as a self-contained practical guideline outside of the Manual.
<p><i>Chapter 5</i></p> <p>Revenue</p>	<p>While the concept of revenue broadly remains the same, the chapter will be updated with the outcome of research projects that clarify the time of recording of tax amnesties and revised terminology around valuation principles. The chapter will further clarify boundaries between several types of revenue such as capital and current transfers, distinction between taxes, services and other flows and super dividend and withdrawal of equity, based on the outcome of the relevant research projects. The classifications of several types of revenue will also be elaborated on pending the outcome of these relevant research projects such as for rent, penalties and fines, negative interest, zakat, etc.</p>	<p>No change foreseen at this time.</p>
<p><i>Chapter 6</i></p> <p>Expense</p>	<p>While the concept of expense broadly remains the same, the chapter will be updated with the outcome of research projects that clarify the time of recording terminal costs and revised terminology around valuation principles. The chapter will further clarify boundaries between several types of expense (consistent what was done for revenue) in line with the outcome of the relevant research projects. The classifications of several types of expense will also be elaborated on pending the outcome of these relevant research project (consistent with what was done for revenue).</p> <p>The Annex on the Classification of Functions of Government (COFOG), it will need to be updated to reflect the outcome of the revisions to COFOG and incorporate environmental classifications as needed.</p>	<p>Consider whether to maintain COFOG as an Annex to Chapter 6 or to consider alternatives. These alternatives may be of relevance given the uncertainty around coincidence of timelines for the GFSM and COFOG updates. Alternatives that could be considered:</p> <ul style="list-style-type: none"> • Maintain COFOG as an Annex to Chapter 6; • Elevate the Annex to become a chapter in the revised GFSM; • Move the Annex to an Appendix in the revised GFSM; or • Keep the introductory text in GFSM but eliminate the duplication of the UN detailed COFOG but rather just reference the publication in GFSM.

		In addition, consideration could be given to merging the chapter on expense and transactions in nonfinancial assets to have a single chapter on expenditure.
<i>Chapter 7</i> Balance Sheet	Pending the outcome of the relevant research projects, the asset boundary will be expanded to include data and crypto assets in the balance sheet. The pending outcome of various research projects may also lead to revisions and clarifications in the guidelines on valuation of asset and liabilities, while the outcome of many other research projects may lead to updates of the classification of classes of assets and liabilities on the balance sheet. In addition, the pending outcome of some research projects may lead to revisions and additions to the disclosures that are presented as memorandum items to the balance sheet. Clarifications on the calculation of residual maturity may also result from a pending research project.	No change foreseen at this time.
<i>Chapter 8</i> Transactions in Nonfinancial Assets	Pending the outcome of the relevant research projects, the valuation principles in use for transactions in nonfinancial assets may need to be revised as well as the time of recording of work-in-progress and ownership transfer of nonfinancial assets in some cases. The updated GFS need to adopt the term depreciation in the place of consumption of fixed assets and the notion of depletion for natural resources will be adopted in line with the respective research projects. Clarification on the distinction between maintenance and capital repairs will be adopted pending the outcome of the research project and the recording of transactions related to natural resources will be clarified based on the outcome of the relevant research projects.	No change foreseen at this time. Although, as noted above in Chapter 6, consideration could be given to merging the chapter on expense and transactions in nonfinancial assets to have a single chapter on expenditure.
<i>Chapter 9</i>	Pending the outcome of the relevant research project, the valuation principles in use for transactions in financial assets and liabilities may need to be revised, specifically for transactions in the equity of public	No change foreseen at this time.

Transactions in Financial Assets and Liabilities	corporations. The time of recording of transactions subject to long-term leases at the end of the lease period would need to be updated as well as the recording of central bank swap arrangements. Pending the outcome of the relevant research projects the classification and recording of several other transactions in financial assets and liabilities may need updating, for example in the case of reverse transactions, financial derivative and factoring transactions. The accrued recording of interest/premiums and discounts rates may also require amendments. The outcome of research projects around pension obligations and employee benefits will affect recording of these transactions while clarifications may be needed on flows with IMF and other regional organizations.	
<i>Chapter 10</i> Other Economic Flows	Pending the outcome of the relevant research projects the difference between transactions and other flows related to derivatives may be clarified. Consequential changes to the valuation changes in various assets and liabilities may need to be updated pending the outcome of the relevant research projects and reclassification of work-in-progress may be needed.	No change foreseen at this time
<i>Appendix 1</i> Changes from the GFSM 2001 and GFSM 1986 (by chapter)	<p>The Appendix will need to be updated to reflect changes from <i>GFSM 2014</i> to the updated GFSM.</p> <p>In addition, consideration should be given to whether the description of differences with the traditional <i>GFSM 1986</i> will be maintained.</p>	<p>Consider whether the description of changes with the traditional <i>GFSM 1986</i> should be maintained (see Chapter 1). Options that could be considered are:</p> <ul style="list-style-type: none"> • Continue to include a description of changes, including those that are currently presented as part of Chapters 1 and 4; • Elevate the description of changes to become a separate Appendix; or • It could be deleted, and reference could be made to external documents/training material with guidance on the topic.

<p><i>Appendix 2</i></p> <p>Social Protection</p>	<p>Pending the outcome of several research projects the Appendix on Social Protection may be updated. The chapter brings together conceptual issues around flows and stocks related to the various types of schemes, as well as practical guidelines for the recording of the transactions of the various types of schemes. Pending the outcome of the research projects, the delineation between various schemes could be updated, the typology and sector classification could be clarified and the recording of specific types of transactions could be further clarified.</p>	<p>Consider whether the social protection topic should be maintained as an appendix or whether other alternative should be considered. These alternatives are:</p> <ul style="list-style-type: none"> • Maintain the topic as an appendix and just update with relevant research projects; • Elevate the topic to become a standalone chapter in the manual; or • Eliminate the topic and provide practical guidelines in a standalone document outside of the manual.
<p><i>Appendix 3</i></p> <p>Debt and Related Operations</p>	<p>Pending the outcome of several research projects the Appendix on Debt and Related Operations may need to be revised. The chapter brings together conceptual issues around flows and stocks related to the various types of debt instruments as well as practical guidelines for the recording of specific debt reorganization events. The revisions need to reflect the outcomes of research project on the valuation of debt instruments, clarifications on debt reorganizations, the recording of borrowing of SPEs and recording of transactions with the IMF. Revisions should also align with the corresponding appendix in BPM7.</p>	<p>Consider whether to align text fully with common chapter in <i>BPM7</i>.</p> <p>Consider whether the debt topics should be maintained as an appendix or whether other alternative should be considered. These alternatives are:</p> <ul style="list-style-type: none"> • Maintain the topic as an appendix and just update with relevant research projects; • Elevate the topic to become a standalone chapter in the manual; or • Eliminate the topic provide practical guidelines in a standalone document outside of the manual.
<p><i>Appendix 4</i></p> <p>Some cross-cutting issues</p>	<p>Pending the outcome of the relevant research projects, the guidelines around leases, licenses, permits and other contracts should be updated for the treatment of emission trading schemes and transfer of leased assets. Also, the outcome of the research project on the treatment of PPPs could lead to some revisions. Furthermore,</p>	<p>Consider whether these largely unrelated topics could be reorganized or relocated to be more logically placed.</p> <p>Consider also the way in which the topics of public corporations, Islamic Finance, and</p>

	consideration should be given to include an addition to bring together new guidance on applying the GFS framework to public corporations, and financial derivatives. Consideration should also be given to whether the SNA/BPM common chapter on Islamic Finance should be incorporated into GFSM. Consideration should also be given to whether Communicating GFS should be added as an issue consistent with what was done in the SNA/BPM.	financial derivatives should be treated. Options are: <ul style="list-style-type: none"> • Include the respective topics as one of the cross-cutting topics in this Appendix; or • Elevate the topics of public corporations and Islamic Finance to be separate Appendices/Chapters. Consider whether Communicating GFS should be added as a separate Chapter/Appendix
<i>Appendix 5</i> Types of Regional Arrangements	Pending the outcome of the relevant research projects, the description of currency unions may be revised and the distinction between centralized and decentralized central bank models could be elaborated on. Also, the stocks and flows related to regional/international organizations may be updated pending the outcome of the research projects.	No change foreseen at this time
<i>Appendix 6</i> GFS and International Public Sector Accounting Standards	Revise and update the Appendix based on the outcome of the relevant research projects on the relationship with IPSASs	Consider whether the Appendix should only summarize the high-level similarities and differences while referencing an external document on the detailed comparisons in order to facilitate keeping the correspondences up to date as new IPSASs are developed.
<i>Appendix 7</i> GFS and other macroeconomic statistics	Update the Appendix with the latest versions of the other macroeconomic statistical manuals namely the 2025 SNA and BPM7. Pending the update of MFSM some revisions of this comparison may also be needed. With regards to the comparison with the analytical framework of the GFS with the System of Environmental Economic Accounting Central	Consider whether these detailed comparisons should be maintained and updated or whether a high-level summary should be included with references to more detailed comparisons across manuals in an external document.

	Framework close collaboration with the update of the latter will inform the possibility to updating this section of the Appendix.	
<i>Appendix 8</i> GFS Classifications	Updated to correspond with changes made in the detailed chapters.	No change foreseen at this time
<i>Appendix 9</i> Glossary	Updated to be simplified and made consistent with the revised GFSM and aligned with the Glossary of macroeconomic data terms used in 2025 SNA/BPM7 pending the outcome of the research project on communicating with GFS users.	Consider whether there is a need for a Glossary given that a common macroeconomic glossary exists.

SECTION II: SUMMARY OF POTENTIAL AREAS OF IMPACT OF RESEARCH PROJECTS ON GFSM 2014 STRUCTURE

	Chapter 1	Chapter 2	Chapter 3	Chapter 4	Chapter 5	Chapter 6	Chapter 7	Chapter 8	Chapter 9	Chapter 10	Appendix 1	Appendix 2	Appendix 3	Appendix 4	Appendix 5	Appendix 6	Appendix 7	Appendix 8	Appendix 9
1.1 Valuation principles and methodologies																			
1.2 Treatment of rent																			
1.3 Treatment of centralized currency unions in macroeconomic statistics																			
1.4 Recording CBI programs																			
1.5 Treatment of tax amnesties																			
1.6 Financial and operating leases																			
1.7 Recording penalties and fines																			
1.8 Valuation of unlisted equity																			
1.9 Improving the recording of government-controlled nonresident SPEs																			
1.10 Identifying super dividends and establishing the borderline between dividends and withdrawal of equity																			
1.11 Identifying, valuing and reporting government data assets																			

	Chapter 1	Chapter 2	Chapter 3	Chapter 4	Chapter 5	Chapter 6	Chapter 7	Chapter 8	Chapter 9	Chapter 10	Appendix 1	Appendix 2	Appendix 3	Appendix 4	Appendix 5	Appendix 6	Appendix 7	Appendix 8	Appendix 9
1.12 Reverse transactions																			
1.13 Financial derivatives by type																			
1.14 Capturing non-financial intermediation																			
1.15 Treatment of cash collateral																			
1.16 Treatment of factoring transactions																			
1.17 Debt concessionality																			
1.18 The recording of crypto assets in macroeconomic statistics																			
1.19 Treatment of SPEs and residency																			
1.20 Payments for nonproduced knowledge-based capital (marketing assets)																			
1.21 Islamic finance																			
1.22 Treatment of emissions trading schemes																			
1.23 Environmental classifications within GFS																			

	Chapter 1	Chapter 2	Chapter 3	Chapter 4	Chapter 5	Chapter 6	Chapter 7	Chapter 8	Chapter 9	Chapter 10	Appendix 1	Appendix 2	Appendix 3	Appendix 4	Appendix 5	Appendix 6	Appendix 7	Appendix 8	Appendix 9
1.24 Distinction between taxes, services and other flows																			
1.25 Relationship between SNA and IPSAS/IAS																			
1.26 Treatment of trusts and other types of funds as separate institutional units																			
1.27 Consistency in the application of the sum-of-costs approach																			
1.28 Work-in-progress, transfer of ownership and capital services																			
1.29 Clarifications on the treatment of terminal costs during ownership transfer for different types of assets																			
1.30 Add clarifications on the distinction between maintenance and capital repairs for intangible assets																			
1.31 Treatment of the transfer of leased assets at the end of the lease period																			
1.32 Recording of share buybacks																			
1.33 Statistical treatment of negative interest rates																			

	Chapter 1	Chapter 2	Chapter 3	Chapter 4	Chapter 5	Chapter 6	Chapter 7	Chapter 8	Chapter 9	Chapter 10	Appendix 1	Appendix 2	Appendix 3	Appendix 4	Appendix 5	Appendix 6	Appendix 7	Appendix 8	Appendix 9
<i>1.34 Clarification on Reserve Position in the IMF</i>																			
<i>1.35 Recording of Central Bank Swap Arrangements in Macroeconomic Statistics</i>																			
<i>1.36 Statistical Treatment of Precious Metals Accounts</i>																			
<i>2.1 Boundary between government and nonfinancial public corporations</i>																			
<i>2.2 Boundary between government and financial public corporations</i>																			
<i>2.3 Indigenous governments</i>																			
<i>2.4 Transactions with SWFs</i>																			
<i>2.5 Treatment of zakat</i>																			
<i>2.6 Defining and subclassifying extrabudgetary units</i>																			
<i>2.7 Government or public nonlife insurance schemes</i>																			
<i>2.8 Debt valuation issues</i>																			

	Chapter 1	Chapter 2	Chapter 3	Chapter 4	Chapter 5	Chapter 6	Chapter 7	Chapter 8	Chapter 9	Chapter 10	Appendix 1	Appendix 2	Appendix 3	Appendix 4	Appendix 5	Appendix 6	Appendix 7	Appendix 8	Appendix 9
<i>2.9 Debt assumption and debt payments on behalf of others</i>																			
<i>2.10 Valuation and recognition of loans</i>																			
<i>2.11 Recording of provisions and contingent liabilities</i>																			
<i>2.12 Stock positions and related flows with the IMF and other regional / international organizations</i>																			
<i>2.13 Equity for public corporations</i>																			
<i>2.14 Treatment of PPPs</i>																			
<i>2.15 Treatment of capital injections by government into corporations</i>																			
<i>2.16 Treatment of privatization</i>																			
<i>2.17 Boundary between capital and current transfers</i>																			
<i>2.18 Recording and valuation of infrastructure assets</i>																			
<i>2.19 Accounting for natural resources and their exploitation in GFS</i>																			

	Chapter 1	Chapter 2	Chapter 3	Chapter 4	Chapter 5	Chapter 6	Chapter 7	Chapter 8	Chapter 9	Chapter 10	Appendix 1	Appendix 2	Appendix 3	Appendix 4	Appendix 5	Appendix 6	Appendix 7	Appendix 8	Appendix 9
<i>2.20 Climate-sustaining and climate-damaging subsidies and other transfers</i>																			
<i>2.21 Social security schemes</i>																			
<i>2.22 Government assumption of pension obligations</i>																			
<i>2.23 Employee benefits – defined benefit schemes</i>																			
<i>2.24 A framework for the presentation of GFS metadata</i>																			
<i>2.25 Communicating GFS to users</i>																			
<i>2.26 Presentation of GFS flows related to natural resources</i>																			
<i>2.27 Relationship between GFS and IPSAS</i>																			
<i>2.28 Tax expenditures, tax deferrals, and other similar incentives</i>																			
<i>2.29 Retained earnings of public corporations and their impact on fiscal analysis</i>																			

	Appendix 9			
	Appendix 8			
	Appendix 7			
	Appendix 6			
	Appendix 5			
	Appendix 4			
	Appendix 3			
	Appendix 2			
	Appendix 1			
	Chapter 10			
	Chapter 9			
	Chapter 8			
	Chapter 7			
	Chapter 6			
	Chapter 5			
	Chapter 4			
	Chapter 3			
	Chapter 2			
	Chapter 1			
2.30 Methodological guidance on compilation and analyzing SOE data				
2.31 GFS within fiscal analysis and policymaking				
2.32 Balance sheet analysis				