

IMF Government Finance Statistics Advisory Committee

Meeting in Brasilia, Brazil

May 13-15, 2025

Summary of Discussions

Prepared by the Statistics Department

INTERNATIONAL MONETARY FUND

WELCOME AND OPENING REMARKS

INTRODUCTION

Remarks by Mr. David Athayde, Undersecretary of the National Treasury of Brazil

- Mr. Athayde welcomed members to Brazil for the IMF Government Finance Statistics Advisory Committee meeting and acknowledged the importance of the Committee in shaping global government finance statistics (GFS).
- Brazil's commitment to fiscal transparency was emphasized and the importance of making fiscal data accessible and accurate to enhance accountability and trust between government and citizens.
- It was noted that over the past two decades Brazil had made significant progress in methodological improvements, including the development of quarterly general government statistics and comprehensive data publication, in collaboration with key institutions like the Central Bank and the Brazilian Institute for Geography and Statistics.
- He stressed the necessity of harmonized international standards for comparing fiscal performance across jurisdictions, and for informing policy making. He highlighted the need for governments to adapt to global events, such as climate change and digitalization, while managing fiscal risks. Brazil was actively engaged in initiatives to enhance the transparency of climate-related fiscal data.
- He called for continued collaboration within the GFS community and international organizations to share best practices and innovations, fostering a collaborative model that ensures the GFS Manual (GFSM) remains relevant and responsive to changes in public finance. He concluded by stressing that Brazil looked forward to deepening its partnership with the IMF and supporting the implementation of revised standards.

Remarks by Mr. Bert Kroese, Chief Statistician, Data Officer and Director, IMF's Statistics Department

- Mr Kroese expressed gratitude to the Brazilian colleagues for hosting the meeting in Brazil, emphasizing Brazil's success toward adopting *GFSM 2014*. Although unable to attend in person, he looked forward to the discussions and highlighted the importance of GFS, especially in the current context where comparable data is crucial for economic debates.
- All attendees were encouraged to actively participate whether in-person or online. He stressed the importance of inclusivity in the update process to ensure that the results lead to better-informed fiscal analysis and policymaking, supported by harmonized statistics that meet user needs.
- Members of the Committee were also encouraged to act as ambassadors for GFS, promoting the upcoming updates.

Remarks by Mr. Jim Tebrake, Deputy Director, IMF's Statistics Department (and Acting Chair)

- Mr. Tebrake provided an overview of the planned discussions for the two and a half-day meeting, highlighting the main goal as being the endorsement of 23 draft Notices of Decision.

- It was further noted that the agenda included reviewing outcomes from the first and second global consultations, hearing from task teams co-chairs on the progress in task teams and discussing the coordination with related statistical standards to ensure coherence across macroeconomic data.
- Additionally, members would hear a user story from Brazil on their efforts to implement *GFSM 2014* and the benefits derived from these improvements.

SESSION 1: FIRST GLOBAL CONSULTATION ON RESEARCH PROJECTS: GROUP 1

CONSULTATION RESPONSES AND DRAFT NOTICES OF DECISION

Topics presented for discussion

- A summary of the responses to the global consultation on Group 1 Proposed Recommendations (PRs) was presented, highlighting that:
 - i. 36 responses were received from 28 countries with reasonable diverse geographic coverage.
 - ii. Each of the 11 PRs was supported by 75 percent or more of those respondents who expressed a view.
- The presentation also shared specific comments by respondents on each of the PRs, highlighting where it was suggested to make minor revisions to the proposals to address comments received during global consultation.
- Draft Notices of Decision (NoD) had been prepared for the meeting and the GFSAC members were asked to endorse each of the NoDs. In cases where only few non-substantive comments had been received from the global consultation, GFSAC members were simply asked whether they endorsed the draft NoD, whereas in other cases more substantive comments were received and GFSAC members were asked for their agreement to the way these comments had been reflected.

Summary of discussion

- **1.2 Treatment of Rent:** The draft NoD explains that the GFSM update will expand the definition of rent to include payments for the rights to use, in production, all non-produced nonfinancial assets. The draft NoD was endorsed by the GFSAC members.
- **1.5 Treatment of Assets and Related Income Declared Under Tax Amnesty:** The draft NoD explains that the GFSM update will make no conceptual changes with respect to the treatment of tax amnesties but will include additional clarifying text. The draft NoD was endorsed by the GFSAC members.
- **1.6 Financial and Operating Leases:** The draft NoD explains that the GFSM update will make no conceptual changes with respect to the treatment of financial and operating leases, but that additional practical guidance is to be developed under *2.27 Relationship between GFS and IPSAS*. The draft NoD was endorsed by the GFSAC members.
- **1.9 Improving the Recording of Government-Controlled Nonresident SPEs:** The draft NoD explains that the GFSM update will retain the treatment of government-controlled nonresident SPEs as separate institutional units but amend the imputation of stocks and flows principally so that debts incurred by the SPE are imputed in the government accounts under the same debt instruments, and interest paid by the SPE are imputed as interest expense in the government accounts.

- **1.19 Treatment of SPEs and Residency:** The draft NoD explains that the GFSM update will provide clarifications on identifying special purpose entities (SPEs) and limiting the term SPEs to nonresident entities. The draft NoD was endorsed by the GFSAC members.
- **1.23 Environmental Classifications within GFS:** The draft NoD explains that the GFSM update (subject to the outcome of related GFS projects) will include several ‘of which’ categories to allow countries to capture stocks and flows which are environmentally related in a comparable way. One member pointed out that it would be a lot of work for a country to report all the ‘of which’ categories. It was clarified that the expectation was that countries would only report specific ‘of which’ data where there was user demand for the information. The draft NoD was endorsed by the GFSAC members.
- **1.4 Citizenship-by-Investment (CBI) Programs:** The draft NoD explains that the GFSM update will include guidance on the recording of nonrefundable contributions to government (or their nominated agency) under CBI programs as transfers. In response to feedback from the global consultation, the draft NoD also specifies that payments to nominated agencies are to be rearranged through government and to further clarify the limitations of the guidance, i.e. it does not relate to payments under visa schemes.
- Several GFSAC members noted that they agreed with the proposed guidance on rearrangement but counselled that it might be best referenced as an example within the rearrangement section of the manual rather than in the discussion on CBI payments. There was discussion of the rationale for recording these payments as transfers rather than taxes and concerns from one member as to whether the treatment was fully consistent with the proposals in *1.24 Distinction between Taxes, Services and other Flows*. After discussion, one member remained unconvinced that the payments under CBI programs should be recorded as transfers. The draft NoD was endorsed by the GFSAC members, based on the majority view.
- **1.24 Distinction Between Taxes, Services and Other Flows:** The draft NoD explains that the GFSM update will include guidance in three areas, (i) to record payments for mandatory nontransferable licenses as taxes, (ii) to clarify that payments to use a natural resource owned by another institutional unit are to be recorded as rent, and (iii) to provide guidance on when regulatory schemes should lead to rearrangement through the government accounts. In response to feedback from the global consultation the draft NoD also notes the need for further clarity on the definition of the terms “mandatory” and “sufficiently material” as well as on the limits of rearrangement.
- One member noted that the decision tree for government revenue should be carefully reviewed to ensure that it was consistent with the treatment of payments to CBI programs, including explicit reference as required. GFSAC members discussed and agreed the need for the GFSM to provide further clarity on the issues listed above but otherwise endorsed the draft NoD.
- **1.7 Recording of Fines and Penalties:** The draft NoD explains that the GFSM update will include no conceptual changes with respect to fines and penalties but will further clarify the distinction between fines and penalties. Feedback from the global consultation highlighted some implementation challenges with respect to the distinctions, particularly with regard to distinguishing major compensation payments. However, it was not proposed to amend the draft NoD but instead to consider whether there was a need for additional compilation guidance outside of the manual. This approach was agreed by the GFSAC members, and the draft NoD was endorsed.

- **1.11 Identifying, Valuing, and Reporting Government Data Assets:** The draft NoD explains that the GFSM update will expand the asset boundary to include data that is intended for repeated or continuous use for a period greater than a year as a produced fixed asset. In response to feedback from the global consultation the draft NoD recognizes the need for more guidance on how to comparably identify government data assets, as well as the calculation of depreciation, and the practical application of the sum of costs approach for own-account capital formation. The draft NoD proposes to conduct further research to address these areas where more guidance is required on government data assets.
- GFSAC members supported the proposals for further research on identifying government data assets and highlighted concerns about the possible impact on key fiscal aggregates, such as compensation of employees, due to the capitalization of own-account produced data assets. It was emphasized that this should be included in further research on the implementation of government data as assets. It was also suggested that a decision tree might be usefully produced to help compilers identify government data assets. A further concern raised was that many countries still lack comprehensive data on nonfinancial assets, making implementation of such guidance a long-term challenge and a potential issue for comparability between countries' GFS. Finally, the need for collaboration between GFS and SNA experts was stressed to ensure consistency, especially as the valuation of government data assets will typically be a shared responsibility. The draft NoD was endorsed by the GFSAC members, subject to further research.
- **1.22 Treatment of Emissions Trading Schemes (ETS):** The draft NoD explains that there is to be no change to the treatment of permits issued under ETS within the government accounts but that holders of these permits will now recognize these as financial assets in other accounts receivable. In response to feedback from the global consultation it is noted that elements of the treatment of ETS permits remain on the post-SNA/BPM research agenda and will be pursued as such with the assistance of GFS experts.
- The discussion included whether the current tax recording as other taxes on use of goods and on permission to use goods or perform activities was the most appropriate and whether a recording as excise taxes might be considered. In this regard it was pointed out that ETS do not impose a tax on a good itself but rather regulate emissions through tradable permits. The draft NoD was endorsed by the GFSAC members.

Main conclusions and actions

- All eleven draft NoDs were endorsed by the GFSAC.
- With the following points noted:
 - **1.4 Citizenship-by-Investment (CBI) Programs:** One GFSAC member preferred a tax treatment for nonrefundable payments to government under CBI programs, but accepted the majority view, noting however the importance of ensuring the decision tree for government revenue (in *1.24 Distinction Between Taxes, Services and Other Flows*) is carefully reviewed to ensure that it was consistent with the treatment of payments to CBI programs, including explicit reference where required.
 - **1.24 Distinction Between Taxes, Services and Other Flows:** The need for further clarity on the definition of the terms “mandatory” and “sufficiently material” as well as on the limits of rearrangement.

- **1.11 Identifying, Valuing, and Reporting Government Data Assets:** The need for more research on how to comparably identify government data assets, as well as the calculation of depreciation, and the practical application of the sum of costs approach for own-account capital formation and its implication for key fiscal aggregates, such as compensation of employees. In addition, it was suggested that a decision tree might be developed to help identify government data assets.
- **1.22 Treatment of Emissions Trading Schemes:** To engage with experts from SNA and BPM communities with respect to the appropriate treatment of freely issued permits and cross-border flows of permits, both of which issues have been identified as part of the post-2025 SNA/BPM7 research agendas.

SESSION 2: TASK TEAMS FOR GFSM UPDATE

UPDATE FROM TASK TEAM 1: GFS COMPILATION

Topics presented for discussion

- Camila Hernandez Villaman, co-chair of Task Team 1 on GFS Compilation, presented an update on the task team's activities.
- To manage the research agenda effectively, the Task Team has adopted a project management strategy that includes batching projects for incremental delivery and focusing on quick wins that require lower complexity and fewer stakeholders. Each member will collaborate on specific topics, with support provided by IMF staff and ongoing reviews by the co-chairs.
- The timeline for tranche 1 (6 projects) spans from January 2025 to June 2025 with GFSAC review of discussion notes expected in July-September 2025, while tranche 2 (4 projects) spans from September 2025 to November 2026 with GFSAC review expected in October-December 2025.
- The presentation also highlighted challenges, including competing priorities and access issues to common technology and applications across member countries.

Summary of Discussion

- Members expressed concerns regarding the ambitious timeline set for GFSAC review of discussion notes produced by the Task Team, with members noting multiple research topics, including those of other task teams, are scheduled around the same timeline.
- Members suggested smoothing out workloads of GFSAC review as well as of global consultation by bundling topics into batches based on, for example, the complexity of issues.
- The GFSAC Secretariat clarified that the Task Team's responsibility is to draft the discussion note while the Secretariat is responsible for coordinating the consultation and review processes. It was also clarified that at minimum GFSAC will be given the opportunity to provide written feedback on all draft discussion notes, with many (if not most) being considered within GFSAC meetings.
- Members discussed whether to start the GFSAC review process of discussion notes with written consultation or with a meeting to discuss the discussion notes, where task teams are invited to present and discuss. However, the burden on both GFSAC members and task teams was recognized. Some

GFSAC members also expressed interest in involvement in the discussions of discussion notes from early stages to support their development.

Main conclusions and actions

- Members generally support the timeline of producing discussion notes, but acknowledge it is ambitious and may need to be adjusted as the process moves forward.
- Members also acknowledged some key principles of advancing research projects, which are common across all task teams, and the GFSAC Secretariat will operationalize these principles. Those principles include:
 - ***Minimizing the burden placed on members and other experts in task teams and the global community***: To facilitate this, research topics will be bundled where appropriate and sufficient lead time given to GFSAC members so as support them in managing their review workload.
 - ***Providing flexibility when involving GFSAC members in the advancement of research projects***: This could involve GFSAC being involved at an earlier stage in reviewing some discussion notes during the development stage by task teams, while in others only being asked at the end of the task team considerations for comments by a written review process or through discussion in a GFSAC meeting. Categorizing research topics into complex and less-complex groups may also facilitate how best to use the expertise of GFSAC members.
 - ***Identifying cross-cutting research projects early***: This will allow broadening the discussion beyond GFS to include other domains, such as SEEA-CF (System of Environmental Economic Accounting – Central Framework) and MFS (Monetary and Financial Statistics), so that duplication of effort can be avoided and research can benefit from a broad range of expertise.

UPDATE FROM TASK TEAM 2: DEBT AND OTHER MONETARY AND FINANCIAL TOPICS

Topics presented for discussion

- Jim Ebdon, co-chair of Task Team 2 on debt and other monetary and financial topics, presented an update on the Task Team's activities.
- The Task Team has adopted a strategic approach that involves forming subgroups based on members' expertise and preferences. This method allows for focused collaboration on specific research topics, categorized into three batches based on complexity. The Task Team is expected to produce discussion notes within projected program timelines, with the first batch scheduled for completion by mid-2025.
- The presentation also highlighted challenges, including finding lead/coauthors and overlapping scope of topics across task teams. The Task Team has addressed those challenges by adding a new member and coordinating with other task teams.

Summary of Discussion

- Members welcomed the progress made by the Task Team.
- Members raised no questions, noting that issues for discussion for Task Team 1 are also applicable for Task Team 2.

Main conclusions and actions

- Members welcomed the progress made by the Task Team and agreed that action items for Task Team 1 were also applicable for Task Team 2.

UPDATE FROM TASK TEAM 4

Topics presented for discussion

- Florian Chatagny, co-chair of Task Team 4 on Fiscal Analysis and Communication, presented an update on the Task Team's activities, highlighting the team's composition, research agenda, timeline for discussion notes, user considerations, and associated risks.
- The Task Team had outlined a structured approach to managing the research agenda, proposing that projects be grouped and assigned to smaller teams of 4-5 members. Timelines for each project were established, with deadlines primarily set for late July to September 2025 for the initial discussion notes. The presentation also emphasized the importance of user considerations in producing discussion notes, projecting global consultation as an opportunity to gather user feedback.
- The presentation highlighted key risks, including competing priorities among members that could delay discussion notes which the team plans to address by launching prioritized projects early. In addition, dependencies with other research initiatives pose challenges, which the team aims to mitigate by collaborating with other task teams. Uncertainty exists regarding how the team's outputs will fit into the updated GFSM given many research topics are not directly related to core methodological or conceptual issues, prompting consideration of separate guidance for compilers, users, and analysts.

Summary of Discussion

- Members discussed the usefulness of separate guides for compilers, referencing the *Public Sector Debt Statistics Guide for Compilers and Users* with its useful numerical examples on specific debt operations.
- This discussion is pertinent to the Task Team as many topics for this Task Team are cross-domain issues not just on statistical matters, but also on uses for fiscal analysis. This pushes the boundaries of what should be included in the GFSM Update and led to discussion of what should be included in the manual and what is best placed outside the manual.
- As a separate issue which is not directly related to this Task Team presentation but has a broader scope, members also discussed potential joint task teams between GFS, COFOG, SEEA-CF and MFS. Joint task teams were utilized within the SNA/BPM update, with the aim to reduce burden and increase coordination across the statistical system. An alternative suggestion was to have joint research projects rather than joint task teams. While some members were supportive of these ideas, others posed questions on whether and how to incorporate and operationalize this approach given potential impacts on the ongoing update process and timeline.
- The GFSAC Secretariat clarified that the coordination between GFS and other domains is already embedded in the ongoing process. For instance, MFS experts are already involved in Task Team 2 while SEEA and COFOG experts are members of Task Team 3 – those two task teams being good candidates for such joint efforts.

Main conclusions and actions

- Members welcomed the progress made by the Task Team and agreed that action items for Task Team 1 were also applicable for Task Team 4.

FEEDBACK ON FIRST QUARTERLY REPORT

Topics presented for discussion

- The draft report had been shared with the GFSAC prior to the meeting. While no presentation of the report was made, the First Quarter Report on Progress of GFSM Update Task Teams (January – March 2025) provides an overview of the activities undertaken by three task teams on GFS Compilation (TT1), Debt and Other Monetary and Financial (TT2), and Fiscal Analysis and Communication (TT4).
- The report outlines the key achievements and activities of the task teams during the first quarter of 2025, as well as challenges and risks. Overall, the report underscores the importance of ongoing monitoring, effective risk management, and preparation for subsequent GFSAC meetings to address advancements and challenges in the research projects.

Summary of Discussion

- Some members suggested including progress of work in other macroeconomic statistics and related standards (e.g., COFOG, SEEA-CF).
- Members also emphasized the importance of being aware of linkages between projects where this may affect GFSAC technical decision making and the need for coordination.
- The GFSAC Secretariat clarified the purpose of the report is to inform GFSAC (and others involved in the GFSM update) of task team activities but acknowledged the importance of GFSAC having a broader perspective of the progress of the update project.

Main conclusions and actions

- Members generally welcomed the quarterly progress report on the work of the task teams.
- Members requested that the future reports include, or provide links to:
 - information on the GFSM update project so that members can gain a holistic view of the updating process and associated risks; and,
 - decisions that have been taken by GFSAC, the interaction with other macroeconomic statistical updates, and the relationship of the update project with the updated SNA/BPM.

SESSION 3: GFS USER STORIES

BRAZIL: IMPLEMENTATION AND USE OF GFSM 2014 AND LESSONS LEARNT

Topics presented for discussion

- Mr. David Athayde, Undersecretary for Fiscal Policy Strategic Planning, from the Ministry of Finance of Brazil, presented an overview of development of the compilation and dissemination of GFS for the general government over the past 15 years.
- The presentation highlighted: i) a first submission of general government GFS data to the IMF in 2015; ii) publication of quarterly general government data on a cash and accrual basis in 2016; and iii) the adoption of Brazil's *GFSM 2014* compliant data in the IMF Fiscal Monitor in 2023.
- A key challenge was the need for strong institutional arrangements which required: i) the establishment of a specialized division in the Treasury; ii), formal cooperation agreements with the Brazilian Institute of Geography and Statistics (IBGE) and Institute of Applied Economic Research (IPEA); and iii) harmonization and integration of fiscal statistics with national accounts data.
- The Brazilian authorities also implemented changes to the chart of accounts and accounting systems to support the compilation of GFS through the Public Sector Accounting and Fiscal Information System (Siconfi).
- Reforms enabled widely used and appreciated outputs such as general government fiscal statistics, data on the tax burden, functional expenditures of the government (including climate related expenditures) and several Sustainable Development Goal Indicators, along with accompanying methodological notes. These GFS outputs have generated significant political discourse, enhancing visibility of public expenditures in general and in relation to specific issues, and strengthened social oversight.
- Challenges remain. An IMF Technical Assistance mission in 2024 provided an assessment of areas for future work. In particular, Brazil's fiscal rules are currently on a *GFSM 1986* cash basis and require further work to be fully integrate with *GFSM 2014* data and with the fiscal policy making apparatus.
- Looking ahead, the authorities plan to advance the formal adoption of GFS as Brazil's official fiscal statistics, promoting greater use of the GFS data by policy makers and public officials, while innovating to make compilation more efficient, and expanding data to encompass the entire public sector.

Summary of Discussion

- The work of the Brazilian authorities was praised and IMF offered technical assistance, if required, to help with the adoption of *GFSM 2014* data for fiscal policy making.
- Members expressed interest in the inter-agency cooperation, especially with the Central Bank, and the Treasury explained the main division of labor between the different compilers as well as data sharing arrangements between the different entities.
- Members also enquired about the integration of data from the large number of state and local governments and the authorities noted the importance of mandating the common chart of accounts and using the leverage of the federal government to ensure subnational governments compliance. It was acknowledged that the timely collection of data remains a challenge, and compilers use statistical techniques to adjust for missing data when necessary.

Main conclusions and actions

- None

SESSION 4: COLLABORATION AND COORDINATION WITH OTHER INITIATIVES

UPDATE OF THE MONETARY AND FINANCIAL STATISTICS MANUAL

Topics presented for discussion

- Ms. Padma Huree Gobin, Deputy Division Chief of the IMF Statistics Department Financial Institutions Division provided an overview of the process to update the IMF Monetary and Financial Statistics Manual and Compilation Guide (MFSMCG) that was recently launched.
- The update aims to ensure that the MFSMCG keeps pace with a fast-changing world and remains aligned with the other macroeconomic statistics manuals. Specific issues in the financial sector like digital finance, central bank digital currencies, stablecoins, tokenized assets and other technological innovations require enhanced guidance, and require new or revised indicators or data to capture these innovations. Additional indicators may also be needed to better capture risks arising from natural events (such as climate change).
- The IMF is proposing to update the methodological guidance in the MFSM, while potentially spinning off companion compilation guidance as needed.
- The MFSM update will follow a similar approach to the GFSM update. The update has a two-phase process, with preliminary work underway from 2024 Q4, and an end date of 2028 Q4, including the establishment of a Monetary and Financial Statistics Advisory Committee (MFSAC), and extensive consultation with MFS compilers, users, and other stakeholders.
- The MFS Research program recognizes the overlaps with some research projects under the GFSM update. The need for collaboration on four overlapping GFSM Update Research projects has been identified, including the classification of public units engaged in financial activities as either general government units or public financial corporations.

Summary of Discussion

- Members welcomed the update and the establishment of the MFSAC.
- Members asked whether the MFS update will address topics related to (i) the implications of demographic change, such as the impact of the ageing population on pensions, and (ii) the activities of non-bank financial institutions.
- Members flagged a potential timing issue for collaboration between the GFSM update and the MFSM update, where there is overlap between the research topics, given the longer timeline for completion of the MFSM update.

Main conclusions and actions

- The Chair recognized the need to ensure there is sufficient collaboration between the MFS and GFS communities
- To overcome timing issues between the GFSM and MFSM updates, the MFSM update team acknowledged that frontloading of MFS consultations in areas where both statistical communities have an interest may be needed to ensure the GFSM update is not held up.

INTERNATIONAL COMMUNITY OF MACROECONOMIC-ENVIRONMENTAL STATISTICIANS ("COMPILERS HUB")

Topics presented for discussion

- Mr. Tebrake, Deputy Director of the IMF Statistics Department, introduced the concept of a macroeconomic and environmental statistics community of practice. A structure where statistical professionals, including GFS professionals, can collaborate, network, access resources and other forms of support. The goal of the "compilers hub" initiative is to raise awareness, foster dialogue and peer learning, facilitate knowledge exchange, and promote methodological advances.
- In support of this goal, the IMF is developing a digital platform, in collaboration with other international and regional agencies, as well as perhaps the International Statistics Institute. The site will combine *resources* (such as manuals, links to conferences and training materials, and tools), a *community* site (for members to communicate with other members) and a *collaboration* site ("GitHub" for macroeconomic statistics compilers), as well as user profiles so people can find and share information.

Summary of Discussion

- Members welcomed the proposed digital platform and were keen to know when it is likely to become available, and others were interested in knowing who would qualify as a member of the community.
- Mr. Tebrake explained that a soft launch of the platform will likely be in summer 2025, with a view to a formal launch in Autumn 2025.
- It was explained that the community will be open to all people working on macroeconomic or environmental statistics.

Main conclusions and actions

- Members were encouraged to engage with the platform during the pilot phase and formal launch.

IPSASB PROJECTS ON IPSAS-GFS ALIGNMENT AND PRESENTATION OF FINANCIAL STATEMENTS

Topics presented for discussion

- Mr. Ian Carruthers, the Chairman of the International Public Sector Accounting Standards Board (IPSASB), emphasized the importance of aligning IPSASs with the GFSM and presented the IPSAS Standards-GFSM 2014 Alignment Dashboard, which illustrates the degree of alignment across specific categories. A project brief was approved in March 2025 aimed at enhancing consistency in the upcoming IPSAS revisions with GFSM. The collaboration on the development of the *GFSM Update Research Project 2.27 Relationship between GFS and IPSAS* was also highlighted and the use of the dashboard to update Appendix 6 of the *GFSM 2014* was emphasized. The session concluded with an update on key decisions related to the IPSAS project on Presentation of Financial Statements.

Summary of discussion

- One member proposed revisions to IPSAS 22 (Disclosure of Financial Information about the General Government Sector) or future updates to better support GFS compilation. They also highlighted the

challenges of applying IPSAS-based accrual accounting in national budgeting, a concern echoed by other members.

- One member suggested that the IMF's Fiscal Affairs Department (FAD) could support countries in adopting accrual-based budgeting. FAD responded that such requests from countries are currently rare.

Main conclusions and actions:

- The collaboration between IPSASB and IMF remains vital to promote accrual-based accounting and budgeting. This will improve communication between government and the public through budgets, financial statements, and statistics, which are essential for transparency and public understanding. Misalignment amongst these tools creates challenges not only for governments but also for citizens trying to grasp governmental activities.
- The GFSM update was highlighted as a key opportunity to encourage this alignment, with IPSASB efforts benefiting not only GFS but also national accounts, balance of payments, and the broader statistical system.

COFOG REVISION

Topics presented for discussion

- Mr. Tom Orford, the Chair of the UN Task Team on the revision of COFOG, presented an update on the global consultation process for the COFOG revision and next steps. The consultation, conducted from November 2024 to January 2025, sought views on 21 issue categories and related proposals to address them. The presentation highlighted the areas recognized by consultation respondents as top priorities and those topics that received lower prioritization - mainly it was felt due to the respondent demographics rather than lack of importance. The expected tasks of the working group and the next steps were articulated.

Summary of discussion

- One member inquired about follow-up on Brazil's innovative use of Artificial Intelligence (AI) in the COFOG classification. Mr. Orford confirmed interest in the topic, noting that it was planned for future discussion within the Task team.
- Mr. Orford was asked about coordination across task teams looking at environmental classification issues and the feasibility of a multidimensional secondary purpose approach in COFOG. He confirmed ongoing coordination efforts and acknowledged the value of capturing secondary purpose, especially for environmental and other cross-cutting issues. However, he noted more research was needed prior to considering implementation due to compilation challenges.
- A question was posed about more closely aligning the COFOG revision with Sustainable Development Goals (SDGs) and capturing industrial subsidies. In response it was confirmed that SDG alignment was in scope. It was also noted that subsidies are covered indirectly through the matrix of functional and economic classifications but challenges in fully capturing all industrial subsidies (and similar) were acknowledged.
- One member inquired about the scope of COFOG, specifically whether lending should be included in the classification, following the *GFSM 2014* decision to exclude it. In response it was noted that global

consultations would guide COFOG's development, but that the scope of application might not be defined within the classification. The GFSAC Chair further added that the guidance on the application of COFOG to financial transactions, like lending, might better fit within the GFSM recommendations rather than COFOG and emphasized the importance of discussing this further within the GFSAC.

Main conclusions and actions:

- Members showed appreciation for actions taken in revising COFOG amid complex issues like environmental spending. It is important to prioritize practical and transparent solutions over perfection, to meet user data needs.
- Members to discuss further on COFOG coverage.

UPDATE TO EUROPEAN SYSTEM OF ACCOUNTS (ESA)

Topics presented for discussion

- The presentation by Ms. Rasa Jurkonienė, Head of GFS Methodology Unit in Eurostat, outlined the ongoing revision of the European System of Accounts (ESA), to align it with the updated 2025 SNA to ensure international comparability. As a legally binding EU regulation, ESA encompasses both a methodology guide and data transmission program. The revision commenced in late 2024 and EU member states are expected to implement the updated ESA in 2029 or 2030. A major focus is on updating the government accounts chapter to reflect not only recent methodological developments in the 2025 SNA but also EU-specific guidance and input from the Manual on Government Deficit and Debt (MGDD).

Summary of discussion

- It was noted in response to a question that the MGDD is updated approximately every five years to align with national accounts benchmark revisions, but interim guidance notes are issued as needed (e.g., for COVID-19, energy crisis, EU Recovery and Resilience Facility), following a formal process. Eurostat may also issue decisions on specific methodological issues raised by Member States.
- It was also clarified that ESA Chapter 20 (General Government) outlines core principles, while the MGDD provides detailed guidance and examples to ensure consistent application across EU member states. In addition, ESA is legally binding in the EU, whereas the MGDD is not, though both are developed through consultation and agreed by majority opinion.
- One member noted that the *GFSM 2014* can be considered a conceptual manual for public sector finance statistics, making it difficult to align with the MGDD which includes compilation guidance. The member also highlighted that ESA follows an SNA presentation for GFS, so while net lending/borrowing broadly aligns with that of the GFSM, many classifications like taxes and expenditures differ. Eurostat confirmed that ESA follows SNA coding, which is familiar to users, and there are bridge tables to map ESA data to IMF GFS classifiers.

Main conclusions and actions:

- The speaker and members were thanked for their contributions on the update to the ESA.

SESSION 5: SECOND GLOBAL CONSULTATION ON RESEARCH PROJECTS: GROUP 2

CONSULTATION RESPONSES

Topics presented for discussion

- A summary of the responses to the global consultation on Group 2 PRs was presented, highlighting that:
 - i) 37 responses were received from 28 countries with reasonable diverse geographic coverage.
 - ii) Each of the 12 PRs was agreed by 75 percent or more of those respondents who expressed a view.
- The presentation also shared specific comments by respondents on each of the PRs, highlighting where it was suggested to make minor revisions to the proposals to address comments received during global consultation.
- Draft NoDs had been prepared for the meeting and the GFSAC members were asked to endorse each of the NoDs. In some cases, there had been few non-substantive comments received during the global consultation and GFSAC members were simply asked whether they endorsed the draft NoD, whereas in other cases there were more substantive comments received and the GFSAC members were asked for their agreement to the way these comments had been reflected.

Summary of discussion

- Relating to the consultation, concern was expressed regarding negative responses submitted without justification. The GFSAC Secretariat agreed to explore making explanatory comments mandatory in future consultations, where respondents disagreed with the proposals.
- **1.8 Valuation of unlisted equity:** The draft NoD explains that the updated GFSM will align with the 2025 SNA and BPM7 on the preferred and alternative methods for valuing unlisted equity. The updated GFSM will also adopt the guidance in the 2025 SNA and BPM7 on the recording of negative equity. In response to the consultation, it was proposed that the NoD will also clarify that negative equity positions in public corporations should not be zeroed out even when government owns less than 10% of shares.
- A concern was raised that the recording of negative equity could distort government finance statistics as this impacted net worth without an accompanying expense transaction. However, the GFSAC endorsed the draft NoD, and it was agreed to include the rationale for negative equity during the drafting phase.
- **1.20 Payments for non-produced knowledge-based capital (marketing assets):** The draft NoD explains that the updated GFSM will maintain the existing guidance in the *GFSM 2014* where marketing assets are considered as intangible nonproduced nonfinancial assets. The draft NoD was endorsed.
- **1.21 Islamic Finance:** The draft NoD explains that the updated GFSM will replace the term “interest” with the term “interest and similar returns” and introduce guidance to clarify how to properly account for Islamic finance and insurance arrangements.
- One member raised concerns regarding the introduction of chapters in the GFSM focused on religious arrangements and emphasized that any new guidance should only be developed to address specific gaps for transactions/instruments or units that are not sufficiently covered by the *GFSM 2014*. The GFASC Secretariat advised that the form of additional guidance is still under consideration but assured

the members that additional guidance would only be included to address gaps. The draft NoD was endorsed.

- **1.25 Relationship between SNA and IPSAS/IFRS:** The draft NoD explains that the relationship between GFS and the International Public Sector Accounting Standards (IPSAS) will be explored through the *GFSM Update research project 2.27 Relationship between GFS and IPSAS*. It was explained that to address comments received in the consultation, explicit reference had been made in the NoD to the International Financial Reporting Standards (IFRS).
- Members conveyed that a comparison between IFRS and GFS would provide more value than a comparison between IPSAS and IFRS. They noted that IFRS is also widely used in some parts of the world and is often the basis of state-owned enterprise financial reports. One member suggested the inclusion of comparison tables similar to those included in the *2025 SNA*. The draft NoD was endorsed subject to an amendment to the language regarding IFRS, specifying the focus will be on making a comparison of GFS with IFRS as well as IPSAS.
- **1.28 Work-in-progress, transfers of ownership and capital services:** The draft NoD explains that the updated GFSM will record all incomplete fixed assets as work-in-progress; record the difference between the stage payments and the estimated value of the effective transfer of ownership as other accounts payable/receivable; and record incomplete fixed assets produced on own account as work-in-progress, except where it is not practically possible. The draft NoD was endorsed.
- **1.31 Treatment of the transfer of leased assets at the end of the lease period:** The draft NoD explains that the updated GFSM will clarify that the preferred recording of the return of a leased asset should be recorded as a buildup of a financial claim over the duration of the lease and where practical difficulty exists, it will be acceptable to record the transfer of the residual value as a current or capital transfer.
- Some members raised concerns about the availability and reliability of source data to implement the proposed method highlighting the need for flexibility to ensure some comparability across countries. While others were in favor of finding the right balance between describing reality and using best estimates when data is insufficient and underscored the need to provide compilation guidance for best estimates. The GFSAC endorsed the draft NoD, agreeing to include options for estimation during the drafting phase.
- **1.36 Treatment of precious metal accounts:** The draft NoD explains that the updated GFSM will maintain the guidance in the *GFSM 2014*. The draft NoD was endorsed.
- **1.10 Super-dividends and reinvested earnings of FDI entities:** The draft NoD explains that the updated GFSM will update the guidance on actual distributions from foreign direct investment entities to their domestic public sector owners/investors. In response to the consultation, clarification was added to align with the *BPM7*, particularly in the case where dividends are larger than distributable income in the same period. The draft NoD was endorsed.
- **1.17 Debt concessionality:** The draft NoD explains that the updated GFSM will maintain the existing treatment in the *GFSM 2014*, where concessional loans are generally not recorded in the central GFS framework with concessional lending recorded at the face/nominal value. The reporting of a memorandum item for the value for the implicit transfers resulting from loans at concessional interest

rates will continue. The updated GFSM will allow for two exceptions: employer loans to employees and central bank lending.

- A minority of members expressed reservations about endorsing the draft NoD although from different perspectives. Some argued for allowing inconsistencies between GFS and other macroeconomic standards on this topic due to the limited relevance of SNA reasoning in the GFS context (for example, sectoral symmetry or employer-employee lending). Another member raised concern on the guidance creating room for using statistical guidance to change behavior which may have fiscal policy implications. It was clarified that the recommendation had already considered such potential behavior responses. The draft NoD was endorsed with agreement that Task Team 2 within *GFSM research project 2.10 Valuation and recognition of loans* would explore innovative options for presenting concessional lending (without introducing transfers in the core accounts) for the purposes of fiscal analysis – such as use of specific aggregates or analytical memo lines to support user needs.
- **1.27 Consistency in the application of the sum-of-costs approach:** The draft NoD explains that the updated GFSM will include the net return to capital in the valuation of government own-account production of fixed assets where the sum-of-costs approach is used. The updated GFSM will also include rent and depletion in the market test, in line with the 2025 SNA. In response to consultation feedback, the prescriptive 2% real rate of return was removed from the NoD and instead it was proposed that the updated GFSM will provide possible options for estimating the real rate of return.
- Concerns were raised that currently the own account capital formation components are deducted from the existing GFS classification items - compensation of employees, use of goods and services, consumption of fixed capital and other expenses (taxes on production) – but the absence of a GFS classification intended for return to capital might affect the balancing items. Further there was potential for negative values at detailed levels (for example, for COFOG categories, or even wages and salaries and goods and services). The implications of the recording of the return to capital on balancing items and the potential for negative values will be followed up by IMF staff and more information shared with GFSAC members. The draft NoD was endorsed.
- **1.29 Clarifications on the treatment of terminal costs during ownership transfer:** The draft NoD explains that the updated GFSM will maintain the *GFSM 2014* treatment of terminal costs and record a counterpart entry of provisions at the liability side. In response to the consultation, the updated GFSM will also adopt the guidance in para. 11.234 of the 2025 SNA. The draft NoD was endorsed.
- **1.30 Distinction between maintenance and capital repairs for intangible assets:** The draft NoD explains that the updated GFSM will clarify the distinction between maintenance and capital repairs for the wider group of intellectual property products. In response to the consultation, the updated GFSM will include some practical examples to support the distinction between maintenance and capital repairs. The draft NoD was endorsed, and it was agreed that the distinction between maintenance and capital repairs in the context of data will be explored as part of further research within *GFSM research project 1.11 Identifying, Valuing and Reporting Government Data Assets*.

Main conclusions and actions

- A new requirement will be introduced in future consultations to mandate comments when a “no” response is provided.

- All twelve draft NoDs were endorsed by the GFSAC, with the following points noted:
 - **1.8 Valuation of unlisted equity:** the rationale for negative equity should be considered for inclusion in the updated GFSM during the drafting phase.
 - **1.25 Relationship between SNA and IPSAS/IFRS:** The draft NoD should be amended to reference that research project *2.27 Relationship between GFS and IPSAS* will consider addressing differences and similarities between GFS and IFRS as well as IPSAS (rather than a comparison between IFRS and IPSAS).
 - **1.31 Treatment of the transfer of leased assets at the end of the lease period:** the updated GFSM should include options for estimating the residual value of the returned asset, during the drafting phase.
 - **1.17 Debt concessionality:** Task Team 2 within research project *2.10 Valuation and recognition of loans* should explore innovative options for the purposes of fiscal analysis – such as specific aggregates or analytical memo lines to support user needs.
 - **1.30 Distinction between maintenance and capital repairs for intangible assets:** The distinction between maintenance and capital repairs in the context of data will be explored as part of further research for research project *1.11 Identifying, Valuing and Reporting Government Data Assets*.

SESSION 6: FURTHER ADVANCING THE GFSM UPDATE

DISCUSSION ON INITIAL DRAFT OUTLINE OF THE GFSM UPDATE

Topics presented for discussion

- Initial thinking about aspects to consider in deciding the structure of the updated GFSM was presented.
- The topic covered the background to the preparation of the GFSM 2014: principle-based (what) vs application (how), highlighting that these principles still apply to the updated manual. While the elements of the GFSM also remain the same, analysis of research projects indicates that there are some areas where alternative structures may need to be considered.
- Specific issues were identified and presented for discussion in each chapter and appendix of the *GFSM 2014*.

Summary of Discussion

- Two broad questions were posed to the GFSAC: i) do you agree that the main issues for discussion around the structure of the manual were identified? ii) Do you have specific views on the structure of the updated GFSM?
- Members appreciated the presentation and while they provided initial views, members felt that a more extensive discussion on this topic is needed. Comments provided by the members are summarized below:
- **GFSM 1986 and cash accounting** – suggestions were made to remove the comparison of updated GFSM with *GFSM 1986*. While members acknowledged that some countries still use *GFSM 1986* it was

noted that the *GFSM 2014* framework provides a comprehensive guide for accrual-based fiscal statistics. However, some members felt that the current manual is not a realistic starting point for all countries. A suggestion was made to conduct analysis on how many countries still use the *GFSM 1986*, which will be followed up on and shared by IMF colleagues.

- **Principles-based approach:** there was agreement with the principles-based approach, while also acknowledging the need for compilation guidance. Some suggestions were made to develop a hierarchy of documents, including a principles-based manual and compilation guides. It was noted that the *GFSM 2014* is primarily a compilers manual, but it is also important to include information from a user perspective. A modular approach and using modern technology should be considered—the manual should be part of a larger ecosystem of statistical manuals that are aimed at serving both compilers and users.
- **Format and length:** Members questioned whether the updated GFSM would be in an online format or in a hardcopy with an accompanying PDF version. Members noted that format was an important consideration for the structure of the manual as online versions allow for more regular updates. It was also noted that it was important to maintain the same language where possible, including using SNA/BPM text where possible. There was a suggestion to be mindful of length as the *2025 SNA* is 70% longer than the *2008 SNA*. A suggestion was also made to include effective dates for the use of the manual.
- **COFOG:** Members agreed to keep COFOG as part of the new manual but highlighted that this should be limited to an annex, while also considering the timing of the COFOG update process. It was acknowledged that separate guides produced by Eurostat exist and it was not necessary to include COFOG compilation guidance in the updated GFSM.
- **Chapter 2:** The initial reaction was to maintain the GFS Chapter 2 and Institutional Units and Sectors as it provides broader guidance as in the *2025 SNA*.
- **Merging Chapter 6 and 8:** Practicalities of merging chapters for Chapters 6 and 8 should be further discussed and investigated and should take into consideration what users expect.
- **Appendix 6:** GFS and IPSAS remain relevant and may be presented on high-level with considering detailed reconciliation between GFS/IPSAS outside the manual.
- **Appendix 7:** While the GFS and Other Macroeconomic Statistics is important and information on the relationship should remain available, consideration should be given to presenting these as a separate document outside of the respective manuals.
- **Social Protection:** Due to its importance and relevance, there was general support to move Social Protection to a standalone chapter from its current form as an appendix.
- **Glossary:** Consideration may be given to remove the glossary and simply refer to the common macroeconomic glossary or add that to the “compilers hub”.
- The GFSAC Secretariat thanked members for their valuable input and noted the theme of balance. That is, needing a balance between principle-based guidance and application/compilation guidance; balance between what is needed for compilers vs users; and balance between history and the future, noting that continuing to refer to *GFSM 1986* may create an incentive to continue to use it.

- Based on feedback and outcome of research projects work on developing proposals for the structure of the updated manual will continue.

Main conclusions and actions

- Members will review and digest the proposals made in the accompanying documents and will be invited to provide any additional written feedback to the GFSAC Secretariat following the meeting.
- IMF will continue to work on the proposed structure based on feedback provided by GFSAC and will identify future opportunities to discuss the topic again with the GFSAC.

PROPOSALS FOR DEALING WITH NEWLY IDENTIFIED RESEARCH TOPICS

Topics presented for discussion

- The presentation introduced a proposal for how to decide on whether to resource and advance newly identified GFS research topics. The proposal consists of a decision tree to assess and prioritize new research topics based on three main criteria: user need, sufficient resources, and potential for introducing conceptual differences with other statistical manuals.
- The presentation also discussed the different options identified for how to advance new research topics and proposed a cut-off date of March 2026 for the introduction of any new research topics.
- Finally, the presentation applied the approach to seven identified new research topics and asked for feedback from the GFSAC on both the proposed approach and its application.

Summary of discussion

- The GFSAC discussed the proposed approach for assessing and advancing newly identified research topics. Several members provided feedback on the three main questions posed for evaluation.
- One member raised the issue of how to define "strong" user need, and whether there was a need to further clarify this.
- A few GFSAC members suggested switching the second question of the decision tree (on whether there were sufficient resources) and the third question (on whether the topic might conceptually impact other statistical domains). While this was feasible it was pointed out that this might result in research topics not being taken forward based on the impact on other statistical domains prior to any consideration of the available resource.
- One member also suggested that the four identified "how" modalities might also benefit from inclusion in a structured decision tree format.

Main conclusions and actions:

- After discussion, the framework for assessing and advancing new research topics, including the decision tree and cut-off date were agreed, and the GFSAC welcomed the opportunity to review and comment on the inclusion of any new research topics based on application of the framework.
- The GFSAC also agreed with the application of the approach to the seven identified additional research topics.

SESSION 7: LOOKING TO THE FUTURE

STATGPT AND STATSCHAT (“TALKTOTHEMANUALS”)

Topics presented for discussion

- The presentation was made by Jim Tebrake – Deputy Director in IMF’s Statistics Department, on two tools under development: (i) StatGPT, and (ii) StatSChat.
- It was demonstrated that ChatGPT had issues in responding accurately to questions on macroeconomic statistics, despite the responses looking highly plausible and credible. To address this issue the IMF had been developing StatGPT as an AI tool that can be trusted to provide accurate answers to questions on macroeconomic statistics, due to the structured dataset that queries are run against.
- Increasingly users are looking to AI to seek understanding of concepts and definitions in the statistical manuals. However, current AI tools with a broad scope do not always provide reliable information. In response, the IMF has been developing StatSChat that can “talk” to the macroeconomic statistical manuals and provide users with structured and accredited responses.

Summary of discussion

- GFSAC members expressed a lot of interest in the AI developments, noting that it would change the relationship in the future between compilers / users and the manuals.
- Many questions centered on how users might use the tool to gain a better understanding of macroeconomic datasets. In this regard it was confirmed that the tool could perform calculations and generate specialized aggregates from the available datasets, allowing users to gather data across multiple datasets. The primary constraint being the datasets available to the AI tool.
- Others queried the capability of the AI tool to interpret common English terms into more technical language. It was acknowledged that there is a challenge to balancing the need for accuracy with the ability of the AI tool to interpret non-technical questions, and that this was an area that IMF was working on.
- Finally, there was concern that the IMF AI tools would not be used as larger commercial AI tools are more well known to users. Mr. Tebrake explained that the IMF has been actively engaging with major technology companies to promote the responsible use of AI in statistical analysis, and that responses from these large firms had been largely positive with a shared commitment to ensuring that users of large language models receive accurate and reliable data highlighted.

Main conclusions and actions:

- The GFSAC welcomed the work of the IMF to develop accurate AI query tools for users and compilers of macroeconomic statistics.

FUTURE UPDATE OF THE MANUALS

Topics presented for discussion

- The presentation was made by Jim Tebrake – Deputy Director in IMF’s Statistics Department, on proposals for the future maintenance and update of the international macroeconomic-environmental statistical standards.
- Six recommendations were presented, summarizing proposals that had been developed by a cross-cutting task team with membership from the various statistical domains and governance groups. It was explained that it was planned to consult on these proposals over the summer period.

Summary of discussion

- The GFSAC broadly welcomed the proposals around a more agile and coordinated update process. Additional suggestions from GFSAC members were to consider the use of effective dates for standards, acknowledge the need to actively manage, categorize and prioritize the project pipeline, and consider whether there was a need for a single governing body.
- Several members also noted that many countries are far behind in implementing the standards and therefore care should be taken not to alienate those countries by introducing revisions at a pace that they cannot follow or maintain. In this regard, it was proposed that new revisions should be introduced in batches or phases.

Main conclusions and actions:

- The GFSAC welcomed discussion on the proposals and looked forward to discussing further once the results of the global consultation were available.

SESSION 8: MEETING CONCLUSIONS AND NEXT STEPS

Summary of key discussion points, meeting conclusions, and next steps

- The meeting conclusions and actions were generally accepted with minor editorial changes and the GFSAC agreed on the following actions and timeline:
 - The GFSAC Secretariat will send out the summary of discussions for GFSAC endorsement.
 - The GFSAC Secretariat will update the NoDs and Project Initiation Documents to reflect the agreements reached by GFSAC.
 - The GFSAC Secretariat will shortly share with GFSAC members the final 13 SNA/BPM related PRs for review ahead of global consultation.
 - Dates for the next GFSAC meeting will be decided based on the progress of the task teams and global consultation on the remaining 13 PRs and communicated to the GFSAC.