



STATISTICS

IMF Government Finance Division  
**GFSM 2014 Update Framework Document**

**List of Research Projects  
for Updating the GFSM 2014**

Prepared by the Statistics Department  
INTERNATIONAL MONETARY FUND

**TABLE 1: LIST OF RESEARCH PROJECTS ADVANCED THROUGH THE SNA/BPM UPDATE PROCESS AND WHICH ARE TO BE INCLUDED IN THE GFSM UPDATE RESEARCH PROGRAM TO ADVANCE STATISTICAL HARMONIZATION**

Project No.	Source Identifier	Source Domain	Title of SNA/BPM Guidance Note (GN), or similar	Short summary of main System of National Accounts (SNA) / Balance of Payments Manual (BPM) GN recommendations
1.1	AI.1	SNA/BPM	<a href="#">Valuation principles and methodologies</a>	The GN provides further clarification on how to value transactions and stocks, particularly in nonmarket contexts. It also provides more guidance on appropriate discount rates and calculations for rates of return to capital. The recommendations are relevant to the valuation applied to GFS transactions and stocks.
1.2	AI.2	SNA/BPM	<a href="#">Treatment of rent</a>	The GN recommends that the definition of rent be expanded (to include data and other nonproduced nonfinancial assets), and also discusses where in the sequence of accounts rent should be recorded and whether or not rent should be included in the sum-of-costs approach for valuing output. The recommendations related to the definition of rent and its inclusion in sum-of-costs calculations are both relevant to GFS.
1.3	B.3	SNA/BPM	<a href="#">Treatment of centralized currency unions in macroeconomic statistics</a>	The GN includes recommendations with respect to the national agencies of currency union central banks and related transactions/stock positions. The main relevance for GFS is with respect to clarification on when transactions / positions with government should be treated as domestic and when external.
1.4	B.8	SNA/BPM	<a href="#">Recording citizenship-by-investment (CBI) programs</a>	The GN recommendation is to harmonize the treatment of CBI nonrefundable payments to government as non-tax revenue for government. The payments are to be either treated as current or capital transfers, dependent on the CBI program details.

1.5	B.9	SNA/BPM	<a href="#">Treatment of external assets and related income declared under tax amnesty in external sector statistics</a>	The GN recommends that transactions and stock positions related to tax amnesties should be recorded in accordance with accrual principles. The GN supports the current text in the <i>GFSM 2014</i> which explains that the time of recording and measurement of tax revenue arising from tax amnesties will be in accordance with accrual principles and will depend on the nature of amnesty granted and whether the revenue has been previously accrued.
1.6	C.5	SNA/BPM	<a href="#">Financial and operating leases</a>	The GN recommends that the current risk and reward approach is maintained when distinguishing between financial and operating leases. The challenges of bridging between the “right of use” based approach in the latest international accounting standards and the statistical treatment is noted, with a suggestion to provide separate guidance on how accounting data might be used in statistical compilation.
1.7	C.8	SNA/BPM	<a href="#">Recording penalties and fines</a>	The GN recommends adopting current <i>GFSM 2014</i> guidance which states that fines and penalties should only be recorded when an unconditional claim to the funds exists. The GN also seeks to more clearly distinguish between current and capital transfers related to payments of compensation. Finally, GN provides recommendations on cross-border recording of fines payable by MNEs.
1.8	D.2	SNA/BPM	<a href="#">Valuation of unlisted equity in direct investment</a>	The GN recommends improved guidance on the most appropriate calculation methods for valuing unlisted equity, with own funds at book value, transaction prices, and market capitalization being the favored approaches. The GN also recommends improved guidance on: (i) the treatment of negative equity; and (ii) the treatment of provisions when calculating the valuation of unlisted equity using own funds at book value.

1.9	D.5	SNA/BPM	<a href="#">Improving the recording of government-controlled nonresident SPEs</a>	The GN recommends maintaining the nonresident treatment of government controlled special purpose entities (SPEs) established in other countries. However, where the SPE is used for fiscal purposes the GN recommends extending the current imputations in the government accounts to not only reflect the debt of the SPEs but also other transactions and stock positions (including mirroring the SPE debt instrument).
1.10	D.17	SNA/BPM	<a href="#">Identifying superdividends and establishing the borderline between dividends and withdrawal of equity in the context of Direct Investment</a>	The GN recommends to not apply the superdividend concept to accumulated reserves from ordinary earnings for foreign direct investment (FDI) enterprises. However, for all other entities any distributions out of accumulated reserves are to be treated as superdividends. The implication for GFS is that any distributions from public corporations to government out of accumulated reserves are to be treated as superdividends, in all cases other than FDI. For nonresident public corporations that are part of a Direct Investment ownership chain (i.e., FDI enterprises), the distributions out of accumulated reserves are to be treated as dividends.
1.11	DZ.6	SNA/BPM	<a href="#">Identifying, valuing and reporting government data assets</a>	The GN recommends treating data as a nonfinancial produced intangible asset where the data is: (i) produced and used in production for more than one year; and (ii) provides an economic benefit when used in the productive activities of its owner. In addition, all own account production of data is considered capital formation. The GN distinguishes between 'observable phenomena' (OP) and data, with OP being inputs for data and not having value (unless purchased). Within GFS, government data assets will need to be identified and capitalized through inclusion in the balance sheet and in net investment in nonfinancial assets (including for own account capital formation of data assets).

1.12	F.3	SNA/BPM	<a href="#">Reverse transactions</a>	The GN recommends maintaining the existing methodological framework in <i>BPM6</i> , <i>2008 SNA</i> and <i>GFSM 2014</i> , but to provide additional clarification on the recording of short (negative) positions. It also supports the current treatment of recording payments of manufactured dividends/interest as negative credit for the security borrower.
1.13	F.4	SNA/BPM	<a href="#">Financial derivatives by type</a>	The GN recommendations include a new breakdown of financial derivatives by market risk category, instrument, and trading venue / clearing type. The latter two breakdowns being as supplementary items.
1.14	F.6	SNA/BPM	<a href="#">Capturing non-bank financial intermediation in the System of National Accounts and the External Sector Statistics</a>	The GN recommendations include further breakdowns of financial corporations in the BPM and SNA, as supplementary items. The GN also recommends introducing “of which” categories for loans to identify non-performing loans as well as repurchase agreements, securities lending with cash collateral, and margin lending.
1.15	F.10 & SNA B.4	SNA/BPM	<a href="#">Treatment of cash collateral</a>	The GN recommends a flexible interpretation of the nature of cash collateral liabilities, allowing a recording as deposits, loans or other accounts receivable/payable depending on circumstances. Currently the <i>2008 SNA</i> , <i>BPM6</i> and <i>GFSM 2014</i> all provide guidance that repayable margin payments in cash are to be classified as deposits (particularly if the debtor’s liabilities are included in broad money) or as other accounts receivable/payable. The GN recommended allowing for these payments to be recorded as transactions (and stock positions) in loans under certain circumstances. However, after further consideration (see <a href="#">SNA Action Point B.4</a> ) it was decided to leave the current guidance unchanged albeit with some additional clarifications.

1.16	F.14	SNA/BPM	<a href="#">Treatment of factoring transactions</a>	The GN provides recommendations on the treatment of factoring with and without recourse. Following global consultation and discussion in AEG and BOPCOM, the GN recommends for both factoring with and without recourse that the factor's claim against the debtor be treated as a loan and the factoring income as a fee paid by the original creditor on transfer of the claim. Further, it is recommended that the reclassification from trade credits to loans is treated as a transaction. The recommendation differs from the current guidance in <i>GFSM 2014</i> (see footnote 64 for para. 7.225) which advocates only treating factoring without recourse as loans (and not factoring with recourse).
1.17	F.15	SNA/BPM	<a href="#">Debt concessionality</a>	The GN recommends to never record a transfer element for concessional lending in the "core framework", with the one exception of concessional loans provided by employers to employees (guidance for which already exists in the <i>2008 SNA</i> ). However, information is to be collected on the transfer element of concessional lending as a supplementary item. This outcome is detailed in the <a href="#">separate issues note</a> prepared by the SNA/BPM editorial teams. As the <i>GFSM 2014</i> already prescribes memorandum items for concessional lending, and includes guidance on the treatment for concessional lending between employers and employees, the one change proposed by the GN is to no longer record a transfer element for concessional lending by central banks.
1.18	F.18	SNA/BPM	<a href="#">The recording of crypto assets in macroeconomic statistics</a>	The GN recommends a classification typology of crypto assets and recommends treating crypto assets with corresponding liabilities as financial assets. However, the GN has greater difficulty in deciding how to treat crypto assets without a corresponding liability designed to act as a general medium of exchange (CAWLM), such as Bitcoin, and crypto assets that only act as a medium of exchange within a platform or network without a corresponding liability (CAWLP). After discussion in the <a href="#">Joint AEG/BOPCOM meeting of March 2023</a> it was concluded that CAWLM and CAWLP should be treated as

				<p>nonproduced nonfinancial assets within a distinct and separate category. However, the issue would be kept on the post-2025 SNA and BPM7 research agenda in case future changes in the market or regulatory environment require the prescribed treatment to be revisited. It was also agreed to develop practical compilation guidance on the recording of crypto-assets. As the <i>GFSM 2014</i> is silent on the treatment of crypto-assets the agreed SNA/BPM treatment is considered a clarification.</p>
1.19	G.4	SNA/BPM	<a href="#">Treatment of special purpose entities (SPEs) and residency</a>	<p>The GN recommends leaving the core SNA and BPM framework unchanged but collecting supplemental information on SPEs. The GN does not specifically address the treatment of government-controlled SPEs, which is instead addressed through the GN D.5.</p>
1.20	G.9	SNA/BPM	<a href="#">Payments for nonproduced knowledge-based capital (marketing assets)</a>	<p>The GN recommends moving marketing assets from nonproduced assets (current treatment) to produced assets. This has implications on the production and asset boundary of the SNA. Within GFS, government marketing assets would need to be identified and capitalized through inclusion in the balance sheet and as transactions in net investment in nonfinancial assets. Further, any own-account capital formation of marketing assets would need to be recognized (with similar implications to the current recording of own-account government R&amp;D). The UN Statistical Committee in its meeting of March 2024 concluded that the above recommendation on marketing assets would not be introduced in the 2025 SNA, with the topic remaining on the research agenda.</p>
1.21	IF.1	SNA/BPM	<a href="#">Islamic finance in the national accounts and external sector statistics</a>	<p>The GN provides comprehensive recommendations on the terminology, sector classification, instrument classification and treatment of select financial entities, instruments, and products which are unique to Islamic finance. As the <i>GFSM 2014</i> is silent on the treatment of Islamic finance any agreed treatment (within the existing conceptual framework) will be a clarification.</p>

1.22	WS.7	SNA/BPM	<a href="#">Treatment of Emissions Trading Schemes</a>	The GN sets out the pros and cons of different possible recording options for emission permits. At the <a href="#">February 2024 AEG/BOPCOM meeting</a> it was agreed to treat emission permits as financial assets which government creates and sells (or gives away). A government liability in other accounts payable is maintained while the counterpart financial asset is in circulation. The financial asset might be traded before being eventually surrendered by companies to government (based on their emissions), at which point government revenue is recorded under taxes on production at issuance prices and the liability is removed.
1.23	WS.12	SNA/BPM	<a href="#">Environmental classifications within GFS</a>	The GN recommends the disaggregation of specific institutional sectors, financial instruments, distributive transactions and nonfinancial assets to show “of which” categories for environmental classes and components, such as climate adaptation investment funds, green bonds, carbon taxes, environmental subsidies, and carbon capturing equipment (non-exhaustive list). Many of these “of which” categories may also be relevant to include within GFS.
1.24	WS.14	SNA/BPM	<a href="#">Distinction between taxes, services and other flows</a>	The GN makes recommendations with respect to four issues: (i) the treatment of payments for mandatory licenses; (ii) the definition of rent; (iii) the recording of permits to use or extract natural resources; and (iv) the rearrangement of transactions through government. In addition, the GN includes the recommendation to include a decision tree to assist in classifying government revenue. The most significant conceptual change is the recording of all payments for mandatory non-tradable licenses as taxes rather than the current recording which splits them between taxes and sales of service.
1.25	A.5 / X.53	SNA	<a href="#">Relationship between SNA and IPSAS/IAS</a>	<a href="#">SNA Recommendation</a> : In addition to concise and generic text on the relationships between the SNA and standards for business and public sector accounting to be included in 2025 SNA Chapter 1, more details on these relationships will be provided in 2025 SNA Chapters 28 on



				Non-financial corporations and Chapter 30 on General government and the public sector, respectively, although this further elaboration will also remain relatively short, by summarizing major differences.
1.26	A.6 / X.54	SNA	<a href="#">Treatment of trusts and other types of funds as separate institutional units</a>	<a href="#">SNA Recommendation</a> : Issue note was discussed at the March 2023 AEG meeting. It provides recommendations on when to treat trusts and funds as separate institutional unit, as well as distinguishing funds from fund beneficiaries, and fund managers. Includes decision trees for identifying whether a trust/fund is an institutional unit as well as around the sector classification of employment-related pension fund.
1.27	A.8 / X.55	SNA	<a href="#">Consistency in the application of the sum-of-costs approach</a>	<a href="#">SNA Recommendations</a> : (i) to include return to capital in all cases, including non-market output; (ii) to expand the scope of assets for which a return to capital should be recognized, thus including work-in-progress, other inventories (where significant) and non-produced nonfinancial assets that are used in production; (iii) to exclude a return to capital for city parks and historical monuments on pragmatic grounds; (iv) to add depletion of natural resources as a cost (where relevant) to the sum of costs approach; and (v) to add rent as a cost to the sum-of-costs approach.
1.28	A.12 / X.9	SNA	<a href="#">Work-in-progress, transfer of ownership and capital services</a>	<a href="#">SNA Recommendation</a> : Main recommendation which is of relevance to GFS is to include guidance on the conceptually preferred recording of work-in-progress, i.e. to only record a transfer in the case of an effective transfer of ownership; record partially completed structures as work-in-progress, also after a partial hand-over; record differences between stage payments and the effective transfer of ownership as other accounts payable/receivable.
1.29	A.14 / X.56	SNA	<a href="#">Add clarifications on the treatment of terminal costs during ownership transfer for different types of assets</a>	No specific SNA recommendation. During drafting, SNA editors propose to include relevant clarifying text, first and foremost in 2025 SNA chapters 11 and 14.

1.30	A.15 / X.57	SNA	<a href="#">Add clarifications on the distinction between maintenance and capital repairs for intangible assets</a>	No specific SNA recommendation. During drafting, PSNA editors propose to include relevant clarifying text in <i>2025 SNA</i> chapter 7.
1.31	A.16 / X.58	SNA	<a href="#">Possible alternative treatment of the transfer of leased assets at the end of the lease period</a>	<p><b>SNA Recommendations:</b></p> <ul style="list-style-type: none"> <li>• Recommendation 1: From a conceptual point of view, the transfer of leased assets at the end of the lease period should be recorded as the building up of a financial claim, which is extinguished at the time of the transfer of the leased asset. Having said that, in line with the current guidance in the <i>2008 SNA</i>, it is considered appropriate to record the transfer of the relevant assets as capital transfers. In certain circumstances, however, particularly where there is a high degree of certainty that the asset will be transferred and where the value of that asset at the point of transfer will be significant, a recording of building up a financial claim should preferably be applied.</li> <li>• Recommendation 2: Furthermore, instead of only discussing the recording of transfers of leased assets in <i>2025 SNA</i> Chapter 20 on General government and the public sector, it is recommended to also pay attention to this issue in <i>SNA 2025</i> Chapter 27 on Contracts, leases and licenses, and, more concisely, in <i>2025 SNA</i> Chapter 11 on Capital account.</li> <li>• Recommendation 3: Finally, where relevant, it is recommended to provide some further clarifications on the possible transfer of the economic ownership of natural resources in <i>2025 SNA</i> Chapter 27 on Contracts, leases and licenses.</li> </ul>
1.32	B.2	SNA	<a href="#">Recording of share buybacks</a>	<p><b>SNA Recommendation:</b> It is recommended not to change the current recording of share buybacks (i.e., a purely financial transaction, without the imputation of a distribution of dividends in combination with a reinvestment of these dividends) and to put this issue in the post <i>2025 SNA/BPM7</i> Research Agenda, as part of the broader issue of extending the reinvested earnings approach.</p>

1.33	Note 3	BPM	<a href="#">BPM Clarification Note 3:</a> The Statistical Treatment of Negative Interest Rates	<i>BPM6</i> and other macroeconomic statistics manuals provide no explicit guidance on the treatment of negative interest rates. This note clarifies that negative interest rates on deposits should be recorded as negative income receivable by the investors (and payable by the financial institutions) in the primary income account excluding FISIM, like positive interest income on deposits.
1.34	Note 4	BPM	<a href="#">BPM Clarification Note 4:</a> Clarification on Reserve Position in the IMF	This note clarifies that reserve position in the IMF should be classified as other deposits without a maturity breakdown. However, if a classification by original maturity is deemed necessary, it should be attributed as long-term, in line with the nature of its main component, the reserves tranche.
1.35	Note 5	BPM	<a href="#">BPM Clarification Note 5:</a> Recording of Central Bank Swap Arrangements in Macroeconomic Statistics	This note clarifies that off-market central bank currency swap arrangements should be recorded as an exchange of deposits with maintenance of value. However, if the central banks conduct the transaction as a standard (market priced) currency swap, then it is recommended that the swap be recorded as an exchange of deposits with the simultaneous creation of a financial derivative, namely a forward contract.
1.36	Note 6	BPM	<a href="#">BPM Clarification Note 6:</a> Statistical Treatment of Precious Metals Accounts	This note clarifies that allocated precious metals accounts other than monetary gold represent ownership of nonfinancial assets; and unallocated precious metals accounts are treated as deposits in foreign currency. For allocated precious metals accounts, certificate fees, as well as ongoing fees for storage, should be recorded as financial services. Further, this note reaffirms that the classification of monetary gold as a financial asset within reserve assets is an exception among commodities because of the historic role of gold in the International financial system.

**TABLE 2: LIST OF NEW RESEARCH PROJECTS FOR INCLUSION IN THE GFSM UPDATE RESEARCH PROGRAM**

Project No.	Research Project Title	Short Description of Issues Proposed to Address within the Research Project	Related SNA/BPM Notes
<b>Sector or Transaction Classification</b>			
2.1	Boundary between government-controlled nonmarket producers engaged in nonfinancial activities (government units) and public nonfinancial corporations	<p><b>Background/Issues:</b></p> <ul style="list-style-type: none"> <li>• Application of the <i>GFSM 2014</i> guidance on “economically significant price” is challenging for many countries. Most countries assess the sector classification of government-controlled nonfinancial entities using the “market test” described in <i>GFSM 2014</i> paras. 2.69-2.75 where sales are expected to cover at least 50% of production costs, but the <i>GFSM 2014</i> para. 2.69 advises that there is “no prescriptive numerical relationship between the value of sales and the production costs”.</li> <li>• Should the GFSM guidance be more prescriptive, and should it be extended to provide more guidance on defining sales and production costs for the market test? In addition, is there a need to provide more qualitative guidance on when economically significant prices should be deemed to be not present?</li> <li>• A particularly challenging case, that might merit further guidance, is the assessment of the sector classification of public utility companies with effective monopolies, another is the case of market regulatory agencies (already discussed in <i>GFSM 2014</i> paras. 2.156-2.159).</li> <li>• Eurostat have developed more extensive guidance on sector classification within their <a href="#">Manual on Government Deficit and Debt</a> and some of this guidance might be of relevance to the updated GFSM.</li> </ul> <p><b>Expected outcomes:</b></p> <ul style="list-style-type: none"> <li>• Discussion note which explores possible more detailed, practical, and prescriptive guidance on how to determine the distinction between government-controlled nonmarket producers (government units) and market producers (public corporations) for the case where the unit in question is engaged in nonfinancial activities.</li> </ul>	
2.2	Boundary between government-	<p><b>Background/Issues:</b></p>	

	<p>controlled nonmarket producers engaged in financial activities (government units) and public financial corporations</p>	<ul style="list-style-type: none"> <li>• There are many challenges when it comes to deciding on the market nature of government-controlled units engaged in financial activities. The concept of economically significant prices is harder to interpret for units engaged in financial activities, and generally the 50% “market test” cannot be applied to these units.</li> <li>• Chapter 2 of the <i>GFSM 2014</i> includes some sector classification guidance on specific types of public financial entities but in many cases the guidance provided is to apply the overarching sectorization principles.</li> <li>• Therefore, there would be benefit in providing further principle-based guidance on how to assess whether a government-controlled entity engaged in financial activities should be considered a nonmarket unit, and so a government unit.</li> <li>• Eurostat have developed more extensive guidance on sector classification within their <a href="#">Manual on Government Deficit and Debt</a> and some of this guidance might be of relevance to the updated GFSM.</li> </ul> <p><b>Expected outcomes:</b></p> <ul style="list-style-type: none"> <li>• Discussion note which explores possible more detailed, practical, and prescriptive guidance on how to determine the distinction between government units and public financial corporations for different types of units engaged in financial activities.</li> <li>• The same discussion note will include a review of the current guidance on the sector classification of sovereign wealth funds, public pension funds, provident funds, public development/investment funds and statutory financial protection schemes.</li> </ul>	
2.3	<p>Indigenous governments</p>	<p><b>Background/Issues:</b></p> <ul style="list-style-type: none"> <li>• There is no specific guidance on the treatment and inclusion of indigenous governments in those countries where self-governing indigenous organizations have jurisdiction over land and ownership, as well as its economic authority over assets and liabilities, within specific territories. These indigenous governments typically have the functions of other levels of government to assume responsibility for the provision of goods and services to the community or individual households and to finance their provision out of taxation or other income, redistribute income and wealth by means of transfers, and engage in non-market production.</li> </ul> <p><b>Expected outcomes:</b></p> <ul style="list-style-type: none"> <li>• Discussion note on the different types of government structures/arrangements, related to indigenous communities, which considers whether it is necessary to</li> </ul>	

		provide additional guidance on how these arrangements should be reflected in government sector delimitation and economic ownership.	
2.4	Transactions of government with sovereign wealth funds (and similar)	<p><b>Background/Issues:</b></p> <ul style="list-style-type: none"> <li>• Sovereign wealth funds (SWFs) are created and funded by government. As discussed in <i>GFSM 2014</i> paras. 2.152-2.155, SWFs can be either classified as government units or public financial corporations according to the sector classification principle as to whether they are nonmarket or market producers. The topic of the sector classification is proposed to be considered under research project 2.2.</li> <li>• However, the appropriate treatment of transactions between the budgetary government unit(s) and SWFs (such as withdrawals and injections) can often be large and fiscally material and there is currently no guidance on how to treat these transactions. Whether they are treated below-the-line as financing or equity transactions, or above-the-line as grants, transfers or dividends can lead to very different impacts on the government deficit (net lending/net borrowing).</li> <li>• Given that under current guidance SWFs could be within the general government sector or public corporations, it also needs clarifying whether the transactions might be treated differently depending on the sector classification of the SWF (e.g. extrabudgetary unit, public financial corporation). Notably, if SWFs are considered to be consolidated within the budgetary central government then no guidance on transactions would be required.</li> </ul> <p><b>Expected outcomes:</b></p> <ul style="list-style-type: none"> <li>• Discussion guidance note exploring how transactions between government and a SWF should be recorded within GFS, taking into account that this may be impacted by the sector classification of the SWF.</li> </ul>	
2.5	Treatment of zakat	<p><b>Background/Issues:</b></p> <ul style="list-style-type: none"> <li>• Zakat is a charitable donation or payment required of Muslims, which is considered to be one of the five Pillars of Islam. It can be compulsory or voluntary and may be collected by government or non-governmental bodies, depending on the country and the exact basis of collection of the zakat.</li> <li>• The <i>GFSM 2014</i> para. 5.39 briefly discusses the treatment of zakat taxes, but the guidance is limited and as a result the GFS treatment of zakat may vary between countries.</li> </ul>	<a href="#">GN IF.1 Islamic Finance</a>

		<p><b>Expected outcomes:</b></p> <ul style="list-style-type: none"> <li>• Discussion note which provides more detailed guidance on how to record zakat in the GFS, following a similar approach to that followed in the SNA/BPM guidance note on Islamic Finance – <a href="#">GN IF.1</a> (which does not mention zakat).</li> </ul>	
2.6	Further defining and subclassifying extrabudgetary units	<p><b>Background/Issues:</b></p> <ul style="list-style-type: none"> <li>• The government may establish special extrabudgetary funds for certain purposes (such as welfare, compensation for damages) which are fully financed by dedicated transfers from the budget.</li> <li>• If these funds do not satisfy the criteria to be a separate institutional unit, they are classified as a budgetary government. As a result, the <i>GFSM 2014</i> data presentation does not track the transactions between the budget and the fund and subsequent distribution of the funds.</li> <li>• If they are separate institutional units, they are presented together with other extrabudgetary units. However, there may be other extrabudgetary units that are established to carry out specific government functions, such as road construction, or the nonmarket production of health or education services. These other extrabudgetary units are very different from the funds as they have a production activity while the funds mostly have specific financing activities.</li> <li>• This lack of distinction may impact fiscal analysis.</li> </ul> <p><b>Expected outcomes:</b></p> <ul style="list-style-type: none"> <li>• Discussion note which explores possible additional guidance to (i) clarify the definition of the extrabudgetary sector, and (ii) consider possible subsectoring of the extrabudgetary sector for improved fiscal analysis.</li> </ul>	
2.7	Treatment of government / public nonlife insurance schemes	<p><b>Background/Issues:</b></p> <ul style="list-style-type: none"> <li>• Government or public sector units may establish and manage nonlife insurance schemes, such as crop insurance schemes, automobile insurance (property, casualty, civil liability), drug plans, etc.</li> <li>• In some of these schemes, we can find components/resemblances with social security or even social assistance (for certain beneficiaries) and sometimes it is very difficult to classify/partition it and the statistical treatment can lead to problems of consistency and comparability.</li> </ul>	

		<ul style="list-style-type: none"> <li>• The sectoral classification of the units which manage these schemes can also sometimes raise questions, in particular since participation in these schemes is often compulsory, and the complementary components/additional insurance coverage of these schemes can cause the unit to be in direct competition with the private sector.</li> <li>• Even if these units can generate profits, sometimes significant, the question arises whether the unit should be classified with general government or public financial corporations.</li> </ul> <p><b>Expected outcomes:</b></p> <ul style="list-style-type: none"> <li>• Discussion note which explores possible additional guidance on (i) sector classification of units managing public sector insurance schemes, and (ii) clarification on the distinction between public nonlife insurance schemes and social insurance.</li> </ul>	
<b>Debt, Equity and Provisions</b>			
2.8	Debt valuation issues	<p><b>Background/Issues:</b></p> <ul style="list-style-type: none"> <li>• This proposed research project covers four distinct issues with respect to debt valuation.</li> <li>• (1) <b>Nominal value of debt liabilities:</b> Although the reporting of debt at nominal value has long been a feature of the GFS, there remains some confusion on exactly how to calculate nominal valuations. In part this is because the term nominal value is used differently outside macroeconomic statistics, but it is also likely due to the slightly different descriptions across the different statistical manuals on the concept of nominal value and how to calculate it for different instruments.</li> <li>• (2) <b>Remaining / residual maturity:</b> Public debt reporting templates include information on the remaining (or residual) maturity of debt, however the <i>GFSM 2014</i> provides minimal guidance on how to calculate this. As with nominal value other macroeconomic statistical manuals differ slightly in its description, although the <a href="#">BPM Clarification Note 2</a> seeks to provide a standard definition to be used in the BPM, which distinguishes between a conceptual definition and a practically acceptable compilation approach. It is proposed to consider this issue for the GFSM and recommend extended guidance on how to calculate remaining / residual maturity.</li> <li>• (3) <b>Interest accrual on debt securities:</b> The approach to accruing interest on debt securities is well documented, but for debt securities with coupon payments issued at</li> </ul>	<p><a href="#">GN F.8 on Valuation of Debt Securities</a></p> <p><a href="#">BPM Clarification Note 2 on Remaining Maturity</a></p>



		<p>premia/discount there is a difference when you calculate the accrued interest separately for the coupons and premia/discount (as done in the Public Sector Debt Statistics Guide) and when you calculate it based on an overall effective interest rate (as done in the Handbook on Securities Statistics). It is proposed to consider the different approaches in use and make recommendations with respect to GFS/PSDS.</p> <ul style="list-style-type: none"> <li>• (4) <b>Asset-Backed Securities:</b> The issue of how to value the underlying assets and discounted income streams from those assets has been raised as a gap in the GFSM.</li> </ul> <p><b>Expected outcomes:</b></p> <ul style="list-style-type: none"> <li>• Discussion note which explores possible: (i) new or extended guidance for the nominal value of debt and remaining maturity of debt; (ii) recommendation on preferred approach for accrual of interest on debt securities issued at a premia / discount, and (iii) new guidance on the valuation of asset backed securities and related flows.</li> </ul>	
2.9	Debt assumption and debt payments on behalf of others	<p><b>Background/Issues:</b></p> <ul style="list-style-type: none"> <li>• The current guidance on debt assumption refers to trilateral agreements between a creditor, former debtor, and new debtor, such as in the case of a called guarantee. The decision tree then focuses on the degree to which there is an effective financial claim between the new and original debtor. This proposed research project covers four problematic issues with respect to the current guidance on debt assumption.</li> <li>• <b>(1)</b> It is not uncommon for governments to regularly pay the debt servicing on behalf of corporations (usually public corporations) rather than formally call guarantees that might be in place. Under the <i>GFSM 2014</i> guidance this could be seen as an example of “debt payments on behalf of others” and the debt might never be reflected in the government balance sheet despite it is the one servicing the debt. European GFS guidance includes additional considerations as to when a debt should be considered as assumed and similar guidance could be reflected in the updated GFSM.</li> <li>• <b>(2)</b> The GFSM guidance advises that assumed debt of public corporations (which are going concerns) should be reflected as equity transactions. A similar approach is in place for capital injections (see separate proposed guidance note), but not for debt forgiveness of public corporations.</li> </ul>	

		<ul style="list-style-type: none"> <li>• <b>(3)</b> The current GFSM guidance is that cash reporting countries should not report capital transfers for debt assumptions. While from a pure cash reporting concept this is true, it results in cash reporting countries not reflecting the full fiscal impact of debt operations.</li> <li>• <b>(4)</b> The current drafting of the GFS guidance considers that in the case of debt assumption the capital transfer should always be between the debt assumer and the original debtor. However, the <i>BPM6</i> in para. 8.45 considers the case where the original debtor no longer exists and guides that in this scenario the capital transfer should be between the debt assumer and the creditor.</li> </ul> <p><b>Expected outcomes:</b></p> <ul style="list-style-type: none"> <li>• Discussion note which explores possible new or revised guidance on: (i) de facto guarantee calls; (ii) debt assumption for public corporations (and whether to bring consistency to different debt operations between government and public corporations); (iii) recording of debt assumption for countries that compile GFS on a cash basis, and (iv) debt assumption where the original debtor no longer exists.</li> </ul>	
2.10	Valuation and recognition of loans	<p><b>Background/Issues:</b></p> <ul style="list-style-type: none"> <li>• The SNA/BPM update has confirmed that loans within macroeconomic statistics will continue to be recorded at nominal value (see <a href="#">GN F.9 Valuation of loans</a>). However, it proposes to acknowledge a wider set of scenarios under which the value of loans can be “reset”. This kind of reset is likely to be most common within the activities of the public sector, but the new SNA/BPM text on loan resets is not extensive.</li> <li>• A related topic is how to record bilateral instruments which have most of the contractual features of loans but where repayment is contingent on certain conditions. For instance, some Covid-19 “loans” had these features as do certain student loan arrangements. Eurostat have introduced in their <a href="#">Manual on Government Deficit and Debt</a> guidance on income-contingent loans which effectively partition these “loans” into separate loan and transfer elements.</li> </ul> <p><b>Expected outcomes:</b></p> <ul style="list-style-type: none"> <li>• Discussion note to explore scenarios where loan values might be “reset” in fiscal statistics, while maintaining consistency with the new SNA/BPM text on loan resets.</li> <li>• The same discussion note to explore possible adoption of Eurostat approach for income contingent loans (and similar instruments) in the GFSM, or whether they</li> </ul>	<p><a href="#">GN F.9 on Valuation of Loans</a></p> <p><a href="#">GN WS.9 on Recording of Provisions</a></p>

		might instead be best reflected through a provisions approach (see separate proposed research project 2.11) or alternatively simply treated as transfers from inception.	
2.11	Recording of provisions and contingent liabilities	<p><b>Background/Issues:</b></p> <ul style="list-style-type: none"> <li>• With the evolution of public sector accounting standards, new liabilities are recognized and recorded by governments, several of which are in principle contingent liabilities in macroeconomic statistics such as: environmental liabilities, social security pensions, non-pension employee benefits, social security fund technical reserves.</li> <li>• The SNA and BPM update has considered the topic of provisions and concluded that in most cases these should remain outside the “core accounts”. Given the challenges of recording provisions within a quadruple-entry framework this is understandable.</li> <li>• However, the challenges are significantly less within a double-entry reporting framework, such as the GFS, and so some discussion on the recording of provisions within GFS seems merited.</li> <li>• For GFS compilers and users, it is essential to know precisely under what circumstances these provisions and contingent liabilities can/should be recognized as actual liabilities.</li> <li>• In support of this, it is notable that provisions (and contingent liabilities) are often significant within the financial statements of government units and so their exclusion from GFS could in some circumstances distort the government's fiscal position.</li> <li>• It should be noted that the GFS and SNA/BPM already incorporate some provision-like approaches, such as those for standardized guarantees, while others are arguably implicitly included, such as in the guidance that tax revenues should be limited to those than can realistically be expected to be collected and not the full amount of identified tax obligations.</li> <li>• In addition, the update to the SNA has reflected on the specific case of terminal costs (such as decommissioning costs – see <a href="#">GN WS.9 Recording of Provisions</a>) and concluded that the expected terminal costs (a type of provision liability) should be included in the value of the fixed asset from inception to avoid negative fixed asset values at the end of life of the asset.</li> <li>• One further consideration is the current treatment in the MFS which partially incorporates provisions on financial assets by recognizing a liability of the creditor for</li> </ul>	<p><a href="#">GN F.9 on Valuation of Loans</a></p> <p><a href="#">GN WS.9 on Recording of Provisions</a></p>

		<p>that portion of the value of nonperforming loans (and similar) which is not expected to be repaid by the debtor.</p> <p><b>Expected outcomes:</b></p> <ul style="list-style-type: none"> <li>• Discussion note to explore the pros and cons for inclusion of provisions within the GFS, not only with respect to terminal costs but also with regard to financial assets and liabilities, such as for non-performing loans and concessional lending.</li> </ul>	
2.12	Stock Positions and Related Flows with the IMF and other regional / international organizations	<p><b>Background/Issues:</b></p> <ul style="list-style-type: none"> <li>• Although the <i>GFSM 2014</i> includes guidance on transactions with the IMF (paragraphs A3.79 to A3.95), countries continue to ask for guidance on how to treat specific transactions and positions with the IMF within their GFS and recording remains somewhat heterogenous.</li> <li>• One area for particular attention, as it is not currently covered, would be on the treatment of Special Drawing Rights (SDRs) with currency unions and the different mechanisms by which governments can make fiscal use of SDR allocations. A resource for the development of this guidance note would be the IMF technical note on <a href="#">How to Record the Allocations of SDRs in GFS</a>.</li> <li>• In addition, the guidance in <i>GFSM 2014</i> on membership dues and subscription fees is relatively limited (see <i>GFSM 2014</i> para. 6.42). Section 4.7 of Eurostat's <a href="#">Manual on Government Deficit and Debt</a> provides more detailed guidance for capital increases in multilateral development banks and when these capital subscriptions should be recorded as capital transfers, equity increases, or loans.</li> <li>• Finally, there may also be relevant guidance in <a href="#">GN B.12 on Equity Participation in International Organizations</a> and <a href="#">BPM Clarification Note 11 on Participation in Capital of International Organizations</a>.</li> </ul> <p><b>Expected outcomes:</b></p> <ul style="list-style-type: none"> <li>• Discussion note to explore possible expanded guidance on recording of stock positions and related flows with the IMF.</li> <li>• The same discussion note would also explore the recording of subscriptions to international/regional organizations (including multilateral development banks) to investigate whether the current <i>GFSM 2014</i> guidance might be updated and/or extended.</li> </ul>	<p><a href="#">GN B.12 on Equity Participation in International Organizations</a></p> <p><a href="#">BPM Clarification Note 11 on Participation in Capital of International Organizations</a></p>

2.13	Equity for public corporations	<p><b>Background/Issues:</b></p> <ul style="list-style-type: none"> <li>• Many public corporations are 100% owned by general government units and their shares are not traded on the markets. However, the government ownership (net worth) in these enterprises must be valued and reflected in the general government assets/liabilities (GFS equity and investment fund shares). This record must also be symmetrical in GFS with that in the public corporations' balance sheet.</li> <li>• The value of these corporations is often significant for the evaluation of the financial position/net worth of general government units. The statistical treatment may be similar to consolidation on the basis of modified equity in public and private accounting standards, by adjusting for direct financial claims already recorded in the balance sheet of government units / public corporations (loans and advances, debt securities, accounts receivable/payable, etc.).</li> <li>• Compilers and users could benefit from better guidance regarding: (i) methodology for measuring the value of public corporations; (ii) recording the variation from one accounting period to another in the value of public corporations, transactions versus other economic flows (revaluations); (iii) the treatment of negative equity value in public corporations, and the gross versus net treatment (equity assets / equity liabilities).</li> </ul> <p><b>Expected outcomes:</b></p> <ul style="list-style-type: none"> <li>• Discussion note which explores possible additional guidance on the valuation and calculation of equity for public corporations where the government shareholding is not traded on the markets.</li> </ul>	
<b>Economic Ownership of Assets and Capital Expenditure/Transfers</b>			
2.14	Treatment of public-private partnerships (PPPs)	<p><b>Background/Issues:</b></p> <ul style="list-style-type: none"> <li>• As part of the SNA/BPM update it has been decided not to change the current risk and reward approach to identifying the economic owner of assets involved in PPP arrangements (see <a href="#">GN D.8 PPPs</a>), and so this same approach will continue to apply within the GFSM.</li> <li>• However, given that PPPs are important fiscal policy tools in many countries, it is believed to be important to clarify and extend the current guidance on PPPs in the <i>GFSM 2014</i> (paras. A4.58-A4.65). As part of the SNA update an issue note was</li> </ul>	<p><a href="#">GN D.8 on PPPs</a></p> <p><a href="#">SNA Action Point A.7 on PPPs</a></p>

		<p>drafted which included the following four recommendations to improve the language in PPPs within the SNA.</p> <ul style="list-style-type: none"> <li>• (i) To update the definition of a PPP in the statistical manuals and extend the introductory remarks to describe common PPP arrangements.</li> <li>• (ii) to differentiate between PPPs where payments are made by the public partner for the provision of the public service or asset, and those where the payments are received from users of the public service or asset; noting the different statistical considerations when assessing who is the economic owner of the asset and the different statistical recordings when the asset is deemed to be on the government balance sheet.</li> <li>• (iii) to highlight and explain differences between the international statistical standards and International Public Sector Accounting Standards for the recording of PPPs.</li> <li>• (iv) to provide more definitive guidance on the statistical recording of PPP-related transaction by describing the preferred treatment (even if other treatments are acknowledged as being appropriate in some circumstances). All four recommendations are equally appropriate to the GFSM, and given that the GFSM necessarily needs to provide more detailed guidance on PPPs than the SNA it is proposed to prepare a guidance note which explores how these recommendations should be best reflected in the GFSM.</li> </ul> <p><b>Expected outcomes:</b></p> <ul style="list-style-type: none"> <li>• Discussion note to explore options to clarify and extend the current guidance on PPPs in the <i>GFSM 2014</i>, including by providing more detailed guidance on how the recommendations in the SNA note should be reflected in the GFSM.</li> </ul>	
2.15	Treatment of capital injections by government into corporations	<p><b>Background/Issues:</b></p> <ul style="list-style-type: none"> <li>• When governments inject funds into a corporation this could typically have the feature of a subsidy, a capital transfer, a loan, or an increase in equity. When the injection is in-kind then an even wider range of recording options are possible.</li> <li>• <i>GFSM 2014</i> Figure A3.2 provides a decision tree for the recording of capital injections. However, consistent application of this decision tree has proved difficult due to the need to interpret terms such as whether an injection has the expectation of a “realistic return” and whether a unit in distress is a "going concern".</li> </ul>	

		<ul style="list-style-type: none"> <li>Concerns have also been raised around recording capital injections into distressed public corporations (particularly ones where government is the sole owner) as increases in equity, particularly when other means of government support to public corporations (such as debt cancellation) are always treated above-the-line as capital transfers.</li> </ul> <p><b>Expected outcomes:</b></p> <ul style="list-style-type: none"> <li>A discussion note which reviews the statistical treatment of capital injections, as per <i>GFSM 2014</i>, and proposes updates to the current guidance.</li> <li>The discussion note will include the appropriate recording of government support to public corporations, including Central Banks, as well as Central Banks within the context of monetary unions (clarifying if necessary whether capital injections into Central Banks should be treated any differently to other public corporations).</li> <li>The same discussion note may also usefully consider whether there is merit in separately distinguishing transactions with public corporations within the GFS analytical framework (similarly to how grants to other government units are separately identifiable).</li> </ul>	
2.16	Treatment of privatization	<p><b>Background/Issues:</b></p> <ul style="list-style-type: none"> <li>The current guidance on privatization in the <i>GFSM 2014</i> is to record it as a transaction in equity where the assets being disposed of constitute a complete institutional unit, but as transactions (disposals) in nonfinancial and/or financial assets where the sale does not relate to a complete unit.</li> <li>In practice privatization can take many different forms and the GFSM guidance can be difficult to apply as it is not always clear whether what has been sold represents a separate institutional unit in economic statistics. This may include circumstances where new institutional units and/or assets are created immediately prior to the privatization.</li> </ul> <p><b>Expected outcomes:</b></p> <ul style="list-style-type: none"> <li>Discussion note to explore whether the existing guidance on privatization (and by extension nationalization) can be further extended and clarified as to when the disposal (or acquisition in the case of nationalization) should be treated as transactions in equity and when as transactions in nonfinancial and/or financial assets.</li> </ul>	

2.17	Boundary between capital and current transfers	<p><b>Background/Issues:</b></p> <ul style="list-style-type: none"> <li>• Distinguishing between capital and current transfers is not always straightforward and <i>GFSM 2014</i> provides limited guidance on this. The principal existing guidance being in <i>GFSM 2014</i> paragraph 6.124 and Box 6.3.</li> <li>• The SNA/BPM guidance note <a href="#">C.8 on Recording penalties and fines</a> has highlighted that some compensation payments should be recorded as capital transfers and others as current transfers. While this is currently captured within <i>GFSM 2014</i> para. 6.124 it is not clear that such payments meet the definition of capital transfers currently included in the common macroeconomic statistics glossary.</li> </ul> <p><b>Expected outcomes:</b></p> <ul style="list-style-type: none"> <li>• A discussion note which considers the features that distinguish a capital transfer from a current transfer, as well as the time of recording of capital transfers within the accrual reporting framework of the GFSM. As part of this discussion note an update to the current definition of a capital transfer may be recommended.</li> </ul>	<a href="#">GN C.8 on Recording Penalties and Fines</a>
2.18	Recording and valuation of infrastructure assets	<p><b>Background/Issues:</b></p> <ul style="list-style-type: none"> <li>• The recording and valuation of infrastructure assets (in which government is typically the economic owner and/or plays an important role in construction) is an area of high interest to users.</li> <li>• In this regard, policy users are interested in obtaining more granular breakdowns for infrastructure assets and investments, as well as into accurate valuations reflecting the quality and the remaining life length of the assets.</li> <li>• This information may be of high importance in sustainability analyses.</li> <li>• One of many areas where this is seen is with regard to infrastructure which may potentially be affected by climate change (including more severe weather conditions), where users want to assess the financial risks posed.</li> <li>• There may also be opportunities to bring GFS guidance on the valuation of infrastructure assets into closer alignment with <a href="#">IPSAS 45 on Property, Plant, and Equipment</a>.</li> </ul> <p><b>Expected Outcomes:</b></p> <ul style="list-style-type: none"> <li>• Discussion note to explore the issues in relation to the recording and valuation of infrastructure assets, with a view to: (i) whether to recommend for the GFSM an expanded asset classification for infrastructure assets; and (ii) assess the main</li> </ul>	



		<p>compilation challenges that may need to be addressed in order to properly measure and value the flows and stocks related to infrastructure assets.</p>	
<b>Natural Resources</b>			
2.19	Accounting for natural resources and their exploitation in GFS	<p><b>Background/Issues:</b></p> <ul style="list-style-type: none"> <li>The SNA update process has, over a series of guidance notes (specifically, GNs <a href="#">WS.6 on Economic Ownership and Depletion</a>, <a href="#">WS.8 on Biological Resources</a>, <a href="#">WS.10 on Valuation of Mineral and Energy Resources</a> and <a href="#">WS.11 on Renewable Energy Resources</a>) recommended significant changes to the treatment of natural resources through the identification of new natural resources (e.g. renewable energy resources), the accounting for the extraction of exhaustible natural resources (e.g. through the introduction of depletion as a new transaction), and the partitioning or sharing of economic ownership of natural resources between owners (usually government) and extractors.</li> <li>The SNA recommendations require consideration on how best to reflect them within the GFS framework and presentation. They also raise questions on how governments should calculate and value certain stocks and transactions.</li> </ul> <p><b>Expected Outcomes:</b></p> <ul style="list-style-type: none"> <li>A discussion note to review the SNA update recommendations on these topics with a view to addressing the GFS issues raised by the SNA updates.</li> <li>The same discussion note may consider the related work being done within the SEEA CF update on the valuation of natural resources and the IPSAS project on natural resources.</li> </ul>	<p><a href="#">GN WS.6 on Economic Ownership and Depletion</a></p> <p><a href="#">GN WS.8 on Biological Resources</a></p> <p><a href="#">GN WS.10 on Valuation of Mineral and Energy Resources</a></p> <p><a href="#">GN WS.11 on Renewable Energy Resources</a></p>
2.20	Climate-sustaining and climate-damaging subsidies and other transfers	<p><b>Background/Issues:</b></p> <ul style="list-style-type: none"> <li>In response to a policy need, <a href="#">recommendation 6 of the G-20 Data Gaps Initiative 3</a> encourages G-20 economies to report “climate-impacting subsidies”, both those</li> </ul>	

		<p>which are climate-sustaining and climate-damaging. Work is currently ongoing to define “climate-impacting subsidies”.</p> <ul style="list-style-type: none"> <li>• In parallel to this the SEEA CF research agenda includes an item to consider the reporting of “potentially environmentally damaging subsidies and related transfers”.</li> </ul> <p><b>Expected Outcomes:</b></p> <ul style="list-style-type: none"> <li>• Discussion note to explore possible definitions of climate-sustaining and climate-damaging subsidies for inclusion in the GFSM, as a memorandum item (or similar).</li> <li>• It is proposed that the discussion note is prepared in close collaboration with the task team working on implementing G-20 DGI Recommendation 6 and colleagues involved in the updates to the SEEA CF and COFOG.</li> </ul>	
<b>Social Insurance</b>			
2.21	Social Security Schemes	<p><b>Background/Issues:</b></p> <ul style="list-style-type: none"> <li>• The SNA update has authored an <a href="#">issue note on Action Point 13 on Social Security and Employment-related Schemes</a> seeking to provide clarification on: (i) distinction between social security and employment-related schemes; (ii) constructive liabilities; (iii) delineation between social insurance and employer-independent schemes; and (iv) provident funds.</li> <li>• The GFSM aims to follow the same sector classification principles of the SNA. However, due to the different purposes of the two standards, the GFSM does deviate from the SNA with respect to how the transactions and stocks related to employment-related pensions and other retirement benefits are recorded.</li> <li>• In addition, there are related topics where the GFSM has, and requires, more detailed guidance than included in the SNA. This may include further guidance on: <ul style="list-style-type: none"> <li>• (i) delineation between social security schemes (what is meant by "schemes that cover the community as a whole or large sections of the community") - for which the entitlements are contingent liabilities - from other social protection schemes where contributions give rise to entitlements which are reported as liabilities;</li> <li>• (ii) the concept of "constructive liabilities".</li> <li>• (iii) examination of whether the <i>GFSM 2014 text</i> on provident funds (paragraphs 2.148 - 2.151) might be updated and expanded with respect to their classification in the financial corporations sector and classification of their liabilities.</li> </ul> </li> </ul>	<p><a href="#">SNA Action Point 13 on Social Security and Employment-related Schemes</a></p>

		<p><b>Expected Outcomes:</b></p> <ul style="list-style-type: none"> <li>• Discussion note to explore the SNA recommendations in the issue note on Action Point 13 from a GFSM perspective to ensure that they are appropriately integrated in the updated GFSM.</li> <li>• The same discussion note will explore possible improvements to existing guidance on the delineation between social security and employment-related social insurance schemes as well as an extension to the current guidance on provident funds.</li> </ul>	
2.22	Government Assumption of Pension Obligations	<p><b>Background/Issues:</b></p> <ul style="list-style-type: none"> <li>• The <i>GFSM 2014</i> (paragraphs A2.60 to A2.63) discusses government assumption of pension obligations of other institutional units. However, the current guidance is limited and has several gaps.</li> <li>• One such gap is when the pension liabilities of provident funds are assumed into a social security scheme. More generally, there are cases where pension entitlements that are accumulated in the second pillar are transferred to the first pillar of the country's pension system, accompanied by the transfer of associated assets. The transfer might be voluntary, encouraged by government, or compulsory.</li> <li>• Eurostat's <a href="#">Manual on Government Deficit and Debt</a> (sections 1.3.4 and 3.7) includes guidance on how to statistically treat different scenarios related to the transfer of pension entitlements.</li> </ul> <p><b>Expected Outcomes:</b></p> <ul style="list-style-type: none"> <li>• Discussion note to explore the different scenarios under which pension liabilities may be assumed with a view to expanding the current guidance.</li> </ul>	

2.23	Employee benefits – defined benefit schemes	<p><b>Background/Issues:</b></p> <ul style="list-style-type: none"> <li>• The guidance on how to account for defined benefit schemes for employees in <i>GFSM 2014</i> is limited.</li> <li>• IPSASB has issued <a href="#">IPSAS 39, Employee Benefits</a> with guidance on how to account for employee benefits-related defined benefit plans. However, it is not aligned in some areas with the limited guidance in <i>GFSM 2014</i>.</li> <li>• The <i>GFSM 2014</i> does not provide guidance in several areas, such as: (a) definitions relating to the net defined benefit liability and defined benefit cost; (b) actuarial valuation method; (c) attributing benefit to periods of service; (d) actuarial assumptions; (e) gains and losses on settlement; (f) components of defined benefit cost; and (g) presentation.</li> </ul> <p><b>Expected Outcomes:</b></p> <ul style="list-style-type: none"> <li>• Discussion note to explore to what extent IPSAS 39 guidance may be reflected in the updated GFSM.</li> </ul>	<a href="#">SNA Action Point 13 on Social Security and Employment-related Schemes</a>
<b>Communicating GFS</b>			
2.24	A framework for the presentation of GFS metadata	<p><b>Background/Issues:</b></p> <ul style="list-style-type: none"> <li>• Within the SNA/BPM guidance note on assessment frameworks to measure alignment with statistical standards (<a href="#">GN CM.1 on Frameworks to Measure Alignment with Standards</a>) there was inclusion of a provisional GFS framework. This framework was proposed as a tabular method for sharing metadata on disseminated GFS in a standardized way which would help users better understand the data and assist compilers in identifying work programs to further improve the GFS.</li> <li>• This provisional framework was subject to limited consultation and testing with the GFS community and so it is proposed to further evaluate the proposed framework and make recommendations on how it can be improved.</li> <li>• As part of this evaluation, it is proposed to compare and contrast the metadata framework with the <a href="#">IMF's Data Quality Assessment Framework (DQAF)</a> approach to quality.</li> </ul> <p><b>Expected Outcomes:</b></p> <ul style="list-style-type: none"> <li>• Evaluation and testing of proposed GFS metadata framework and recommendations for improvement including comparison to the IMF's DQAF.</li> </ul>	<a href="#">GN CM.1 on Framework to Measure Alignment with Standards</a>

2.25	Communicating GFS to users	<p><b>Background/Issues:</b></p> <ul style="list-style-type: none"> <li>• The SNA/BPM update has proposed several changes to statistical terminology (via <a href="#">GN CM.2 on Terminology and Branding</a>), such as consumption of fixed capital to depreciation and compensation of employees to remuneration of employees.</li> <li>• In addition, the SNA/BPM update has made proposals on how to standardize the language used when disseminating economic statistics (<a href="#">GN CM.3 on a Taxonomy for Communicating Statistics</a>). For example, a standard taxonomy for the disaggregation of revisions/updates including: (i) methodological/conceptual changes; (ii) source data changes; (iii) statistical coverage changes; and (iv) presentational changes.</li> </ul> <p><b>Expected Outcomes:</b></p> <ul style="list-style-type: none"> <li>• Discussion note to evaluate the different proposals in <a href="#">GN CM.2</a> and <a href="#">GN CM.3</a>, which are of relevance to GFS and make recommendations around which terminology and taxonomy should be used in the updated GFSM.</li> <li>• The same discussion note might also consider other approaches that would be beneficial to users when communicating GFS.</li> </ul>	<p><a href="#">GN CM.2 on Terminology and Branding</a></p> <p><a href="#">GN CM.3 on a Taxonomy for Communicating Statistics</a></p>
2.26	Presentation of GFS flows related to natural resources	<p><b>Background/Issues:</b></p> <ul style="list-style-type: none"> <li>• For countries rich in natural resources it can often be important in fiscal analysis (such as sustainability analysis) to separately present flows (particularly revenues) which are related to the exploitation of natural resources.</li> <li>• As part of the IMF's <a href="#">Managing Natural Resource Wealth Thematic Fund</a>, a template for the collection of data from government revenues from natural resources was established.</li> <li>• In addition, IMF's Fiscal Affairs Department has produced a Resource Revenue transparency code.</li> </ul> <p><b>Expected Outcomes:</b></p> <ul style="list-style-type: none"> <li>• Discussion note to explore whether the updated GFSM might provide guidance on the reporting of flows related to natural resources. This would not only consider the existing guidance on GFS revenues but also consider other flows, such as expenditures.</li> <li>• The same discussion note will consider any implications from the new treatment for depletion and the "split-asset" approach to natural resources, as well as any advances in this area made by SEEA and within the IPSAS.</li> </ul>	

2.27	Relationship between GFS and IPSAS	<p><b>Background/Issues:</b></p> <ul style="list-style-type: none"> <li>• A growing number of governments are producing accrual-based financial statements using the International Public Sector Accounting Standards (IPSAS).</li> <li>• Similarly, fiscally significant public corporations typically produce annual financial statements based on national or international accounting standards.</li> <li>• GFS compilers frequently use these accounting data as source data when compiling GFS.</li> <li>• In addition, users need to be able to understand the relationship (differences and similarities) between these financial statements and GFS.</li> </ul> <p><b>Expected Outcomes:</b></p> <ul style="list-style-type: none"> <li>• Discussion note to review and expand Appendix 6 of the <i>GFSM 2014</i> to provide further guidance on the conceptual and presentational differences between IPSAS-based accounts and GFS. The objectives would be to inform users of key differences and assist compilers in translating accounting source data so that it is compatible with GFS principles and concepts</li> <li>• The discussion note might be partially informed by the IPSAS project on Presentation of Financial Statements.</li> </ul>	
<b>Fiscal Analysis</b>			
2.28	Tax expenditures, tax deferrals, and other similar incentives	<p><b>Background/Issues:</b></p> <ul style="list-style-type: none"> <li>• Tax expenditures and tax deferrals are widely used as important instruments within fiscal policy. These same government policy objectives could be achieved alternatively through subsidies or other direct outlays.</li> <li>• While tax credits are recorded within the GFS (on a net basis for nonpayable tax credits and gross basis for payable tax credits), tax expenditures (and similar) – defined as concessions or exemptions from a “normal” tax structure that reduce government revenue collection (see <i>GFSM 2014</i> para. 5.28) - are not recorded as flows within the GFS. However, it is noted in <i>GFSM 2014</i> para. 5.28 that it is important to report these in supplementary reports, although no guidance is provided on how to report these tax expenditures (and similar).</li> </ul> <p><b>Expected Outcomes:</b></p> <ul style="list-style-type: none"> <li>• Discussion note which elaborates on the different types of tax expenditures (or tax</li> </ul>	

		abatements) and how they might feature in statistics, possibly with a proposed supplementary table via which such tax expenditures could be reported.	
2.29	Retained earnings of public corporations and their impact on fiscal analysis	<p><b>Background/Issues:</b></p> <ul style="list-style-type: none"> <li>• The <a href="#">SNA/BPM update considered</a> whether it would be appropriate to record the reinvested earnings (RIE) of public corporations within the government accounts, in a similar way to that which is applied within foreign direct investment (FDI) arrangements.</li> <li>• Arguments made in favor of the proposal included that it would remove the need for a superdividend test and the operational profits and losses of public corporations would directly impact key government balancing items, thereby providing a more holistic fiscal picture.</li> <li>• However, challenges have also been raised, first and foremost how to interpret GFS in which the RIE of public corporations are included in the accounts, and what impact this might have on fiscal policy and analysis. In addition, there are questions about the applicability of this approach where government does not have 100% ownership or where control is not as a result of equity ownership, but rather due to other control factors.</li> <li>• Note that there is no intention to treat the RIE of public corporations within the core government accounts as part of the update to the GFSM.</li> </ul> <p><b>Expected Outcomes:</b></p> <ul style="list-style-type: none"> <li>• Discussion note which firstly evaluates the pros and cons of recording the RIE of public corporations within the government accounts, secondly sets out the impact of RIE on the fiscal interpretation of GFS - again with pros and cons as to the usefulness for fiscal analysis and policymaking, and thirdly proposes a format for presenting these data as supplementary items for those countries who may wish to introduce this approach as an alternative presentation.</li> <li>• The same discussion note might also wish to consider the treatment of share buybacks as done in Annex 1 of the SNA/BPM guidance note on reinvested earnings (<a href="#">GN F.2 on Asymmetric Treatment of Retained Earnings</a>).</li> </ul>	<p><a href="#">GN D.16 on Treatment of Retained Earnings</a></p> <p><a href="#">GN F.2 on Asymmetric Treatment of Retained Earnings</a></p> <p><a href="#">SNA/BPM Issue Note on retained Earnings</a></p>
2.30	Methodological guidance on	<p><b>Background/Issues:</b></p> <ul style="list-style-type: none"> <li>• There is increasing demand from users for transparent fiscal information on the activities and balance sheets of public corporations.</li> </ul>	

	<p>compilation and analyzing SOE data</p>	<ul style="list-style-type: none"> <li>• Although the <i>GFSM 2014</i> discusses the compilation of fiscal statistics for the public sector, including public corporations, it is relatively silent in terms of guidance on how to compile and analyze fiscal statistics for public corporations.</li> <li>• Although some information is provided throughout the <i>GFSM 2014</i>, with respect to which transactions and stocks would and would not be relevant to public corporations (for example, taxes can only be collected by government units) this is not drawn together in one place, while in other respects the <i>GFSM 2014</i> is silent - for instance as to whether COFOG should be applied to the spending of public corporations, and if so how.</li> <li>• Further, the title of the manual (“government finance statistics”) and the general government focus of many data collection templates leads to a lack of clarity on whether, and how, to report operations and financial positions of public corporations.</li> </ul> <p><b>Expected Outcomes:</b></p> <ul style="list-style-type: none"> <li>• Discussion note exploring the compilation and presentation of GFS for public corporations with a view to providing recommendations on how and whether this should be discussed in the updated GFSM.</li> <li>• In addition, the discussion note will consider whether additional “of which” breakdowns of the GFS transaction and stock classifications might be useful to facilitate the analysis of interactions between government and public corporations.</li> </ul>	
2.31	<p>GFS within fiscal analysis and policymaking</p>	<p><b>Background/Issues:</b></p> <ul style="list-style-type: none"> <li>• The Annex of Chapter 4 of the <i>GFSM 2014</i> briefly discusses using GFS within fiscal analysis and highlights certain fiscal indicators.</li> <li>• However, there is no more detailed discussion in the <i>GFSM 2014</i> on how the GFS can support the analysis of fiscal risks and sustainability. Neither is there discussion on the connection of GFS to the budgetary cycle and forecasts.</li> <li>• Users have repeatedly indicated an interest in more information on fiscal analysis using GFS, in particular with respect to public financial management, considerations when including public corporations within the fiscal statistics (see proposed research project 2.30), as well as how to deal with provisions and contingent liabilities, such as guarantees, which are recorded outside of the main GFS framework.</li> </ul> <p><b>Expected Outcomes:</b></p> <ul style="list-style-type: none"> <li>• Discussion note exploring resources and techniques for using GFS in fiscal analysis</li> </ul>	



		and GFS-based policymaking with a view to providing recommendations on how and whether this should be discussed in the updated GFSM.	
2.32	Balance Sheet Analysis	<p><b>Background/Issues:</b></p> <ul style="list-style-type: none"> <li>• IMF surveillance applies a <a href="#">Balance Sheet Approach (BSA)</a> to analyze sustainability, as well as detect sector vulnerabilities and solvency or credit risks.</li> <li>• Although the BSA is founded on integrated balance sheets, such as those in the GFS framework, the <i>GFSM 2014</i> only includes passing references to the BSA and includes very little detail on how the BSA is used in fiscal analysis.</li> </ul> <p><b>Expected Outcomes:</b></p> <ul style="list-style-type: none"> <li>• Discussion note which briefly discusses the BSA as it is applied to the public sector with a view to providing recommendations on how and whether this should be discussed in the updated GFSM.</li> </ul>	