



Strategy Note on the Effective Engagement of the Government Finance Statistics Community in the International Statistical Standards Update Process

I. Purpose

1. The update to the International Statistical Standards (ISS) was officially launched in March 2020. This includes the update to the *2008 System of National Accounts (2008 SNA)* and the update to the Sixth Edition of the *Balance of Payments and International Investment Position Manual (BPM6)*.¹ To this end, a number of System of National Accounts (SNA) and Balance of Payments Manual (BPM) Task Teams have been established to tackle specific issues of the updates. Given the close interlinkages between various macroeconomic statistics, the Government Finance Statistics (GFS) community² was called upon to engage in this process, especially by contributing to the SNA/BPM guidance that could have important implications on the *Government Finance Statistics Manual 2014 (GFSM 2014)* and its future update.³

2. In this context, the IMF's Government Finance Statistics Advisory Committee (GFSAC) agreed on the preparation of a strategy note to guide effective engagement of the GFS community in the ISS update process. This strategy note sets a framework and criteria to establish priority areas, describes the modalities of the contribution and the engagement of the GFS community in the ISS update process, and its timeline. This strategy note benefited from and reflects the outcomes of the consultation with the GFS community, both compilers and data users at all levels, and other stakeholders since early 2020 (see Appendix I for more information), the productive discussion during the September 2020 GFSAC meeting, and subsequent engagement after the meeting.

3. The stakeholder consultation highlighted the importance of a demand-driven prioritization of the GFS contribution. In this context, this strategy note recognizes two principal demands: (i) the new and evolving fiscal policy needs, and (ii) the synergies with the ongoing ISS update. As fiscal policy evolves to address real world challenges, both long-standing and emerging, the

¹ See the [BPM6 update website](#) for further information.

² The GFS community comprises all those with an interest in GFS, including the international organizations responsible for overseeing fiscal reporting standards, the country officials responsible for the compilation of GFS, as well as the much larger group of users of fiscal data and statistics for analysis, policy making, and policy evaluation. The latter group includes government officials and other GFS users.

³ Modalities of such update will be considered outside of this strategy.

critical focus of this strategy note is to ensure that the contribution from the GFS community facilitates the provision of better data to support sound fiscal policy analysis and evidence-based decision making. At the same time, given the integrated nature of the different international macroeconomic statistical frameworks, it is of primary importance that this strategy note establishes how the GFS community will engage with the ongoing ISS update processes on cross-cutting issues.

4. Given the large number of GFS issues from stakeholder consultation that could be pursued, this note proposes a two-phased approach. In the first phase, GFS experts will join existing SNA and BPM Task Teams in an individual/institutional capacity to advance GFS priority issues which have already been identified and are within the mandates of those teams. The second phase would focus on addressing those GFS priority issues which are not currently being considered within existing SNA or BPM Task Teams, including conceptual/methodological issues as well as those issues where the methodology is broadly sound but where further clarifications or guidance is needed. Further details are provided in Section II.

5. The near-term priority is to advance the first phase to ensure timely alignment with ISS work program. Its timing and deliverables have to be aligned with the ongoing ISS update, which envisages to complete most substantive work on the guidance notes by end of 2022. The timing for the second phase of the GFS update work is more flexible, and will extend beyond 2022, although any aspects of the work in this phase that require reflection in the updated SNA and BPM will need to be completed by end of 2023. This two-phased approach would deliver the most value for the users of fiscal statistics given resource availability across the GFS community. The work and progress made on GFS priority issues during both phases will naturally feed into the future update of the *GFSM 2014*.

6. The remainder of this note is structured as follows: Section II establishes the framework for the identification of GFS priority issues; Section III describes how the GFS community will engage in the ISS update process; Section IV delineates the governance around the GFS contribution; Section V sets out the approach for the consultation with the GFS community; and Section VI outlines the timeline of the GFS engagement. Appendix I provides additional background on the prior engagement which has led to the preparation of this strategy; Appendix II lists the GFS priority issues; and Appendix III presents topics which are not currently being considered by SNA/BPM Task Teams, but are of priority to GFS users.

II. Identification of GFS Priority Issues

7. This section describes the criteria used to evaluate GFS issues and identify those that are priorities. A clear and transparent set of criteria for prioritization is critical as the first step in guiding the engagement of the GFS community in the ISS update process. There is a very large number of GFS topics that could be pursued during any update to the standards. Indeed, a long list of potential GFS issues has been compiled from a number of documents including pending issues from the last manual update, identified topics from the GFSAC research agenda, as well as input from a consultation of the GFS community. It is imperative to narrow down this list of potential issues to those which will deliver the most value for the users of fiscal statistics, given resource availability across the GFS community. Any such prioritization needs to be based on a set of clearly articulated objective criteria.

8. The foremost important consideration in selecting GFS priority issues is their relevance to support better fiscal data for policy making in a fast-evolving economic and financial context. It is therefore essential that the selected issues reflect the priority needs of GFS data users, in terms of supporting sound fiscal policy analysis and evidence-based decision making through increasing availability of higher quality and more comparable data. Fiscal policy continues to evolve as it seeks responses to real world challenges and events, both acute ones (e.g., the COVID-19 pandemic) and more pervasive ones (e.g., climate change and reduction of poverty and inequality). Increasingly interconnected financial markets and the need for timely detection of fiscal risks and vulnerabilities further require policy makers to consider not only revenue, expenditure, and financing transactions, but also financial balance sheets. As such, it is of the utmost importance to consider and reflect these newly emerging user needs in selecting GFS priority issues.

9. The second important consideration is to explore the synergies with the ongoing ISS update, so as to enhance consistency and complementarity to the extent possible. The update of the ISS has already articulated a number of broad topic areas where the statistical standards need to be upgraded to keep them both relevant and useful for policy purposes. The major themes are: (1) Globalization; (2) Digitalization; (3) Wellbeing and Sustainability; (4) Informal Economy; (5) Financial and Payments Systems; (6) Direct Investment; and (7) Communication. Many topics in these categories have cross-cutting implications for all statistical domains, including GFS. Selecting from these topics the most relevant ones for GFS and contributing to the debate and development of new guidance would help to ensure that GFS priority and constraints are adequately considered. This process should go both ways: (i) the GFS community should be actively engaged in those cross-cutting topics currently being discussed within SNA/BPM Task Teams with a relevance and impact on the GFS standards and framework; (ii) conversely, the wider statistical community should be engaged in any “GFS-specific” issues with wider relevance to the macroeconomic statistical standards. The principal benefit of this approach is enhanced consistency among statistical domains, providing users with a coherent and harmonized set of international statistical standards. In some small instances, there may be good reasons for divergences across different statistical domains and, where this is the case, they should be articulated so users understand the reason for these differences.

10. The third important consideration is the feasibility of implementation of potential solutions to issues, given the uneven statistical capacity across countries. There is limited benefit in articulating a statistical approach that is so complex that only few countries will be able to implement it and few users will understand it. It is therefore critical in selecting priority topics to balance the data and policy needs, capacity constraints, and available resources, not only for the most advanced countries, but also for emerging and low-income countries. Against this backdrop, the highest priority should be given to those issues which are relevant and feasible to implement for a broad range of diverse countries. Guidance on new frontier issues not adequately covered by the existing standards could also be advanced to the extent possible, particularly through the work undertaken by the SNA/BPM Task Teams as highlighted in the previous paragraph.

11. When identifying priority GFS issues, it is important to consider the mechanism through which they will be best addressed. As noted in Section I, a two-phased approach is considered for an effective and efficient engagement of the GFS community in the ISS update process. In the first phase, GFS experts are joining the existing SNA/BPM Task Teams to advance priority GFS issues which have already been identified, within the mandates of those Task Teams, as requiring conceptual or methodological changes to the existing standards. The second phase would address those GFS priority issues which are not currently being considered within existing SNA/BPM Task Teams. These second phase issues may include conceptual/methodological issues as well as those issues where the methodology is broadly sound, but where further clarifications or extensions to the current text in the manuals are required. Against this background, it is helpful when identifying GFS priority issues to consider in which phase of the update process they will be addressed, so that the resource needs can be appropriately considered.

12. Through consultation, GFS compilers and users have also identified GFS topics where no change is required to the SNA or BPM, but more extensive compilation guidance for GFS would be valuable. These topics have not been considered extensively within this strategy note, which is focused on the engagement of the GFS community in the ISS update process, but are topics which would be of relevance to any future update to the *GFSM 2014* manual.

13. To summarize, some relevant questions to consider as part of any criteria for the selection of priority GFS issues are:

- a. What are the evolving needs of fiscal policymakers and are they being addressed coherently through the current standards?
- b. Would resolving these issues change the fundamentals of the macroeconomic statistical system? Do benefits of the potential change outweigh their costs?
- c. What are the broad issues that are relevant, and material, for most countries?
- d. Would potential solutions to the issues be feasible to implement by most country compilers?
- e. Would the issues be best addressed through companion materials, such as compilation guides, or are changes to the core international statistical manuals required?

14. After consideration of all the above points, the following selection criteria have been developed:

- **Better data for fiscal policy analysis/making:** Will addressing the issue support fiscal analysis and policy making by improving GFS data in areas important for fiscal policy? *This seeks to identify those solutions which would assist analysis to identify emerging fiscal risks, assess fiscal sustainability, and support comparability over time, for example in relation to the valuation of assets/liabilities, delineation of government, and treatment of transactions.*
- **Meeting emerging user needs:** Has the issue arisen due to evolving fiscal data user needs which are not adequately covered by the current standards? *This seeks to identify those solutions*

which are needed to provide guidance on the treatment of novel instruments and support new areas of fiscal analysis, such as in relation to climate change and social expenditure.

- **Improved coherence between standards:** Will addressing the issue lead to significantly improved coherence between the statistical standards and as a result lead to tangible benefits in macroeconomic analysis? *This seeks to identify those solutions which are needed to ensure macroeconomic concepts are consistently applied across all sectors of the domestic economy and the external sector.*
- **Material, relevant, and implementable:** Will a resolution to the issue be relevant, material, and feasible to implement for a broad number of diverse countries, with varying statistical ability? *This seeks to identify those solutions which will make the most difference to the fiscal statistics of a broad range of countries.*

For any particular issue, if the answer is “Yes” to one or more of the first three criteria AND “Yes” to the fourth criteria, then the issue will likely be considered a GFS priority issue.

15. While these criteria provide a framework that can be used to identify GFS priority issues in an objective and transparent way, it is important to acknowledge that priorities cannot be established only through a purely mechanical process. Application of these criteria require judgments to be made, not only in relation to the four criteria, but also more holistically to ensure that those issues, if addressed/advanced, will provide the most benefits to users of fiscal statistics. As noted earlier, it is important that the final list of issues is sufficiently focused to deliver the sought benefits given the available resources of the GFS community.

16. In accordance with the above, the four criteria have been applied to the collated list of potential GFS topics. The outcomes of the application of the criteria are presented in Appendices II and III of this strategy note. Appendix II lists those issues that are GFS priority issues and where the solution is likely to require a conceptual or methodological change within the manuals. Appendix II further splits these conceptual/methodological issues into those that are already being discussed and advanced in existing SNA /BPM Task Teams (to be addressed in the first phase) and those issues that are newly identified “GFS-specific” issues, which could be considered in the second phase. Appendix III presents those issues where the current guidance is broadly methodologically sound but where further clarification or guidance is needed so compilers can better apply the principles and users can better understand the statistics. All the issues raised in Appendix III would be candidates to be taken forward in the second phase.

III. GFS Process of Engagement and Update of Standards

17. This section describes how the GFS community will engage in the ISS update process. It considers separately three distinct categories of GFS priority issues:

- a. Cross-cutting issues being considered by the SNA/BPM Task Teams;

- b. Additional GFS issues (conceptual/methodological and clarification) not currently being considered by the SNA/BPM Task Teams; and
- c. Issues relating to GFS user needs for additional compilation guidance.

A. Cross-Cutting Issues Being Considered by the SNA/BPM Task Teams

18. SNA/BPM Task Teams play a key role in the SNA and BPM update processes for the consideration of conceptual and methodological issues. ^{4,5} The role of these Task Teams is to prepare guidance notes on identified priority issues which: (i) clearly state the issue and the shortcomings in the current statistical guidance; (ii) explore possible alternative treatments; and (iii) provide recommendations as to whether or not the current statistical guidance should be revised and, if so, how it should be revised. Each Task Team has a particular topic focus (such as: globalization, digitalization, and direct investment) with a number of issues being considered within each topical area. In order to facilitate discussion and progress on issues, and to encourage a wide perspective of views, members are selected from a broad range of organizations and countries.

19. Given the relevance to the GFS standards of many issues being considered within the existing SNA/BPM Task Teams, there is a compelling case for including GFS experts within these teams (see Table 1 in Appendix II for details). These GFS experts can provide a GFS perspective that would bring four main benefits: (i) ensure that the discussions and proposals consider the needs and concerns of the users of fiscal statistics; (ii) allow aspects of issues that are pertinent to GFS, but are not included in the SNA/BPM description of the issue, to be considered; (iii) facilitate discussions and consultation of the issues under consideration within the wider GFS community; and (iv) facilitate consistency across macroeconomic statistics. The participation of GFS experts in the SNA/BPM Task Teams is especially important where a proposed solution to address an issue could have a significant impact on GFS and the users of fiscal statistics. In many cases the GFS-relevance of issues and their solutions will be clear from the inception, but, in other cases, the relevance may only become evident during Task Team discussions.

20. Foreseeing the need for the involvement of GFS experts in the work of existing SNA and BPM Task Teams, experts have been invited to participate in a number of SNA/BPM Task Teams since October 2020. GFS experts are participating in the following SNA/BPM Task Teams:

- Balance of Payments Task Team (BPTT) – a BPM Task Team
- Communication Task Team (CMTT) – a joint SNA/BPM Task Team
- Current Account Task Team (CATT) – a BPM Task Team
- Direct Investment Task Team (DITT) – a BPM Task Team
- Financial and Payments Systems Task Team (FITT) – a joint SNA/BPM Task Team
- Globalization Task Team (GZTT) – a joint SNA/BPM Task Team
- Sustainability and Wellbeing Task Team (SWTT) – a SNA Task Team

⁴ [Work programme for the updating of the 2008 SNA.](#)

⁵ [Process and timeline for updating BPM6.](#)

B. Additional GFS Issues not Currently Being Considered by the SNA/BPM Task Teams

21. The second category of GFS priority issues could be further split into two groups:

- (i) conceptual/methodological issues (see Table 2 in Appendix II for some examples) and
- (ii) clarification issues, which may require the SNA/BPM text to be clarified, amended, or extended (see Table 3 in Appendix III).

22. This category of GFS priority issues will be addressed and advanced through the GFSAC Research Agenda. Subject to available resources of the GFS community, these issues will be included as priorities within the GFSAC Research Agenda in the next two to three years. Guidance notes of the issues and potential solutions will be prepared in a collaborative way, with GFS experts engaging with relevant experts from the SNA and BPM Task Teams and community, to ensure that the development of guidance notes fully consider the wider SNA/BPM perspective and implications from the very beginning. Once the GFSAC arrives at a clear recommendation on each issue, then the IMF, through the GFSAC Secretariat, will consider how to advance the recommendation within the context of the ISS updates and/or during the future update to the *GFSM 2014*.

C. Issues Related to GFS Users' Needs for Additional Compilation Guidance

23. GFS users have identified a number of priority topics where they would benefit from more compilation guidance. It is appropriate therefore to consider within this strategy how guidance on these topics (see Table 4 in Appendix III) will be developed and provided by the GFS community.

24. The provision of compilation guidance is not bound by the same timetable and process as the ISS update process because it involves no update to either the SNA or BPM. These users' needs could be addressed in a variety of ways, including within free-standing guidance notes, in an annex to a future version of the *GFSM*, or as part of a GFS compilation guide. Currently, the IMF provides much of this guidance through statistical issues notes and FAQs, as well as through bilateral advice and technical assistance.

25. A collaborative compilers' hub, being developed as part of the SNA and BPM update, could be used to host GFS compilation guidance. As noted in the paragraph above, the IMF provides GFS compilation guidance, as do other international and regional organizations. Bringing these guidance notes together in one place would be of benefit to GFS compilers and users, and would help in identifying gaps in the compilation guidance. As a first step, the existing guidance can be collated within the new collaborative compilers' hub, once developed. Following this, the identified priority needs of GFS compilers and users can be compared against the existing guidance, and a time-bound plan developed for drafting additional guidance which would fill the gaps. Involvement of the GFS community in the compilers' hub would have the added benefit of further facilitating the participation and input of the GFS community in the ISS update process.

IV. Governance

26. This section details how the GFS community will collaborate with the wider ISS update process in a structured and transparent way.⁶ It is important to note that the governance arrangement articulated in this section should be applied flexibly and aligned closely with the existing governance processes of the SNA/BPM updates. Specifically, it addresses:

- The role of the GFS experts in SNA/BPM Task Teams;
- The role of the GFSAC; and
- The interaction between GFSAC, the GFS experts, and the wider GFS community.

27. The GFS experts invited to join SNA/BPM Task Teams were selected based on individual expertise and are contributing to the work of the teams in an individual/institutional capacity. GFS experts have been drawn from the IMF, Eurostat, IPSASB, and the GFSAC membership. The contributions of the experts to Task Teams may not reflect the consensus, or the view of the majority of the GFS community. Therefore, the GFS experts would benefit from consultation with GFS compilers and users at an early stage in the development of new guidance.

28. GFSAC members and observers will have an early opportunity to comment on proposed new guidance and to be informed about the contributions of the GFS experts in the SNA/BPM Task Teams. To allow a wider range of GFS contributions for considerations by the SNA/BPM Task Teams, the appointed GFS experts will share drafts of guidance notes with the GFSAC members and observers and seek comments. As such, the process will provide the GFSAC early sight of potential upcoming GFS-related issues and solutions.

29. To further facilitate the sharing of information between GFS experts and the GFSAC, it is envisaged that GFS experts will contribute to a regular progress report. This report will summarize the progress made by the SNA/BPM Task Teams on GFS-relevant issues, aiming to inform the GFSAC on the emerging issues and their implications for GFS users and compilers. While the GFSAC Secretariat would have overall coordination responsibility for the report, the GFS experts appointed to Task Teams would be expected to contribute the relevant details for their respective Task Team(s). It is envisaged that the document will be normally updated every six months.

30. It will be important to develop mechanisms to keep the wider GFS community informed about the work on updating the standards. One possible approach would be to publish the regular progress reports provided to the GFSAC and/or circulate them to relevant stakeholders. It may also be beneficial to prepare brief supporting explanatory documents to go alongside the SNA/BPM consultation activities, highlighting the fiscal impacts of proposed revisions to the guidance. This latter option is explored in more detail in the next section on the consultation process.

⁶ Operational guidance to ensure effective communication/collaboration between/with GFS experts and GFSAC and sharing of information with the wider GFS community is being developed.

V. Consultation Process

- 31. This section outlines what consultation is envisaged with GFS users and compilers, and highlights the key features of those consultations.** Broadly, there are two purposes for consultation within the context of this strategy note. First is to consult on the strategy itself, and second is to seek the views of the wider GFS community on GFS-relevant issues and the specific proposals on how to address these issues.
- 32. This strategy note is the result of a substantial consultative process.** The GFS priority issues identified in this strategy note are based on close consultation with GFS users and compilers both from countries around the world, and across international organizations (see Appendix I for details).
- 33. Consultations on proposals to address GFS-relevant issues in the SNA and/or BPM will be managed as part of the wider consultation procedure for the ISS update process, and within the timeframes established for the relevant SNA/BPM Task Teams.** The ISS update process envisages extensive public consultation on proposed amendments to the statistical standards, both through consultation on guidance notes related to specific issues and through consultation on the amendments to the manuals. Therefore, there is no need for a separate consultation mechanism on GFS priority issues that could impact the SNA and BPM update.
- 34. It is essential that consultations on changes to the statistical standards reach the wider GFS community of compilers and users.** The technical papers on proposed amendments to the SNA and BPM, while widely available, may not be easily understood by many GFS users. There is, therefore, a role for GFSAC and GFS experts in providing brief supporting explanatory documents complementing any consultation on the ISS update. The focus of such supporting documents should be to explain the implications for fiscal statistics of the proposed amendments to the SNA and/or BPM.

VI. Timeline

35. This section provides a broad timeline for the GFS community’s contribution to the ISS update process. It is aligned with the wider ISS update timeline and is dependent on the progress made within the ISS update process.

Activity	Responsible parties	Timeframe	2020	2021				2022				2023				2024				2025
			Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
1. Consultation with GFS Users/Experts & Adoption of GFS Strategy																				
Consult GFS users and experts to collate a list of potential GFS issues	GFSAC Secretariat	Completed																		
Appoint GFS experts to relevant SNA/BPM Task Teams	ISWGNA, BOPCOM	Completed																		
Adopt GFS strategy for the engagement of the GFS community in the ISS update process (including a list of GFS priority issues)	GFSAC	2020 Q4																		
2. Advancement of GFS Priority Issues: First Phase																				
GFS experts to work with SNA/BPM Task Teams on producing draft guidance notes for GFS priority issues (and other GFS-relevant issues) – Table 1	GFS Experts	2020 Q4 – 2022 Q4																		
Consultation activities on proposed amendments/changes for the SNA and BPM* – Table 1	ISWGNA, BOPCOM	2020 Q4 – 2022 Q4																		

Activity	Responsible parties	Timeframe	2020	2021				2022				2023				2024				2025
			Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
3. Advancement of GFS Priority Issues: Second Phase																				
GFSAC Research Agenda – advancement of additional GFS priority issues (conceptual/methodological and clarification) – Table 2 & 3	GFSAC	2021 Q1 – 2023 Q4																		
Consultation activities on proposed amendments/changes for the SNA and BPM** - Table 2 & 3	ISWGNA, BOPCOM, GFSAC	2021 Q3 – 2023 Q4																		
Existing GFS compilation guidance to be collated and added to Collaborative Compilers’ Hub (when available)	GFSAC	2021 Q2 – 2022 Q4																		
GFSAC Research Agenda – advancement of additional identified GFS priority issues (compilation) – Table 4	GFSAC	2022 Q3 – onwards																		
Consultation activities on proposed compilation guidance	GFSAC	2022 Q3 – onwards																		
4. Final Consultation on, and Adoption of, Proposed Amendments for the SNA and BPM																				
Consultation activities on draft text for the SNA and BPM (including all amendments)	ISWGNA, BOPCOM	2023 Q2 – 2024 Q3																		

Activity	Responsible parties	Timeframe	2020	2021					2022				2023				2024				2025
			Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	
Adoption of final drafts of SNA and BPM	ISWGNA, BOPCOM	2024 Q4 - 2025 Q1																			
Final drafts of SNA and BPM, available for electronic dissemination	ISWGNA, BOPCOM	2025 Q1																			

Color coding: gray relates to establishment of the GFS strategy, blue to first phase of the strategy, purple to the second phase, and green to finalization of updated SNA/BPM.

Notes:

* In general, draft guidance notes are released for consultation when they are ready.

† Cross-cutting conceptual/methodological issues in Table 2 should be advanced by end of 2022 to allow sufficient time for consultation.

Appendix I. Background

- 1. This appendix provides more background on the prior engagement that has led to the preparation of this strategy.** As noted in Section I, there are two main drivers behind this strategy, (i) the new and evolving needs of fiscal policy; and (ii) the launch of the update to the SNA and BPM. Activities in both areas have all been instrumental in shaping this strategy.
- 2. Increasingly, there has been recognition that the statistical needs of fiscal policy and analysis are evolving and that fiscal statistics needs updating to address such needs.** Examples of user needs arising in this context included, among others, the need to better capture public sector fiscal risks and to increase the availability, quality and comparability of public sector balance sheet data; the economic interaction of governments with the environment and what this means for climate change policies; and the analysis of the social spending of government and the impact of this has on social inequalities, poverty, and countries' progress towards the UN sustainable development goals.
- 3. The launch of the SNA and BPM update processes in March 2020 facilitated the identification of a number of topic areas and issues within those topics.** Many of those issues have relevance to GFS, so it was important for the GFS community to engage in the update process and work with the statistical community to address issues and provide solutions while understanding better the implications for GFS.
- 4. In light of the above drivers, during the Spring/Summer 2020, the IMF Statistics Department sought to establish the priority needs of GFS users.** In May 2020, a workshop was held between Eurostat, IMF, International Public Sector Accounting Standards Board (IPSASB), and the OECD to explore areas where the further alignment of reporting and statistical standards might be possible and beneficial. A small group of experts from these organizations was subsequently formed to develop a short list of conceptual issues for discussion with GFSAC as potential GFS issues for consideration within the broader ISS update process. In June/July 2020, a consultation of GFS users and experts took place to identify the main GFS issues of concern to users and experts. For the purposes of this consultation, a list of potential GFS issues was drawn from the existing research agenda of not only the statistical community but also the public sector accounting community. Consultation with the latter was felt to be important. Even though the uses of public sector accounts are not exactly the same as the uses of GFS data, harmonization between the financial reporting and statistical standards supports users understanding the fiscal data, and can improve the availability, quality, and consistency of source data for GFS while potentially reducing costs for compilers.
- 5. Following this scoping work with GFS users and experts, a meeting of the IMF's GFSAC was held in early September 2020.** At this meeting, selected issues were presented by a group of GFS and public sector accounting experts. As a result of the discussions, it was decided that the IMF would prepare a strategy note establishing a framework for the selection of GFS priority topics, and describing the modalities and timeline of the contribution and engagement of the GFS community in the ISS update process.

Appendix II. GFS Priority Issues

1. The list of potential GFS issues was compiled from a number of documents including (i) the 2008 SNA Research Agenda; (ii) the GFSAC Research Agenda; (iii) internal IMF strategy documents related to the update of the ISS; (iv) Eurostat’s document on GFS/EDP input to the revision of 2008 SNA and ESA 2010 from the December 2019 meeting of the Excessive Deficit Procedure Statistics Working Group (EDPSWG); and (v) topics identified through a wide consultation process with GFS users and experts.

2. Applying the criteria in Section II to the long list of potential issues, fourteen GFS priority issues have been identified. Twelve of these issues have already been included in the work of existing SNA/BPM Task Teams and are being advanced (see Table 1) while two are not yet encompassed within the remits of these Task Teams (Table 2).

Table 1: GFS Priority Issues Already Being Advanced in Existing SNA/BPM Task Teams

Issue	SNA/BPM Task Team	Better data for fiscal analysis	Emerging user needs	Coherent standards	Material, relevant, implementable
Public sector risk assessment and exposure					
Financial vs Operating Leases	CATT	✓	✓		✓
Public-Private Partnerships*	DITT	✓	✓	✓	✓
Treatment of Unlisted Equity*	DITT	✓		✓	✓
Wider Use of Fair Value for Loans (including nonperforming loans)	FITT	✓		✓	✓
Recording of Retained Earnings	FITT / DITT	✓		✓	✓
Debt Concessionality (low-interest and interest-free loans)	FITT	✓		✓	✓
Government environmental accounting					
Valuation of Natural resource assets (including biological assets)	SWTT	✓	✓		✓
Depletion of Natural Resources	SWTT	✓	✓		✓
Pollution Permits	SWTT	✓	✓		✓
Climate Change / Environmental* – functional expenditure	SWTT	✓	✓		✓
Public sector expenditure analysis					
Health and Social Expenditure* – functional expenditure	SWTT	✓	✓		✓
Others					

Issue	SNA/BPM Task Team	Better data for fiscal analysis	Emerging user needs	Coherent standards	Material, relevant, implementable
Alignment of terms and definitions**	CMTT			✓	✓

* These issues, as currently defined within the SNA/BPM Task Teams, have a narrower focus than that of interest to GFS users, and so would need to be expanded to consider all relevant aspects.

** Although this topic is included here, many of the outcomes of this work are likely to be more in the nature of clarifications than conceptual/methodological changes (see Appendix III).

3. In accordance with the first phase of this strategy the 12 issues shown in Table 1 will be tackled. These issues are already included in the mandates for existing SNA/BPM Task Teams. Although, in some cases the description of the issue, as currently described in the remit of the Task Teams, is more narrowly defined than the issue of interest to GFS users. In these cases, it is proposed to seek to expand the description of the issue to encompass the additional aspects that are of GFS relevance. This approach is in line with the expectation that GFS experts are appointed to Task Teams not only to contribute to the GFS priority issues but also to participate in discussions and drafting of guidance notes on all GFS-relevant issues being discussed within a specific Task Team.

4. In accordance with the second phase of this strategy the two issues shown in Table 2 could be considered. These two GFS priority issues have been identified through the selection criteria as being those conceptual/methodological issues which are not currently being considered by SNA/BPM Task Teams, but which would most benefit GFS users if addressed.

Table 2: GFS Priority Issues not Currently Being Advanced in Existing SNA/BPM Task Teams

Issue	Better data for fiscal analysis	Emerging user needs	Coherent standards	Material, relevant, implementable
Delineation of general government				
Sectorization – financial activities - units engaged in financial activities - quasi-fiscal activity of public corporations (including the central bank)	✓		✓	✓
Public sector risk assessment and exposure				
Provisions (including guarantees) *	✓		✓	✓

* The Sustainability and Wellbeing Task Team are reviewing the recording of environmental provisions, but the topic is not being considered more widely by any existing SNA/BPM Task Team.

Appendix III. Other GFS Issues

1. The second phase of the GFS engagement detailed in this strategy note concerns those topics which are not currently being considered by SNA/BPM Task Teams, but which are of priority to GFS users. These issues include both the small number of methodological issues identified in Table 2 of Appendix II, and those GFS priority issues where the current methodology is broadly sound, but further clarification is needed so that compilers can apply the principles more consistently, and users can better understand the data.

2. From the identified GFS priority issues there are three topic areas where further clarification in the SNA and BPM is needed. These issues all meet the criteria for GFS priority issues, but are not considered to require significant methodological changes. The proposed solution is to extend and clarify existing text in the manuals. Table 3 presents these issues. In general, addressing these clarifications will be limited to the SNA Chapter on General Government and the Public Sector, although some more limited clarifications might be required in other SNA/BPM chapters to ensure internal consistency of standards.

3. In addition to these three GFS priority issues, the remit of the Communication Task Team in the SNA/BPM update may lead to further clarifications. The work of the Communication Task Team includes work to digitalize and cross-reference the statistical manuals and align terms and definitions. This work will require the involvement of the GFS community and may lead to some additional clarifications, where standardization of the text used in the different statistical manuals is needed. This is also referenced in Table 1 of Appendix II.

4. Finally, GFS users have identified a number of needs which do not require any change to the SNA or BPM manuals, but where further compilation guidance would be beneficial. These user needs could be addressed in a variety of ways, including within free-standing guidance notes, in an annex to a future version of the *GFSM*, or as part of a GFS compilation guide. Table 4 presents some examples of identified priority issues for further compilation guidance. Given that the progress on these issues is not tied to the wider ISS update timetable, there is opportunity for this list to be further refined and extended over time and through user consultation.

Table 3: Other GFS Priority Issues* – For Clarification in Manuals

Issue	Better data for fiscal analysis	Emerging user needs	Coherent standards	Material, relevant, implementable
Delineation of general government				
Sectorization	✓		✓	✓
- ratio for market test				
- concept of sales				
- social security funds				

Treatment of fiscally important economic activities				
Treatment of compulsory payments to government as administrative fees - sales of passports - visa fees - citizenship charges to noncitizens** - licenses	✓		✓	✓
Capital transfers - when to recognize? (in capital injections, compensation, partitioning, debt forgiveness...) - time of recording	✓		✓	✓

* The list of issues presented in the table are those GFS priority issues which have been identified as not being addressed in the existing SNA/BPM Task Teams. There could be other GFS-relevant clarification issues that arise through the work of the SNA/BPM Task Teams and these will be advanced in the same way as the other issues being advanced in the first phase of the Strategy.

** The related specific issue of “citizenship by investment programs” is being discussed in the BPTT, but from a GFS perspective this issue requires a clarification rather than being conceptual in nature.

Table 4: Other GFS Priority Issues – For Additional Compilation Guidance

Issue	Better data for fiscal analysis	Emerging user needs	Coherent standards	Material, relevant, implementable
Treatment of tax expenditures, reliefs and deferrals - including non-tax revenue foregone	✓	✓		✓
Recording of debt operations - debt collateralization - debt relief - IMF financial assistance - other financial assistance - asset backed securities	✓	✓		✓
Recording of pension liabilities and transactions - funded/unfunded pensions - appropriate discount rates	✓	✓		✓

* The list of issues presented in the table are those where a clear user need for improved compilation guidance has been identified. The list may be extended as new user needs for compilation guidance are identified and assessed to be priority issues.