



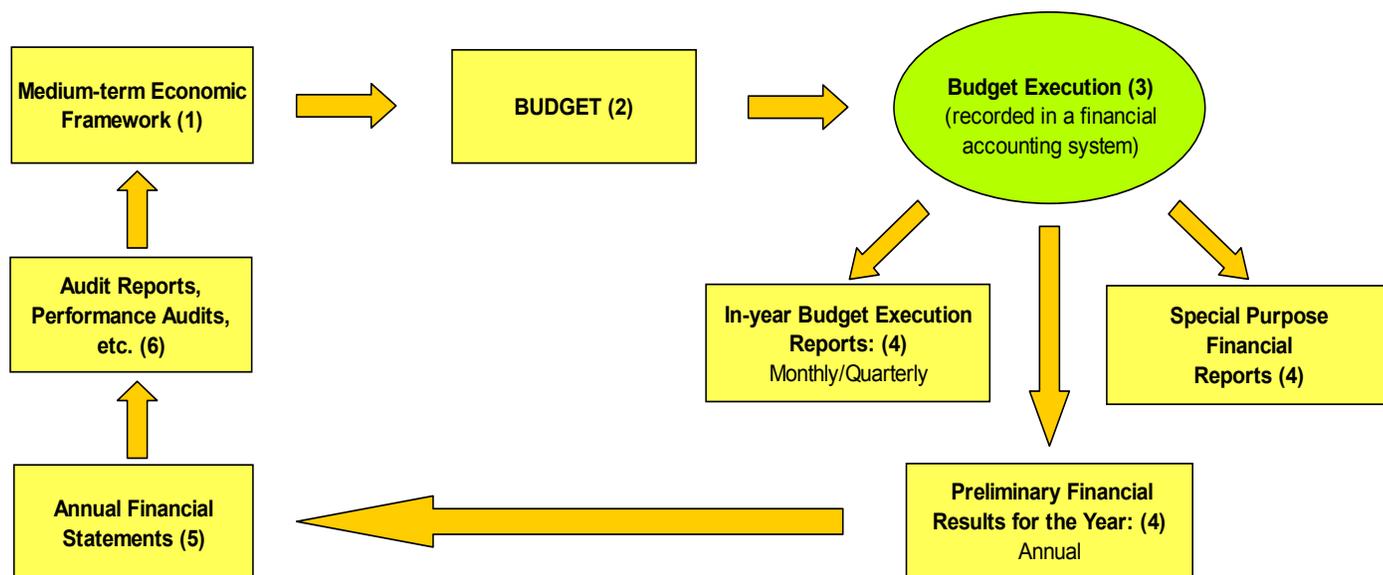
FACT SHEET GOVERNMENT FINANCE STATISTICS (GFS)

Government finance statistics (GFS) measure the financial activities of the government in an economy. This Fact Sheet explains how GFS are compiled from administrative and accounting records, highlights basic features of internationally comparable GFS and lists associated services provided by the International Monetary Fund (IMF) to its member countries.

The first section discusses the source data. It broadly describes a typical fiscal cycle, identifies the reports generated during the fiscal cycle and highlights the role of the accounting system. The second section describes adjustments to source data to address data gaps and to meet the internationally comparable presentation of the data. The third section outlines a phased approach that many countries have chosen to implement GFS reforms. Section four shows the structure of the general government and public sectors.

I. Source Data and the Elements of a Typical Fiscal Cycle

As illustrated in the diagram below, a fiscal cycle typically begins with a medium-term economic framework (element 1) that sets the premises on which a government unit's budget (element 2) is prepared. As the budget is executed (element 3), transactions are recorded in a financial accounting system which generates reports (element 4), such as subannual budget execution reports, special purpose financial reports (e.g., project reports, performance reports, and management information) as well as the preliminary financial annual results. Following the end of the fiscal year, the final annual financial statements (element 5) are compiled and presented in an audited format (element 6) to the legislature and other oversight bodies. These results inform decisions of the next cycle (element 1).

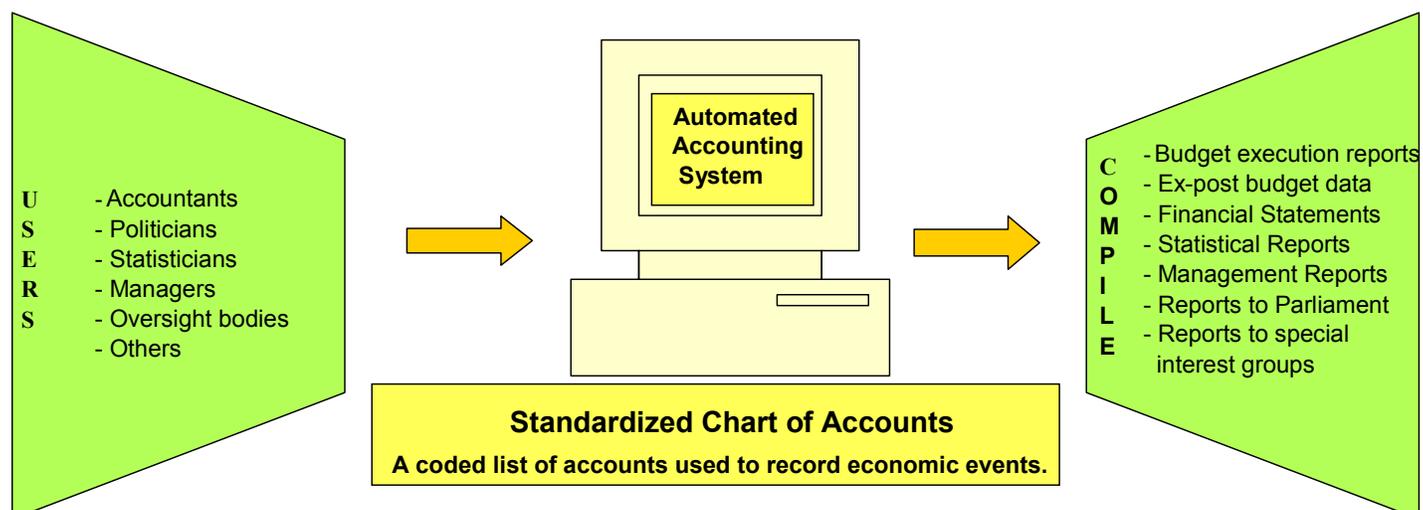


Fiscal Reports -- Source Data for Government Finance Statistics

The administrative and accounting records, as well as reports that are produced during the course of the fiscal cycle are the main inputs to compile GFS. For instance, budget data (element 2) provide input for preliminary annual estimates of a given level of government. Monthly and quarterly reports (element 4) provide inputs for subannual GFS whereas the preliminary financial results can be used to revise preliminary annual GFS estimates for the year. The audit reports (element 6) generally provide the most reliable and final source for GFS data but are available with some delay.

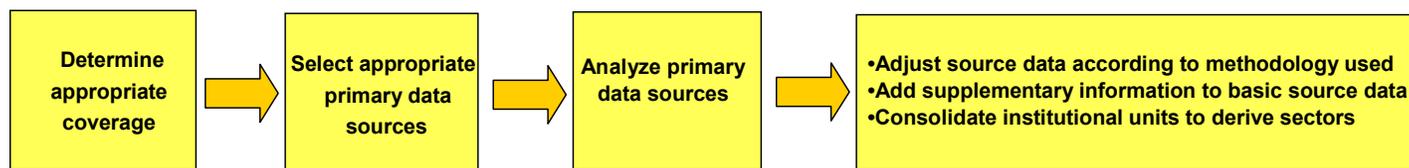
Obtaining Source Data through the Government's Accounting System(s)

A standardized chart of accounts can be a powerful tool to harmonize budget reports, financial accounts, statistics, and special management reports. Aggregation, consolidation, and presentation of information can be adapted to specific user needs, such as those for financial statements, fiscal sustainability analysis, or statistical reports. A chart of accounts compliant with internationally recognized accounting standards may be harmonized with international statistical reporting requirements so that the accounts may serve as source data for compiling GFS. Bridge and derivation tables should be developed to adjust accounting data to *Government Finance Statistics Manual 2001 (GFSM 2001)* presentational formats.



II. From Source Data to Data Compilation

Preparatory steps



Compilers need to take a number of steps :

- Determine the scope and coverage of the level of government for which data are compiled and identify the institutional units that should be included in the data (see Section IV below).
- Identify the primary data sources and select the most appropriate ones.
- Analyze data sources, identify deficiencies and determine adjustments to align the data with international standards (*GFSM 2001*).
- Adjust primary sources to be consistent with international standards.
 - Add supplementary information to primary source data, if necessary.
 - Consolidate data (eliminate transactions and stock positions between the units being consolidated).

The relevant international standard is the *GFSM 2001*. It provides guidance on how to present fiscal statistics so that they are comparable across levels of government within a country as well as across countries. The *GFSM 2001* is largely harmonized with the *1993 System of National Accounts* and other macroeconomic datasets to facilitate analysis, research, and policy decisions.

Source Data Gaps and Adjustments

Coverage may be incomplete, i.e., data for some institutions may not be included, or some transactions, such as externally funded assistance may be missing.	Time of recording may range from a pure cash basis to a full accrual basis (and various combinations in between).	Classifications may follow national conventions rather than international guidelines, for example, revenue may include some proceeds from the sale of assets or proceeds from loans.	Valuation of transactions and stocks of assets and liabilities may be based on principles other than market values, such as nominal values or historic costs.	Netting or grossing of flows and stocks may differ from those required by statistical systems such as the <i>GFSM 2001</i> .	Periodicity and timeliness may be insufficient for statistical requirements.
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The adjustments required to compile GFS depend on country-specific circumstances. Adjustments of administrative and accounting data for GFS purposes fall into six broad categories that are described above (see *GFSM 2001*).

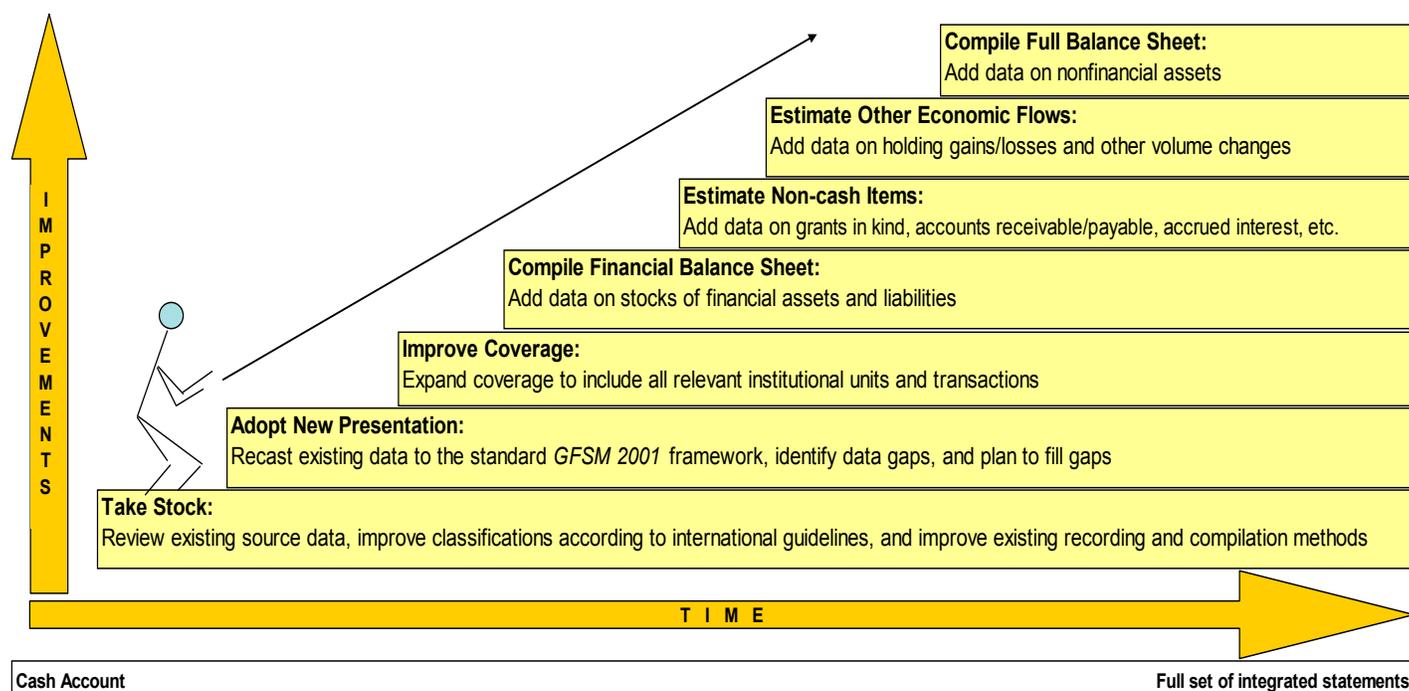
- Similar adjustments are made to derive the government sector accounts for the national accounts.
- GFS compilation generally requires cooperation of the ministry of finance, national statistical agency, and central bank.

III. Typical Implementation Plan

The impact of government activities should be presented in the framework of a government balance sheet, similar to business accounting. Most countries have at least partial balance sheet information (often primarily focused on debt) while only a few countries present full balance sheets.

The schematic presentation below shows key steps from basic capacity building to sophisticated balance sheets, starting with a diagnostic stock taking. The development phases can be worked on selectively, in sequence or simultaneously, depending on initial starting points and country specific circumstances.

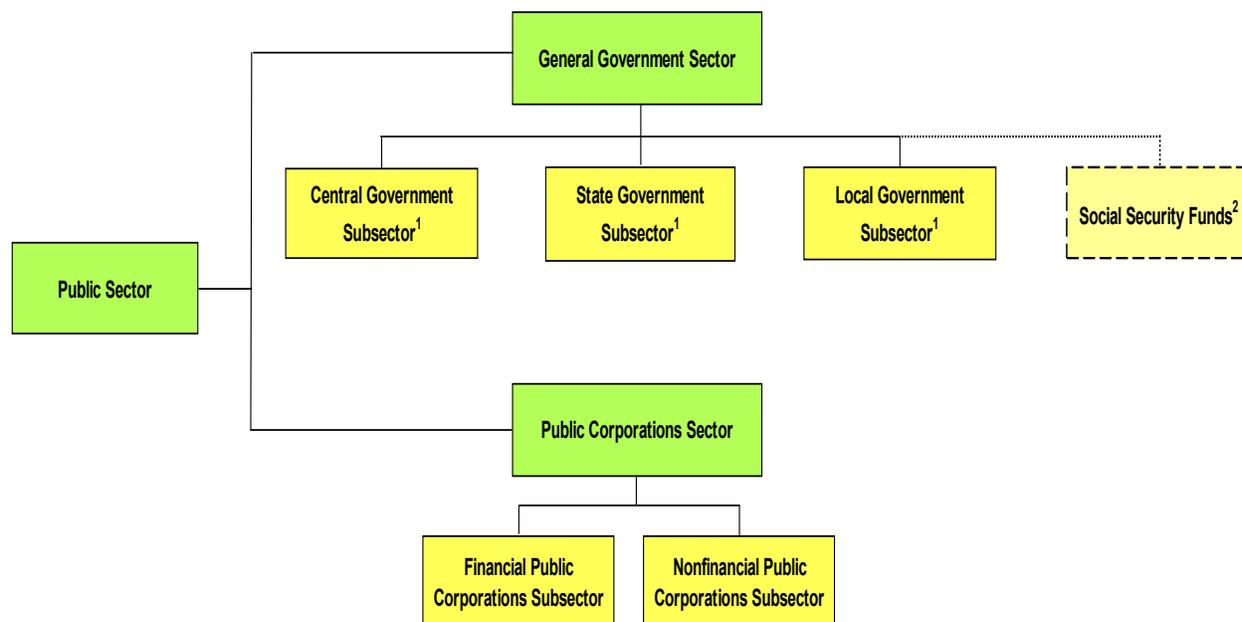
Development usually starts with a cash account (shown in the yellow line at the bottom) moving toward the full set of integrated statements (maintaining cash statements). The full set of accounts (see *GFSM 2001*) includes the Statement of Operations (accrual-based), Statement of Other Economic Flows, Balance Sheet, and Statement of Sources and Uses of Cash.



IV The Institutional Structure of Government

To allow for comparability of government finance statistics (GFS) within a country (e.g., comparing the fiscal activities of central, state, and local governments) and across countries, the relevant institutional units should be consolidated and presented as standardized subsectors with the institutional coverage specified.

Institutional coverage refers to the entities included in the definition of the general government or the public sector. In practice, the conversion of administrative or accounting data into GFS would be carried out by the specific entities or levels of government for which these data are available. For instance, budgetary central government data may be available on a monthly basis and used as a high frequency indicator of the fiscal stance while general government data (often annual frequency) may be used for longer term fiscal analysis.



1. Budgetary, extra budgetary accounts, and/or social security funds may exist at each of these subsectors.
2. As an alternative, social security funds could be treated as a separate subsector.

The IMF Offers Workshops, Training and Other Technical Support Services to Member Countries

The **Fiscal Affairs Department** of the IMF provides technical assistance in fiscal policy formulation, fiscal reforms, and development of source data systems. For further information contact FADGFS@imf.org. The **Statistics Department** of the IMF provides technical assistance in GFS compilation and supports countries' data dissemination. For further information contact STAGODATA@imf.org. Both departments participate in updating the *GFSM 2001*, associated methodologies, and related accounting standards, such as International Public Sector Accounting Standards. **The IMF disseminates fiscal data as a service to the public.**

