TECHNICAL

NOTES & MANUALS

How to Record the Allocations of Special Drawing Rights in Government Finance Statistics

IMF Statistics Department, Government Finance Division

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This note provides statistical guidance to IMF staff and country authorities on the recording of the 2021 general allocation of Special Drawing Rights (SDRs) in the government finance statistics (GFS), which is also applicable to previous SDR allocations. SDR allocations received by members are recorded as a liability in the form of SDR allocations vis-à-vis the SDR Department of the IMF, which is part of gross debt of the public sector unit (Ministry of Finance/ Treasury or central bank or other publicly controlled entity) on whose balance sheet SDRs are recorded, with a corresponding entry for SDR holdings as a financial asset. No transfer of wealth occurs due to the SDR allocation. It should be stressed that the statistical guidelines do not specify on whose balance sheet SDR holdings and allocations should be recorded, as this decision is determined by the member's domestic legal and institutional arrangements.

How to Record the Allocations of Special Drawing Rights in Government Finance Statistics

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IMF Statistics Department, Government Finance Division

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I. INTRODUCTION

A general allocation of Special Drawing Rights (SDRs) equivalent to US $650 billion (about SDR 456 billion) became effective on August 23, 2021.[1] The newly created SDRs were credited to IMF members participating in the SDR Department (currently all 190 member countries) in proportion to their existing paid quotas in the Fund. The main purpose of the allocation was to help meet the long-term global need to supplement members' existing reserve assets in a manner that would avoid economic stagnation and deflation as well as excess demand and inflation.

Regardless of a member's domestic institutional arrangements, SDR Department obligations and rights are obligations and rights of the relevant member and not of the fiscal agent or other entity involved in managing a member's SDR position. It is also important to recognize that the allocation is not a transfer of wealth as the allocation of SDRs involves an increase in assets (SDR holdings) and a matching increase in long-term liabilities (SDR allocations).

Since the IMF Articles of Agreement do not prescribe the domestic institutional arrangement for holding SDRs by members, or the accounting treatment for SDR allocations, members are obliged neither to hold SDRs under specific institutional arrangements nor to follow a specific accounting framework or methodology. However, members that voluntarily subscribe to specific statistical standards and practices are expected to present and disseminate their data in accordance with the best practices to which they subscribe.[2] These best practices, however, do not specify which of the member's domestic institutions should record SDRs on its balance sheet. Domestic arrangements for holding SDRs and the accounting treatment should follow the member's domestic legal and institutional frameworks. The identification of the legal basis and the confirmation on feasibility and appropriateness in the country's legal context, are prerequisites to the statistical recording.

SDR allocations constitute a liability of the recipients, as part of their public sector's debt liabilities, and the SDR holdings are part of the public sector's financial assets. In accordance with the Government Finance Statistics Manual 2014 (GFSM 2014), SDR allocations received by a member country are recorded as a liability (long-term debt liability) in the form of SDRs, which is part of the public sector gross debt, with a corresponding entry for SDR holdings as a financial asset. The calculation of public sector net debt takes into account both SDR holdings and SDR allocations. Interest receivable on SDR holdings and interest payable on SDR allocations are accrued on a gross basis to the outstanding financial asset and liability, respectively, and both are accrued at the same SDR interest rate.[3]

For GFS and public sector debt statistics (PSDS), it is particularly relevant in which public sector unit the SDR allocations are recorded. If the SDR allocations are recorded on the government's balance sheet, they are part of general government debt. If the SDR allocations are on the central bank's balance sheet, they are not part of general government debt, but are still part of public sector debt.[4]

1 See Press Release and Guidance Note for Fund Staff on the Treatment and Use of SDR Allocations.

2 The IMF's Data Dissemination Standards provide guidance on good practices for the timeliness and periodicity of public sector debt statistics being disseminated (see Dissemination Standards Bulletin Board).

3 See also *GFSM 2014* paragraphs A3.91–A3.95.

4 In some jurisdictions, SDR allocations may not be considered as debt liabilities according to national or regional definitions (for example, under the European Union's Stability and Growth Pact's Excessive deficit procedure).

This note provides guidance on how to record the allocations of SDRs in GFS. Building on the Guidance Note for Fund Staff on the Treatment and Use of the SDR allocations, this note provides more granularity on issues that emerged in discussions with country authorities and area department teams on the recording of SDRs in GFS (that is, fiscal statistics). The note provides a step-by-step guide on the recording of the allocations of SDRs in GFS for the central government,[5] including how this should be reflected in the statement of operations and balance sheet (that is, its impacts on gross and net debt and debt for the Debt Sustainability Analysis (DSA)[6] purpose). Given varying institutional arrangements, the guidance provided covers two scenarios at the time of the allocation: (1) when the allocation is first recorded in the government's accounts; and (2) when the allocation is first recorded in the central bank's accounts. Considerations in the specific case of currency unions are also discussed. The note is strictly focused on the statistical treatment of the allocation of SDRs in GFS and does not seek to provide guidance on legal, institutional, and financial reporting issues or provide economic advice on the use of SDRs.

II. GFS RECORDING OF SDRs WHEN THE ALLOCATION IS FIRST RECORDED IN THE GOVERNMENT'S ACCOUNTS

SDRs are recorded in the government balance sheet in countries where domestic legal and institutional arrangements prescribe that the SDRs are held and controlled by the State. In this scenario, the SDR allocations and SDR holdings are recorded in the accounts of the central government (for example, Ministry of Finance/Treasury).

Recording of the allocations and holdings of SDRs in the central government accounts is reflected both in transactions (statement of operations) and stock positions (balance sheet) at the time of the allocation and subsequent use of the SDRs.[7] The recommended recording, consistent with the *GFSM 2014*, is described below and illustrated in Tables 1 to 6.[8] The specific impacts on the total gross and net stocks of government debt, and debt defined for the DSA purpose, are also discussed.

a. At the time of the allocation of SDRs (see Table 1)

- *Statement of operations* (all below-the-line[9] transactions): an increase in (external) liabilities in the form of SDR allocations, matched by an increase in (external) financial assets in the form of SDR holdings.

5 The guidance applies to the 2021 general allocation of SDRs and previous general and special allocations.

6 The treatment of SDRs for DSA purposes may differ from its treatment for statistical recording purposes (see Guidance Note for Fund Staff on the Treatment and Use of SDR Allocations (paragraphs 34–39 and Table 1)).

7 The exchange rate to be used for conversion of transactions and stock positions is the market (spot) rate prevailing on the transaction or balance sheet date, and subsequent valuation changes in the stock positions denominated in domestic currency resulting from exchange rate movements are not recorded as transactions but as other economic flows. See also *GFSM 2014* (paragraphs 3.33–3.34, 3.132–3.133, 10.22).

8 For simplicity, illustrations assume that the end of the reporting period for the stock positions coincided with the periodic interest payments/receipts such that financial assets and liabilities do not include amounts of interest accrued but not yet paid consistent with the accrual basis of recording in the *GFSM 2014*.

9 The line in the statement of operations separates transactions in revenue and expenditure (above-the-line) from transactions in financial assets and liabilities (below-the-line). See also *GFSM 2014* (Table 4A.1).

- *Balance sheet*: the stock position of (external) liabilities in the form of SDR allocations increases, matched by an increase in the stock position of (external) financial assets in the form of SDR holdings. Since SDR allocations and SDR holdings at this point are at the same level, the net debt stock of SDRs is zero and no net debt would be recorded for the DSA purpose.[10]

b. At the time the central government exchanges its SDR holdings (see Table 2). Two types of exchanges can take place: (1) the central government exchanges its SDR holdings with the central bank (or another domestic entity with the same role as a central bank) for local currency or foreign exchange; or (2) the central government exchanges its SDR holdings through the IMF's SDR Department Voluntary Trading Arrangements (VTA), or directly with another participant in the SDR department or a prescribed holder (bilateral transactions), for freely usable currency. The recording of transactions and stock positions in the central government's accounts pertaining to the exchange of SDR holdings is the same in both cases. However, since the exchange of SDR holdings with the central bank will result in net SDR positions of the central government and the central bank with opposite signs (that is, negative SDR position in the central government accounts and positive SDR position in the central bank accounts), mechanisms have to be put in place, informed by legal and institutional arrangements, on the settlement of SDR interest payments between both institutions (see also Box 1).

- Statement of operations (all below-the-line transactions): a decrease in (external) financial assets in the form of SDR holdings, matched by an increase in financial assets (external if exchanged for foreign exchange and domestic if exchanged for local currency) in the form of currency and deposits.
- Balance sheet: the stock position of (external) financial assets in the form of SDR holdings decreases, matched by an increase in the stock position of financial assets (external if exchanged for foreign exchange and domestic if exchanged for local currency) in the form of currency and deposits.
- The net SDR position of the central government is negative (that is, the cumulative SDR allocations exceed SDR holdings) because of the exchange of its SDR holdings (assuming it had not previously acquired SDR holdings above and beyond its cumulative SDR allocations). The net negative SDR position is considered debt for the DSA purpose.[11]

c. At the time the central government uses its deposits from the exchange of its SDR holdings. There are many ways in which government may use its deposits from the exchange of SDR holdings, but for illustration purposes, we consider two common scenarios: (1) use the deposits for financing any form of non-interest spending, such as the acquisition of nonfinancial assets (that is, capital expenditure excluding capital transfers), the purchase of goods and services, the payment of compensation of employees, any form of transfers (for example, to corporations, to other levels of government, or to households), or acquiring financial assets (for example, capital injections in the form of equity investments or loans)[12] and/or (2) use the deposits to repay outstanding debt liabilities falling due. The use of deposits to finance any form of spending

[10] See also Guidance Note for Fund Staff on the Treatment and Use of SDR Allocations (paragraphs 34–39 and Table 1).

[11] See also Guidance Note for Fund Staff on the Treatment and Use of SDR Allocations (paragraphs 34–39 and Table 1).

[12] Recording in the *GFSM 1986* of transactions in financial assets, if for policy purposes, would be above-the-line under net lending (lending minus repayment) as lending.

would not further impact debt pertaining to SDR allocations. However, repayment of outstanding debt liabilities would impact debt for the public DSA purposes, as the stock of total outstanding debt would fall as a result of this repayment.

(1) *If the deposits are used to finance government non-interest spending (see Table 3).*

- *Statement of operations:* a decrease in financial assets below-the-line in the form of currency and deposits, matched by an increase in expenditure above-the-line or an increase in financial assets below-the-line, if spending is to acquire financial assets such as equity or loans.
- *Balance sheet:* the stock position in financial assets in the form of currency and deposits decrease, matched by an increase in the stock position in nonfinancial assets if spending is to acquire nonfinancial assets, and/or an increase in the stock position of financial assets such as equity or loans if spending is to acquire financial assets. Therefore, spending for acquiring nonfinancial or financial assets does not affect net worth,[13] but other forms of spending (that is, expense: purchase of goods and services, social benefits, etc.) reduce net worth because the decline in currency and deposit is not matched by an increase in other financial or nonfinancial assets.

(2) *If the deposits are used to repay outstanding debt liabilities falling due (see Table 4)*

- *Statement of operations*: a decrease in financial assets below-the-line in the form of currency and deposits, matched by a decrease in liabilities (below-the-line for principal payment on outstanding debt liabilities that fall due and/or repayment of accumulated accounts payable including arrears) and/or an increase in interest payment (above-the-line for interest payment due on outstanding debt liabilities).
- *Balance sheet:* the stock position in financial assets in the form of currency and deposits decrease, matched by a decrease in the stock position in liabilities.

d. At the time interest on SDR holdings is received, and interest on SDR allocations is paid (see Table 5).[14] Two options are considered for the recording of interest on SDRs, when the central government's net SDR position is nil, and when it is negative, and the recording depends on the basis of recording, whether on accrual or cash basis. When the central government's net SDR position is nil, that is, when its SDR holdings is equal to its cumulative SDR allocations, no actual net interest receipts/payments are made. No transactions would be recorded in the statement of operations under a cash basis of recording, and in an accrual basis of recording, interest income on SDR holdings (revenue) and an equal amount of interest expense on SDR allocations are accrued on a gross basis to the outstanding financial asset and liability, respectively. When the central government's net SDR position is negative, as a result of the exchange of its SDR holdings, interest payable on the SDR allocation will be larger than interest receivable on its SDR holdings. Both interest receivable, and interest payable will be recorded in the statement of operations, on a gross basis. However, if the central government had exchanged its SDR holdings with the central bank with both institutions having non-zero SDR positions, settlement of SDR interest payments may be needed (see also Box 1). When the net SDR position of the central government is zero or negative, only the net SDR interest payments (SDR interest expenditure

[13] This operation could generate net income or loss on a flow basis depending on the relative rates of return of nonfinancial assets purchased from proceeds obtained from the SDR allocation and the cost of converting SDRs for freely usable currency (that is, the SDR interest rate).

[14] Interest received and paid shown in the illustration in Table 5 pertains to the 2021 general allocation of SDRs, but interest received and paid would in reality be based on a member's cumulative position of SDR holdings and allocations, including from previous general (and special) allocations.

minus SDR interest revenue) are included in the DSA as interest on debt. When the net SDR position of the central government is positive, no SDR interest is included in the DSA as interest on debt.[15]

- *Statement of operations:* interest is recorded on a gross basis, with interest received on the SDR holdings recorded under revenue (above-the-line) and interest paid on the SDR allocations recorded under interest expense (above-the-line).
- *Balance sheet:* there would be no change, although under strict accrual recording, the interest will accrue daily over a quarter, increasing the asset/liability in the form of SDR holdings/allocations until paid (or settled) at the beginning of the following quarter in accordance with the IMF's rules.

BOX 1. Interest Payments when SDRs Allocations and Holdings Are Split between Domestic Entities

When both the central bank and the central government have non-zero SDR positions, settlement of SDR interest payments between both institutions may be needed. In accordance with the current macroeconomic statistics guidelines, gross SDR positions and related interest payments are always recorded as external and at the SDR interest rate, even when the net SDR positions of the government and the central bank have opposite signs requiring settlement of SDR interest payments between the two institutions. Both the government and the central bank would record any SDR allocations as gross external debt, SDR holdings as external assets, gross external interest revenues on SDR holdings, and gross external interest expenses on SDR allocations. However, the actual flow of interest payments between the SDR Department and a member takes place based on the member's consolidated net SDR position. Hence, domestic transactions between institutions within the member country will need to be recorded to settle interest accrued on their net SDR positions. Depending on the country's legal and institutional framework, a memorandum of understanding between both institutions may be needed for this purpose.

In macroeconomic statistics, when the settlement of SDR interest payments between institutions is conducted on terms different from those agreed with the SDR Department, gross external interest revenue and expense are still recorded on the SDR interest terms and separate domestic settlement transactions (actual or imputed or a combination) between the member's institutions should be recorded in line with the domestic legal and institutional arrangement. For example, assume a country with zero net SDR position (member SDR holdings equals SDR allocations), in which the SDR allocations are recorded in the central government's balance sheet. If the central government sells its SDR holdings to the central bank, these holdings will now count among the assets owned by the central bank. In this case, the central government has a negative net SDR position, and the central bank has a positive net SDR position that will, under an accrual basis of recording, generate accrued SDR external interest expense and SDR external interest revenue,

[15] See also Guidance Note for Fund Staff on the Treatment and Use of SDR Allocations (paragraphs 34–39 and Table 1).

respectively. However, no actual interest payments flow between the SDR Department and the member (because the member's net SDR position is zero). SDR interest accrued and owed by the central government, and SDR interest accrued and due to the central bank would therefore need to be settled between both institutions (so as to avoid the unpaid interest accruing and increasing the SDR liability/asset stocks) through one or more domestic transactions between the central bank and the central government. This example is based on the general principles applicable to macroeconomic statistics (for example, balance of payments, government finance, national accounts, and monetary and financial statistics), namely on the recording of transactions/stock positions on an accrual basis. Some countries may deviate from these guidelines and compile some of these statistics on a cash basis. It is worth noting that in this example no transactions would be recorded on a cash basis of recording in GFS as there would be no actual cashflow between the SDR department and the member as well as between the member's central government and the central bank; unless the domestic institutional agreement under which the SDR holdings have been exchanged specifies otherwise.

III. GFS RECORDING OF SDRS WHEN THE ALLOCATION IS FIRST RECORDED IN THE CENTRAL BANK'S ACCOUNTS

In most countries, SDRs are recorded on the central bank's balance sheet. At the time of the effectiveness of a general allocation, including the 2021 General Allocation, the central bank would have recorded both the SDR allocations and holdings in its balance sheet. When SDRs are recorded in the central bank's balance sheet, they would not be counted as financial assets and liabilities of the central government but would be included in the public sector balance sheet. External debt liabilities in the form of SDR allocations, when recorded in the central bank's balance sheet, would not count as external public debt for purposes of the DSA, to the extent that the central bank is excluded from the perimeter of the DSA.[16]

The arrangements between the central bank and the central government for using SDRs to finance the budget when they were recorded on the central bank's balance sheet would depend on the permissibility under a member's domestic legal and institutional arrangements. Four different arrangements are discussed below:

a. **On-lending of SDRs.** If the domestic legal frameworks allow this form of central bank lending to government,[17] the central bank and the central government could enter into a lending arrangement, where the central bank "on-lends" SDRs (or the foreign exchange in which they are converted) to the central government, which should be transparently clarified in a legal document in the form of a loan agreement between the central bank and the central government with provisions including, but not limited to, the responsibilities for timely servicing of the member's financial obligations

[16] See Guidance Note for Fund Staff on the Treatment and Use of SDR Allocations for exceptions (paragraph 39).

[17] See Guidance Note for Fund Staff on the Treatment and Use of SDR Allocations for transparency good practices in on-lending SDRs to government agencies (paragraph 48).

to the IMF's SDR department. This on-lending arrangement could take two forms: (1) lending of the SDRs to the government, or (2) where the central bank exchanges its SDR holdings for freely usable currency through the VTA or bilaterally and lends the foreign exchange proceeds to government. The on-lending of SDRs from the central bank to the central government will result in net SDR positions of the central government and the central bank with opposite signs and mechanisms have to be put in place, informed by legal and institutional arrangements, on the settlement of SDR interest payments between both institutions (see also Box 1).The recording of transactions and stock positions in the central government's accounts would be the same in both cases (see Table 6):

- *Statement of operations*: an increase in financial assets below-the-line in the form of SDR holdings (for on-lending of SDRs) or currency and deposits (for lending of the proceeds from the exchange of SDR holdings), matched by an increase in (domestic) liabilities in the form of loans from the central bank. Subsequent interest payments on the loan from the central bank would be recorded as interest expense above-the-line matched by a decrease in financial assets below-the-line in the form of currency and deposits if cash is used to pay the interest.
- *Balance sheet*: the stock position of financial assets in the form of SDR holdings or currency and deposits increase, matched by an increase in the stock position of (domestic) liabilities in the form of loans from the central bank. Although the SDR allocations position is not recorded in the government accounts, the increase in debt liabilities from borrowing from the central bank increases (domestic) debt for purposes of the DSA and should be reflected in the government accounts and in the public DSA accordingly.

b. Sale of the proceeds of debt issuance on the domestic market and/or readily available local currency for foreign exchange. In this scenario, the central government issues debt on the domestic market and uses the proceeds and/or uses readily available local currency it holds (from taxes and other revenue for example) to purchase from the central bank the foreign exchange that the central bank would have acquired from exchanging its SDR holdings for freely usable currency (see illustration in Table 6 that is similar to the case where the central government issues debt and uses the proceeds to purchase foreign exchange from the central bank). A more complex variant of this scenario, to the extent it is in conformity with the provisions of the central bank law that typically prohibits the central bank's purchase of government debt securities (bonds) on the primary market, would be where the central government seeks to purchase the central bank's foreign exchange using government bonds.

- *Statement of operations*: (a) for the sale of proceeds of debt issuance or the sale of bonds to purchase foreign exchange: an increase in (external) financial assets below-the-line in the form of currency and deposits, matched by an increase in (domestic) liabilities below-the-line in the form of debt securities or loans and (b) for the sale of local currency for foreign exchange: an increase in (external) financial assets below-the-line in the form of currency and deposits, matched by a decrease in (domestic) financial assets below-the-line in the form of currency and deposits. Subsequent interest payments on the debt securities or loans would be recorded as interest expense above-the-line matched by a decrease in financial assets below-the-line in the form of currency and deposits if cash is used to pay the interest.
- *Balance sheet*: (a) for the sale of proceeds of debt issuance or the sale of bonds to purchase foreign exchange: an increase in the stock position in (external) financial assets in the form of currency and deposits, matched by an increase in the stock position of (domestic) liabilities in the form of debt securities or loans and (b) for the sale of local currency for

foreign exchange: an increase in the stock position in (external) financial assets in the form of currency and deposits, matched by a decrease in the stock position of (domestic) financial assets in the form of currency and deposits. The increase in debt liabilities from borrowing in the domestic market for the purpose of purchasing foreign exchange from the central bank increases debt for purposes of the DSA.

c. "Retrocession" of SDRs. This would happen, if in accordance with explicit legal basis and subject to appropriate legal instrument, when the central bank transfers ownership of part or all of the SDR allocations and holdings to the central government. From a legal and accounting perspective, this is a complex process that leads to derecognition of assets (SDR holdings) and liabilities (SDR allocations) on the balance sheet of the central bank. In this scenario, the statistical treatment in the statement of operations and the balance sheet of the SDR allocations and holdings that were transferred to the central government would be the same as if the allocation of SDRs had first been recorded in the government accounts (see Section II (a) and Table 1).

d. Direct lending of the equivalent in local currency of part or the entirety of SDRs. Where the domestic legal and institutional frameworks allow for such lending, and subject to a memorandum of understanding between the central bank and the central government stipulating the terms of the lending as has been the case in some currency unions, this type of lending would be no different than any other borrowing from the central bank, and recorded as such in GFS (see Table 6 for illustration recording similar to such case of borrowing from the central bank).

- *Statement of operations*: an increase in financial assets below-the-line in the form of currency and deposits, matched by an increase in (domestic) liabilities in the form of loans from the central bank. Subsequent interest payments on the loan from the central bank would be recorded as interest expense above-the-line matched by a decrease in financial assets below-the-line in the form of currency and deposits if cash is used to pay the interest.
- *Balance sheet*: the stock position of financial assets in the form of currency and deposits increase, matched by an increase in the stock position of (domestic) liabilities in the form of loans from the central bank. Although the SDR allocations position is not recorded in the government accounts, the increase in debt liabilities from borrowing from the central bank increases (domestic) debt for purposes of the DSA and should be reflected in the government accounts and in the public DSA accordingly.[18]

IV. CONSIDERATIONS IN THE CASE OF CURRENCY UNIONS

The types of currency unions do not give rise to specific issues for GFS pertaining to the recording and use of the allocation of SDRs. The Balance of Payments and International Investment Position Manual, sixth edition (*BPM6*) identifies two kinds of currency unions central banks, as either centralized or decentralized.[19] In either case, depending on the domestic legal and institutional frameworks on whose domestic entity's balance sheet the SDRs are recorded, the statistical treatment

[18] See Guidance Note for Fund Staff on the Treatment and Use of SDR Allocations for the treatment of SDR-related lending to LIC-DSF countries in currency unions (paragraph 41).

[19] See also *BPM6* (paragraphs A3.13– A3.15).

would be no different than in countries that are not in a currency union. If the SDRs are recorded on the central government's balance sheet, guidance in Section I would apply. If SDRs are recorded in the central banks' balance sheet, whether the branch or agency of the currency union's central bank in the case of centralized currency unions, or the currency union national central banks in the case of decentralized currency unions, guidance in Section II would apply.

ANNEX I. ILLUSTRATIVE DESCRIPTION OF THE RECORDING IN GOVERNMENT ACCOUNTS

Table 1. GFS Recording of the Allocation of SDRs in Government Accounts

Assume allocation of SDRs of 100 and opening balance sheet positions and debt stock of zero

	RECORDING IN GOVERNMENT ACCOUNTS			
	OPENING BALANCE SHEET	TRANSACTIONS (STATEMENTS OF OPERATIONS)	OTHER ECONOMIC FLOWS	CLOSING BALANCE SHEET
Revenue				
Other revenue				
Interest from nonresidents				
Expense				
Interest				
Interest to nonresidents				
Net worth/Net operating balance	0			0
Nonfinancial assets	0			0
Net financial worth/Net lending (+)/net borrowing (–)	0	0		0
Financial assets	0	100		100
SDR holdings	0	+100		100
Currency and deposits	0			
Liabilities	0	100		100
SDR allocations	0	+100		100
Other liabilities	0			
Gross debt	0			100
External debt	0			100
Domestic debt	0			0
Net debt	0			0
DSA debt	0			0

Source: IMF staff.

Table 2. GFS Recording of the Exchange of SDR Holdings by the Central Government

From closing position in Table 1, assume the central government exchanges all of its SDR holdings

	RECORDING IN GOVERNMENT ACCOUNTS			
	OPENING BALANCE SHEET	TRANSACTIONS (STATEMENTS OF OPERATIONS)	OTHER ECONOMIC FLOWS	CLOSING BALANCE SHEET
Revenue				
Other revenue				
Interest from nonresidents				
Expense				
Interest				
Interest to nonresidents				
Net worth/Net operating balance	0			0
Nonfinancial assets	0			0
Net financial worth/Net lending (+)/net borrowing (–)	0	0		0
Financial assets	100	0		100
SDR holdings	100	–100		0
Currency and deposits		+100		100
Liabilities	100	0		100
SDR allocations	100	0		100
Other liabilities				
Gross debt	100			100
External debt	100			100
Domestic debt	0			0
Net debt	0			0
DSA debt	0			100

Source: IMF staff.

Table 3. GFS Recording of the Use of Deposits to Finance Spending

From closing position in Table 2, assume the central government spends 20 on purchases of goods and services, 50 for acquiring nonfinancial assets, and 30 on acquiring financial assets (equity)

	RECORDING IN GOVERNMENT ACCOUNTS			
	OPENING BALANCE SHEET	TRANSACTIONS (STATEMENTS OF OPERATIONS)	OTHER ECONOMIC FLOWS	CLOSING BALANCE SHEET
Revenue				
Other revenue				
Interest from nonresidents				
Expense				
Goods and services		20		
Interest				
Interest to nonresidents				
Net worth/Net operating balance	0	–20		–20
Nonfinancial assets	0	50		50
Net financial worth/Net lending (+)/net borrowing (–)	0	–70		–70
Financial assets	100	**–70**		30
SDR holdings	0	0		0
Currency and deposits	100	–100		0
Other financial assets (equity)	0	+30		30
Liabilities	100	0		100
SDR allocations	100	0		100
Other liabilities				
Gross debt	100			100
External debt	100			100
Domestic debt	0			
Net debt	0			100
DSA debt	100			100

Source: IMF staff.

Table 4. GFS Recording of the Use of Deposits to Repay Outstanding Debt Liabilities Falling Due

From closing position in Table 2, assume outstanding debt liabilities other than SDRs of 95 and the central government spends 95 for principal payment and 5 for external interest payment due on outstanding external debt liabilities

	RECORDING IN GOVERNMENT ACCOUNTS			
	OPENING BALANCE SHEET	TRANSACTIONS (STATEMENTS OF OPERATIONS)	OTHER ECONOMIC FLOWS	CLOSING BALANCE SHEET
Revenue				
Other revenue				
Interest from nonresidents				
Expense				
Interest		5		
Interest to nonresidents		5		
Net worth/Net operating balance	–95	–5		–100
Nonfinancial assets	0			0
Net financial worth/Net lending (+)/net borrowing (–)	–95	–5		–100
Financial assets	100	–100		0
SDR holdings	0	0		0
Currency and deposits	100	–100		0
Liabilities	195	–95		100
SDR allocations	100	0		100
Other liabilities	95	–95		0
Gross debt	195			100
External debt	195			100
Domestic debt	0			0
Net debt	95			100
DSA debt	195			100

Source: IMF staff.

Table 5. GFS Recording of Interest Receipts/Payments on SDR Holdings/Allocations

From closing position in Table 1 (where government would still have all its SDR holdings), assume the central government receives 5 of interest on SDR holdings and pays 5 of interest on SDR allocations

	RECORDING IN GOVERNMENT ACCOUNTS			
	OPENING BALANCE SHEET	TRANSACTIONS (STATEMENTS OF OPERATIONS)	OTHER ECONOMIC FLOWS	CLOSING BALANCE SHEET
Revenue		5		
Other revenue		5		
Interest from nonresidents		5		
Expense		5		
Interest		5		
Interest to nonresidents		5		
Net worth/Net operating balance	0	0		0
Nonfinancial assets	0			0
Net financial worth/Net lending (+)/net borrowing (–)	0	0		0
Financial assets	100			100
SDR holdings	100			100
Currency and deposits				
Liabilities	100			100
SDR allocations	100			100
Other liabilities				
Gross debt	100			100
External debt	100			100
Domestic debt	0			0
Net debt	0			0
DSA debt	0			0

Source: IMF staff.

Table 6. GFS Recording of Central Government Borrowing from Central Bank

Assume opening balance sheet positions and debt stock of zero and borrowing from the central bank of 100 freely usable currency that the central bank acquired from exchanging its SDR holdings

	RECORDING IN GOVERNMENT ACCOUNTS			
	OPENING BALANCE SHEET	TRANSACTIONS (STATEMENTS OF OPERATIONS)	OTHER ECONOMIC FLOWS	CLOSING BALANCE SHEET
Revenue				
Other revenue				
Interest from nonresidents				
Expense				
Interest				
Interest to nonresidents				
Net worth/Net operating balance	0	0		0
Nonfinancial assets	0			
Net financial worth/Net lending (+)/net borrowing (–)	0	0		0
Financial assets	0	+100		100
SDR holdings	0			
Currency and deposits		+100		100
Liabilities	0	+100		100
SDR allocations	0			
Other liabilities		+100		100
Gross debt	0			100
External debt	0			0
Domestic debt	0			100
Net debt	0			0
DSA debt	0			100

Source: IMF staff.

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