



STATISTICS

GFSAC-19/16

September 12-13, 2019

Meeting of the IMF Government Finance Statistics

Advisory Committee
Washington, D.C.

Conclusions and Recommendations

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2019 GFSAC— Conclusions and Recommendations

SEPTEMBER 13, 2019

Government Finance Statistics Advisory
Committee (GFSAC)

Outline

- **State of Play and Users' Challenges**
- **Coverage and Sectorization**
- **Valuation of Financial Assets**
- **Valuation of Nonfinancial Assets**
- **Debt Sustainability Analysis and Related Issues**
- **SOE's/nonfinancial public corporations (NFPC)**
- **Expand GFS Data Collection to Public Sector**
- **Regional Initiative**
- **Research Agenda**

State of Play and Users' Challenges

Issue

- Increasing number of countries use the international statistical standards on GFS (GFSM 2014) to report data to STA, however many challenges are still hampering the use of the GFS framework for fiscal policy formulation (e.g., duplication of data sets).

Recommendations

- Reinforce the use of the GFS framework through regional institutions (e.g., EAC), notably outreach to senior policy makers to ensure synergy and consistency between national presentations and the GFS framework.

State of Play and Users' Challenges (cont'd)

Issue

- Trade-off between timeliness, quality and accuracy of fiscal data has hampered the implementation of the GFS framework for surveillance.

Recommendations

- Considering statistical capacity and country-specific situation, establish clear first- and second-best GFSM 2014 compliance levels in terms of institutional and instrument coverage, as well as transactions, stock positions and other economic flows.

State of Play and Users' Challenges (cont'd)



Issue

- Trade-offs are not static; e.g. pertaining to timeliness and comprehensiveness of GFS data, they are defined by:
 - Availability of source data
 - Interagency cooperation
 - IT infrastructure



Recommendations

- Enhance source data, intra and inter-agency collaboration to promote the use of Integrated Financial Management Information System (IFMIS).

State of Play and Users' Challenges (cont'd)

Issue

- IMF country work often sets fiscal targets that need timely/fast monitoring during programs, total and types of expenditure (e.g., “social spending”).

Recommendations

- Reach out to country stakeholders and IMF country teams and promote relevant GFS concepts and breakdowns; e.g., “Social Spending,” using the following three COFOG categories Education, Health and Social Protection.
- Give greater prominence to COFOG in GFS capacity development activities.

State of Play and Users' Challenges (cont'd)

Issue

- Low-capacity countries seeking to implement GFS are constrained by the lack of practical compilation guidance on specific issues.

Recommendations

- Short-term: Improve availability of FAQs and practical compilation guidance on such topics as institutional arrangements, data collection processes, GFS derivation and dissemination based on countries' practices.

Coverage and Sectorization



Issue

- Coverage and sectorization are a particular challenge in countries with low statistical capacity where a comprehensive register of public sector entities is lacking.



Recommendations

- Synergies and collaboration between sectoral accounts (balance sheet analysis) and GFS and among macroeconomic statistics compilers (GFS, SNA, BOP, and MFS).
- When covering public corporations/ SOEs, access to data sources is key: administrative data, use of small sample methodology, and /or the monitoring of the largest units.
- Establish Memorandum of Understandings (MOUs) between agencies.

Valuation of Financial Assets

Issue

- Valuation methods are well established in general, but clear explanation of the method used is warranted.

Recommendations

- Where existing methods are not feasible for certain instruments, apply “simplicity above complexity” principle.

Valuation of Nonfinancial Assets

Issue

- The Committee acknowledged the limited existence of market valuation for certain categories of nonfinancial assets.
- It also cautioned the ambition of estimating the value of all nonfinancial assets.

Recommendations

- Apply simple, feasible, second-best valuation methods.
- Some members recommended the establishment of a lead agency to inventory and evaluate relevant nonfinancial assets.

Debt Sustainability Analysis and Related Issues

Issue

- The Committee noted that data gaps exist for implementing cross-country comparable DSA. Currency denomination / residency of holders are at times not well distinguished, potentially resulting in inaccurate estimates.

Recommendations

- Strengthen focus of D4D PSDS TA work on DSA data gaps (e.g. guaranteed and off-balance sheet debt).
- Promote proper identification of debt data in terms of institutional coverage, instrument coverage, valuation, consolidation, and currency/residence.
- More information sharing among debt data collectors, cross-checking, reconciliation among different debt data source.

SOEs/nonfinancial public corporations (NFPC)

Issue

- The Committee stressed the relevance of NFPC, in particular in low- and lower middle-income countries.
- Consolidated vs. non-consolidated presentation to address potential fiscal risks in the public sector.

Recommendations

- Consider modalities to collect SOE data on a systematic and continuous basis.
- Consider whether GFSM-2014-based collection practices are feasible for countries with low-statistical capacity.

Expand GFS Data Collection to Public Sector



Issue

- The Committee was presented with GFSM 2014-based pioneering work by the United Kingdom (Balance Sheet Targeting) and IMF (October 2018 Fiscal Monitor) that demonstrated the value of developing comprehensive data on the broader public sector for fiscal analysis.



Recommendations

- STA, in collaboration with other IMF departments and external partners, to expand data collection to encompass the broader public sector, to the extent possible and subject to data quality.
- Begin public sector coverage with volunteering countries.

Regional Initiative

Issue

- The Committee was presented with a proposal for the establishment of regional initiatives of the GFSAC.

Recommendations

- Achieve political commitment at the regional level to make the regional initiative a success. Pilots could be considered to that effect.
- Consider leveraging existing regional groupings/ organizations to ensure political commitment.

Research Agenda

Issue

- Need to determine GFSAC priorities for (and involvement in) the research and consultation process.
- Need to work closely with compilers, users of data and wider statistical community going forward.

Recommendations

- Cluster research agenda items into different categories; share list with GFSAC to prioritize items according to country needs.
- Consider more frequent meetings, to maintain momentum.
- Emphasize analytical usefulness of the GFS framework/data.



GFSAC 2021

