

STATISTICS

# GFS Implications from the SNA and BPM Updates

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# Contents

- Overview of SNA / BPM Update (recap)
- Common chapters
- GFS-relevant guidance notes
  - Overview
  - GFS implications
- Summary

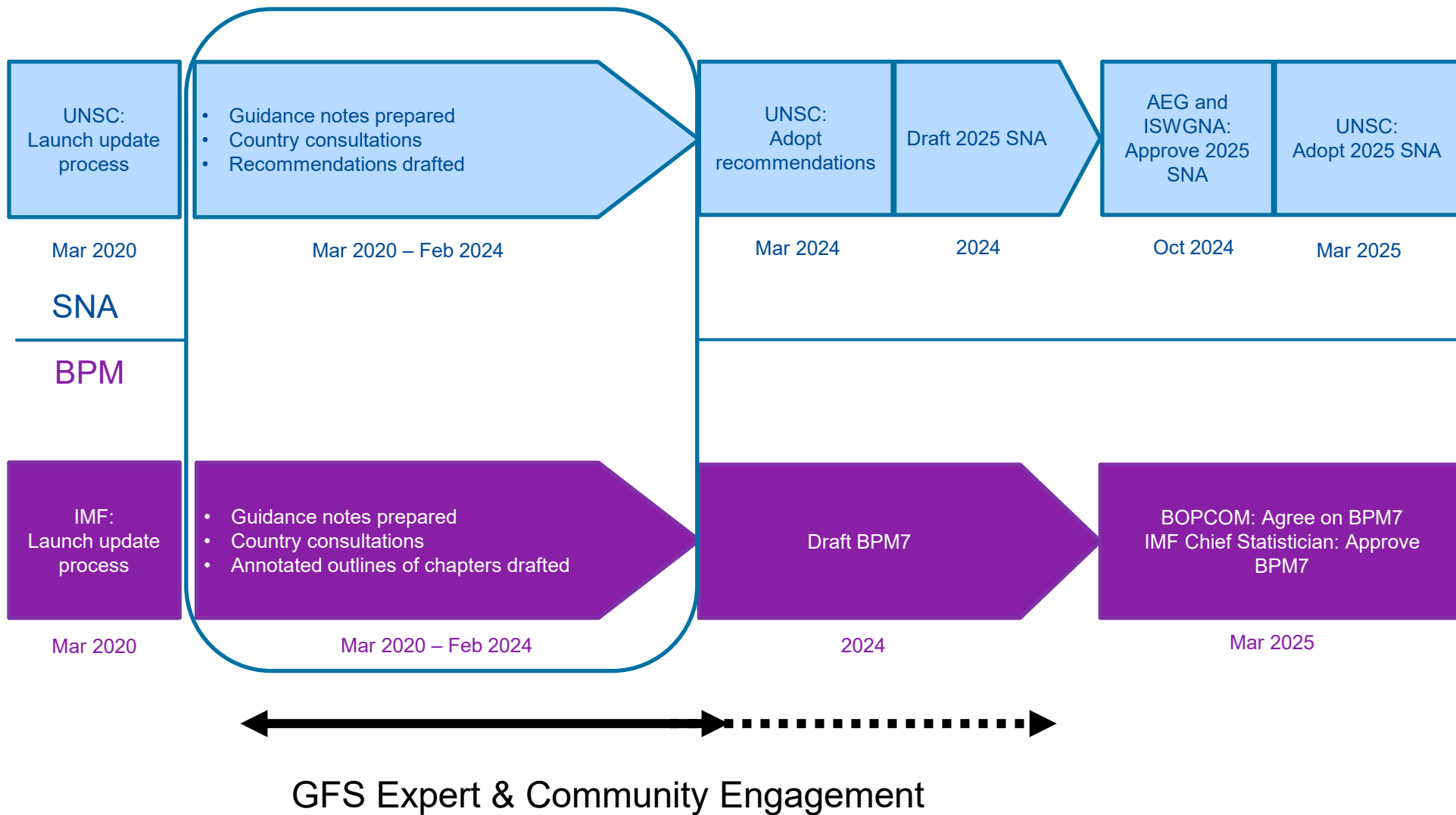
# Overview of SNA / BPM Update (recap)

# The International Statistical Standards



- The System of National Accounts (SNA) serves as an "umbrella" framework by providing definitions and concepts for all other macroeconomic statistics.
- GFS is an **integrated framework** designed to **support fiscal analysis and policymaking**
- Consistent definitions are key for GFS, as fiscal analysis requires context
  - ▶ Is government debt / deficit / tax burden high or low in terms of GDP?
  - ▶ What is the share of government in BOP and IIP balances?

# Timeline of SNA / BPM Update



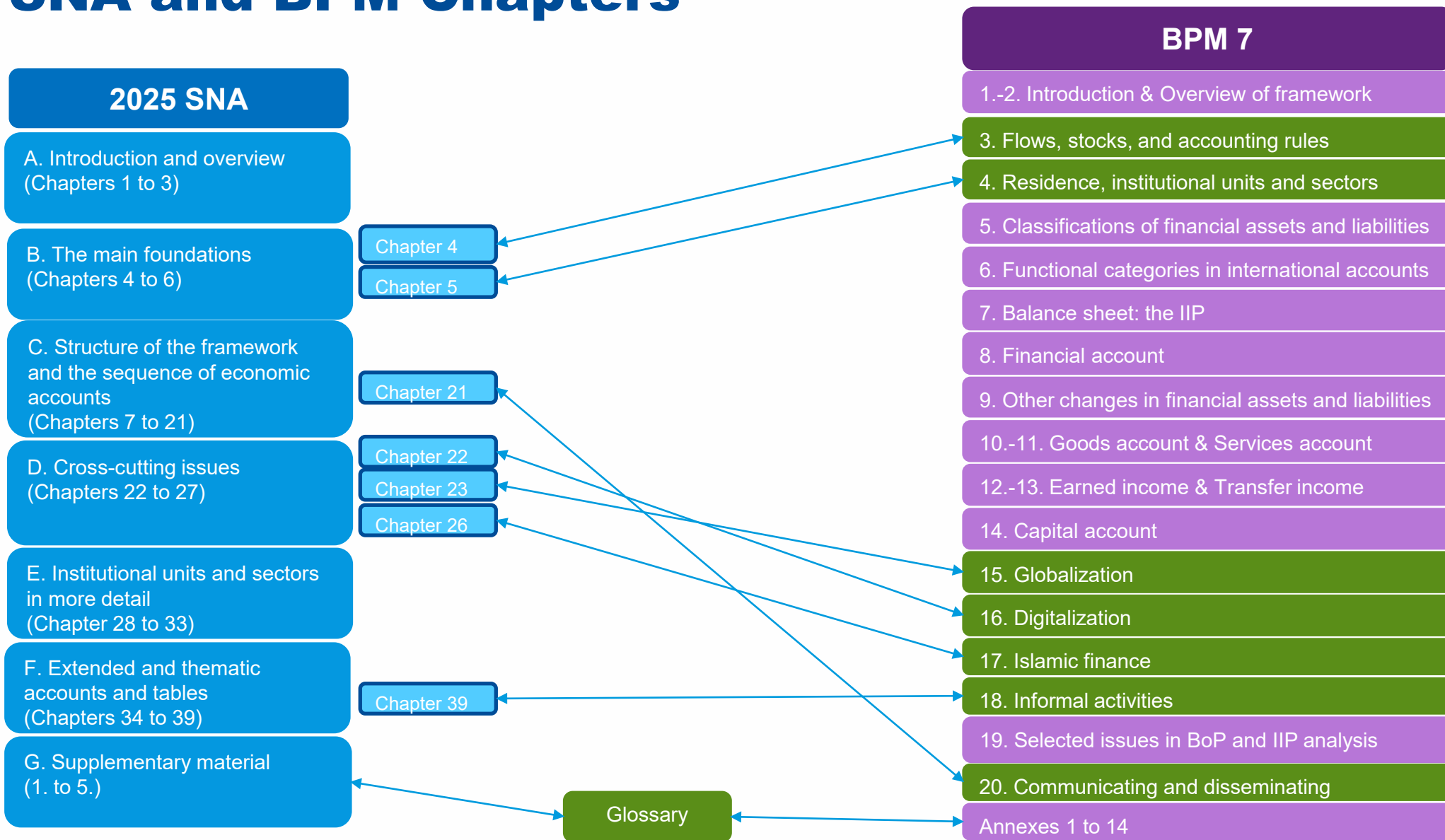
## Task Teams : GFS Involvement from October 2020

- GFS Experts involved in 7 out of the 10 Task Teams
- Within these task teams they helped to prepare and review guidance notes and agree proposed recommendations

Task Team (TT)	TT Members appointed as GFS experts
Well-being and sustainability (WSTT)	Philippe de Rougemont, João Carlos Fonseca, Philippe Samborski, Phil Stokoe
Globalization (GZTT)	Laura Wahrig, Phil Stokoe
Communications (CMTT)	João Carlos Fonseca, David Bailey
Financial Issues (FITT)	Philippe de Rougemont, João Carlos Fonseca, Phil Stokoe, Nabila Akhazzan
Balance of Payments (BPTT)	Philippe de Rougemont, Sagé de Clerck, David Bailey, Héctor Hernandez
Current Account (CATT)	Laura Wahrig, João Carlos Fonseca, David Bailey
Direct Investment (DITT)	Philippe de Rougemont, Mei Ling, Bruno da Rocha

# Common Chapters

# SNA and BPM Chapters





# GFSM Chapters

## GFSM 2014

1. Introduction
  2. Institutional units and sectors
  3. Economic flows, stock positions and accounting rules
  4. The GFS analytical framework
  5. Revenue
  6. Expense
  7. Balance sheet
  8. Transactions in nonfinancial assets
  9. Transactions in financial assets and liabilities
  10. Other economic flows
- Appendices 1 to 9

## SNA / BPM Common Chapters

- Residence, institutional units and sectors
- Flows, stocks, and accounting rules
- Globalization
- Digitalization
- Islamic finance
- Informal activities
- Communicating and disseminating

Glossary

## Are there other possible common chapters?

Debt reorganization and related transactions?

???

## New GFSM?

Introduction

Residence, institutional units and sectors?

The public sector?

Flows, stocks, and accounting rules?

Consolidation?

The GFS analytical framework

Revenue

Expense

Balance sheet

Transactions in nonfinancial assets

Transactions in financial assets and liabilities

Other economic flows

Communicating and disseminating?

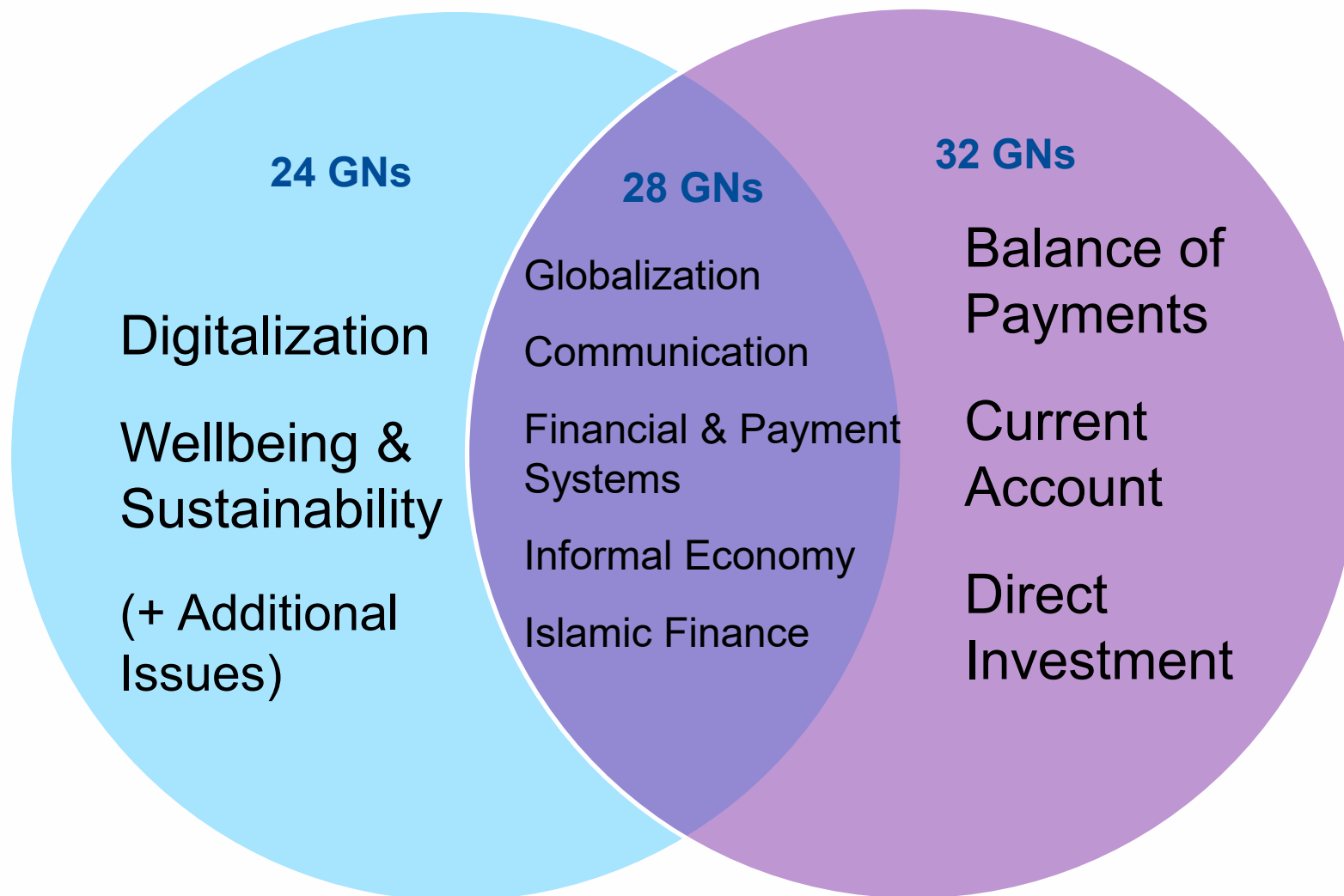
Appendices – how many?

Islamic finance? Digitalization?

Glossary

# **GFS-relevant Guidance Notes**

# SNA / BPM Update



**38 GNs  
assessed as of  
GFS relevance**

**84 GNs in total**

# GFS Relevant Guidance Notes

- 38 Guidance Notes (GNs)\* of GFS relevance
  - Of which proposed that:
    - 21 GNs to be endorsed for GFISM update (Group 1)
    - 17 GNs\*\* to be covered as elements within 12 broader research topics (Group 2)
- 16 Issue Notes / Action Points (or similar) of GFS relevance
  - Of which proposed that:
    - 14 to be endorsed for GFISM update (Group 1)
    - 2\*\*\* to be covered as elements within research topics (Group 2)

\* The last Progress Report identified 43 GNs but the final recommendations of 5 have no GFS impact

\*\* GNs B.12, C.5, CM.1, CM.2, CM.3, D.8, D.16, F.2, F.8, F.9, WS.6, WS.8, WS.9, WS.10, WS.11, WS.12, DZ.6

\*\*\* A.7 (PPPs), A.13 (Social Security)

# GFS Implications : Overview

- Most guidance is proposed to be considered through the “light touch” Group 1 process for endorsement
- Some SNA/BPM recommendations proposed to be considered through the Group 2 process because of a perceived need to:
  - consider related GFS topics
  - clarify GFS implementation
  - expand on guidance in SNA / BPM
- **Expectation is that GFSM will align to updated SNA / BPM**
  - any exceptions will be limited and based on clear user need
- Following slides present main GFS impacts from SNA / BPM updates

# GFS Implications : Asset classifications (1)

- New asset classification hierarchies to separate out natural capital resources from other nonfinancial assets (both produced and nonproduced) (WS.6, WS.8, WS.11)
- Asset boundary extended to recognize renewable energy resources (WS.11)
- Updated guidance on biological resource assets (WS.8)
- Inclusion of a new asset category for data (and distinguishing between data and observable phenomena – OP) (DZ.6)
- Classification of crypto assets – with crypto assets without a corresponding liability (CAWLM/P) treated as nonproduced nonfinancial assets (F.18)

## **GFS Implications : Asset classifications (2)**

- Classification of Islamic financial instruments (IF.1)
- Assets subject to factoring with and without recourse are to be treated as loans (F.14)
- New environmental assets as “of which” categories (WS.12)
- New guidance to allow more flexible interpretation of nature of cash collateral (F.10, B.4)

## **GFS Implications : Asset valuations**

- Introduction of split-asset treatment for some natural resources (WS.6)
- Inclusion of rent in sum of costs (e.g. own account GFCF) (AI.2)
- Inclusion of return to capital in valuation of output for nonmarket producers (A.8)
- Clarification on valuation of assets, in particular mineral and energy resources (WS.10, AI.2)
- Additional guidance on valuing unlisted equity (D.2)
- New guidance on treatment of negative equity (Issue note)
- Expansion of scenarios where loan values may be reset (beyond bankruptcy and liquidation) (F.9)
- Provisions related to terminal costs to be recognized in value of fixed assets (WS.9)



# GFS Implications : Transaction classifications (1)

- Depletion to be treated as transaction and not other economic flow (WS.6)
- Rent expanded to cover all nonproduced nonfinancial assets (AI.2)
- Clarification on definition/valuation of rent and permits to use natural resources (WS.14)
- Updated guidance on treatment of emission permits (WS.7)
- Payments for licenses required under a mandatory process to be considered unrequited, and so as taxes (WS.14)
- Additional guidance on when to rearrange transactions between non-government actors through government accounts (WS.14)
- New decision tree to guide classification of payments to government (WS.14)

## **GFS Implications : Transaction classifications (2)**

- Guidance on recording of non-refundable contributions to obtain citizenship (B.8)
- Extended imputations related to nonresident SPEs used for fiscal purposes (D.5)
- Clarification on application of superdividend guidance (D.17)
- Clarification on treatment of negative interest (BPM Note 3)
- Removal of implicit tax/subsidy when central banks set interest rates which are out of line with market rates (F.15)
- Clarification on fines/penalties and minor/major compensation payments (C.8)
- New environmental transactions as “of which” categories (WS.12)

# GFS Implications : Sector classifications

- Revised, more limited, definition of SPEs and inclusion of “of which” categories for SPEs (G.4)
- Further breakdowns of the financial corporations sector (F.1, F.6)
- New “of which” categories for environmental-related non-MMF investment funds (WS.12)
- Clarification on how to assess the economic owner of public-private partnership (PPP) assets (D.8)
- Additional guidance on when trusts/funds should be considered as separate institutional units (A.6)

## **GFS Implications : Other**

- Changes in terminology, e.g. remuneration of employees, depletion (CM.2)
- Introduction of a taxonomy for statistical releases and products (CM.3)
- Framework for countries to assess and present their degree of alignment with the international statistical standards (CM.1)
- Extended and updated common glossary

# Summary and Questions

# Summary

- **Harmonization** with 2025 SNA and BPM 7 is important
- **Common chapter** approach developed for 2025 SNA and BPM 7 to be considered for new GFSM
- Expectation that **SNA / BPM recommendations** will be reproduced within the new GFSM
- Some recommendations may require additional research due to a need to
  - consider related GFS topics
  - clarify GFS implementation
  - expand on guidance in SNA / BPM.

These are included in the GFSM research agenda (“Group 2”)

# GFSAC Feedback on Preliminary Research Agenda

- **11 written responses received**
- **Broad support for research topics** - good starting point
- **Group 1 → Group 2?**
  - AI.1 Valuation Principles and Methodologies
  - F.15 Debt concessionality
- **Group 2 → Group 1?**
  - 2.12 Operating and financial leases (GN C.5)
  - 2.15 Environmental classifications within GFS (GN WS.12)
  - 2.17 Identifying, valuing and reporting data assets (GN DZ.6)
  - 2.22 Government subscriptions to internal organizations (GN B.12)
  - Other topics notated as “clarifying” but not based on SNA/BPM Update (2.3, 2.5, 2.10, 2.11)
- **Other suggestions:**
  - Make clearer which SNA/BPM GN Recommendations to be considered in Group 2

## Questions and Discussion

- Do you agree with following the SNA / BPM common chapter approach within the new GFSM?
  - Are there specific common chapters that you would like to see included or excluded in the new GFSM?
- In relation to the 38 GFS-relevant SNA / BPM guidance notes and/or the 16 GFS-relevant issue notes / action points:
  - Are there any that you would not like to see reproduced in the new GFSM?
  - Are there any you would like to move from Group 1 to Group 2?
  - Are there any you would like to move from Group 2 to Group 1?
  - Do you have any other comments?



# Reference

# Group 1 Topics : SNA / BPM Guidance Notes (1)

No.	Source Identifier	Guidance Note (GN), or similar, Title
1.1	B.3	Treatment of centralized currency unions in macroeconomic statistics
1.2	B.8	Recording citizenship-by-investment (CBI) programs
1.3	B.9	Treatment of external assets and related income declared under tax amnesty in external sector statistics
1.4	C.8	Recording penalties and fines
1.5	D.2	Valuation of unlisted equity in direct investment
1.6	D.5	Eliminating imputations for an entity owned or controlled by general government that is used for fiscal purposes
1.7	D.17	Identifying superdividends and establishing the borderline between dividends and withdrawal of equity in the context of Direct Investment
1.8	F.3	Reverse transactions
1.9	F.4	Financial derivatives by type
1.10	F.6	Capturing non-bank financial intermediation in the SNA and ESS
1.11	F.10	Treatment of cash collateral
1.12	F.14	Treatment of factoring transactions
1.13	F.15	Debt concessionality
1.14	F.18	The recording of Crypto Assets in Macroeconomic Statistics

# Group 1 Topics : SNA / BPM Guidance Notes (2)

No.	Source Identifier	Guidance Note (GN), or similar, Title
1.15	G.4	Treatment of special purpose entities (SPEs) and residency
1.16	G.9	Payments for Nonproduced Knowledge-Based Capital (Marketing Assets)
1.17	WS.7	Emissions permits: the atmosphere as an asset
1.18	WS.14	Distinction between taxes, services and other flows
1.19	IF.1	Islamic Finance in the SNA and ESS
1.20	AI.1	Valuation principles and methodologies
1.21	AI.2	Treatment of Rent
1.22	A.5	Differences between SNA and IPSAS/IAS
1.23	A.6 / X.54	Treatment of trusts and other types of funds as separate institutional units
1.24	A.8 / X.55	Consistency in the application of the sum-of-costs approach
1.25	A.12 / X.9	Work-in-progress, transfer of ownership and capital services
1.26	A.14 / X.56	Add clarifications on the treatment of costs of ownership
1.27	A.15 / X.57	Add clarifications on the distinction between maintenance and capital repairs for intangible assets
1.28	A.16 / X.58	Possible alternative treatment of the transfer of leased assets at the end of the lease period

# Group 1 Topics : SNA / BPM Guidance Notes (3)

No.	Source Identifier	Guidance Note (GN), or similar, Title
1.29	B.2	Recording of share buybacks
1.30	B.4	Treatment of cash collateral
1.31	BPM Note 2	BPM Clarification Note 2: Remaining Maturity Classification— Clarification of the Definition
1.32	BPM Note 3	BPM Clarification Note 3: The Statistical Treatment of Negative Interest Rates
1.33	BPM Note 4	BPM Clarification Note 4: Clarification on Reserve Position in the IMF
1.34	BPM Note 5	BPM Clarification Note 5: Recording of Central Bank Swap Arrangements in Macroeconomic Statistics
1.35	BPM Note 6	BPM Clarification Note 6: Statistical Treatment of Precious Metals Accounts

## Further information

- Progress Reports on GFS Engagement in ISS Update
  - <https://www.imf.org/external/pubs/ft/gfs/gfsac/standards.htm>
- Update of the 2008 SNA - Consolidated List of Recommendations
  - [Consolidated List of Recommendations.pdf \(un.org\)](#)
- List of 2025 SNA Chapters
  - [System of National Accounts](#)
- List of BPM7 Chapters
  - [BPM7: List of Proposed BPM7 Chapters \(imf.org\)](#)