

IMF Government Finance Statistics Advisory Committee

Meeting in Washington, D.C.

April 24–25, 2024

Summary of Discussions

Prepared by the Statistics Department

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OPENING REMARKS

INTRODUCTION

- The Director of STA welcomed all participants, including those online and those who travelled for the first in-person meeting.
- It was explained that the main purpose of the meeting was to receive feedback on the proposed process and timeline, as well as the preliminary research agenda, for the update to the *Government Finance Statistics Manual 2014 (GFSM 2014)* ahead of global consultation.
- In addition to the written inputs already received, the two-day meeting provided an opportunity for additional input and perspectives.

SESSION 1: CONTEXT OF GOVERNMENT FINANCE STATISTICS MANUAL 2014 UPDATE

USER PERSPECTIVE: USING GFS TO STRENGTHEN FISCAL ANALYSIS

Topics presented for discussion

- Ana Ivanova, a former IMF mission chief for Ecuador who led the IMF's engagement with the country for a number of years, shared her experiences as a user of GFS. Michelle Stone, deputy division chief in the public financial management division of the IMF's Fiscal Affairs Department, supplemented this with observations of her own on the critical importance of good fiscal statistics.
- Internationally comparable and consistent time-series data for analysis is needed by both country authorities and international/regional agencies, such as the IMF, in order to make informed decisions. From an IMF perspective, statistics serve as a vital foundation for building robust policy recommendations and programs. The specific case of Ecuador was used to illustrate the consequences of inadequate fiscal data. The lack of timely and accurate data led to challenges in monitoring the impact of fiscal policies and setting and monitoring IMF program targets. However, after a strong capacity development program, led by the IMF's government finance division, comprehensive and reconciled statistics were obtained. This led to the design of a solid program and a subsequent decline in government financing costs due to increased fiscal transparency.
- It was observed that although strengthening the methodology to develop comparable, consistent, and timely fiscal statistics was essential there can be an impact on long-time series. There is therefore a trade-off between the production of detailed and high-quality GFS with analysis needs for long time-series. Perhaps some long time-series could be less detailed and more flexible in terms of their compliance with the latest methodologies.

Summary of discussion

- In response to a question on emerging topics for fiscal analysis, topics of climate and environmental changes, gender, fiscal risk, and public investment were identified. It was further suggested that fiscal analysis should not be limited to only the general government but should encompass the public sector.
- In response to a question on what constituted a long time-series, it was stated that ideally analysts would look for annual data for at least 25-30 years. However, this is not always available and shorter time-series of quarterly data can also be valuable as it increases the number of observations.
- Several challenges of authorities were discussed. These included challenges in implementing methodological changes, challenges from having fiscal data presented in different formats with

differences in key aggregates/metrics, as well as simply resistance to change. Developing a country-specific transition plan, as well as outreach and communication with users, are necessary elements to address these challenges. Similarly, guidance notes, quality control, clarity on the linkage between fiscal statistics, public financial management, budget formulation, and alignment of the chart of accounts that can produce both GFS and IPSAS can help overcome those challenges.

Main conclusions and actions

- The discussions emphasized the important role of government finance statistics in policy recommendations and IMF program design, necessitating the need for timely, consistent, and good quality fiscal statistics.
- Also highlighted was the need for long time series for policy analysis and research so a balance was required between high quality data following the latest methodologies and long time series data of perhaps lower consistency.

PROCESS, TIMELINE, AND COVERAGE OF UPDATE TO SEEA-CF

Topics presented for discussion

- Sjoerd Schenau, the Chair of the Technical Committee on the System of Environmental Economic Accounting Central Framework (SEEA-CF), delivered a presentation on the update to the SEEA-CF.
- The SEEA-CF is a statistical standard that integrates environmental and economic data using the same accounting principles of the System of National Accounts (SNA). Currently 90 countries compile SEEA accounts. The UN Statistical Commission endorsed the update of the SEEA-CF in March 2024.
- The update will involve technical research, global consultations, and collaboration with different stakeholders, including statisticians, national accountants, environmental economists, policy makers, academia, and the private sector. Currently the SEEA CF technical committee has structured the list of 40 issues under four groupings: overarching topics (including consistency with SNA), physical flow accounts, environmental activity accounts and related flows, and asset accounts.
- **The tentative timeline was presented as follows:**
 - 2024: Global consultation on the proposed research issues, working on high-priority topics, and organizing task teams.
 - 2025–2026: Drafting of issue papers with global consultation and updated text of the SEEA-CF.
 - 2027: Continuing drafting updated text, sending chapters for global consultation, and submitting to the UN Statistical Commission for endorsement in 2028.
- The SEEA-CF update will also be coordinated with the revisions of GFS and the Classification of Functions of Government (COFOG) to ensure consistent recommendations on areas of common interest.

Summary of discussion

- Harmonization between the various statistical standards SNA, SEEA-CF and GFS-COFOG was welcomed by the members. It was confirmed that the SEEA-CF will be harmonized with the SNA as much as possible, and that any deviation between the two would be well clarified.

- Some other topics suggested for exploration were personal tax income and tax incentives that related to environment, and environmental taxes.

Main conclusions and actions

- The updated SEEA-CF is planned for endorsement by early 2028. The Chair of the Technical Committee on the SEEA-CF, GFSAC members, and Chair of the COFOG Task Force, agreed that it is crucial to coordinate between the revisions of the different manuals to ensure consistent recommendations in areas of common interest.
- The exact modalities for coordination require further consideration, but there was general agreement that they would include involvement of GFS experts in relevant SEEA-CF research topics, and vice versa, as well as regular communication updates between the GFSAC and the Technical Committee on the SEEA-CF.

IPSAS-GFS ALIGNMENT AND OPPORTUNITIES TO BRING TOGETHER THE GFS AND ACCOUNTANCY COMMUNITIES

Topics presented for discussion

- Ian Carruthers, the Chair of the International Public Sector Accounting Standards Board (IPSASB), presented the background and the role of the IPSASB and his views on the current degree of alignment between IPSAS and macroeconomic statistics, including the GFSM.
- An update was provided on governments that have moved from cash to accrual accounting, based on results presented in the *2021 International Public Sector Financial Accountability Index Status Report*. As of 2020, of the 165 jurisdictions surveyed, 30 percent had implemented accrual accounting. The report forecast that by 2030 that figure would have risen to 73 percent.
- The importance of accrual data to strengthen public financial management (PFM) was underlined, as was the benefit of integrating accrual-based accounting information with budgetary and GFS reporting.
- IPSASB maintain and publish an alignment dashboard which shows the degree of alignment between IPSAS and the macroeconomic statistical standards. The latest version highlights that of the 49 IPSAS, 8 are fully aligned with the statistical standards, with a further 29 identified as having alignment possibilities.
- Specific topics suggested as areas for potential alignment for consideration as part of the *GFSM* research agenda were: (i) non-financial liabilities (e.g., extending fiscal risks recognition beyond transactions); (ii) employee benefits and retirement benefits plans (e.g., measurement of defined benefit obligation and terminology); (iii) the measurement / valuation (e.g., current operational value and measurement techniques) and (iv) concessional lending.

Summary of discussion

- Members agreed that there are opportunities:
 - For further harmonization through the standard setting processes of both IPSAS and the *GFSM*.
 - For raising awareness across the accountancy and statistical professions, through the preparation of additional compilation guidance, and supplementary training materials for both

professional groups to provide a high-level understanding of benefits of the different products, the importance of using the same data, and how to approach this.

- Members acknowledged that there is no perfect alignment between accounting and statistical standards, but emphasized that country publications could be supplemented by the appropriate reconciliation tables and metadata. To assist with this, practical guidance could be prepared to further explain differences in the methodology and concepts between IPSAS and GFS. It was suggested that this guidance might be built upon the existing annex in the *GFSM 2014*. In the meantime, it was noted that this annex was now out-of-date and so to future-proof an updated chapter it may be more practical to include much of the detail outside of the manual.

Main conclusions and actions

- The Chair of IPSASB and GFSAC members acknowledged that due to the different purposes of IPSAS and GFS it is not always possible or even desirable to fully align accounting and statistical standards. However, the SNA/BPM and *GFSM 2014* update processes provide an opportunity to further align these standards where it is practical and beneficial to do so and explain differences to users where not. Therefore, close collaboration is important.
- GFSAC Members noted that the existing appendix on the relationship between *GFSM 2014* and IPSASB is helpful for users and should be updated.

PROCESS, TIMELINE, AND COVERAGE OF UPDATE TO COFOG

Topics presented for discussion

- Tom Orford, the Chair of the Task Team on the Revision of the Classification of Functions of Government (COFOG), presented the scope of the COFOG revision, the main drivers for the revision, the composition of the task teams, details of the first inception meeting of the task team, and the timelines and workplan for the task team.
- The presentation highlighted that the COFOG standard had not been revised since 1999. The United Nations Statistical Commission (UNSC) in March 2022 recommended the revision of the COFOG and in March 2024 the UNSC approved the terms of reference of the task team on the revision of the COFOG.
- The main drivers for the revision COFOG are to: (i) meet emerging data needs for policy making on environmental expenditures, climate change and biodiversity, digitalization, education, as well as official alternative structures along thematic areas; (ii) generate granular data for deeper analysis; (iii) ensure that the COFOG remains aligned with all updates to related frameworks and classifications; and (iv) provide more detailed compilation guidance to address on specific compilation issues, classification of spending with multiple purposes, and cross-classification of COFOG with economic classification.
- The COFOG revision began with the establishment of the task team and the task team aims to bring together experts from classifications, GFS, national accounts, environmental accounts, as well as subject matter specialists (e.g., on biodiversity, climate change, and education).

- The first meeting of the task team on the revision of COFOG took place on April 17, 2024. Thirty-two participants from seven countries and seven international/regional organizations were represented. However, the task team is still open to new members.
- It is proposed that the list of research issues identified be grouped into structural, alignment and thematic. A template for compiling proposed issues for discussion has been prepared and will be circulated soon, and results will be used to complete an initial list of issues for global consultation in Sept/Oct 2024.
- The tentative timeline for the COFOG revision is:
 - 2024: Initial meetings; global consultation on list of issues
 - 2025: Finalize list of issues and begin discussion
 - 2026: Finalize revision and present to UNCEISC for endorsement
 - 2027: Submit to UN Statistical Commission for approval

Summary of discussion

- Members welcomed the collaboration with the Task Team on the COFOG Revision and emphasized the importance of close coordination and communication with GFSAC to ensure no duplication of effort and to facilitate collaboration on issues of common interest.
- However, there was a suggestion that the timelines and the workplan for the COFOG revision may be too ambitious given the size of the research agenda.
- One member highlighted that it had been difficult to obtain information on the COFOG revision. The presenter in response emphasized that the Task Team was still open to new members and that they were keen to make sure all interested parties are kept informed regarding their work. To this end, it was suggested that GFSAC communication channels might be used effectively to promote the work of the COFOG Task Team.
- The point was made that when developing further the list of research issues the user perspective is critically important. In this regard it was suggested that the issue of 'double tagging' for multipurpose expenditure (e.g., primary and secondary) was of strong user interest.
- It was also highlighted that the Eurostat *Manual on Sources and Methods for the Compilation of COFOG Statistics* is an important resource which can also contribute to the revisions process.
- In response to a question, it was explained that within IPSAS there has been little work on expenditures by function/purpose and COFOG has a low profile, however that there has been some work done on sustainability disclosures, in particular for reporting climate related spending.
- One member questioned whether there would be any consideration of the COFOG coverage, pointing out that previously COFOG had covered all outlays (including policy lending), but with the introduction of *GFSM 2001* it had been applied in a more limited way to only above-the-line expenditures.

Main conclusions and actions

- The COFOG revision is tentatively planned for completion by 2027. As previously noted, the Chair of the COFOG Task Force, GFSAC members, and Chair of the Technical Committee on the SEEA-CF, agreed that it is crucial to coordinate between the revisions of the different manuals to ensure consistent recommendations in areas of common interest.

SESSION 2: PROPOSED APPROACH FOR THE GFSM 2014 UPDATE

PROPOSED PROCESS AND TIMELINE FOR UPDATE TO THE *GFSM 2014*

Topics presented for discussion

- The presentation started with a recap from the March 2024 GFSAC Meeting on the context behind the update of the *GFSM 2014*, the proposed process for the update to the *GFSM 2014*, as well as the feedback from GFSAC members.
- An overview was presented of the updated proposal on the procedure for updating the *GFSM 2014*, including the proposed timeline. Details of the two phases (research phase and drafting phase) were discussed and noted that the research phase is expected to start in Q2 2024 while the drafting is expected to start in Q1 2025.

Summary of discussion

- GFSAC members were broadly supportive of the proposed overarching processes and governance arrangements, but suggested that the document would benefit from more specific and upfront establishment of the overall objectives and outcomes of the update to the manual.
- Members confirmed that they felt the timeline for updating the manual by 2027 was achievable, but it would require strong project management and would depend on the final research agenda.
- Members also noted the importance of considering updates from other relevant standards (e.g., MFS, COFOG, SEEA-CF), which are launching in 2024 with a similar timeline to that proposed for updating the *GFSM 2014*.
- In regard to the objectives of the update, emphasis was put on a need to be clear about the end product and how it was envisaged that this would be consumed by users in an evolving digital world.
- GFSAC members agreed that the update of the manual was not expected to lead to fundamental changes with respect to the framework and accounting rules for fiscal statistics compilation, but that it would nonetheless require revisions throughout the manual.
- There was discussion about the importance of clear guidance for task teams on the preparation of guidance notes in order to ensure they remain short, focused, and accessible documents. One suggestion was to add a one-to-two-page cover to any guidance note which succinctly presents the proposed recommendation.
- There was also broader discussion about the task team internal governance arrangements and to what extent this should be established in documentation.
- One member suggested that consideration might be given to removing the COFOG section of the manual and instead providing a reference to the United Nations COFOG guide. This would remove the need to update the *GFSM* anytime the COFOG guidance was updated.

Main conclusions and actions

- The GFSAC members broadly supported the proposed target for completing the update of the *GFSM 2014* by the end of 2027, while noting the ambition of the timeline and the need to review again the timeline once the research agenda had been agreed.

- GFSAC members agreed that the update of the manual was not expected to lead to fundamental changes with respect to the framework and accounting rules for fiscal statistics compilation and analysis. Members requested that the overarching objectives for updating the *GFSM 2014* be clearly spelled out in the paper to provide more clarity, including how to achieve these objectives. Members also noted that clear information on the roles and outputs of the proposed task teams should be provided.
- GFSAC members agreed that further consideration may be needed on how to reflect the revised COFOG in the updated GFSM, in particular, whether it remains as an appendix or cross-reference is made to the updated COFOG manual.

ENGAGING THE GLOBAL GFS COMMUNITY

Topics presented for discussion

- The presentation set out the strategic goals in developing a communication and engagement plan (CEP) for the update to the *GFSM 2014* as: (i) to raise stakeholder awareness; (ii) to promote collaboration with stakeholders; and (iii) to build advocacy and support for the adoption and implementation of the *GFSM 2014*.
- The presentation highlighted the different stakeholder groups as well as the different engagement and communication modalities under consideration.
- A draft CEP was shared to demonstrate the proposed structure of the plan.
- Finally, the collaboration website being built to facilitate exchange of documents with GFSAC members was demonstrated.

Summary of discussion

- The GFSAC members underscored the importance of communication in engaging with the relevant stakeholders, especially the ministries of finance since they are the main stakeholders in the implementation of GFS, use of GFS and are responsible for providing funding for the implementation of the manual.
- Members appreciated the proposed approach of using different communication and engagement methods and tools when approaching different stakeholders noting that the approach will enhance stakeholder awareness of the *GFSM 2014* update.
- GFSAC members appreciated the current and planned collaboration including the developed dedicated GFSAC website which serves as a center with information on GFSAC activities (GFSAC documents, meetings schedules, agenda and takeaways, and written consultations). Members suggested the need to include an overview of *GFSM 2014* update work, especially its objectives and the benefits.
- The meeting discussed avenues of enhancing communication and advocacy including the development of a flyer to communicate the ongoing *GFSM 2014* update and its usefulness, conducting outreach missions and need for better branding of the *GFSM* to improve its name recognition as a tool for fiscal reporting and analysis, instead of a manual just for compilers.

Main conclusions and actions

- GFSAC members appreciated the current and planned collaboration including the collaboration website which serves as a center with information on GFSAC activities. Members suggested the need to develop a short document (e.g., in the form of a flyer) to communicate the ongoing *GFSM 2014* update work, especially its objectives and the benefits.
- GFSAC members stressed the need to strengthen outreach to the ministries of finance since they are the main stakeholders in the implementation of GFS, use of GFS and are responsible for providing funding for the implementation of the manual. Members also requested material to support these discussions.
- GFSAC members suggested a need for better branding of the GFSM to improve its name recognition as a tool for fiscal reporting and analysis, instead of a manual just for compilers.

OVERVIEW OF THE OUTCOMES OF THE SNA/BPM UPDATE AND ITS IMPLICATIONS FOR GFS

Topics presented for discussion

- The presentation emphasized the importance of harmonizing the new GFS manual with the outcomes of the SNA/BPM update that were assessed to be relevant to GFS.
- Firstly, the topic of common chapters between manuals was discussed. There are eight common chapters between SNA and BPM and GFSAC were asked to consider whether any might be relevant to the *GFSM* update. Specifically highlighted were the common chapters on: (i) residence, institutional units and sectors; (ii) flows stocks and accounting rules; (iii) communicating and disseminating; (iv) Islamic finance; and (v) digitalization, as well as the common macroeconomic statistics glossary. It was also suggested that the *GFSM* and BPM might share a common chapter on debt reorganization and related transactions.
- The presentation went on to summarize the GFS implications from the SNA/BPM guidance note recommendations, as well as associated issue notes (and similar). In total there are 38 SNA/BPM Guidance Notes (GN) considered to be of GFS relevance as well as 16 GFS-relevant issue notes / action points. Out of the 38 GNs, 21 were proposed to be endorsed for inclusion in the *GFSM* update (as Group 1 topics) and the remaining 17 to be covered as elements within 12 broader research topics (in Group 2). Similarly, of the 16 issue notes/actions 14 were proposed to be endorsed for inclusion the new *GFSM* manual (as Group 1 topics) while the remaining two to be covered as elements within broader research topics (in Group 2). It was emphasized that the distinction between Group 1 and Group 2 topics was being made not because there was doubt or concern about implementing some SNA/BPM recommendations within the *GFSM*, but rather because some topics required additional consideration of other related GFS-specific issues.

Summary of discussion

- The members unanimously supported the approach of the SNA/BPM common chapters as a way forward to further harmonize GFS with SNA and BPM in the *GFSM* update. While chapters like institutional units and sectors and flows, stocks, and accounting rules looked straight forward as common chapters to be considered in *GFSM* update, other chapters might need further discussion and consideration. It was noted that some chapters might be lacking the necessary details required for GFS and might need to be further developed before their inclusion in the new GFS Manual.

- One member raised the concern that some of the common chapters might not be as clearly written as those in the current *GFSM* and warned that we should therefore be careful when including common chapters. Another member queried why the balance sheet had not been included as a common chapter.
- Several members felt that the relationship between GFS and the other macroeconomic statistics like the SNA, BPM and MFS could better be elaborated in the updated *GFSM*, and that this could also be a good candidate for a common chapter.
- There was general agreement that it was a little too early to decide on the structure of the new *GFSM* and that the topic should be revisited once the research agenda is being progressed.
- GFSAC members welcomed the comprehensive analysis of the SNA/BPM guidance notes, and the delineation between Group 1 and Group 2 so as to facilitate the advancement of the topics.
- Several members highlighted that it may be too early to identify any missing topics or decide whether any topics should be moved between Group 1 and Group 2, suggesting that these issues often only become clear once the work commences on advancing the topics.

Main conclusions and actions

- GFSAC members supported the approach of the SNA/BPM common chapters as a way forward to further harmonize GFS with the SNA and BPM. While chapters such as on institutional units and sectors and flows, stocks, and accounting rules looked straightforward as common chapters to be considered in the *GFSM* update, other chapters might need further discussions to determine what portion of them are to be included and what additionally was needed to support fiscal reporting and analysis.
- GFSAC members suggested that the relationship between GFS and the other macroeconomic statistics like the SNA, BPM and MFS could better be elaborated in the updated *GFSM*, particularly as this is apparently not explored in detail in the updated SNA.

RECAP OF DAY 1

WELCOME AND RECAP OF KEY POINTS FROM DAY 1

- The Chair welcomed GFSAC members to the second day of the Committee meeting. He appreciated very much the active and constructive engagement of members during the first day and looked forward to more good discussion over the second day.
- The main takeaways from the first day were the general support for the process laid out of updating the *GFSM* both in terms of the timeline, including its alignment to other updates, and the structure and governance of the task teams.
- There was recognition of the need to inform all stakeholders of the update process and how the process will unfold. The next three years provide an opportunity to increase the use and awareness of the Government Finance Statistics and our engagement should not just be on the update, but also on the usefulness of the standard.

SESSION 3: PROPOSED RESEARCH AGENDA FOR THE GFSM 2014 UPDATE

- In Session 3, two main pathways for presenting issues for global consultation were considered.
 - Group 1 refers to the expectation that the issues are relevant but may not require substantial research and guidance notes due to existing materials.
 - Group 2 means that substantial consideration and research effort is expected.
- Furthermore, GFSAC members were invited to consider five options when reviewing each topic.
 - **Option 1:** Endorse research topic for inclusion in global consultation, as is.
 - **Option 2:** Endorse research topic for inclusion in global consultation, subject to specified edits/changes.
 - **Option 3:** Endorse for inclusion in global consultation but move research topic to “Group 1” issues list.
 - **Option 4:** Move research topic to list of topics requiring supplementary guidance outside the GFS Manual
 - **Option 5:** Drop research topic completely from the proposed research agenda.
- A written consultation of GFSAC members had been conducted prior to the meeting. The responses from GFSAC members on the preliminary list of research issues were summarized. In general, there was broad support for the proposed list. Specific suggestions were received regarding moving a small number of topics between Group 2 and Group 1 (and vice versa), as well as for clarifying textual amendments. In addition, members proposed an additional 8 research topics. The responses received were reflected in the six presentations within Session 3.

PROPOSED RESEARCH TOPICS FOR REVIEW RELATED TO: SECTOR OR TRANSACTION CLASSIFICATIONS

Topics presented for discussion

- The following research topics were discussed, with specific proposals on how to progress each topic using the five options detailed above. The proposals were based on feedback from the written consultation.
 - Boundary between government-controlled nonmarket and market producers engaged in nonfinancial activities (**option 1**).
 - Boundary between government-controlled nonmarket and market producers engaged in financial activities (**option 1**).
 - Transactions of government with sovereign wealth funds and similar (**option 1**).
 - Indigenous governments and one-party states (**option 4 or 5**).
 - Treatment of zakat (**option 4 or 5**).
- In addition, two new research topics suggested by GFSAC member were presented for discussion.
 - Further defining and subclassifying extrabudgetary units (presented by Ms. Braverman).
 - Government / public nonlife insurance schemes (presented by Mr. Samborski).

Summary of discussion

- The members agreed that the three topics proposed to be advanced to global consultation under option 1 were important topics and should all go to global consultation.
- One member suggested that when reviewing the boundary between government and public corporations the 50 percent market rule should be reviewed, as this led to many units which are heavily reliant on government transfers being classified as market producers, and so public corporations. It was noted that moving away from 50 percent may not be possible at this stage, given that this was not discussed as part of the SNA update.
- The discussion on the proposed research topic on indigenous governments and one-party states focused on the particular issues raised by indigenous governments. It was highlighted that in some countries indigenous communities have significant amounts of financial and nonfinancial assets and are responsible for the provision of a wide range of services. However, it is not always clear how to classify the community bodies holding the assets and providing the services, in particular, with respect to whether they are part of local or state government, or both. There was broad support therefore for including this issue within the research topics to go out to consultation, with a view to providing clarifying guidance on the definitions of subnational governments.
- However, the element of the research topic on de-facto one-party states (including absolute monarchies) did not receive sufficient support from GFSAC members.
- Many members of GFSAC argued for the importance of maintaining the research topic on the treatment of zakat in the research agenda that goes to global consultation. It was pointed out that zakat is relevant for many countries, at least 30, and that for these countries the additional clarification on its treatment would likely be helpful. It was also suggested that this would be beneficial to include to signal the importance of inclusivity and support work on fiscal transparency.
- One member pointed out that in addition to zakat there were other countries where church contributions played a similar role in society. Both these are briefly mentioned in *GFSM 2014* but there was consensus that a research topic to examine these in more detail should be included in the research topic list which goes to global consultation.
- With regard to further defining and subclassifying extrabudgetary units, there was general agreement that this topic was worthy of pursuing in the research agenda for global consultation. It was noted in this regard that the concept of budgetary and extrabudgetary government was unique to the *GFSM* and so could be progressed with no impact on the other statistical manuals.
- The proposed additional topic on government / public nonlife insurance schemes received few comments, but notably there was no objection to its inclusion in the research agenda which goes to global consultation.

Main conclusions and actions:

- After discussion, it was agreed that the following topics would be included in the Group 2 research agenda for global consultation:
 - Boundary between government-controlled nonmarket and market producers engaged in nonfinancial activities
 - Boundary between government-controlled nonmarket and market producers engaged in financial activities
 - Transactions of government with sovereign wealth funds (and similar)
 - Indigenous governments
 - Treatment of zakat
 - Further defining and subclassifying extrabudgetary units
 - Government / public nonlife insurance schemes
- It was agreed to drop the topic of “one-party states” from the research agenda.

PROPOSED RESEARCH TOPICS FOR REVIEW RELATED TO: PUBLIC SECTOR DEBT AND PROVISIONS & SOCIAL INSURANCE

Topics presented for discussion

- The following research topics were discussed, with specific proposals on how to progress each topic using the five options detailed above. The proposals were based on feedback from the written consultation:
 - Debt valuation issues (**option 1**)
 - Debt assumption and debt payments on behalf of others (**option 1**)
 - Valuation and recognition of loans (**option 1**)
 - Recording of provisions (**option 1**)
 - Social security schemes (**option 1**)
 - Government assumption of pension obligations (**option 1**)
 - Stock positions and related flows with IMF (**option 4 or 5**)
 - Central Bank quasi-fiscal operations (**option 4 or 5**)
- In addition, three new research topics suggested by GFSAC member were presented for discussion.
 - Equity for public corporations (presented by Mr. Samborski)
 - Contingent liabilities (presented by Mr. Samborski)
 - Employee benefits – defined benefits schemes (presented by Mr. Carlos Fonseca)

Summary of discussion

- The members agreed that the six topics proposed to be advanced to global consultation under option 1 were important topics and should all go to global consultation.
- One member questioned whether the topics of debt valuation and debt assumption merited a full guidance note or whether they could instead be treated under the “lighter” Group 1 approach.
- There were mixed views on the proposed research topic on stock positions and flows with the IMF, but there was a majority view that it was worth including in the list that goes to global consultation. In particular, there was interest in considering whether the guidance on the treatment of Special Drawing

Rights (SDRs) could be strengthened and the coverage broadened to include the latest arrangement where countries lend their SDR holdings to the IMF Resilience and Sustainability Trust.

- With respect to the proposed research topic on the quasi-fiscal operations of the Central Bank there were mixed views. Some felt it was important to provide more guidance on how to recognize and treat quasi-fiscal operations within the GFS manual, but others suggested that it was a lower priority than other topics and did not need to be included in the list that went out for global consultation.
- On the proposed topic of equity for public corporations, there was broad support with almost all members agreeing that it should be explained better in the manual and should be included in the list for global consultation. It was also highlighted as an important topic in the evaluation of risks.
- On the proposed topic of contingent liabilities, it was felt by members that there was substantial overlap with the proposed research topic on provisions and the consensus was to have a single topic covering all aspects of provisions and contingent liabilities in the research agenda. It was suggested that this could be renamed as “nonfinancial liabilities”.
- On the proposed topic of employee benefits – defined benefit schemes, there was broad consensus to include it in the list for global consultation, but some concerns about the resource it may take to progress. In this regard, one member emphasized the topic’s complexity and the necessity of involving a broader set of experts in the discussion. This member felt there may be insufficient time over the course of two years for sufficiently thorough discussion on this issue. GFSAC members agreed that this topic was distinct from that on social security schemes and should be kept separate.

Main conclusions and actions:

- After discussion it was agreed that the following topics would be included in the Group 2 research agenda for global consultation:
 - Debt valuation issues
 - Debt assumption and debt payments on behalf of others
 - Valuation and recognition of loans
 - Recording of provisions
 - Social security schemes
 - Government assumption of pension obligations
 - Equity for public corporations
 - Contingent liabilities
 - Employee benefits – defined benefit schemes
 - Stock positions and related flows with the IMF.
- It was agreed to merge the topics of contingent liabilities and recording of provisions.
- The consensus was to not include the “Treatment of Central Bank quasi-fiscal operations” within the research agenda which goes out to consultation.
- Different options were proposed to merge other topics, such as the “Stock positions and related flows within the IMF” with the topic on “Capital subscriptions to international banks”.

PROPOSED RESEARCH TOPICS FOR REVIEW RELATED TO: NATURAL RESOURCES & OTHER NONPRODUCED ASSETS

Topics presented for discussion

- The following research topics were discussed, with specific proposals on how to progress each topic using the five options detailed above. The proposals were based on feedback from the written consultation.
 - Accounting for natural resources and their exploitation in GFS (**option 1**)
 - Environmental classifications within GFS (**option 3**)
 - Climate-sustaining and climate-damaging subsidies and other transfers (**option 1**)
 - Identifying, valuing, and reporting government data assets (**option 3**)

Summary of discussion

- Some members expressed concerns about including climate-sustaining and climate-damaging subsidies and other transfers as a Group 2 topic, and noted practical difficulties for compilers in applying any guidance which would be developed. Some members suggested these be treated as alternative classifications, satellite account options or supplementary presentations, rather than as part of the core framework. Notwithstanding concerns, other members noted that there is strong demand for guidance to collate environmental statistics and to identify environmental policies in fiscal reporting, and so this argues for inclusion of these concepts in the *GFSM* to ensure GFS data can provide the data to provide useful environmental policy fiscal aggregates. STA staff noted that it would be undesirable for the new GFS to ignore this important topic, but one option might be to include guidance or signposts in the fiscal analysis section of the manual.
- With respect to environmental classifications, which was proposed to be taken forward as a Group 1 topic, there was some discussion about whether or not it requires a full guidance note. Clarification was provided that many of these items are providing lower level “of which” items, that will enable GFS data to contribute towards environmental indicators and include environmental sub-indicators within the overall GFS framework.

Main conclusions and actions

- After discussion it was agreed that the following topic would be included in the Group 2 research agenda for global consultation:
 - Accounting for natural resources and their exploitation in GFS
- It was agreed that the following topic would also be included in the Group 2 research agenda for global consultation, with some clarifying textual amendments to explain that the anticipated outcome would be focused on GFS-based metrics to meet user demands.
 - Climate-sustaining and climate-damaging subsidies and other transfers
- It was also agreed that the following topics would be included in the Group 1 research agenda for global consultation:
 - Environmental classifications within GFS
 - Identifying, valuing, and reporting government data assets.

PROPOSED RESEARCH TOPICS FOR REVIEW RELATED TO: ECONOMIC OWNERSHIP OF ASSETS AND CAPITAL INJECTIONS AND TRANSFERS

Topics presented for discussion

- The following research topics were discussed, with specific proposals on how to progress each topic using the five options detailed above. The proposals were based on feedback from the written consultation.
 - Operating and financial leases (**Option 3**)
 - Treatment of public-private partnerships (PPPs) (**Option 1**)
 - Capital transfers (**Option 2**)
 - Treatment of capital injections by government into corporations (**Option 1**)
 - Government subscriptions to regional or international organizations (**Option 4 or 5**)
- In addition, two new research topics suggested by GFSAC member were presented for discussion.
 - Recording and valuation of infrastructure assets (presented by Mr. Zwijnenburg)
 - Treatment of privatization (presented by Mr. Mead)

Summary of discussion

- Members welcomed the additional two topics proposed for inclusion in the research agenda, and largely agreed with the proposed treatment of each of the research topics under this agenda item.
- Some members raised concerns that the topic on infrastructure assets might require changes in the SNA, but it was clarified that what was envisaged was providing clarity on a more granular presentation that would assist users, rather than a change in the approach to valuation. Another member who supported the proposed research topic suggested that it was important to keep the topic broad and consider all infrastructure assets and not just ones linked to climate change.
- One member noted that for some of these topics there is existing well developed guidance, for example those developed by the European Union, which could be used to inform the *GFSM* research topics. They suggested short policy papers could precede the longer guidance notes to set out a clear roadmap for each topic, so as to reduce workloads.
- With respect to government subscriptions to regional and international organizations, members suggested that this could be merged with some other existing topics, such as the injections into corporations, or the discussion on stocks and flows with the IMF or the new topic on privatization – this could be a broader topic with the suggested name of government equity operations.

Main conclusions and actions

- After discussion it was agreed that the following topics would be included in the Group 2 research agenda for global consultation:
 - Treatment of public-private partnerships (PPPs)
 - Treatment of capital injections by government into corporations
 - Treatment of privatization.

- It was agreed that the following topics would also be included in the Group 2 research agenda for global consultation after minor textual amendments:
 - Capital transfers
 - Recording and valuation of infrastructure assets
- It was also agreed that the following topics would be included in the Group 1 research agenda for global consultation:
 - Operating and financial leases
- The final topic “Government subscriptions to regional and international organizations” was recognized as a relevant topic, and one with some overlap with other topical areas, and so members agreed that this could be addressed through including it in a guidance note together with other multilateral institution related topics as part of the group 2 research agenda.

PROPOSED RESEARCH TOPICS FOR REVIEW RELATED TO: FISCAL ANALYSIS

Topics presented for discussion

- The following research topics were discussed, with specific proposals on how to progress each topic using the five options detailed above. The proposals were based on feedback from the written consultation.
 - Treatment of tax expenditures, tax deferrals, and other similar incentives (**Option 1**)
 - Retained earnings of public corporations and their impact on fiscal analysis (**Option 1**)
 - Methodological guidance on compilation and analyzing SOE data (**Option 1**)
 - GFS within fiscal analysis and policymaking (**Option 1**)
 - Balance sheet analysis (**Option 1**)
- In addition, one new research topic suggested by a GFSAC member was presented for discussion.
 - Crises and emergencies (presented by Ms. Braverman)

Summary of discussion

- In response to a member’s remark that the issue of retained earnings was already discussed in *GFSM* (but more compilation guidance would be beneficial), it was clarified that the proposed topic was to explore the impacts on fiscal analysis if the earnings of public corporations were treated as reinvested through above-the-line transactions (as done for foreign direct investment) and not just reflected in the equity positions.
- Several members questioned whether guidance on fiscal analysis should be included within a manual, such as the *GFSM*, on concepts and definitions. Views were mixed on this. On the one hand, it was recognized that some guidance on analysis already exists in the manual and that both users (and GFSAC members through the written consultation) tend to rate highly the need for more guidance on these topics. However, on the other hand there were questions about whether the *GFSM* was the right place for such guidance and whether GFS experts were necessarily the right ones to provide it.
- Most members were supportive of some limited guidance on fiscal analysis being included in the manual, but it was emphasized by several that this should be limited in scope and seen more as a way to assist compilers and users in signposting them to other relevant resources, rather than through the inclusion of extensive detailed discussions of how to use GFS in fiscal analysis.

- On tax expenditures one member queried the title of treatment of tax expenditures, suggesting that this was misleading, and a more accurate title might be “clarifying tax expenditures”, or something similar.
- Another member noted that calculating tax expenditures would require alternative sources other than for GFS and involve estimation (not measurement).
- Several members thought that it would be difficult to develop guidance on how to statistically treat measures ex-ante in response to crises and emergencies. A member suggested to consider unresolved issues from previous crises instead, although some others queried whether such a generic description would be useful.
- Some members emphasized that for them the GFSM is a manual for describing statistical principles and application, and not a compilation guide. Therefore, any compilation guidance, such as on State-Owned Enterprises (SOEs), should be produced separately to the manual.
- The Chair suggested it would be premature to consider where the guidance notes recommendations on research topics should be addressed (e.g., *GFSM* chapters, appendix, other documents, web-based publication) and that for now GFSAC should limit itself to deciding which topics should be included for global consultation. However, it might be appropriate within the global consultation to separate out analysis and compilation issues so as to manage expectations of the wider community.

Main conclusions and actions

- After discussion it was agreed that the following topics would be included in the research agenda for global consultation, but they would be highlighted as topics that could be either developed as short summaries for the manual annexes, or somewhat longer guidance for a separate product (e.g., compilation guide):
 - Treatment of tax expenditures, tax deferrals, and other similar incentives
 - Retained earnings of public corporations and their impact on fiscal analysis
 - Methodological guidance on compilation and analyzing SOE data
 - GFS within fiscal analysis and policymaking
 - Balance Sheet Analysis
- A topic on “crises and emergencies” was proposed but the general feedback from the GFSAC was that this was not necessary and did not need to be taken forward to the research agenda for global consultation.

PROPOSED RESEARCH TOPICS FOR REVIEW RELATED TO: COMMUNICATING GFS

Topics presented for discussion

- The following research topics were discussed, with specific proposals on how to progress each topic using the five options detailed above. The proposals were based on feedback from the written consultation.
 - A framework for the presentation of GFS metadata (**Option 1**)
 - Communicating GFS to users (**Option 1**)
 - Presentation of GFS flows related to natural resources (**Option 1**)
 - Relationship between GFS and IPSAS (**Option 1**)

Summary of discussion

- A member noted that on GFS flows related to natural resources, the guidance in the Extractive Industries Transparency Initiative (EITI) was based on the *GFSM 2001* and so care should be taken on now using it to inform the new *GFSM*. In response, it was clarified that the intention was to consider the implications for the guidance in EITI from the new concepts being included in the new *GFSM*, such as depletion and the split-asset treatment.
- As noted on the first day, a member suggested that for the treatment of GFS-IPSAS relationship in *GFSM 2014* (Appendix 6), an appropriate place would be a "live" document, not the *GFSM* itself, to keep materials up-to-date and relevant.
- As with the fiscal analysis topics, there was broad discussion around whether guidance on communicating GFS should be included within or outside the manual.

Main conclusions and actions

- After discussion it was agreed that the following topics would be included in the research agenda for global consultation, but they would be highlighted as topics that could be either developed as short high-level summaries for the manual annexes, or somewhat longer guidance for a separate product (e.g., compilation guide):
 - A framework for the presentation of GFS metadata
 - Communicating GFS to users
 - Presentation of GFS flows related to natural resources
 - Relationship between GFS and IPSAS

Summary of outcome of discussions for all research topics covered in Session 3

Research topic	Proposed way forward	Additional notes
Boundary between government-controlled nonmarket and market producers engaged in nonfinancial activities	Option 1	
Boundary between government-controlled nonmarket and market producers engaged in financial activities	Option 1	
Transactions of government with sovereign wealth funds (and similar)	Option 1	
Indigenous governments	Option 2	Reference to de facto one-party states to be removed
Treatment of zakat	Option 1	
Further defining and subclassifying extrabudgetary units	Option 1	Proposed by Ms. Braverman
Government / public nonlife insurance schemes.	Option 1	Proposed by Mr. Samborski
Debt valuation issues	Option 1	
Debt assumption and debt payments on behalf of others	Option 1	

Valuation and recognition of loans	Option 1	
Recording of provisions	Option 2	To merge with "Contingent liabilities"
Stock positions and related flows with the IMF	Option 2	To merge with "Government subscriptions to regional or international organizations"
Central Bank quasi-fiscal operations	Option 5	
Social security schemes	Option 1	
Government assumption of pension obligations	Option 1	
Equity for public corporations	Option 1	Proposed by Mr. Samborski
Contingent liabilities	Option 2	Proposed by Mr. Samborski – to merge with "Recording of provisions"
Employee benefits – defined benefit schemes	Option 1	Proposed by Mr. Carlos Fonseca
Accounting for natural resources and their exploitation in GFS	Option 1	
Environmental classifications within GFS	Option 3	
Climate-sustaining and climate-damaging subsidies and other transfers	Option 2	Agreed textual amendments
Identifying, valuing and reporting government data assets	Option 3	
Operating and financial leases	Option 3	
Treatment of public-private partnerships (PPPs)	Option 1	
Capital transfers	Option 2	Agreed textual amendments
Treatment of capital injections by government into corporations	Option 1	
Government subscriptions to regional or international organizations	Option 2	To merge with "Stock positions and related flows with the IMF"
Recording and valuation of infrastructure assets	Option 2	Proposed by Mr. Zwijnenburg – Agreed textual amendments
Treatment of privatization	Option 1	Proposed by Mr. Mead
Treatment of tax expenditures, tax deferrals, and other similar incentives	Option 1	To be highlighted as to be developed either as short high-level summaries for the GFS Manual, or somewhat longer guidance for one or more separate products (e.g., compilation guide)
Retained earnings of public corporations and their impact on fiscal analysis	Option 1	
Methodological guidance on compilation and analyzing SOE data	Option 1	
GFS within fiscal analysis and policymaking	Option 1	
Balance sheet analysis	Option 1	
Crises and emergencies	Option 5	Proposed by Ms. Braverman
A framework for the presentation of GFS metadata	Option 1	To be highlighted as to be developed either as short high-level

Communicating GFS to users	Option 1	summaries for the GFS Manual, or somewhat longer guidance for one or more separate products (e.g., compilation guide)
Presentation of GFS flows related to natural resources	Option 1	
Relationship between GFS and IPSAS	Option 1	

SESSION 4: PROPOSED STRATEGY FOR ADVANCING THE RESEARCH AGENDA

TASK TEAMS – ADVANCING THE RESEARCH AGENDA

Topics presented for discussion

- The presentation reminded the meeting of the proposals with respect to the governance, roles and responsibilities, and membership of the task teams who would advance the research agenda.
- Four task teams are proposed and the GFSAC members were shown how the current list of research topics might be allocated to the task teams.

Summary of discussion

- Some members expressed concerns on the number of participants proposed to be involved in a task team, on the basis that it might be difficult to find sufficient individuals to fill each task team. It was responded that individuals could be on more than one task team and that they would not only be selected from GFS compilers, but also other macroeconomic statistical domains and other fields (such as accountancy and academia).
- There was a concrete suggestion of having five to six people per topic for drafting guidance notes. Ideally, a multidisciplinary membership with some flexibility where required.
- One member also suggested that for each of the topic an STA member might be the lead so as to coordinate the preparation of the documents, the timeline, seek for group consensus and for the final outcomes. It was noted in response that this may not always be achievable but that the task team secretariats, who are responsible for many of these functions, are proposed to be drawn from STA staff.
- On decision-making, members raised concern about the statement that task teams should strive to reach a consensus on recommendation. The alternative suggestion being that the task teams should offer options to the GFSAC so that the committee members could advise on the appropriate recommendation. Although it was noted in discussion that options should be limited before being presented to the GFSAC for decision.
- Some members of the GFSAC were keen to be involved in task teams, although most were not in a position to commit during the meeting. One member suggested that chairs and co-chairs should generally be GFSAC members.

Main conclusions and actions

- GFSAC broadly supported the proposed approach to the establishment and governance of task teams and subgroups within the task teams to lead on the preparation of individual task teams. There was agreement for the importance of clear guidance and a standard template for guidance notes, and the inclusion of a dispute resolution mechanism.

- There was a recognition that it was difficult to finalize the list of task teams and their coverage ahead of having a more final research agenda, and so this would be refined after global consultation on the research agenda. Similarly, the testing of task team recommendations would be considered as a necessary step in the process for some recommendations.

SESSION 5: MEETING CONCLUSIONS AND NEXT STEPS

SUMMARY OF KEY DISCUSSION POINTS, MEETING CONCLUSIONS, AND NEXT STEPS

- The meeting conclusions and actions were generally accepted with minor editorial consideration. The GFSAC agreed on the following actions and timeline:
 - The GFSAC Secretariat will send out a full set of meeting minutes for GFSAC endorsement.
 - The GFSAC Secretariat will update: (i) the list of research topics; and (ii) the update process, governance, and timeline document, in accordance with the GFSAC meeting discussion and feedback. These updated documents will be shared with GFSAC members for a final endorsement.
 - Once endorsed, the updated documents will be prepared for global consultation, which will be launched in late May or early June 2024.
 - The next GFSAC meeting will take place virtually; the exact date is yet to be confirmed, but is expected to be in early Autumn to discuss the consultation responses and next steps.