



STATISTICS

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GFSM—State of Play, Main Challenges, and Future Directions

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STATISTICS

GFSM—State of Play, Main Challenges, and Future Directions

SEPTEMBER 12, 2019

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Government Finance

Content

- **State of play and recent developments**
- **Challenges in implementing the GFS framework**
- **Future directions**
- **Questions for discussion**

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IMF Board Decision and Reviews

2010

Phased migration strategy to implement *GFSM 2001* as the standard for Fund fiscal data:

1. include key elements of *GFSM 2001* presentation in country staff reports;
2. develop countries' capacity to produce comprehensive *GFSM 2001* data in their own fiscal reporting and in reporting to the Fund.

2013

First review:

1. continuation of migration strategy;
2. creation of **Government Finance Statistics Advisory Committee (GFSAC)** to support implementation of *GFSM 2001* by countries; and
3. continued assistance to country teams and to countries to fully implement the Board decision.

2017

Second review:

1. developing a staggered migration strategy taking into consideration country-specific and fiscal surveillance needs;
2. assessing financial balance sheets during surveillance;
3. gradually expanding fiscal data coverage; and
4. reaffirming support for the phased implementation of the GFS over the medium term.

Relevance of GFSM

Publication of *GFSM 2014*: Updated GFS framework provides additional guidance and clarification on fiscal developments

Introduction of **SDDS Plus** and launch of second phase of **G-20 Data Gaps Initiative**

Revision of the **Fiscal Transparency Code**

Development of template to collect data on **government revenue from natural resources**

Further alignment of **IPSAS and GFS**

Countries Compiling Fiscal Statistics on the Basis of the GFS Framework also for Policy Making

UK published GFSM-consistent fiscal statistics tables in May 2019

Applying the *ESA 2010* and reporting fiscal statistics within GFS framework

Francophone countries: Countries in West and Central Africa (WAEMU and CEMAC, resp.) adopted TOFE directives, which are supportive of the migration towards the GFS framework.

Selected South Asian and Pacific Island Countries: Broadened sectoral coverage and balance sheet data

East African Community countries: developed the “EAC Guidelines on Compilation of Government Finance and Public Sector Debt Statistics” in 2015, that provided guidelines for compilation and dissemination of fiscal statistics in the EAC based on the GFSM 2014.

Georgia, Iceland, Mexico, Rwanda, and Senegal: various progress made, including compiling high-frequency fiscal statistics, adoption of GFS framework for fiscal policy statements and budget, fiscal policy targets in line with GFS, adopted GFS framework for setting fiscal targets under IMF program.

GFSAC Meetings

- Implementation of the *GFSM 2014*,
- Need to fill data gaps, and expand coverage to general government and reporting balance sheet data

2015

1

- Sharing country and Fund economists' experiences about GFS balance sheet data, public-private partnerships, and pension liabilities

2017

2

- Strengthen methodological guidance,
- Foster compilation and dissemination of high-quality fiscal statistics,
- Share country experiences in closing data gaps

2019

3



TOR expanded in 2018 to **address key fiscal statistical issues** relevant for policymaking and surveillance and provide **guidance to countries with less developed statistical systems.**

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Challenges in Implementing GFS Framework

135 of 189 IMF member countries report fiscal statistics broadly in line with the *GFSM 2014* to IMF.



Though not all GFS reporters are using the GFS framework for fiscal policy purposes.

A 2017 IMF country desk survey indicated main reasons **that hamper implementation of the GFSM by IMF surveillance teams:**

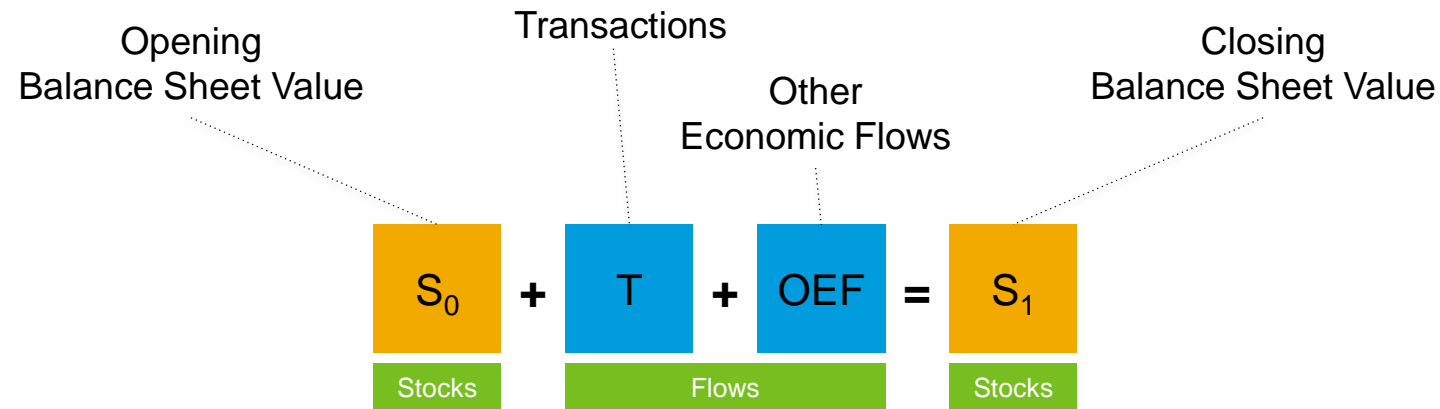
- **“Policy discussions** are not based on GFSM framework,”
- “analysis is based on the **indicators as defined by the program,**” and
- **“timeliness** of data based on GFSM”,
- **“Authorities not always keen to adopt GFS definitions for policy purposes,”**
- **Technical difficulties** country teams often face related to migration of fiscal files to the GFSM framework (e.g., break in time series, legacy of fiscal files with complex cross-sectoral links)

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Developments that Support the Implementation of the GFSM framework

- **Global financial crisis** highlighted importance of high-quality and transparent fiscal data and analysis to appropriately assess countries' underlying fiscal position and fiscal risks.
- Now widely recognized that **fiscal surveillance should expand from the traditional focus** primarily on cash-flows for operations and financing, and a narrow definition of debt, **towards a more comprehensive reporting framework** encompassing the relationship between government's economic transactions, deficits, and stocks of assets and liabilities.



S = stock position; T = transactions; OEF = other economic flows

Developments that Support the Implementation of the GFSM framework (cont'd)

Acknowledgment that **surveillance** should take into consideration a **comprehensive analysis of balance sheets, cross-sector linkages, and spill-overs**

The **IMF 2014 Triennial Surveillance Review** has called for **reviving balance sheet analysis (BSA)** and using **BSA in Fund surveillance.**

BSA requires complete and consistent source data for all sectors, including the general government sector.

Developments that Support the Implementation of the GFS framework (cont'd.)

Debt Sustainability Analysis (DSA)

GFSM framework provides standard concepts and definitions for valuation, debt instruments and institutional coverage for the data underlying a DSA, thus facilitating cross-country comparability.

Broader definition of debt following the GFSM framework would capture a wider range of fiscal risks in the DSA rather than just focusing on the two most common debt instruments: securities and loans.

Developments that Support the Implementation of the GFS framework (cont'd.)

Fiscal Transparency Code

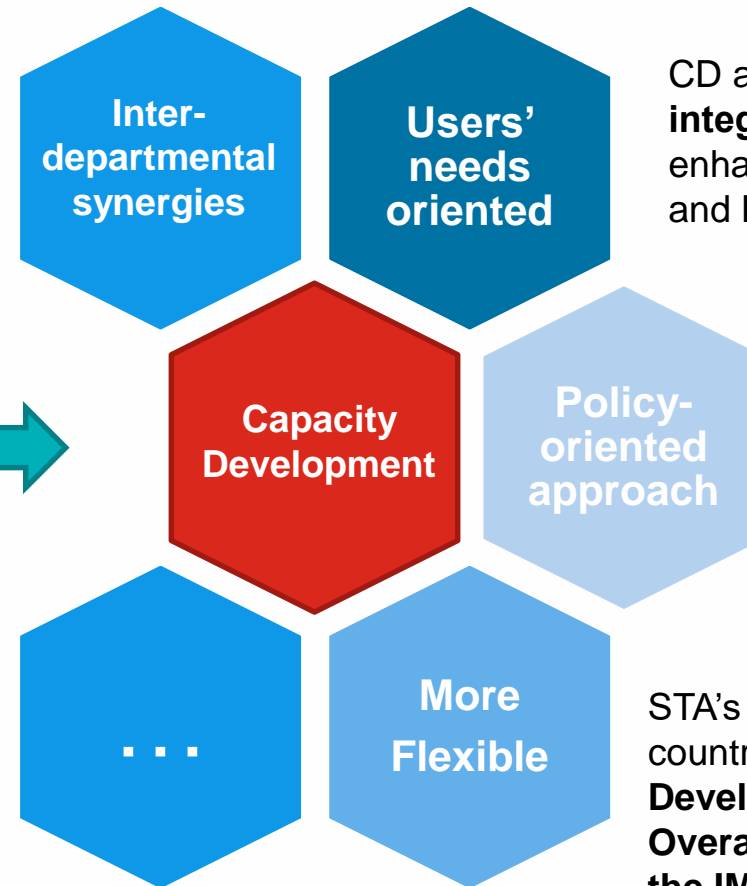
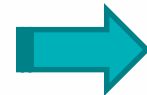
The 2013 review of the Fiscal Transparency Code and its accompanying Fiscal Transparency Evaluation tool reflected the latest advances in fiscal management and international statistical standards

This includes a direct reference to the GFSM framework for defining Code's principles and standards of practice in fiscal reporting.

Measures to enhance implementation of GFS framework for fiscal policy and surveillance purposes

STA and FAD significantly stepped up their CD, particularly to **low- and lower middle-income countries** where GFS methodological, data gaps and quality are most prevalent.

IMF sees TA and training as instrumental in supporting the GFS migration strategy



CD activities have shifted towards **better integration of the authorities' needs** for enhancing statistical data for policy-making and Fund surveillance

A **key factor leading to successful implementation of GFS framework**. Requires concerted efforts by country authorities, IMF country teams, and IMF TA departments.

STA's CD work under the D4D Fund Supports countries achieving the **Sustainable Development Goals** and is fully embedded in the **Overarching Strategy for Data and Statistics at the IMF in the Digital Age**

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- **Do GFSAC members see challenges in implementing the GFS framework in member countries other than those mentioned here (slide #9)?**
- **In GFSAC members' views, is our response in GFS and PSDS capacity development work flexible enough to (i) meeting member countries' needs, and (ii) changing priorities in the global policy dialogue?**
- **What further improvements could GFSAC members suggest to make GFS and PSDS capacity development work more effective ?**
- **In GFSAC members' view, where can the Fund do a better job in improving fiscal data for surveillance and policy making?**