



STATISTICS

**Proposed Research  
Topics:  
Economic Ownership of  
Assets  
Capital Injections and  
Transfers**

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# Topics related to Economic Ownership of Assets

- Operating and financial leases
- Treatment of public-private partnerships (PPPs)

Title:

**Operating and financial leases**

Type:

**Clarifying**

Rank:

**20<sup>th</sup> (joint)**

**MFS: No**

**SEEA: No**

**Background/Issues:**

As part of the updated to the SNA and BPM there has been a clear decision to maintain the current approach of distinguishing between operating and financial leases based on who is the economic owner of the assets as assessed through an analysis of which part bears most of the related risks and receives the majority of the related rewards. However, this deviates from the current accounting treatment in IPSAS and IFRS which instead applies an approach based on a "right to use" asset.

**Expected Outcomes:**

- Further improved guidance on the application of the principle of risk and reward approach to economic ownership of assets.
- Additional guidance on the differences and correspondences between the international accounting treatment of leases and the statistical treatment of leases.
- Develop a guidance note which will review these issues and propose updates to the *GFSM*, particularly with respect to the relevant sections of Appendix 4 of the *GFSM 2014*.

<b>Title:</b> <b>Treatment of public-private partnerships (PPPs)</b>	<b>Type:</b> Conceptual <b>Rank:</b> 7 <sup>th</sup> (joint) <b>MFS:</b> No <b>SEEA:</b> No
<b>Background/Issues:</b> As part of the SNA/BPM update it has been decided not to change the current risk and reward approach to identifying the economic owner of assets involved in PPP arrangements. An issue note was drafted including four recommendations: (i) to update the definition of a PPP in the statistical manuals and extend the introductory remarks to describe common PPP arrangements; (ii) to differentiate between PPPs where payments are made by the public partner for the provision of the public service or asset, and those where the payments are received from users; noting the different statistical considerations when the asset is deemed to be on the government balance sheet; (iii) to highlight and explain differences between the international statistical standards and International Public Sector Accounting Standards for the recording of PPPs; (iv) to provide more definitive guidance on the statistical recording of PPP-related transaction by describing the preferred treatment (even if other treatments are acknowledged as being appropriate in some circumstances).	
<b>Expected Outcomes:</b> <ul style="list-style-type: none"> <li>• Clarify and extend the current guidance on PPPs in the <i>GFSM 2014</i> (paras. A4.58 - A4.65).</li> <li>• Provide more detailed guidance on how the recommendations above should be reflected in the <i>GFSM</i>.</li> </ul>	

# Topics related to Capital Injections and Transfers

- Capital transfers
- Treatment of capital injections by government into corporations
- Government subscriptions to regional or international organizations

<p>Title:  <b>Capital transfers</b>  (or <b>Boundary between capital and current transfers</b>)</p>	<p>Type: <b>Conceptual</b>      Rank: <b>17<sup>th</sup> (joint)</b>  MFS: No    SEEA: No</p>
<p>Background/Issues:  Distinguishing between capital and current transfers is not always straightforward and <i>GFSM 2014</i> provides limited guidance on this. The principal existing guidance being in <i>GFSM 2014</i> paragraph 6.124 and Box 6.3. The SNA/BPM guidance note C.8 on Fines and Penalties has highlighted that some compensation payments should be recorded as capital transfers and others as current transfers. While this is currently captured within <i>GFSM 2014</i> para. 6.124 it is not clear that such payments meet the definition of capital transfers currently included in the macroeconomic statistics glossary.</p>	
<p>Expected Outcomes:</p> <ul style="list-style-type: none"> <li>• Prepare a guidance note which considers the features that distinguish a capital transfer from a current transfer, as well as the time of recording of capital transfers within the accrual reporting framework of the <i>GFSM</i>.</li> <li>• Recommend an update to the current definition of a capital transfer as part of the aforementioned guidance note.</li> </ul>	

**Title:**  
**Treatment of capital injections by government into corporations**

**Type:** Conceptual  
**Rank:** 5<sup>th</sup> (joint)

**MFS:** No **SEEA:** No

**Background/Issues:**

When governments inject funds into a corporation this could typically have the feature of a subsidy, a capital transfer, a loan, or an increase in equity. When the injection is in-kind then an even wider range of recording options are possible. *GFSM 2014* Figure A3.2 provides a decision tree for the recording of capital injections. However, consistent application of this decision tree has proved difficult due to the need to interpret terms such as whether an injection has the expectation of a "realistic return" and whether a unit in distress is a "going concern". Concerns have also been raised around recording capital injections into distressed public corporations (particularly ones where government is the sole owner) as increases in equity, particularly when other means of government support to public corporations (such as debt cancellation) are always treated above-the-line as capital transfers.

**Expected Outcomes:**

- Update the current guidance on the statistical treatment of capital injections.
- Further guidance on the appropriate recording of government support to public corporations, including Central Banks, including within the context of monetary unions.
- Consider whether there is merit in separately distinguishing transactions with public corporations within the GFS analytical framework (similarly to how grants to other government units are separately identifiable).



<p><b>Title:</b>  <b>Government subscriptions to regional or international organizations</b></p>	<p><b>Type:</b> Conceptual  <b>Rank:</b> 29<sup>th</sup>  <b>MFS: No</b>   <b>SEEA: No</b></p>
<p><b>Background/Issues:</b>  The guidance in the <i>GFSM 2014</i> on membership dues and subscription fees is relatively limited (see <i>GFSM 2014</i> para. 6.42). Section 4.7 of Eurostat's Manual on Government Deficit and Debt provides more detailed guidance for capital increases in multilateral development banks and when these capital subscriptions should be recorded as capital transfers, equity increases, or loans.</p>	
<p><b>Expected Outcomes:</b></p> <ul style="list-style-type: none"> <li>• Further guidance exploring the related issues, not only in relation to multilateral development banks but also other international organizations.</li> <li>• Recommendations as to whether the current <i>GFSM 2014</i> guidance should be updated and/or extended.</li> </ul>	

Title:

**Recording and valuation of infrastructure assets**

Proposed by:

**Jorrit Zwijnenburg**

**Background/Issues:**

The recording and valuation of infrastructure assets (in which government is typically the economic owner and/or plays an important role in construction) is an area of high interest to users, particularly in relation to 'resilient infrastructure' in view of climate change. In this regard, policy users are interested in obtaining more granular breakdowns for infrastructure assets and investments, as well as into accurate valuations reflecting the quality and the remaining life length of the assets, which may all be affected by the climate change (including more severe weather conditions). This information may be of high importance in sustainability analyses and in assessing what types of financial risks the government may run in view of climate change.

**Expected Outcomes:**

It is proposed to develop a guidance note to explore the issues in relation to the recording and valuation of infrastructure assets, with a view to whether to recommend for the GFSM

- (i) an expanded asset classification for infrastructure assets, and
- (ii) assessing the main compilation challenges that may need to be addressed in order to properly measure and value the flows and stocks related to infrastructure assets.

Title:

**Treatment of privatization**

Proposed by:

**Dane Mead**

**Background/Issues:**

The current guidance on privatization in the GFSM 2014 is to record it as a transaction in equity where the assets being disposed of constitute a complete institutional unit, but as transactions (disposals) in nonfinancial and/or financial assets where the sale does not relate to a complete unit. In practice privatization can take many different forms and the GFSM guidance can be difficult to apply as it is not always clear whether what has been sold represents a separate institutional unit in economic statistics. This may include circumstances where new institutional units and/or assets are created immediately prior to the privatization.

**Expected Outcomes:**

It is proposed to develop a guidance note to explore whether the existing guidance on privatization (and by extension nationalization) can be further extended and clarified as to when the disposal (or acquisition in the case of nationalization) should be treated as transactions in equity and when as transactions in nonfinancial and/or financial assets.

# Questions and Discussion

## Options for Each Research Topic

1. Endorse research topic for inclusion in global consultation, as is
2. Endorse research topic for inclusion in global consultation, subject to specified edits/changes
3. Endorse for inclusion in global consultation, but move research topic to “Group 1” issues list
4. Move research topic to list of topics requiring supplementary guidance outside the GFS Manual
5. Drop research topic completely from the proposed research agenda

# Proposed Outcomes for Research Topics

Based on written consultation responses we would tentatively propose:

## **Option 1 : Endorse research topic for inclusion in global consultation, as is**

- Treatment of public-private partnerships (PPPs)
- Treatment of capital injections by government into corporations

## **Option 2 : Endorse research topic for inclusion in global consultation, subject to specified edits/changes**

- Capital transfers (change name to: Boundary between capital and current transfers, and review text)

## **Option 3 : Endorse for inclusion in global consultation, but move research topic to “Group 1” issues list**

- Operating and financial leases

## **Option 4 or 5 : Move research topic to topics requiring supplementary guidance outside the GFS Manual or Drop research topic completely from the proposed research agenda**

- Government subscriptions to regional or international organizations

## **For discussion - as new topics not included in list shared for consultation**

- Recording and valuation of infrastructure assets
- Treatment of privatization