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Coordination of international statistical work in the UNECE region

In-depth review of government finance, fiscal and public sector statistics

Note by the International Monetary Fund*

Summary

The present note is a revised version of the document that was used as the basis for the in-depth review by the Bureau of the Conference of European Statisticians in October 2009. It has been updated to take into account the comments made in the discussion.

* This document has been submitted late for technical reasons.

I. Introduction

1. This in-depth review covers a broad spectrum of statistics pertaining to the public sector¹. These statistics include Government Finance Statistics (GFS) (e.g., revenue, expense, debt) and nonfinancial statistical indicators of fiscal performance (e.g., employment, tax rates, level of social assistance).
2. Government Finance Statistics represent a major dataset of macroeconomic statistics. They are linked with the General Government (GG) sector of the national accounts. Governments' transactions and positions with nonresidents feed into the balance of payments statistics, and governments' financing arrangements with financial corporations feed into monetary and financial statistics. The GFS data are a significant factor in attaining consistency in the overall macroeconomic accounts.
3. This paper provides an overview of regional and international activities in the public sector statistics domain. In broad terms, activities aim to encourage countries and international organizations to produce statistics on the public sector according to good international practices, and promote the timely dissemination of cross-country comparable data. The review also takes stock of major issues in fiscal statistics in view of the current economic and financial crisis. Appendix I provides a brief summary of the collection and dissemination of fiscal statistics by selected international organizations.
4. The remainder of this paper provides a brief description of the scope of these statistics; an overview of compilation and dissemination practices; an overview of dissemination of fiscal data at the international level; and the main outcomes of the discussions that were held in the Bureau meeting of October 2009.

II. The evolving scope of fiscal statistics

A. History of fiscal statistics

5. This section provides a brief review of the development of international guidelines on fiscal statistics. Until the mid 1970s countries compiled their fiscal statistics following national conventions, and comparability of data across countries was limited. To address this problem, the International Monetary Fund (IMF) prepared the 1975 *Draft Manual on Government Finance Statistics* that quickly gained acceptance with country officials.² In 1977, a *Government Finance Statistics Yearbook* was published for the first time by the IMF. It presented fiscal data for 100 member countries compiled according to international guidelines. Ten years later, *A Manual on Government Finance Statistics 1986 (GFSM 1986)* was published by the IMF. The *GFSM 1986* represented the first internationally accepted methodology for the compilation of GFS in a systematic manner, with well established definitions and classifications. These guidelines are still reflected today in the fiscal statistics of many countries, as well as in IMF surveillance and program documents.
6. During the past decades, management of public finances has evolved rapidly and fiscal statistics have become a more complex field. The need for a broader framework to

¹ While the term Government Finance Statistics is clearly defined, the terms 'fiscal statistics' and 'public sector statistics' are used interchangeably in this paper.

² Prior to this, the only statistical requirements on government activities were the 'government function' reported in earlier versions of the *System of National Accounts*.

compile statistics useful for fiscal analysis resulted in the publication of the *Government Finance Statistics Manual 2001 (GFSM 2001)*. The *GFSM 2001* provides a framework to record flows and stocks associated with General Government (GG) or public sector units in a systematic and integrated manner. It allows the recording on both cash and accrual base, and lays out a variety of balancing items for a more nuanced fiscal analysis of the financial position of the public sector. The *GFSM 2001* also enhanced the consistency with the *System of National Accounts 1993 (1993 SNA)*, and the *European System of Accounts 1995 (ESA 1995)*.

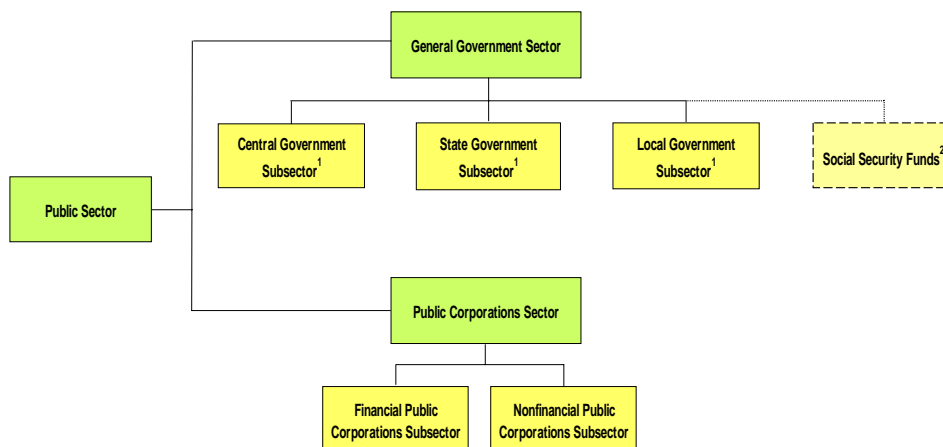
7. A similar development took place in Europe. The 1992 Maastricht Treaty established two fiscal convergence criteria (GG deficit and debt) but the 15 European Union (EU) countries did not have a common GFS methodology at the time. The *ESA 1979* was selected as the reference methodology, and was later replaced by the *ESA 1995*. However, these methodologies were not sufficient to produce relevant fiscal statistics and therefore, additional rules were introduced. The Financial Accounts Working Party in consultation with the Committee on Monetary, Financial, and Balance of Payments Statistics (CMFB), developed a more detailed set of guidelines for certain government transactions and public entities which are built on and fully consistent with *ESA 1995* principles.

B. Institutional scope

8. The economic activities of the government can be performed by various entities. As is the case with other recent macroeconomic manuals, GFS are organized according to sectors. The GG sector is defined as covering all entities involved in implementing public policy through the provision of primarily nonmarket services and the redistribution of income and wealth, mainly financed by compulsory levies on other sectors. Within GG, a range of sublevels of government are distinguished, including the central government, which is a commonly used indicator. (Figure 1).

9. To attain cross-country comparability of fiscal data pertaining to nonmarket government activities, GG coverage constitutes a good measure. The relative size of GG versus central government (CG) depends on the administrative arrangements in place in each country. For example, for a country with a decentralized federal system, CG will reflect a relatively smaller portion of GG activities than for a more centralized country. However, data for GG are compiled by many developing countries only annually with a relatively long lag after the reference period. Therefore, in practice, central government data are often used as a more timely indicator of the fiscal stance.

Figure 1
The public sector and its subsectors



¹ Budgetary, extra budgetary, and/or social security funds could exist at each of these subsectors.

² As an alternative, social security funds could be treated as a separate subsector.

Source: Government Finance Statistics Manual 2001

10. Statistical compilers often report that GFS for GG are more difficult to compile than macroeconomic statistics for other sectors. The difficulties refer to the large number of entities that must be covered particularly in local and regional governments, and the lack of a legal requirement for entities to report data to the GFS compilers and to report these on time. Moreover, ministries of finance traditionally focus on budget reports at the entity level rather than consolidated data at the GG level. In many cases the political nature of the activities of governments also contributes to the lack of transparency in reporting on government activities. In the absence of properly compiled GFS accounts for GG, national accountants often have to resort to estimates of GG data for the national accounts.

11. The difficulty to produce timely fiscal data is illustrated by the IMF's Special Data Dissemination Standard (SDDS), which allows flexibility options when a country has difficulties in meeting timeliness or periodicity requirements. The total number of flexibility options invoked by the SDDS subscribers for fiscal sector data is relatively high when compared with other datasets such as external sector statistics or financial statistics (see Table 1). SDDS countries invoke 31 flexibility options for fiscal sector data categories. Only the real sector data category accounts for a greater number of flexibility options (43 in total).

Table 1
Number of flexibility options invoked by the 64 Special Data Dissemination Standard subscribers (2009)

<i>Sector</i>	<i>Number of flexibility options</i>
Real Sector	43
<i>Of which: GDP</i>	4
<i>Production Index</i>	14
<i>Wages/Earnings</i>	8
<i>Unemployment</i>	7
<i>Employment</i>	5
<i>Price Indexes</i>	5
Fiscal Sector	31
<i>Of which: General Government</i>	11
<i>Central Government</i>	17
<i>Central Government Debt</i>	3
Financial Sector	16
External Sector	1

Source: International Monetary Fund

12. In some instances, *GFSM 2001* statistics are not compiled as an independent statistical output. The GG accounts may be compiled only as part of the national accounts for institutional sectors. This is the case for several European Union (EU) countries that compile and disseminate a fiscal presentation of their GG accounts in line with the statistical standards laid out in *ESA 1995*.

13. GFS can also be extended to include the market activities controlled by government so as to compile statistics for the public sector. Extending the boundaries of the GFS dataset to that of the public sector allows a full assessment of all governments' interventions in the economy, specifically relevant where many quasi-fiscal activities occur.

C. Transactional scope

14. The *GFSM 2001* integrates stocks and flows and promotes reporting of government finances in a similar way as the financial statements of commercial businesses. For example, all flows of economic value are recorded in a *Statement of Operations* (akin to an income statement) and a *Cash Flow Statement*, while stock positions (including debt statistics) are recorded in a *Balance Sheet*. The conceptual framework defines major categories of revenues, expenses, and transactions in nonfinancial and financial assets, and liabilities. These aggregates allow for the calculation of balancing items, such as the operating balance, net lending/borrowing, the cash surplus/deficit, and, in the balance sheet, total debt, net worth and net financial worth. In addition to an economic classification of

expenses/expenditures, the functional classification of expenditures following the *SNA/GFSM* Classification of Functions of Government (COFOG), is compiled.

15. GFS data allow for a comprehensive approach to analyzing stocks and flows in financial assets and liabilities. These are classified by residence of the creditor, type of financial instrument, and type of institutional sector of the creditor. In addition to a residence breakdown, transactions in financial assets and liabilities (in particular debt instruments and their counterparts in financial assets) can also be classified by (1) original and remaining maturity, (2) currency of denomination, and (3) by type of interest rate. Fiscal data users and analysts can also derive supplementary aggregates from GFS, such as net privatization proceeds, policy lending, fiscal burden, gross saving, and government consumption expenditure and investment.

16. The *GFSM 2001*, *ESA 1995*, and *ESA 1995 Manual on Government Deficit and Debt* are all based on the same methodological framework, the *1993 SNA*. These statistics share concepts and definitions regarding the institutional coverage of the GG sector as well as the accounting rules employed (time of recording, valuation, gross/net recording of stocks and flows). There are some differences between *GFSM 2001* and *ESA 1995* in the level of detail in the respective classifications used by the two systems, certain aspects of consolidation, and treatment of some social security activities.

17. Besides government finance statistics, public sector statistics often measure the performance of government, service delivery, and quantify policy implications of government decisions. Useful data in these areas include databases on tax rates, social assistance delivery, and employment in the public sector. These datasets provide more detailed operational information on government policy and performance such as the level of social protection provided as reported in the social security database. They also provide data on the productivity of the public sector through volume measures of production and services rendered.

III. Compilation and dissemination practices

A. Sources of data

18. Compilers use various sources of data in compiling GFS. Important factors taken into account when choosing the most appropriate source are the coverage of available data, the basis of recording and valuation of stocks and flows, the degree of detail available, the periodicity and timeliness of the source records, and the accuracy and reliability of the information presented in the documents. The media in which the records can be made available are also considered, because compilers often prefer records available in electronic form to facilitate an electronic transfer of data. While accounting records of government units are the best sources for compiling financial statistics, these records often have limitations, and need to be supplemented by other sources.

B. Compilation methods and dissemination practices

19. Compilers analyze the source data and make adjustments to meet the reporting requirements. Adjustments refer to institutional or transactional coverage, the basis of recording, or valuation. The compilation process may also require adjustments for classification differences, netting/grossing of flows or stocks, and inconsistencies in periodicities.

20. Compilation of GG or public sector statistics requires intragovernmental and intergovernmental consolidation.³ Compilation of GFS for the GG sector requires eliminating all transactions and reciprocal stock positions among the government units/entities being combined so as to present statistics for a combined set of government units as if they constituted a single unit.

21. The demand for more timely dissemination of statistics has evolved over time. Traditionally, government data coincided with the financial year of governments and were reported only annually with limited monthly and/or quarterly data available. These annual data were often closely linked to the budget cycle. While various estimates of budget outcomes were produced during the budget cycle, accurate data on outcomes often becomes available with a long time lapse after the reference period. The need for timely data was highlighted by the financial crisis of the mid-1990s, in which information deficiencies played a major role. Dissemination standards, such as those of the SDDS or of the Excessive Deficit Procedure, contributed toward improving statistical systems and data dissemination.

22. The SDDS prescribes timeliness, periodicity, and coverage of specified data categories. SDDS specifies dissemination of at least annual data on GG or the public sector within two quarters of the reference date, monthly data on central government operations within one month, and quarterly data on central government debt within one quarter. In practice, the coverage of central government data varies, some countries disseminate data covering only budgetary operations (i.e., limited to the operations of the central government budget) while other disseminate data on the entire consolidated central government or part of it.⁴

IV. Concepts and methodology in use

23. Concepts used in public sector statistics are broadly based on the basic concepts of the *1993 SNA*. However, there are some noteworthy exceptions. Examples of such deviations are:

(a) The revenue statistics disseminated by the Organisation for Economic Co-operation and Development (OECD), which include social contributions as a component of tax revenue, while the *GFSM 2001* definitions of taxes exclude social contributions as a tax component and rather report these as a separate category of revenue;

(b) National or regional practices such as those followed by Eurostat, define central government as excluding social security funds, while others may include this level of government; and

(c) The *ECB Government Finance Statistics Guide* (a presentational variant of European countries' GFS) uses the concepts of capital revenue and capital expenditure, which includes acquisition and disposal of nonfinancial assets, while the *GFSM 2001* excludes these transactions from the concept of revenue and expense.

24. In many cases, definitions, concepts, and methodology are commensurate, but in practice the reported data do not fully comply with statistical reporting requirements. Examples of such differences are:

³ Although the *1993 SNA* does not specifically prescribe consolidation, the *ESA 1995* GG accounts are usually consolidated for specific transactions (interest, current and capital transfers, and financial instruments).

⁴ The SDDS encourages quarterly GG.

(a) The *GFSM 2001* suggests that data on liabilities be reported at market values, but resulting from the difficulty of government systems to produce these data, reporting is often made at face or nominal value;

(b) The OECD requires revenue data to be reported for GG on a calendar year basis but in some cases governments report annual data for a subsector of government.

25. Differences in statistical concepts and compilation practices across agencies emphasize the importance of metadata. To assist users of public sector statistics, methodological notes and additional information on how data differ from the standard methodology should be readily available. Users generally also benefit from disclosure of component details and reconciliation with related data. Over the medium to long term, improvements in concepts and methodology could emanate from cooperation among statistical agencies, working toward reducing these differences.

V. Institutional arrangements for compiling fiscal statistics

26. Several national agencies are often involved in producing fiscal statistics (see Table 2). The ministries of finance, national statistical offices, and central banks often play an important role as compilers of data or provider of source data. Often responsibilities for some data compilation are delegated to specific agencies, i.e., ministries of finance often set up a separate unit with the responsibility of managing assets and liabilities of the government, and reporting on those.

A. Role of ministries of finance

27. Finance ministries generally compile budget data to monitor implementation of the government budget. These data usually follow national classifications and presentations. The data usually compare figures for the budget approved at the beginning of a period with the results for the period. The main sources of the data are accounting and other administrative records. A major limitation of these data is that national conventions do not match internationally recognized concepts and definitions, and are therefore not comparable across countries. These data often require a number of adjustments to bring them in line with a statistical framework such as the *GFSM 2001*.

28. GFS use the same data source as budget data (accounting record), but data are presented in a standardized framework, at a more aggregated level, and include balancing items that are considered to be analytically useful. Budget data and GFS serve different purposes. Budget data mainly serve a control purpose and GFS serve an analytical purpose.

29. In many countries, ministries of finance also have a role to play in the general oversight of other levels of government. They often have the authority to set legal reporting requirements for other levels of government, distribute a common revenue pool and regulate the flow of resources and reporting on its use. This gives finance ministries direct access to information required for the compilation of statistics.

B. Role of national statistical offices

30. National Statistical Offices are responsible for compiling and disseminating official macroeconomic statistics, which usually include the national accounts statistics following the *1993 SNA* (or *ESA 1995*) methodological framework. In this context, national statistical offices compile a set of accounts for the GG institutional sector, using source data compiled by the ministries of finance (budget execution reports or accounting records) and normally

complementing it with directly collected source data. In cases where access to accounting records is not possible, data are often collected through surveys and questionnaires – as is often the case for local government data.

31. In some countries, GFS are compiled in the national statistical offices as is now usual for EU members. Accordingly, the ministry of finance becomes a supplier of source data to the compiler, rather than the compiler. Difficulties may arise when the source data do not match the reporting framework – resulting in numerous ad hoc adjustments.

C. Role of central banks

32. Central banks are primarily involved in data related to monetary policy but often have close links with government and their finances. Government operations influence liquidity in the money market, and borrowing activities often also have a significant impact on the capital market. The central bank can also be involved in assisting government with debt management. As bankers of government, central banks often perform an oversight role, and in that capacity have access to data on the financial results of government activities. While these data may be reliable indicators of the net financial result of government operations, they lack detail on the specific operational activities of government. This procedure normally results in a statistical discrepancy between operations and financing, providing a measure of the quality and consistency in the data.

D. Coordination among national agencies

33. In view of macroeconomic linkages, national agencies should coordinate efforts towards consistency in economic data. The responsibility for compiling GFS is usually specifically assigned to an agency. However, the responsible agency should coordinate and cooperate with the other agencies to ensure consistency in the coverage and sectorization of GG used by all agencies. Similarly, agencies should agree on using internationally accepted concepts, definitions and valuation rules, so as to eliminate the need for ad hoc adjustments to data. National authorities generally make specific arrangements about data sharing – this coordination is often attained through standing working groups or committees. Reconciliation of data produced by various agencies informs the program of improvements required in data compilation.

Table 2
Agencies producing and disseminating general government statistics in 64 Special Data Dissemination Standard countries (2007) In percent

Agency	General government statistics	
	Producing agency	Disseminating agency
Statistical Office	24	32
Central bank	7	12
Ministry of Finance	68	54
Other agencies	0	2
Total	100	100

Source: Dziobek and Tanase from IFC Bulletin No 28

VI. International agencies reporting public sector statistics

A. Bank for International Settlements

34. The Bank for International Settlements (BIS) introduced the dissemination of international financial statistics during the emergence of Eurocurrency market in the mid-1960s as part of the broader agreement of G10 countries to monitor capital flows. Currently, the BIS publishes data on about 60 countries and disseminates quarterly data, which include maturity of domestic central government debt outstanding and international debt securities for the government sector.⁵ The data reported by issuers for the government sector, are consistent with the securities components of government liabilities as defined in the GFS.

35. Areas for improvement include contributing (together with the IMF and ECB) in drafting the *Handbook on Securities Statistics*, which clarifies and attains consistency in the various concepts related to the securities statistics, and updating the debt securities statistics using the template on the new framework for debt securities issues. The BIS collaborates with international expert groups, which include the Committee on Global Financial System (sets the priorities for improving the coverage of the financial statistics), the Basel Committee on Banking Supervision (provides the methodology for collecting banking statistics), the Financial Stability Board (provides a framework for collecting statistics on international financial markets and capital flows), and the Irving Fisher Committee on Central Bank Statistics and the Working Group on Securities Databases (chaired by the IMF and including also the ECB and the World Bank).

⁵ The BIS definition of “international” refers to the nondomestic location of the transaction, currency of issuance, or residence of the issuer, whereas the *GFSM 2001* defines residency to refer to the center of economic interest.

B. Interstate Statistical Committee of the Commonwealth of Independent States

36. The Interstate Statistical Committee of the Commonwealth of Independent States (CIS-Stat) is responsible for the collection, processing, analysis and dissemination of major social and economic statistical indicators for the CIS countries. The aim is to have statistics comparable within the CIS region but also in a broader international context. These include quarterly and annual data on “State Budget” Income and Expenditure in the Commonwealth countries, and are reported and published in the *Statistical Bulletin* and other publications. The CIS-STAT data are based on the 1993 SNA concepts and the economic activity classification is based on the first version of the *Nomenclature Générale des Activités Économiques dans les Communautés Européennes (NACE)*.

37. Plans for future work to improve the methodological approaches. These plans relate mainly to improvement in the national accounts statistics, and proposals to improve statistical reporting and to adapt international standards (especially in GFS) to national circumstances. The preparation of analytical reports on the financial situation in the Commonwealth countries and the provision of assistance to the Commonwealth countries to improve statistics will continue.

C. European Central Bank

38. The ECB has set requirements and procedures for exchanging statistical information within the European System of Central Banks (ESCB) in the field of GFS. It imposes reporting requirements on the National Central Banks of the EU Member States in the euro area, but does not bind central banks of non-participating Member States. GFS are used in the monetary policy analysis of the ECB, to prepare “convergence” reports in which the preparedness of non-participating Member States is assessed. The ECB closely follows developments under the EU’s Excessive Deficit Procedure (EDP) in the context of the Stability and Growth Pact. The ECB’s GFS are provided at quarterly or annual frequency and disseminated in the ‘Euro Area Statistics’ section of the *ECB’s Monthly Bulletin*.

39. During the 2009 Task Force on Finance Statistics (TFFS) meeting, the ECB underscored the collection of GFS quarterly and annual data as an important priority. Plans for improvements listed by the ECB included improving the quality of quarterly figures of euro area government deficit, debt and the deficit-debt adjustment, and the compilation of euro area government employment schemes data. In addition, the ECB will support Eurostat in the update of the *Manual on Government Deficit and Debt*.

D. Eurostat

40. European GFS as compiled for Eurostat are defined by reference to the *ESA 1995*, and the *ESA 1995 Manual on Government Deficit and Debt*. These manuals have been supplemented by further interpretation and guidance from Eurostat.⁶ These form the basis for fiscal monitoring in Europe, notably for the statistics related to the EDP. Annual GFS tables (presented in a summary form as well as in a detailed form) are compiled twice per year, usually at the end of April and end of October. Quarterly Summary GFS tables are also compiled. These data are reported on a quarterly and annual frequency to Eurostat, are

⁶ The decisions are taken after consultation of the CMFB and on the basis of examination of the matter by ad hoc task forces. They often lead to the publication of new chapters in the *ESA 1995 Manual on Government Deficit and Debt*.

validated and published, and are usually the subject of *Statistics in Focus* and other publications. Eurostat provides guidance to member states on the accounting rules for EDP, and GFS complementing the general rules of *ESA 1995* as interpreted in the *ESA 1995 Manual on Government Deficit and Debt*. The Eurostat decisions provide general guidance to countries on the recording of certain types of transactions, or deals with specific cases which are particularly complex. Eurostat also collects detailed annual information on government expenditure (by function – COFOG), on taxes and social contributions (by detailed tax) and on financial transactions (by financial instrument).

41. A joint IMF/Eurostat Task Force was established in 2006 to explore the possibilities of aligning *ESA 1995* based GFS more closely with the *GFSM 2001* presentation. *ESA 1995*-based annual and intra-annual were converted into the IMF's *GFSM 2001* annual and quarterly templates. Since *GFSM 2001* is more detailed and/or differs from *ESA 1995* on some issues, some supplementary information was needed. As a result of this exercise Eurostat and the IMF have a data transmittal arrangement that reduces reporting burdens of the member countries and ensure that available data are consistent⁷.

42. Plans for improvement listed by Eurostat include an update of the *ESA 1995 Manual on Government Deficit and Debt*; and the progressive development of data on public corporations. Eurostat will continue to discuss selected methodological issues with Member States and provide bilateral advice, publish data and assess candidate countries.

E. International Labor Office

43. While the International Labor Office (ILO) mainly compiles data on topics related to the workforce, one section of their work focuses on social security data. The Social Security Database offers information on social security programs. Socio-economic indicators reflecting the principles or models of social protection include the number, conditionalities and other features of national social security programs. Only national and compulsory cash benefit social security programs are included in the database. The database covers 124 countries from all regions of the world. The database includes descriptions of social security programs and information concerning social security expenditures and financing according to type of social risk event. The methodological approach is broadly compatible with the *1993 SNA*, the Eurostat-ESSPROS approach to social protection revenue and expenditure statistics, the OECD Social Protection Expenditure database, and the IMF's GFS guidelines. These data are disseminated with annual frequency by the ILO Bureau of Statistics to the public.

44. Plans for improvements listed by the ILO are aimed at enhancing the quality of the statistical products, the ease of access and usefulness of the statistics compiled and to avoid duplication of work. Some of the improvements are focused on the availability and organization of the metadata, the use of the Statistical Data and Metadata Exchange (SDMX) protocol, strengthening and coordinating the IT services, rationalizing the *Yearbook* and *Key Indicators of the Labor Market* publications improve relevance, and giving priority to online publications instead of printed publications.

F. International Monetary Fund

45. The IMF publishes monthly, quarterly, and annual GFS data and metadata. GFS are disseminated in the monthly *International Financial Statistics (IFS)*, the *Annual GFS CD-*

⁷ Similar re-transmission arrangements were set up between Eurostat, the ECB and OECD.

ROM, and the IMF's website, particularly the Principal Global Indicators. Metadata include Institutional Tables on coverage of these data.⁸ Metadata on the statistical compilation process are disseminated on the Data Dissemination Bulletin Board. The annual GFS cover the detailed *GFSM 2001* statements and tables, while the *IFS* covers only the summary statements. The *World Economic Outlook (WEO)* disseminates fiscal data obtained from the IMF's operational database, maintained by the various departments.

46. The IMF provides assistance in GFS to member countries through a variety of channels, including consultation and missions to individual countries. These capacity building efforts also include training courses and workshops at headquarters and at regional centers.

47. Plans for improvements listed by the IMF include improvements in statistical publication and methodology. The IMF is expanding the monthly and quarterly *IFS* data both in terms of the number of countries reporting such data and the level of detail. Additional *GFSM 2001* companion materials, on methodological issues are in preparation. These are disseminated on the IMF's website. Staff is developing generic methodological guidance notes in the form of a "Frequently Asked Questions" facility, which will be posted in an accessible form on an electronic database 2011. The *Public Sector Debt Statistics Guide* is being drafted, with input from other organizations. An update of the *GFSM 2001* is planned in view of the *2008 SNA*.

G. Organization for Economic Cooperation and Development

48. The OECD publishes fiscal statistics and undertakes major studies on specific issues concerning government finance. The OECD conducts cross-country and cross-sector analysis, projections and country profiles on the specific topics of the various databases. Examples are:

(a) Government at a Glance: Data on public sector inputs and processes. A summary of existing internationally comparable data on output and outcomes;

(b) Central Government Debt Statistics: data on central government marketable debt instruments as well as duration and average term to maturity of domestic foreign and total debt;

(c) Fiscal Relations Across Levels of Government: data on sub-national government's discretion over own revenues and expenditures, on the design of local taxes, on intergovernmental transfers, on fiscal equalization, on indicators of decentralization, and on macroeconomic management of sub-central finance;

(d) Pensions at a Glance: in-depth information on the key features of mandatory pension systems — both public and private — including projections of retirement income for today's workers;

(e) Revenue Statistics: detailed tax and social contributions data in a common format for all OECD countries;

(f) Tax Rates: information, for each of the main taxes, on the rate and its method of application in each country;

⁸ The annual statistics in the *GFSM 2001* presentation cover data from 1990 onwards. The Historical Database on CD-ROM covers 1972–89 in the *GFSM 1986* format.

(g) Taxing Wages: tax/benefit position of employees, covering personal income tax and social security contributions paid by employees and their employers, and universal cash benefits received by family units;

(h) Comparison of Employment and Costs in the Public Domain: data regarding employment in the public sector and in the public domain by taking into account different kinds of organizations (also public enterprises or private organizations financed by public funds), comparing them with the costs of production of the GG Sector;

(i) Management in Government: data and indicators of good government and efficient public services, with a focus on assessing the impact of public management reforms and progress made in their implementation.

(j) Benefits and Wages: a database that monitors reforms of tax and benefits systems and their impact on work incentives and income adequacy.

49. Plans for improvement listed by the OECD include timeliness of data, and collection of data from non-OECD Countries (in particular accession and enhanced engagement countries). It is envisaged that over time, the OECD will widen the scope/coverage of the data on the public sector, and include more measures about the quality of public sector processes and selected output and outcome measures. Also, new dimensions to the analysis (e.g., gender issues), will be added.

H. World Bank

50. Against the background of the financial crisis, the World Bank now plans to collect and disseminate domestic and external government debt statistics covering, at least, the central and general government sectors. The classifications and methodology to be used are consistent with the *Public Sector Debt Statistics Guide* (forthcoming). Other aspects of debt statistics are already relatively well-covered by existing data sources. There has been great progress in recent years in improving the availability of data on countries' external debt, including GG, by means of the Joint External Debt Hub⁹. In addition, government debt of public sector banks is covered by banking statistics by the World Bank for almost all economies. World Bank also re-disseminates *GFS Yearbook* data, and information on the countries' public financial management.

I. Other regional organizations

51. A number of regional organizations work toward attaining consistency in reporting on GFS by their respective members. These regional initiatives are establishing common reporting frameworks, broadly based on the GFS reporting framework. Regional organization involved in such initiatives include:

- (a) Western African Economic and Monetary Union, (WAEMU);
- (b) Economic Community Of West African States (ECOWAS),
- (c) Economic Community of Central African States (CEMAC)
- (d) Eastern Caribbean Currency Union (ECCU)
- (e) Gulf Cooperation Countries (GCC);
- (f) Andean Community; and

⁹ This hub is operated by the World Bank with data also collected by BIS, IMF, and OECD.

(g) Mercosur.

VII. Recent methodological developments

A. System of National Accounts 2008 and required updates to the Government Finance Statistics

52. Many of the changes introduced in the 2008 SNA will also apply to the GFS methodology. Some of the changes affecting government include capitalization of research and development, military expenditure, a more detailed asset classification (especially for areas such as intellectual property and licenses), and treatment of special purpose entities. Recognition of unfunded pension obligations¹⁰ was an important change in the 2008 SNA, but this is already recognized in the GFSM 2001. In addition, there are a number of clarifications and elaborations, while the 2008 SNA also introduced the concept of revenue and expenditure for government.

53. The IMF will launch in 2010 the revision process of the GFSM, in order to bring it into line with the 2008 SNA. For this purpose and with the objective to involve users and relevant partners in the process, the IMF plans to establish a GFS expert group consisting of international organizations and country compilers.

B. Public Sector Debt Statistics Guide

54. Under the aegis of the TFFS, which is chaired by the IMF, the Statistics Department of the IMF is coordinating the drafting of the *Public Sector Debt Statistics Guide*. A complete draft was presented at the TFFS meeting in March 2010. Other agencies that are members of the TFFS, such as the BIS, ECB, Eurostat, UNCTAD, World Bank, and the Commonwealth Secretariat are contributing to the drafting of this *Guide*. This *Guide* is consistent with the GFSM 2001 methodology but updated, as relevant, with newer developments, as described in *System of National Accounts 2008*, the *Balance of Payments and International Investment Position Manual, Sixth Edition (BPM6)*, and the *Handbook of Securities Statistics*.

C. Public Sector Accounting Standards

55. The International Public Sector Accounting Standards Board (IPSASB) focuses on the accounting and financial reporting needs of national, regional and local governments, related governmental agencies, and the constituencies they serve. It addresses these needs by issuing and promoting benchmark guidance and facilitating the exchange of information among accountants and those who work in the public sector or rely on its work. A key part of the IPSASB's strategy is to harmonize its standards with those of the International Financial Reporting Standards (IFRSs) and statistical reporting requirements.

56. The main objective of the public sector accounting profession is to serve the public interest by developing high quality accounting standards so as to measure accountability, while GFS measures economic activity and impact. An International Task Force on Harmonization of Public Sector Reporting, identified similarities and difference of statistics

¹⁰ This change does not apply to social security pensions. Furthermore, countries have some flexibility in the 2008 SNA on the recording of government employer unfunded pension schemes.

and accounting for the public sector. Opportunities for harmonization were identified and informed the update of *2008 SNA*. Cooperation between the accounting world and statistics continue through involvement of several statistical organizations, such as ECB, Eurostat, IMF, and OECD in the work of IPSASB.

VIII. Conclusions from the Bureau discussions

57. Government actions related to the global financial crisis. Have meeting participants identified aspects where additional guidance on GFS matters is needed to deal with crisis-related interventions? Have users indicated additional data requirements as a result of the crisis? If so, what kind of data are being requested? (For example, is there more demand for local government data to better trace the effects of stimulus packages?)

(a) The issues related to fiscal intervention outside the general government sector may be handled over time using the current standards; a crisis is not the best time to establish new rules because of volatility in data;

(b) It is difficult to obtain data at regional and municipal level; international cooperation in considering how to solve this problem would be welcome.

58. Emphasis on public sector data. Governments have used channels for fiscal interventions outside the GG sector, particularly with the global financial crisis (for example creating bank restructuring agencies). Should there be more emphasis on data for the public sector as a whole? If so, how?

(a) The recent crisis has emphasized the need for more information on public sector and its international comparability; A discussion should take place on the modalities of collection of public sector data: a consolidated public sector account or separate statistics on public corporations.

59. Frequency and timeliness of GG data. At present, the SDDS specifies annual data for GG operations and does not cover GG debt, while central government operations are on a monthly basis and central government debt quarterly. For those countries that do not already do so, how relevant is quarterly GG data?

(a) Some participants noted that it will not be easy to provide quarterly data on general government and it has to be considered whether the related benefits outweigh the costs; other participants considered quarterly data very relevant to provide a consistent monitoring of the situation.

60. International coordination. The division of roles between the international agencies in terms of data dissemination is generally well established. Is there scope for any additional coordination (for any duplication) or cooperation in data dissemination (similar to the Joint External Debt Hub)?

(a) There was general support for more cooperation between international agencies working in this area and for bringing the data together in a virtual way; data exchange is quite well developed but can still be further improved;

(b) A network (a working group, committee, etc.) on this topic could be useful, similar to the IMF Balance of Payments Committee; some of the discussions could be hosted by the interagency group on finance statistics and by the Inter-secretariat Working Group on National Accounts (discussion on a number of issues is already planned, like public sector employment, treatment of emission permits and receipts, instruments in financial crisis, government debt);

(c) Providing training and technical assistance on GFS to developing and transition countries would benefit from pooling resources at the international level¹¹.

61. Other issues in GFS. Have participants identified other issues related to GFS that should be discussed—methodological (such as public-private partnerships, licenses, classification, or valuation) or operational (such as inter-agency coordination or data exchange)?

(a) Methodological issues currently in discussion include emission permits and classification of lending by international institutions. There is no need to reopen the discussion on public-private partnerships, these have been discussed leading up to *2008 SNA*;

(b) The first priority of the revision of the *GFSM* should be to include the minimum changes that are required to bring the Manual into line with *2008 SNA*; the recommendations should be detailed enough to help countries with less developed statistical systems;

(c) The supplementary explanatory materials to the *GFSM 2001* are considered very useful; this practice should be expanded and continued; clarification of treatment of social benefits and pensions in the GFS and in comparison with *2008 SNA* would be particularly useful.

¹¹ The countries of Eastern Europe, Caucasus, and Central Asia (EECCA) experience serious problems with GFS and with cooperation of different government agencies dealing with this topic; help from IMF in setting up GFS would be very much appreciated; CIS-STAT could host a meeting on this topic with representatives of finance ministries and national accountants of the CIS countries; IMF has some training materials that can be used for this purpose.

Summary of Selected Agencies' Collections and Dissemination of Fiscal Statistics (requires confirmation by respective agencies)

Table 3

Overview of agencies' collection and dissemination of fiscal statistics as of September 2009

	BIS	ECB	Eurostat	IMF	ILO	CIS-Stat	OECD	World Bank
FINANCIAL STATISTICS (GFS)								
Coverage	CG	GG	GG	GG + subsectors	SS	GG ("State budget")	GG	GG CG + GG (planned)
Frequency	Q	Q, A	QA	M, Q, (FY)	A	A	A	Q
Flow data disseminated								
Revenue		Aggregated	A Detailed Q Summary	M, Q Summary A Detailed	Contributions	Aggregated	GG Tax Revenue	
Expense		Aggregated	A Detailed Q Summary	M, Q Summary A Detailed	Expenditure	Aggregated	Employment cost in public domain	
Change in Nonfinancial Assets		Capital Revenue / Capital Expenditure	Net capital formation	M, Q Summary A Detailed				
Change in Financial Assets		Detailed	Summary	M, Q Summary A Detailed				
Change in Liabilities	Bonds, notes, and money market instruments including securities	Detailed by instrument Maastricht Debt transactions by instrument	Summary	M, Q Summary A Detailed	Financing			
Stocks data disseminated								
Nonfinancial Assets				Summary				
Financial Assets			Detailed	Detailed, by instrument and holder				
Liabilities	Bonds, notes, and money market instruments including securities	Gross Maastricht debt by instrument?	Detailed	Detailed, by instrument and holder			CG marketable debt	Total external debt by economic sector (including GG)

	BIS	ECB	Eurostat	IMF	ILO	CIS-Stat	OECD	World Bank
								Domestic and external debt for CG and GG (planned)
Guarantees				Memorandum item				

Table 4

Overview of agencies' collection and dissemination of performance indicators and methodology employed

	BIS	ECB	Eurostat	IMF	ILO	CIS-Stat	OECD	World Bank
NONFINANCIAL PERFORMANCE INDICATORS					Types and structure of programs Social assistance delivered Public Sector Employment		Tax rates Duration of debt Average maturity term Fiscal relations Pensions Taxing wages Good Governance indicators Government outputs and outcomes	Public sector development indicators
SELECTED METHODOLOGY GUIDELINES	<i>Draft Public Sector Debt Statistics Guide</i> <i>European System of Accounts 1995</i> <i>European System of Accounts 1995, Manual on Government Deficit and Debt</i> <i>External Debt Statistics: Guide for Compilers and Users, 2003</i> <i>Government Finance Statistics Guide, 2008 (ECB)</i> <i>Government Finance Statistics Manual 2001 (IMF)</i> <i>Handbook on Securities Statistics, Pre-publication draft of Part I</i> <i>System of National Accounts 1993</i>							