

FISCAL TRANSPARENCY CODE

(Consultation Draft of July 1, 2013)

A. FISCAL TRANSPARENCY PRINCIPLES

I. FISCAL REPORTING:

Fiscal reports should provide a comprehensive, relevant, timely, and reliable overview of the government's financial position and performance

1.1. Coverage: Fiscal reports should provide a comprehensive overview of the fiscal activities of the public sector, according to international standards.

1.1.1. Structure of the Public Sector: The structure and functions of the public sector and its relationship with the private sector are clearly defined.

1.1.2. Coverage of Institutions: Fiscal reports cover all entities engaged in public activity according to international standards.

1.1.3. Coverage of Stocks: Fiscal reports include a balance sheet of public assets, liabilities, and net worth.

1.1.4. Coverage of Flows: Fiscal reports cover all public revenues, expenditures, and financing.

1.1.5. Tax Expenditures: The government regularly discloses all revenue loss from tax expenditures.

1.2. Frequency and Timeliness: Fiscal reports should be published in a frequent, regular and timely manner.

1.2.1. Frequency of In-Year Fiscal Reports: In-year fiscal reports and statistics are published on a frequent and regular basis.

1.2.2. Timeliness of Annual Financial Statements: Audited or final annual financial statements are published in a timely manner.

1.3. Quality: Information in fiscal reports should be relevant, internationally comparable, and internally and historically consistent.

1.3.1. Classification: Fiscal reports classify information in ways that make clear the use of public resources and facilitates international comparisons.

1.3.2. Data Consistency: Fiscal reports are internally consistent and include reconciliations between alternative measures of summary fiscal aggregates.

1.3.3. Historical Consistency: Material revisions to historical fiscal statistics are disclosed and explained.

1.4. Integrity: Fiscal statistics and financial statements should be reliable and subject to external scrutiny.

1.4.1. Statistical Integrity: Responsibility for verifying fiscal statistics is vested in a specific body that is independent.

1.4.2. External Audit: Annual financial statements are subject to a published audit by an independent supreme audit institution according to international standards.

1.4.3. Statistical Dissemination: Fiscal statistics meet internationally accepted systems and standards.

1.4.4. Reliability of Financial Statements: The annual financial statements meet generally accepted accounting standards and their reliability is validated.

II. FISCAL FORECASTING AND BUDGETING:

Budgets and their underlying fiscal forecasts should provide a clear statement of the central government's budgetary objectives and policy intentions and comprehensive, timely, and credible projections of the evolution of the public finances

2.1. Comprehensiveness: Fiscal forecasts and budgets should provide a comprehensive overview of fiscal prospects.

2.1.1. Unity: Revenues, expenditures, and financing of central government, both budgetary and extra-budgetary, are authorized by the legislature.

2.1.2. Gross Budgeting: Revenues and expenditures are presented on a gross basis in budget documentation.

2.1.3. Macroeconomic Forecasts: The budget projections are based on comprehensive macroeconomic forecasts which are disclosed and explained.

2.1.4. Medium-term Budget Framework: Budget documentation includes outturns and projections of revenues, expenditures, and financing over the medium-term.

2.2. Timeliness: The government should provide timely updates on fiscal prospects.

2.2.1. Fiscal Strategy Report: The government provides a mid-year report summarizing macroeconomic and fiscal developments since the last budget, and macroeconomic and fiscal forecasts for the preparation of the upcoming budget.

2.2.2. Budget Submission: The legislature and the public are consistently given adequate time to scrutinize and approve the annual budget before the start of the financial year.

2.2.3. Budget Approval: The approval and publication of the budget legislation consistently provides adequate time for its effective execution.

2.3. Legal Framework: The fiscal powers of the executive, legislative, and judicial branches of government should be well defined in law.

2.3.1. Organic Budget Legislation: The use of public resources should be governed by a comprehensive legal framework.

2.3.2. Revenue Collection: Laws and regulations related to the collection of tax and non-tax revenues should be comprehensible and accessible.

2.4. Policy Orientation: *Fiscal forecasts and budgets should be presented in a way that facilitates policy analysis and accountability.*

2.4.1. Fiscal Policy Objectives: The government states and reports on clear and measurable objectives for the public finances.

2.4.2. Performance Information: Budget documentation provides information regarding the objectives and results achieved under each major government policy area.

2.4.3. Citizens' Guide to the Budget: The government makes available to all citizens a clear, accessible, and useful summary of fiscal performance and economic prospects as well as the distributional implications of fiscal policies.

2.4.4. Fiscal Sustainability Analysis: The government regularly publishes the projected evolution of the public finances over the long-term.

2.5. Credibility: *Fiscal forecasts and budgets should be credible.*

2.5.1. Independent Evaluation: The government's fiscal forecasts are subject to independent evaluation.

2.5.2. Supplementary Budget: Any material changes to the approved budget are authorized by the legislature.

2.5.3. Forecast Reconciliation: Budget documentation and any subsequent updates explain any material changes to the government's previous fiscal forecasts, distinguishing the fiscal impact of new policy measures.

III. FISCAL RISK ANALYSIS AND MANAGEMENT:

Governments should analyze and manage risks to the public finances and ensure effective coordination of fiscal decision-making across the public sector

3.1. Risk Disclosure and Analysis: *Governments should publish regular reports on risks to their fiscal prospects.*

3.1.1. Macroeconomic Risks: The government reports on how fiscal outcomes might differ from baseline forecasts as a result of different macroeconomic shocks.

3.1.2. Specific Fiscal Risks: The government regularly reports on the main specific risks to its fiscal forecasts, such as contingent liabilities.

3.1.3. Comparability of Fiscal Data: Fiscal forecasts, budgets, and fiscal reports are presented on a comparable basis, with any deviations explained.

3.2. Risk Management: *Specific risks to the public finances should be regularly monitored, disclosed, and managed.*

3.2.1. Allowances for Budgetary Contingencies: The budget has adequate and transparent provision for contingencies that arise during budget execution.

3.2.2. Asset and Liability Management: Risks relating to major assets and liabilities are disclosed and managed.

3.2.3. Natural Resources: The value of the government's interest in exhaustible natural resource assets and their exploitation is disclosed.

3.2.4. Financial Derivatives: Financial derivative positions, if any, are regularly disclosed, assessed, and managed

3.2.5. Guarantees: Government guarantees and their management policy are regularly disclosed.

3.2.6. Financial Sector Exposure: The government's potential fiscal exposure to the financial sector is analyzed and disclosed.

3.2.7. Major and Multi-Annual Contracts: Major and multi-annual contracts, including public-private partnerships and contracts for the exploitation of resources, are regularly disclosed and actively managed, with all public rights, obligations and other exposures detailed.

3.2.8. Environmental Risks: The potential fiscal exposure to natural disasters and other major environmental risks are analyzed, disclosed, and managed.

3.3. Fiscal Coordination: *Fiscal relations across the public sector should be analyzed, disclosed, and coordinated.*

3.3.1. Sub-National Governments: Comprehensive information on the fiscal condition of sub-national governments, individually and as a consolidated sector, are collected and published.

3.3.2. Public Corporations: The government oversees and regularly publishes comprehensive information on the financial performance of public corporations.

3.3.3. Quasi-Fiscal Activity: Quasi-fiscal Activity is avoided, or if undertaken, comprehensively reported.

3.3.4. Health and Social Security: Fiscal risks relating to the social security and healthcare funds are disclosed and managed.

B. DESCRIPTION OF BASIC, GOOD, AND ADVANCED PRACTICES BY PRINCIPLE

#	DIMENSION	PRINCIPLE	PRACTICES		
			BASIC	GOOD	ADVANCED
1	FISCAL REPORTING	Fiscal reports should provide a comprehensive, relevant, timely, and reliable overview of the government's financial position and performance			
<i>1.1</i>	<i>Coverage</i>	<i>Fiscal reports should provide a comprehensive overview of the fiscal activities of the public sector, according to international standards.</i>			
1.1.1	Structure of the Public Sector	The structure and functions of the public sector and its relationship with the private sector are clearly defined.	The government maintains a register of all public sector entities.	The government maintains and publishes a register of all public sector entities.	The government maintains and publishes a register of all public sector entities which are classified and distinguished from the private sector according to international standards.
1.1.2	Coverage of Institutions	Fiscal reports cover all entities engaged in public activity according to international standards.	Fiscal reports consolidate all central government entities.	Fiscal reports consolidate all general government entities and report on each subsector.	Fiscal reports consolidate all public sector entities and report on each subsector.
1.1.3	Coverage of Stocks	Fiscal reports include a balance sheet of public assets, liabilities, and net worth.	Fiscal reports cover cash and all debt.	Fiscal reports cover all financial assets and liabilities.	Fiscal reports cover all financial and non-financial assets and liabilities, and net worth.
1.1.4	Coverage of Flows	Fiscal reports cover all public revenues, expenditures, and financing.	Fiscal reports cover cash revenues, expenditures and financing.	Fiscal reports cover cash flows and accrued revenues and expenses.	Fiscal reports cover cash flows, accrued revenues and expenses, and other economic flows.
1.1.5	Tax Expenditures	The government regularly discloses all revenue loss from tax expenditure.	The estimated revenue loss from tax expenditures is published at least annually.	The estimated revenue loss from tax expenditures is estimated by sector or policy area, and is published at least annually.	The estimated revenue loss from tax expenditures is estimated by sector or policy area, and is published at least annually. There is control on, or budgetary objectives for, the size of tax expenditures.
<i>1.2</i>	<i>Frequency and Timeliness</i>	<i>Fiscal reports should be published in a frequent, regular, and timely manner.</i>			

1.2.1	Frequency of In-Year Fiscal Reports	In-year fiscal reports and statistics are published on a frequent and regular basis.	In-year fiscal reports are published on a semi-annual basis, within a quarter.	In-year fiscal reports are published on a quarterly basis, within a quarter.	In-year fiscal reports are published on a monthly basis, within a month.
1.2.2	Timeliness of Annual Financial Statements	Audited or final annual financial statements are published in a timely manner.	Audited or final annual financial statements are published within 12 months of the end of the financial year.	Audited or final annual financial statements are published within 9 months of the end of the financial year.	Audited or final annual financial statements are published within 6 months of the end of the financial year.
1.3	Quality	<i>Information in fiscal reports should be relevant, internationally comparable, and internally and historically consistent</i>			
1.3.1	Classification	Fiscal reports classify information in ways that make clear the use of public resources and facilitates international comparisons.	Fiscal reports include an administrative and economic classification consistent with international standards, as well as information on receipts from all major revenue sources, including resource related activities.	Fiscal reports include an administrative, economic, and functional classification consistent with international standards as well as information on receipts from all major revenue sources, including resource related activities.	Fiscal reports include an administrative, economic, functional, and program classification consistent with international standards, where applicable, as well as information on receipts from all major revenue sources, including resource related activities.
1.3.2	Data Consistency	Fiscal reports are internally consistent and include reconciliations between alternative measures of summary fiscal aggregates.	Fiscal reports include at least one of the following reconciliations: (i)balance and financing, (ii)debt issued and debt holdings, or (iii)financing and the change in the debt stock.	Fiscal reports include at least two of the following reconciliations: (i)balance and financing, (ii)debt issued and debt holdings, or (iii) financing and the change in the debt stock.	Fiscal reports include all three of the following reconciliations: (i)balance and financing, (ii)debt issued and debt holdings, and (iii) financing and the change in the debt stock.
1.3.3	Historical Consistency	Material revisions to historical fiscal statistics are disclosed and explained.	Material revisions to historical fiscal statistics are reported.	Material revisions to historical statistics are reported with a bridging table between the old and new time series.	Material revisions to historical fiscal statistics are reported with a bridging table between the old and new time series and an explanation for each major revision.

1.4	<i>Integrity</i>	<i>Fiscal statistics and financial statements should be reliable and subject to external scrutiny.</i>			
1.4.1	Statistical Integrity	Responsibility for verifying and disseminating fiscal statistics is vested in a specific body that is independent.	Verification and dissemination of fiscal statistics are the responsibility of specific government ministry.	Verification and dissemination of fiscal statistics are the responsibility of an autonomous government agency.	Verification and dissemination of fiscal statistics are the responsibility of a professionally independent body.
1.4.2	External Audit	Annual financial statements are subject to a published audit by an independent supreme audit institution according to international standards.	A specific national audit body audits the annual financial statements and reports its findings to the legislature and the public.	There is a supreme audit institution, independent of the executive, which audits the annual financial statements and reports its findings to the legislature and the public.	There is a supreme audit institution, independent of the executive, which audits the annual financial statements and reports to the legislature and the public on whether they present a 'true and fair view' of the state of public finances.
1.4.3	Statistical Dissemination	Fiscal statistics meet internationally accepted systems and standards.	Fiscal statistics meet GDSS.	Fiscal statistics meet SDDS.	Fiscal statistics meet SDDS+.
1.4.4	Reliability of Financial Statements	The annual financial statements meet generally accepted accounting standards and their reliability is validated.	The annual financial statements meet national accounting standards and there is an audit report validating their reliability.	The annual financial statements meet international accounting standards and are subject to minor audit qualifications.	The annual financial statements meet international accounting standards and are unqualified.
2	FISCAL FORECASTING AND BUDGETING	Budgets and their underlying fiscal forecasts should provide a clear statement of the central government's budgetary objectives and policy intentions and comprehensive, timely, and credible projections of the evolution of the public finances			
2.1	<i>Comprehensiveness</i>	<i>Fiscal forecasts and budgets should provide a comprehensive overview of fiscal prospects</i>			
2.1.1	Unity	Revenues, expenditures, and financing of central government, both budgetary and extra-budgetary, are authorized by the legislature.	Budget documentation incorporates all revenues, expenditures, and financing by central government ministries and agencies.	Budget documentation incorporates all revenues, expenditure, and financing by central government ministries, agencies and extra-budgetary funds.	Budget documentation incorporates all revenue and expenditure by central government ministries, agencies, extra-budgetary funds, and social security funds.

2.1.2	Gross Budgeting	Revenues and expenditures are presented on a gross basis in budget documentation.	All domestic tax revenues and associated expenditures are presented on a gross basis.	All domestic tax and non-tax revenues and associated expenditures are presented on gross basis.	All domestic and external revenues and expenditures are presented on a gross basis.
2.1.3	Macroeconomic Forecasts	The budget projections are based on comprehensive macroeconomic forecasts which are disclosed and explained.	The budget documentation includes forecasts of key macroeconomic variables.	The budget documentation includes forecasts of key macroeconomic variables and the underlying assumptions.	The budget documentation includes forecasts and explanations of key macroeconomic variables and their components, as well as their underlying assumptions.
2.1.4	Medium-term Budget Framework	Budget documentation includes outturns and projections of revenues, expenditures, and financing over the medium-term on the same basis as the annual budget.	Budget documentation includes the outturns of the two preceding years and medium-term projections of aggregate revenues, expenditures, and financing.	Budget documentation includes the outturns of the two preceding years and medium-term projections of revenues, expenditures, and financing by economic category.	Budget documentation includes the outturns of the two preceding years and medium-term projections of revenues, expenditures, and financing by economic category and by ministry or program.
2.2	<i>Timeliness</i>	<i>The government should provide timely updates on fiscal prospects.</i>			
2.2.1	Fiscal Strategy Report	The government provides a mid-year report summarizing macroeconomic and fiscal developments since the last budget, and macroeconomic and fiscal forecasts for the preparation of the upcoming budget.	The government provides a mid-year report summarizing macroeconomic and fiscal developments since the last budget, and the revised macroeconomic and fiscal forecasts for the current year.	The government provides a mid-year report summarizing macroeconomic and fiscal developments since the last budget, and the revised macroeconomic and fiscal forecasts for the current year and the next budget year.	The government provides a mid-year report summarizing macroeconomic and fiscal developments since the last budget, and the revised macroeconomic and fiscal forecasts for the current year and the medium-term.
2.2.2	Budget Submission	The legislature and the public are consistently given adequate time to scrutinize and approve the annual budget before the start of the financial year.	The budget is submitted to the legislature and made available to the public at least one month before the start of the financial year.	The budget is submitted to the legislature and made available to the public at least two months before the start of the financial year.	The budget is submitted to the legislature and made available to the public at least three months before the start of the financial year.

2.2.3	Budget Approval	The approval and publication of the budget legislation consistently provides adequate time for its effective execution.	The budget legislation is approved and published up to a one month after the beginning of the financial year.	The budget legislation is approved and published by the start of the financial year.	The budget legislation is approved and published at least one month before the start of the financial year.
2.3	Legal Framework	<i>The fiscal powers of the executive, legislative, and judicial branches of government should be well defined in law.</i>			
2.3.1	Organic Budget Legislation	The use of public resources should be governed by a comprehensive legal framework.	The legal framework defines the government's powers with respect to one of (i) fiscal policy making, (ii) budget preparation and execution, or (iii) accounting and audit.	The legal framework defines the government's powers with respect to two of (i) fiscal policy making, (ii) budget preparation and execution, or (iii) accounting and audit.	The legal framework defines the government's powers with respect to three of (i) fiscal policy making, (ii) budget preparation and execution, or (iii) accounting and audit.
2.3.2	Legal Basis for Revenue Collection	Laws and regulations related to the collection of tax and non-tax revenues should be comprehensive and accessible.	Laws and regulations relating to revenue collection are comprehensive and accessible.	Laws and regulations relating to revenue collection are comprehensive and accessible, and taxpayers have access to a well-functioning appeals process.	Laws and regulations relating to revenue collection are comprehensive and accessible, taxpayers have access to a well-functioning appeals process, and taxpayers are provided with up-to-date guidance on how to meet their obligations.
2.4	Policy Orientation	<i>Fiscal forecasts and budgets should be presented in a way that facilitates policy analysis and accountability.</i>			
2.4.1	Fiscal Policy Objectives	The government states and reports on clear and measurable objectives for the public finances.	The government states and regularly reports on a numerical objective for the main fiscal aggregates which is either precise or time-bound.	The government states and regularly reports on a numerical objective for the main fiscal aggregates which is both precise and time-bound.	The government states and regularly reports on a numerical objective for the main fiscal aggregates which is both precise and time-bound and has been in place for 3 or more years.

2.4.2	Performance Information	Budget documentation provides information regarding the objectives and results achieved under each major government policy area.	Budget documentation includes information on the inputs acquired under each major government policy area.	Budget documentation reports targets for, and performance against, the outputs delivered under each major government policy area.	Budget documentation reports targets for, and performance against, the outcomes to be achieved under each major government policy area.
2.4.3	Citizens' Guide to the Budget	The government makes available to all citizens a clear, accessible, and useful summary of fiscal performance and economic prospects as well as the distributional implications of fiscal policies.	Government provides an accessible description of recent fiscal performance and economic prospects, as well as a summary of the implications of the budget for a typical citizen.	Government provides an accessible description of recent fiscal performance and economic prospects, a summary of the budget as well as a detailed account of the financial impact of major policies on different income groups.	Government provides an accessible description of recent fiscal performance and economic prospects, a summary of the budget as well as detailed information about the financial impact of major policies on different income, gender, demographic or regional groups.
2.4.4	Fiscal Sustainability Analysis	The government regularly publishes the projected evolution of the public finances over the long-term.	Projections of the main fiscal aggregates are published, covering a horizon of at least 10 years.	Multiple scenarios for the evolution of main fiscal aggregates, over the next 20 years or more are published, based on a range of macroeconomic assumptions	Multiple scenarios for the evolution of the main fiscal aggregates, including the social security and health sectors, over the next 30 years are published based on a range of macroeconomic, demographic, natural resource, or other assumptions.
2.5	<i>Credibility</i>	<i>Fiscal forecasts and budgets should be credible.</i>			
2.5.1	Independent Evaluation	The government's fiscal forecasts are subject to independent evaluation.	Budget documentation includes comparisons between the government's macroeconomic projections and those of independent forecasters.	An independent entity evaluates the credibility of the government's economic forecast.	An independent entity evaluates the credibility of the government's economic and fiscal forecast.
2.5.2	Supplementary Budget	Any material changes to the approved budget are authorized by the legislature.	A supplementary budget regularizes expenditure exceeding the approved budget.	A supplementary budget is required prior to total expenditure exceeding budgeted amounts.	A supplementary budget is required prior to increasing total expenditure or substantially altering its composition.

2.5.3	Forecast Reconciliation	Budget documentation and any subsequent updates explain any material changes to the government's previous fiscal forecasts, distinguishing the fiscal impact of new policy measures.	Differences between the successive vintages of the government's revenue, expenditure, and financing forecasts are shown at the aggregate level, with a qualitative discussion of the impact of new policies on the forecasts.	Differences between successive vintages of the government's revenue, expenditure, and financing forecasts are broken down into the overall effect of new policies and macroeconomic determinants.	Differences between successive vintages of the government's revenue, expenditure, and financing forecasts are broken down into the effects of individual policy changes, macroeconomic determinants, and other factors, such as technical or accounting adjustments.
3	FISCAL RISK ANALYSIS AND MANAGEMENT	Governments should analyze and manage risks to the public finances and ensure effective coordination of fiscal decision-making across the public sector			
3.1	<i>Risk Disclosure and Analysis</i>	<i>Governments should publish regular reports on risks to their fiscal prospects.</i>			
3.1.1	Macroeconomic Risks	The government reports on how fiscal outcomes might differ from baseline forecasts as a result of different macroeconomic shocks.	Budget documentation includes discussion of the sensitivity of fiscal forecasts to major macroeconomic assumptions.	Budget documentation includes alternative fiscal forecasts based on optimistic and pessimistic macroeconomic scenarios.	Budget documentation includes probabilistic forecasts of fiscal outcomes.
3.1.2	Specific Fiscal Risks	The government regularly reports on the main specific risks to its fiscal forecasts, such as contingent liabilities.	The main specific risks to the fiscal forecast are disclosed and discussed in qualitative terms.	The main specific risks to the fiscal forecast are disclosed in a summary report, along with estimates of their magnitude.	The main specific risks to the fiscal forecast are disclosed in a summary report, along with estimates of their magnitude and, where practicable, their likelihood.
3.1.3	Comparability of Fiscal Data	Fiscal forecasts, budgets, and fiscal reports are presented on a comparable basis, with any deviations explained.	At least one fiscal report is prepared on the same basis as the budget.	Budget and outturn are comparable plus the outturn is reconciled with either the fiscal statistics or final accounts.	Budget and outturn are comparable plus the outturn is reconciled with both fiscal statistics and final accounts.
3.2	<i>Risk Management</i>	<i>Specific risks to the public finances should be regularly monitored, disclosed, and managed.</i>			

3.2.1	Allowances for Budgetary Contingencies	The budget has adequate and transparent provision for contingencies that arise during budget execution.	The budget includes a provision for contingencies.	The budget includes a provision for contingencies with transparent access criteria.	The budget includes a provision for contingencies with transparent access criteria and regular in-year reporting on its utilization.
3.2.2	Asset and Liability Management	Risks relating to major assets and liabilities are disclosed and managed.	All borrowing is authorized by law and the risks surrounding the government's debt holdings are analyzed and disclosed.	All borrowing is authorized by law and the risks surrounding the government's assets and liabilities are analyzed and disclosed.	All liabilities and significant asset acquisitions or disposals are authorized by law, and the risks surrounding the balance sheet are disclosed and managed according to a published strategy.
3.2.3	Natural Resources	The value of the government's interest in exhaustible natural resource assets and their exploitation is disclosed.	An estimate of the volume of major natural resource assets, as well as the volume and value of the previous year's sales and fiscal revenue, is published annually.	An estimate of the volume and value of major natural resources assets under different price scenarios, as well as the volume and value of the previous year's sales and fiscal revenue, is published annually.	An estimate of the volume and value of major natural resource assets under different long-term price and extraction scenarios, as well as the volume and value of the previous year's sales is published annually.
3.2.4	Financial Derivatives	Financial derivative positions, if any, are regularly disclosed, assessed, and managed.	The government at least annually discloses its derivative positions and their notional values.	The government at least annually discloses its derivative positions and their notional and market values.	The government at least annually discloses its derivative positions and their notional and market values; provides sensitivity analysis of its derivatives and related assets and liabilities to key financial parameters.
3.2.5	Guarantees	Government guarantees and their management policy are regularly disclosed.	All government guarantees, their beneficiaries, and the gross exposure created by them, are published at least annually.	All government guarantees, their beneficiaries, and the gross exposure created by them are published at least annually. The maximum value of new guarantees or their stock is authorized by law.	All government guarantees, their beneficiaries, the gross exposure created by them, and the probability of their being called are published at least annually. The maximum value of new guarantees or their stock is authorized by law.

3.2.6	Financial Sector Exposure	The government's potential fiscal exposure to the financial sector is analyzed and disclosed.	Explicit government support to the financial sector, such as deposit insurance, is quantified and disclosed annually.	The government's potential exposure to the financial sector is discussed in a fiscal risk report at least annually.	The government's potential exposure to the financial sector is informed by a quantified assessment of financial sector stability, and disclosed in a fiscal risk report at least annually
3.2.7	Major and Multi-Annual Contracts	Major and multi-annual contracts, including public-private partnerships and contracts for the exploitation of resources, are regularly disclosed and actively managed, with all public rights, obligations and other exposures detailed.	The government at least annually publishes its total rights, obligations, and other exposures under major and multi-annual contracts.	The government at least annually publishes its total rights, obligations, and other exposures under major and multi-annual contracts and the expected annual receipts and payments over the life of the contracts.	The government at least annually publishes its total rights, obligations, and other exposures under major and multi-annual contracts and the expected annual receipts and payments over the life of the contracts. A legal limit is also placed on accumulated obligations.
3.2.8	Environmental Risks	The potential fiscal exposure to natural disasters and other major environmental risks are analyzed, disclosed, and managed.	The budget identifies and discusses the main fiscal risks from natural disasters in qualitative terms.	The budget identifies and discusses the main fiscal risks from natural disasters, quantifying them on the basis of historical experiences.	The budget identifies and discusses the main fiscal risks from natural disasters, quantifying them on the basis of historical experiences, and managing them according to a published strategy.
3.3	Fiscal Coordination	<i>Fiscal relations across the public sector should be analyzed, disclosed, and coordinated</i>			
3.3.1	Sub-National Governments	Comprehensive information on the fiscal condition of sub-national governments, individually and as a consolidated sector, are collected and published	The fiscal condition of sub-national governments is published annually.	The fiscal condition of sub-national governments is published annually, and there is a limit on their liabilities or borrowing.	The fiscal condition of sub-national governments is published quarterly, and there is a limit on their liabilities or borrowing.
3.3.2	Public Corporations	The government oversees and regularly publishes comprehensive information on the financial performance of public corporations.	All direct transfers between the government and public corporations are disclosed on at least an annual basis.	All direct transfers and indirect support between the government and public corporations are disclosed on at least an annual basis.	All direct and indirect support between the government and public corporations are disclosed on at least an annual basis, and annual report on the overall financial performance of sector is published.

3.3.3	Quasi-Fiscal Activity	Quasi-fiscal activity is avoided, or if undertaken, reported comprehensively.	The budget provides a qualitative discussion of quasi-fiscal activities undertaken by public corporations.	The budget provides some aggregate quantitative estimates and a qualitative discussion of quasi-fiscal activities undertaken by both public and private corporations.	There is no quasi-fiscal activity, or the budget includes detailed quantitative estimates of the equivalent fiscal impact of quasi-fiscal activities undertaken by both the public and private corporations.
3.3.4	Health and Social Security	Fiscal risks relating to the social security and healthcare funds are disclosed and managed.	The current financial position of social security and health funds are disclosed annually, and the projected position over the next three years is disclosed at least every three years.	The current financial position of social security and health funds are disclosed annually, and the government updates the projected position of the funds under existing policies for the next 20 years at least every three years.	The current financial position of social security and health funds are disclosed annually, and the government updates the projected position of the funds under existing policies for the next 20 years at least every three years. The government also discloses its strategy, including planned policy measures, to address any projected deficits.

C. FISCAL TRANSPARENCY INDICATORS

#	DIMENSION	INDICATOR	MEASUREMENT
I FISCAL REPORTING			
1.a	Coverage of institutions	Coverage of public sector entities in fiscal reports	Percent of public sector revenues and expenditures included in consolidated fiscal reports by subsector.
1.b	Coverage of flows	Coverage of accrued revenue and expenses	Percent of accrued revenues and expenses included in consolidated fiscal reports.
1.c	Expenditure Arrears	Value of unpaid invoices to government	Payable invoices to government as a percent of total government expenditure.
1.d	Coverage of stocks	Coverage of public sector assets and liabilities	Percent of public sector assets and liabilities included in consolidated fiscal reports.
1.e	Tax Expenditures	Size of unconsolidated tax expenditures	Revenue loss as a result of tax expenditures as a percent of GDP or total revenues.
1.f	Frequency	Frequency of in-year fiscal reports	Time elapsed between in-year fiscal reports.
1.g	Timeliness	Timeliness of final annual financial statements	Time elapsed between the end of the fiscal year and the publication of audited or final annual financial statements.
1.h	Data Consistency	Discrepancy between alternative balance measures Discrepancy between balance and change in debt Discrepancy between debt issues and debt holdings.	Percentage difference between financing and net lending/net borrowing. Percentage difference between the net lending/net borrowing plus other economic flows and change in net debt. Difference between net debt issued by government and net government debt holdings outside government.
1.i	Historical Consistency	Size of historical data revisions	Change in government's overall balance and debt between first and final release as a percent of GDP.
II FISCAL FORECASTING AND BUDGETING			
2.a	Unity	Coverage of annual budget	Percent of central government institutions revenues and expenditures presented in the annual budget.
2.b	Gross budgeting	Size of retained revenues	Share of central government revenues retained by ministries and agencies.
2.c	Macroeconomic Assumptions	Macroeconomic forecast error	Percentage difference between forecast and outturn for nominal GDP and inflation.
2.d	Medium-term Budget Framework	Fiscal forecast error	Percentage difference between forecast and outturn for revenue, expenditure, and the balance over three years.
2.e	Budget Submission	Timing of budget submission	Time elapsed between submission of the annual budget to the legislature and the start of the financial year.
2.f	Budget Approval	Timing of budget approval	Time elapsed between legislative approval of the budget and the start of the fiscal year.

2.g	Fiscal Sustainability Analysis	Required fiscal adjustment to restore sustainability	Change in the structural balance required to stabilize the debt to GDP ratio within 30 years. (Fiscal Monitor).
2.h	Supplementary Budgets	Budget credibility	Size (gross and as a percent of original budget) source, and timing of changes to annual budget totals.
III FISCAL RISK ANALYSIS AND MANAGEMENT			
3.a	Sensitivity Analysis	Sensitivity of fiscal aggregates to macroeconomic shocks	Change in government borrowing and debt as a percent of GDP from 1 and 2 standard deviation shocks to key macroeconomic assumptions.
3.b	Contingent Liabilities	Size of unconsolidated contingent liabilities	The face value of contingent liabilities (including guarantees, PPPs, and other exposures) as a percent of GDP.
3.c	Consistency of Reporting	Discrepancy in reporting basis between budgets, in-year reports, and annual accounts	Difference in government expenditures, in-year report, and annual accounts as a percent of GDP.
3.d	Contingency Reserve	Size of contingency reserve in annual budget	Contingency reserve as a percent of total expenditure in the central government budget.
3.e	Asset and Liabilities	Size of the Government's balance sheet	Size of government assets and liabilities as a percent of GDP.
3.f	Natural Resources	Importance of resource revenues	Current and projected share of natural resource revenue as percent of total revenue.
3.g	Financial Derivatives	Size of financial derivative exposure	Estimated market value of government derivative holdings.
3.h	Government Guarantees	Size of government guarantees	The face value of government-guaranteed liabilities as a percent of GDP.
3.i	Financial Sector Exposure	Financial sector liabilities	Gross liabilities of the domestic financial sector as a percent of GDP.
3.j	Environmental Risks	Cost of natural disasters	Average estimated fiscal cost of natural disasters as a percent of GDP over the past 10 years.
3.k	Public-Private Partnerships	Size of PPP liabilities	Government's total financial obligations under PPPs as a percent of GDP.
3.l	Sub-national Governments	Exposure to sub-national government insolvency	Ratio of debt and debt-service to revenue ratios for sub-national governments. Sub-national government debt as a percent of GDP.
3.m	Public Corporations	Financial state of public corporations	Profit/loss of each company and the consolidated sector as a percent of GDP. Net equity position of each company and the consolidated sector as a percent of GDP.
3.n	Quasi-fiscal Activity	Quasi-fiscal activity by public and private corporations	Quasi-fiscal activity by public and private corporations as a percent of GDP.
3.o	Health and Social Security	Financial balance of government funds	Actuarial balance of the funds over the future 20 years.

D. GLOSSARY

Accounts: End of year financial statements or budget execution reports. In general, these should be the audited accounts, however in cases where the accounts are not subject to audit, the final accounts will be used.

Balance Sheet: The balance sheet presents the stocks of all the government's or public sector's assets and liabilities at the end of the accounting period. This includes financial and non-financial, and domestic and external assets and liabilities, as well as further information relating to them.

Borrowing: All government borrowing, including bonds, T-bills and bank loans, as well as indirect borrowing such as payables, including expenditure and unpaid tax refunds.

Budget documentation: All documentation published at or around the time of the annual budget including the budget book, budget estimates, fiscal strategies, medium-term budget frameworks, fiscal risk statements, finance or estimates bills, long-term public finance reports, and the budget, finance, or appropriation act.

Contingent liabilities: Obligations that have been entered into, but whose timing and amount are contingent on the occurrence of some uncertain future event. Examples include guarantees, indemnities, and letters of comfort.

Distributional analysis: A quantitative assessment of the impact of a specific or overall government policy on different segments of the population, often differentiated by income, gender, or geographical groups. For example, the impact of a change in tax rates on different income deciles.

Expenditure arrears: The stock position of invoices that have not been paid by the date specified in a contract or within a normal commercial period for similar transactions. Payment arrears might arise from nonpayment by government in such areas as bills due from suppliers, due salaries or transfers, or due debt repayment or service.

Financial derivatives: A financial instrument that is settled at a future date and whose value depends on the price of an underlying variable such as an interest rate, exchange rate, or asset price. Examples include futures, swaps, and options.

Fiscal aggregates: The key fiscal summary indicators, including on the flow-side net lending/net borrowing or overall fiscal balance, total expenditure and total revenue; and on the stock-side gross and net debt, total assets, total liabilities and net worth.

Fiscal reports: Retrospective reports on fiscal developments including in-year budget execution reports, fiscal statistics, budget outturn reports, and annual financial statements.

Fiscal forecasts: Forecasts of the main fiscal aggregates, as well as the elements underlying them, including specific revenue heads; expenditures by either administrative, functional or economic classification; and key assets and liabilities, including gross debt.

Fiscal statistics: Retrospective reports on the government's financial performance that provide fiscal data based on statistical standards such as GFSM2001 or ESA95.

General government: The general government sector consists of entities that fulfill the functions of government as their primary activity, and includes all central government units, extrabudgetary-funds, social security funds, non-market non-profit institutions; and non-market public corporations, as defined by the GFS2001.

Government balance sheet: A comprehensive statement of assets, liabilities and net worth of government at a point in time.

Government guarantee: The most common type is a government guaranteed loan which requires the government to repay any outstanding amount on a loan in the event of default. In some contracts – particularly relating to PPPs – the government may provide a revenue or demand guarantee that requires the government to make up the difference if revenue or quantity demand falls short of an agreed level. Other contracts may include exchange rate or price guarantees.

Independent body. An independent body for effective conduct of auditing or the preparation of fiscal statistics is one with a sufficiently broad mandate and full professional discretion in the discharge of its functions, the right and obligation to report on its work, unrestricted access to information, and the availability of appropriate human, material and monetary resources, all enshrined in the legal framework.

International standards: Internationally recognized standards for government finance statistics (including GFSM 2001, ESA 95, and SNA 08) and government financial statements (including IPSAS and IFRS).

In-year fiscal reports: Budget outturn/execution reports and fiscal statistics that are produced on monthly or quarterly frequency within the financial year, but can include full year reports that are produced shortly after the end of the financial year.

Macroeconomic risks: Risks related to macroeconomic outturns coming out differently to forecast, such as when GDP, inflation, unemployment, commodity prices or exchange rates come in above or below the forecasts on which the budget is based.

Medium-term: Three to ten years beyond the current year.

Multi-annual contracts: Contracts between the government and private sector with a term of more than a year, such as PPPs, long-term leases and long-term procurement arrangements

Long-term: The period spanning ten or more years beyond the current year.

Public activity: All fiscal activity undertaken by units within the public sector.

Public corporations: A corporation owned or controlled by a government unit, as defined by the GFSM.

Public sector: A classification drawn from sectors and subsectors of the SNA classification consisting of general government and non-financial and financial public corporations. It includes all entities either owned or controlled by government

Public-private partnerships (PPPs): An arrangement where the private sector provides infrastructure assets and services that have traditionally been provided by the government, such as hospitals, schools prisons, roads, bridges railways and water and sanitation plants. Cases where the private operator has some responsibility for asset management and improvement are described as concessions.

Quasi-fiscal operations: Government operations carried out by institutions other than the government units (such as central banks and other public corporations). Examples include concessional loans given by the central bank, directed lending by public corporations and requirement to provide services at below-market prices.

Semi-autonomous body: A semi-autonomous body is part of the government sector, but which enjoys a certain degree of de facto or legal operational and financial autonomy from the Ministry of Finance with regard to

staffing, budget management and internal organization, in comparison to government ministries and departments.

Short-term: Up to three years beyond the current year.

Specific fiscal risk: Fiscal risks that are not directly related to macroeconomic factors. They are narrower and arise from specific sources, such as the potential costs of guarantees or natural disasters; and the possible need to provide fiscal support to a public corporations or private banks.

Sub-national governments: Sub-national government includes state, provincial or regional governments, as well as local governments, as defined in GFSM2001. For the purposes of Fiscal Transparency Code, however, the focus is on the most economically significant sub-national government sector, which will vary across countries.

Tax expenditure: Reliefs, rebates or exemptions from a “normal” tax structure that reduce government revenue collections and that, because the government policy objectives could be achieved alternatively through a subsidy or other direct outlays are regarded as equivalent to budget expenditure.