

## Draft Natural Resource Fiscal Transparency Code

### 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 and its sub-sectors, according to international standards.*

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

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

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

**1.1.4. Coverage of Tax Expenditures:** The government regularly discloses and manages revenue loss from tax expenditure.

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

**1.2.1. Frequency of In-Year Reporting:** In-year fiscal reports 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 sources and use of public resources, and facilitate international comparisons.

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

**1.3.3. Historical Revisions:** Major revisions to historical fiscal statistics are disclosed and explained.

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

**1.4.1. Statistical Integrity:** Fiscal statistics are compiled and disseminated in accordance with international standards.

**1.4.2. External Audit:** Annual financial statements are subject to a published audit by an independent supreme audit institution, which validates their reliability.

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

## II. FISCAL FORECASTING AND BUDGETING

**Budgets and their underlying fiscal forecasts should provide a clear statement of the 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. Budget Unity:** Revenues, expenditures, and financing of all central government entities are presented on a gross basis in budget documentation and authorized by the legislature.

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

**2.1.3. 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.

**2.1.4. Investment Projects:** The government regularly discloses its financial obligations under multi-annual investment projects and subjects all major projects to cost-benefit analysis and open and competitive tender.

**2.2. Orderliness:** *The powers and responsibilities of the executive and legislative branches of government in the budget process should be defined in law, and the budget should be presented, debated and approved in a timely manner.*

**2.2.1. Fiscal Legislation:** The legal framework clearly defines the timetable for budget preparation and approval, key contents of the budget documentation, and the powers and responsibilities of the executive and legislature in the budget process.

**2.2.2. Timeliness of Budget Documents:** The legislature and the public are consistently given adequate time to scrutinize and approve the annual budget.

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

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

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

**2.3.3. Public Participation:** The government provides citizens with an accessible summary of the implications of budget policies and an opportunity to participate in budget deliberations.

**2.4. Credibility:** *Economic and fiscal forecasts and budgets should be credible.*

**2.4.1. Independent Evaluation:** The government's economic and fiscal forecasts and performance are subject to independent evaluation.

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

**2.4.3. 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 from the baseline.

### III. FISCAL RISK ANALYSIS AND MANAGEMENT

**Governments should disclose, 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 summary 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 assumptions.

**3.1.2. Specific Fiscal Risks:** The government provides a regular summary report on the main specific risks to its fiscal forecasts.

**3.1.3. Long-Term Fiscal Sustainability Analysis:** The government regularly publishes projections of the evolution of the public finances over the long-term.

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

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

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

**3.2.3. Guarantees:** The government's guarantee exposure is regularly disclosed and authorized by law.

**3.2.4. Public Private Partnerships:** The government's obligations under public-private partnerships are regularly disclosed and actively managed.

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

**3.2.6. Natural Resources:** The government's interest in exhaustible natural resource assets and their exploitation is valued, disclosed, and managed.

**3.2.7. 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 and performance across the public sector should be analyzed, disclosed, and coordinated.*

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

**3.3.2. Public Corporations:** The government regularly publishes comprehensive information on the financial performance of public corporations, including any quasi-fiscal activity undertaken by them.

#### IV. RESOURCE REVENUE MANAGEMENT

**Natural resource revenues should be collected, managed, and disbursed in an open, transparent, and sustainable manner.**

**4.1. Legal and Fiscal Regime:** *Natural resources should be governed by a comprehensive legal framework and fiscal regime.*

**4.1.1. Legal Framework for Resource Rights:** The legal framework defines rights, obligations, and responsibilities at all stages of resource development.

**4.1.2. Fiscal Regime for Natural Resources:** The fiscal regime for revenue generation from natural resource sectors is clear, comprehensive, and governed by law.

**4.2. Allocation of Rights and Collection of Revenue:** *There should be open and transparent procedures for granting rights for resource extraction, and clear rules governing resource revenue collection and verification.*

**4.2.1. Allocation of Resource Rights:** There is an open process for the allocation of resource rights.

**4.2.2. Disclosure of Resource Rights Holdings:** The government maintains and publishes an up-to-date register of all resource rights holdings.

**4.2.3. Assessment and Collection of Resource Revenues:** There is regular reporting on resource revenue collection, audit and compliance activities.

**4.2.4. Resource Revenue Audit and Verification:** Government reports on resource revenue collection are reconciled with company reports on fiscal payments.

**4.3. Company Reporting:** *All resource companies should regularly publish on payments made to and from government and the operational, environmental and social aspects of natural resource projects.*

**4.3.1. Reporting on Domestic Payments:** All resource companies regularly publish payment information on their domestic natural resource exploration, extraction, and trading activities.

**4.3.2. Reporting on Worldwide Payments:** Domestically domiciled or listed resource companies regularly publish payment information regarding their worldwide exploration, extraction and trading activities.

**4.3.3. Operational, Social, and Environmental Reporting:** All resource companies regularly report on the status of domestic natural resource projects, and their social and environmental impact.

**4.4. Resource Revenue Management:** *Resource revenues should be managed within the budget framework in accordance with predefined fiscal policy objectives, and any natural resource fund should be operated in a clear and transparent manner.*

**4.4.1. Budgeting of Resource Revenue:** Resource revenues are managed through the annual budget in accordance with predefined fiscal policy objectives.

**4.4.2. Resource Fund Operations and Oversight:** The governance of any resource fund is clearly defined and its operations are transparently reported and independently audited.

**4.4.3. Resource Fund Investment Strategy:** The fund is transparently managed in line with a prudent investment strategy.

## B. FISCAL TRANSPARENCY CODE: DESCRIPTION OF BASIC, GOOD, AND ADVANCED PRACTICES BY PRINCIPLE

#	DIMENSION	PRINCIPLE	PRACTICES		
			BASIC	GOOD	ADVANCED
<b>1</b>	<b>FISCAL REPORTING</b>	<b>Fiscal reports should provide a comprehensive, relevant, timely, and reliable overview of the government's financial position and performance</b>			
<b>1.1</b>	<b>Coverage</b>	<b><i>Fiscal reports should provide a comprehensive overview of the fiscal activities of the public sector and its subsectors, according to international standards.</i></b>			
1.1.1	Coverage of Institutions	Fiscal reports cover all entities engaged in public activity according to international standards.	Fiscal reports consolidate all central government entities, according to international standards.	Fiscal reports consolidate all general government entities, and report on each subsector according to international standards.	Fiscal reports consolidate all public sector entities, including government-controlled natural resource companies and funds, and report on each subsector according to international standards.
1.1.2	Coverage of Stocks	Fiscal reports include a balance sheet of public assets, liabilities, and net worth.	Fiscal reports cover cash and deposits, and all debt.	Fiscal reports cover all financial assets and liabilities, including the financial assets of any natural resource funds.	Fiscal reports cover all financial and non-financial assets and liabilities, and net worth, including the financial assets of any natural resource funds and natural resource reserves.
1.1.3	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, expenditures and financing.	Fiscal reports cover cash flows, accrued revenues, expenditures and financing, and other economic flows.
1.1.4	Coverage of Tax Expenditures	The government regularly discloses and manages revenue loss from tax expenditures.	The revenue loss from tax expenditures is published at least annually.	The revenue loss from tax expenditures is estimated by sector or policy area, and is published at least annually.	The 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.

#	DIMENSION	PRINCIPLE	PRACTICES		
			BASIC	GOOD	ADVANCED
<b>1.2</b>	<b><i>Frequency and Timeliness</i></b>	<b><i>Fiscal reports should be published in a frequent, regular, and timely manner.</i></b>			
1.2.1	Frequency of In-Year Reporting	In-year fiscal reports are published on a frequent and regular basis.	In-year fiscal reports are published on a quarterly basis, within a quarter.	In-year fiscal reports are published on a quarterly basis, within a month.	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.
<b>1.3</b>	<b><i>Quality</i></b>	<b><i>Information in fiscal reports should be relevant, internationally comparable, and internally and historically consistent.</i></b>			
1.3.1	Classification	Fiscal reports classify information in ways that make clear the sources and use of public resources and facilitate international comparisons.	Fiscal reports include administrative and economic classifications consistent with international standards, where applicable, and separately identify significant natural resource revenues and assets.	Fiscal reports include administrative, economic and functional classifications consistent with international standards, where applicable, and separately identify significant natural resource revenues and assets.	Fiscal reports include administrative, economic, functional and program classifications consistent with international standards, where applicable, and separately identify significant natural resource revenues and assets.
1.3.2	Internal 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) fiscal balance and net financing, (ii) debt issued and debt holdings, or (iii) net financing and the change in debt/net wealth.	Fiscal reports include at least two of the following reconciliations: (i) fiscal balance and net financing, (ii) debt issued and debt holdings, or (iii) net financing and the change in debt/net wealth.	Fiscal reports include all three of the following reconciliations: (i) fiscal balance and net financing, (ii) debt issued and debt holdings, or (iii) net financing and the change in debt/net wealth.

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1.3.3	Historical Revisions	Major revisions to historical fiscal statistics are disclosed and explained.	Major revisions to historical fiscal statistics are reported.	Major revisions to historical fiscal statistics are reported with an explanation for each major revision.	Major revisions to historical fiscal statistics are reported with an explanation for each major revision and a bridging table between the old and new time series.
<b>1.4</b>	<b>Integrity</b>	<b><i>Fiscal statistics and financial statements should be reliable, subject to external scrutiny and facilitate accountability.</i></b>			
1.4.1	Statistical Integrity	Fiscal statistics are compiled and disseminated in accordance with international standards.	Fiscal statistics are disseminated in accordance with international standards.	Fiscal statistics are compiled by a specific government agency and disseminated in accordance with international standards.	Fiscal statistics are compiled by a professionally independent body and disseminated in accordance with international standards.
1.4.2	External Audit	Annual financial statements are subject to a published audit by an independent supreme audit institution, which validates their reliability.	An independent supreme audit institution publishes an audit report on the reliability of the government's annual financial statements.	An independent supreme audit institution publishes an audit report stating whether the government's annual financial statements present a true and fair view of its financial position and without a disclaimer or adverse audit opinion.	An independent supreme audit institution publishes an audit report consistent with international standards which states whether the government's annual financial statements present a true and fair view of its financial position and without major qualifications.
1.4.3	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 fiscal forecast/budget.	Fiscal forecast/ budget and outturn are comparable plus the outturn is reconciled with either the fiscal statistics or final accounts.	Fiscal forecast/ budget and outturn are comparable plus the outturn is reconciled with both fiscal statistics and final accounts.



#	DIMENSION	PRINCIPLE	PRACTICES		
			BASIC	GOOD	ADVANCED
2	<b>FISCAL FORECASTING AND BUDGETING</b>	<b>Budgets and their underlying fiscal forecasts should provide a clear statement of the government's budgetary objectives and policy intentions, and comprehensive, timely, and credible projections of the evolution of the public finances.</b>			
2.1	<b>Comprehensiveness</b>	<b>Fiscal forecasts and budgets should provide a comprehensive overview of fiscal prospects.</b>			
2.1.1	Budget Unity	Revenues, expenditures, and financing of all central government entities are presented on a gross basis in budget documentation and authorized by the legislature.	Budget documentation incorporates all gross domestic tax revenues, expenditures, and financing by central government ministries and agencies.	Budget documentation incorporates all gross domestic tax and non-tax revenues, expenditures, and financing by central government ministries, agencies and extra-budgetary funds.	Budget documentation incorporates all gross domestic and external revenues, expenditures, and financing by central government ministries, agencies, extra-budgetary funds, social security funds, and natural resource funds.
2.1.2	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, including relevant natural resource commodity prices.	The budget documentation includes forecasts of key macroeconomic variables and their underlying assumptions, including relevant natural resource commodity prices and production levels.	The budget documentation includes forecasts and explanations of key macroeconomic variables and their components, as well as their underlying assumptions, including relevant natural resource commodity prices and production levels disaggregated by commodity type and major project.
2.1.3	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, including the non-resource balance where relevant.	Budget documentation includes the outturns of the two preceding years and medium-term projections of revenues, expenditures, and financing by economic category, including the non-resource balance where relevant.	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, including the non-resource balance where relevant.

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2.1.4	Investment Projects	The government regularly discloses its financial obligations under multi-annual investment projects and subjects all major projects to cost-benefit analysis and open and competitive tender.	One of the following applies: (i) the government regularly discloses the value of its total obligations under multi-annual investment projects; (ii) subjects all major projects to a published cost-benefit analysis before approval; or (iii) requires all major projects to be contracted via open and competitive tender.	Two of the following apply: (i) the government regularly discloses the value of its total obligations under multi-annual investment projects; (ii) subjects all major projects to a published cost-benefit analysis before approval; or (iii) requires all major projects to be contracted via open and competitive tender.	All of the following apply: (i) the government regularly discloses the value of its total obligations under multi-annual investment projects; (ii) subjects all major projects to a published cost-benefit analysis before approval; and (iii) requires all major projects to be contracted via open and competitive tender.
<b>2.2</b>	<b>Orderliness</b>	<b><i>The powers and responsibilities of the executive and legislative branches of government in the budget process should be defined in law, and the budget should be presented, debated, and approved in a timely manner.</i></b>			
2.2.1	Fiscal Legislation	The legal framework clearly defines the time table for budget preparation and approval, key contents of the budget documentation, and the powers and responsibilities of the executive and legislature in the budget process.	The legal framework defines one of the following: (i) the timetable for budget preparation and approval; (ii) the key content requirements for the executive's budget proposal; or (iii) the legislature's powers to amend the executive's budget proposal.	The legal framework defines two of the following: (i) the timetable for budget preparation and approval; (ii) the key content requirements for the executive's budget proposal; or (iii) the legislature's powers to amend the executive's budget proposal.	The legal framework defines all of (i) the timetable for budget preparation and approval; (ii) the key content requirements for the executive's budget proposal; and (iii) the legislature's powers to amend the executive's budget proposal.

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2.2.2	Timeliness of Budget Documents	The legislature and the public are consistently given adequate time to scrutinize and approve the annual budget.	The budget is submitted to the legislature and made available to the public at least one month before the start of the financial year and is approved and published up to one month after the beginning 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 and is approved and published by 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 and is approved and published at least one month before the start of the financial year.
<b>2.3</b>	<b>Policy Orientation</b>	<b><i>Fiscal forecasts and budgets should be presented in a way that facilitates policy analysis and accountability.</i></b>			
2.3.1	Fiscal Policy Objectives	The government states and reports on clear and measurable objectives for the public finances.	The government states and regularly reports on numerical objectives for the main fiscal aggregates which are either precise or time-bound.	The government states and regularly reports on numerical objectives for the main fiscal aggregates which are both precise and time-bound.	The government states and regularly reports on a numerical objective for the main fiscal aggregates, which are both precise and time-bound and have been in place for 3 or more years.
2.3.2	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 outputs delivered and the outcomes to be achieved under each major government policy area.

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2.3.3	Public Participation	The government provides citizens with an accessible summary of the implications of budget policies and an opportunity to participate in budget deliberations.	Government publishes an accessible description of recent economic and fiscal performance and prospects, as well as a summary of the implications of the budget for a typical citizen, including regarding the raising and utilization of resource revenues.	Government publishes an accessible description of recent economic and fiscal performance and prospects and a detailed account of the implications of the budget for a typical citizen, and provides citizens with a formal voice in budget deliberations, including regarding the raising and utilization of resource revenues.	Government publishes an accessible description of recent economic and fiscal performance and prospects, a detailed account of the implications of the budget for different demographic groups, and provides citizens with a formal voice in budget deliberations, including regarding the raising and utilization of resource revenues.
<b>2.4</b>	<b>Credibility</b>	<b><i>Economic and fiscal forecasts and budgets should be credible.</i></b>			
2.4.1	Independent Evaluation	The government's economic and fiscal forecasts and performance are subject to independent evaluation.	Budget documentation includes comparisons between the government's economic and fiscal projections and those of independent forecasters, including for significant resource revenues.	An independent entity evaluates the credibility of the government's economic and fiscal forecasts, including for significant resource revenues.	An independent entity evaluates the credibility of the government's economic and fiscal forecasts, including for significant resource revenues, and its performance against its fiscal policy objectives.
2.4.2	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 material changes to total budgeted expenditure.	A supplementary budget is required prior to material changes to total budgeted expenditure or substantially altering its composition.

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2.4.3	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 from the baseline.	Differences between 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 including significant natural resource production and price developments.	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 including significant natural resource production and price developments, and other factors, such as technical or accounting adjustments.
<b>3</b>	<b>FISCAL RISK ANALYSIS AND MANAGEMENT</b>	<b>Governments should disclose, analyze, and manage risks to the public finances and ensure effective coordination of fiscal decision-making across the public sector.</b>			
<b>3.1</b>	<b><i>Risk Disclosure and Analysis</i></b>	<b><i>Governments should publish regular summary reports on risks to their fiscal prospects.</i></b>			
3.1.1	Macroeconomic Risks	The government reports on how fiscal outcomes might differ from baseline forecasts as a result of different macroeconomic assumptions.	Budget documentation includes discussion of the sensitivity of fiscal forecasts to major macroeconomic assumptions, including for relevant commodity prices.	Budget documentation includes sensitivity analysis and alternative macroeconomic and fiscal forecast scenarios, including on a range of relevant commodity price and production assumptions.	Budget documentation includes sensitivity analysis, alternative scenarios, and probabilistic forecasts of fiscal outcomes including on a range of relevant commodity price, project cost, and production assumptions.

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3.1.2	Specific Fiscal Risks	The government provides a regular summary report on the main specific risks to its fiscal forecasts.	The main specific risks to the fiscal forecast, including those relating to the government's participation in significant natural resource projects, are disclosed in a summary report and discussed in qualitative terms.	The main specific risks to the fiscal forecast, including those relating to the government's participation in significant natural resource projects, are disclosed in a summary report, along with estimates of their magnitude.	The main specific risks to the fiscal forecast, including those relating to the government's participation in significant natural resource projects, are disclosed in a summary report, along with estimates of their magnitude and, where practicable, their likelihood.
3.1.3	Long-Term Fiscal Sustainability Analysis	The government regularly publishes projections of the evolution of the public finances over the long-term.	The government regularly publishes projections of the sustainability of the main fiscal aggregates and any health and social security funds over at least the next 10 years, separately identifying developments in significant resource revenue flows, reserves, and savings.	The government regularly publishes multiple scenarios for the sustainability of the main fiscal aggregates and any health and social security funds over at least the next 30 years, separately identifying developments in significant resource revenues flows, reserves, and savings using a range of macroeconomic assumptions, including for prices of relevant commodities.	The government regularly publishes multiple scenarios for the sustainability of the main fiscal aggregates and any health and social security funds over at least the next 30 years, separately identifying developments in significant resource revenues flows, reserves, and savings, using a range of macroeconomic, demographic, or other assumptions, including for prices and production of relevant commodities.
<b>3.2</b>	<b>Risk Management</b>	<b>Specific risks to the public finances should be regularly monitored, disclosed, and managed.</b>			
3.2.1	Budgetary Contingencies	The budget has adequate and transparent allocations for contingencies that arise during budget execution.	The budget includes an allocation for contingencies.	The budget includes an allocation for contingencies with transparent access criteria.	The budget includes an allocation for contingencies with transparent access criteria and regular in-year reporting on its utilization.

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3.2.2	Asset and Liability Management	Risks relating to major government assets and liabilities are disclosed and managed.	All government borrowing is authorized by law and the risks surrounding the government's debt and currency holdings are analyzed and disclosed.	All government borrowing is authorized by law and the risks surrounding the government's financial assets and liabilities are analyzed and disclosed.	All government 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	Guarantees	The government's guarantee exposure is regularly disclosed and authorized by law.	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 their probability of being called are published at least annually. The maximum value of new guarantees or their stock is authorized by law.
3.2.4	Public Private Partnerships	The government's obligations under public-private partnerships are regularly disclosed and actively managed.	The government at least annually publishes its total rights, obligations, and other exposures under public-private partnership contracts.	The government at least annually publishes its total rights, obligations, and other exposures under public-private partnership 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 public-private partnership contracts and the expected annual receipts and payments over the life of the contracts. A legal limit is also placed on accumulated obligations.
3.2.5	Financial Sector Exposure	The government's potential fiscal exposure to the financial sector is analyzed, disclosed and managed.	The authorities quantify and disclose their explicit support to the financial sector at least annually.	The authorities quantify and disclose their explicit support to the financial sector at least annually, and regularly undertake an assessment of financial sector stability.	The authorities quantify and disclose their explicit support to the financial sector at least annually, and regularly undertake an assessment of financial sector stability, based on a plausible range of macroeconomic and financial market scenarios.

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3.2.6	Natural Resources	The government's interest in exhaustible natural resource assets and their exploitation is valued, disclosed and managed.	The government publishes forecasts of the volume and value of major natural resource assets, as well as the volume and value of the previous year's sales and fiscal revenue.	The government publishes annual forecasts 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.	The government publishes forecasts of the volume and value of major natural resource assets under different price and extraction scenarios, as well as the volume and value of the previous year's sales, and fiscal revenue.
3.2.7	Environmental Risks	The potential fiscal exposure to natural disasters and other major environmental risks are analyzed, disclosed, and managed.	The government identifies and discusses the main fiscal risks from natural disasters and other major environmental risks, in qualitative terms.	The government identifies and discusses the main fiscal risks from natural disasters and other major environmental risks, quantifying them on the basis of historical experiences.	The government identifies and discusses the main fiscal risks from natural disasters and other major environmental risks, quantifying them on the basis of historical experiences and managing them according to a published strategy.



#	DIMENSION	PRINCIPLE	PRACTICES		
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<b>3.3</b>	<b><i>Fiscal Coordination</i></b>	<b><i>Fiscal relations and performance across the public sector should be analyzed, disclosed, and coordinated</i></b>			
3.3.1	Sub-National Governments	Comprehensive information on the financial condition and performance of sub-national governments, individually and as a consolidated sector, are collected and published.	The financial condition and performance of sub-national governments is published annually, including significant resource revenues collected, assigned or transferred.	The financial condition and performance of sub-national governments is published annually, including significant resources revenues collected, assigned or transferred, and there is a limit on their liabilities or borrowing.	The financial condition and performance of sub-national governments is published quarterly, including significant resource revenues collected, assigned or transferred, and there is a limit on their liabilities or borrowing.
3.3.2	Public Corporations	The government regularly publishes comprehensive information on the financial performance of public corporations, including any quasi-fiscal activity undertaken by them.	All transfers between the government and public corporations, including major national resource companies, are disclosed on at least an annual basis.	All transfers between the government and public corporations are disclosed, and based on a published ownership policy, a report on the overall financial performance of the public corporations sector, including major national resource companies, is published on at least an annual basis.	All direct and indirect support between the government and public corporations is disclosed, and based on a published ownership policy. A report on the overall financial performance of the public corporations sector, including major national resource companies, including estimates of any quasi-fiscal activities undertaken is published on at least an annual basis.

#	DIMENSION	PRINCIPLE	PRACTICES		
			BASIC	GOOD	ADVANCED
4	<b>RESOURCE REVENUE MANAGEMENT</b>	<b>Natural resource revenues should be collected, managed, and disbursed in an open, transparent, and sustainable manner</b>			
4.1	<b>Legal and Fiscal Regime</b>	<b>The exploration, exploitation, and sale of natural resources should be governed by a comprehensive and transparent legal framework and fiscal regime.</b>			
4.1.1	Legal Framework for Resource Rights	The legal framework defines rights, obligations, and responsibilities of all participants at all stages of resource development.	The legal framework defines rights, obligations and responsibilities of all participants in exploration, development, production and sale of natural resources.	The legal framework defines rights, obligations and responsibilities of all participants in exploration, development, production and sale of natural resources, and all laws, regulations, and model licenses or contracts are published.	The legal framework defines rights, obligations and responsibilities of all participants in exploration, development, production and sale of natural resources, all laws, regulations, and model licenses or contracts are published, and there are no legal impediments to the full disclosure of non-commercially sensitive information.
4.1.2	Fiscal Regime for Natural Resources	The fiscal regime for revenue generation from natural resources sectors is clear, comprehensive, and governed by law.	One of the following applies:  The legal framework defines the fiscal regime for each natural resource sector and includes clear and comprehensive definition of: (i) rates of all revenue instruments; (ii) base of all revenue instruments; (iii) scope for variation in fiscal terms.	Two of the following apply:  The legal framework defines the fiscal regime for each natural resource sector and includes clear and comprehensive definition of: (i) rates of all revenue instruments; (ii) base of all revenue instruments; (iii) scope for variation in fiscal terms.	All three of the following apply:  The legal framework defines the fiscal regime for each natural resource sector and includes clear and comprehensive definition of: (i) rates of all revenue instruments; (ii) base of all revenue instruments; (iii) scope for variation in fiscal terms.
4.2.	<b>Allocation of Rights and Collection of Revenue</b>	<b>There should be open and transparent procedures for granting rights for resource extraction and clear rules governing resource revenue collection and verification.</b>			

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4.2.1	Allocation of Resource Rights	There is an open process for the allocation of resource rights.	There is an open process for granting of resource rights with predefined qualification and evaluation criteria and publication of all rights granted.	There is an open process for granting of resource rights, with predefined qualification and evaluation criteria, and independent verification and publication of all rights granted.	There is an open process for granting of resource rights with predefined qualification and evaluation criteria, and independent verification and publication of all rights granted, and a published report with details of any applications received and justification of the final award.
4.2.2	Disclosure of Resource Rights Holdings	The government maintains and publishes an up-to-date register of all resource rights holdings, with details of their beneficial owners.	The government maintains and publishes an up-to-date register of all resource rights holders and their holdings, which includes a summary of the key terms and conditions associated with their resource rights and details of the beneficial owner of the rights.	The government maintains and publishes an up-to-date register of all resource rights holders, their holdings, the full text of terms and conditions associated with their resource rights, and details of the beneficial owner of the rights.	The government maintains and publishes an up-to-date register of all resource rights holders, their holdings, the full texts of terms and conditions associated with the natural resource rights, and details of the beneficial owner of the resource rights and chain of intermediaries connecting it with the local rights holder.

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4.2.3	Assessment and Collection of Resource Revenues	There is regular reporting on resource revenue collection, audit and compliance activities.	One of the following applies: (i) revenue-collecting authorities publish an annual report on resource revenue collection, audit and compliance activities; (ii) there are published rulings and practice notes regarding administration of the natural resource fiscal regime; (iii) there is a clear dispute resolution process and annual reporting on disputes resolved and outstanding.	Two of the following apply: (i) revenue-collecting authorities publish an annual report on resource revenue collection, audit and compliance activities; (ii) there are published rulings and practice notes regarding administration of the natural resource fiscal regime; (iii) there is a clear dispute resolution process and annual reporting on disputes resolved and outstanding.	Three of the following apply: (i) revenue-collecting authorities publish an annual report on resource revenue collection, audit and compliance activities; (ii) there are published rulings and practice notes regarding administration of the natural resource fiscal regime; (iii) there is a clear dispute resolution process and annual reporting on disputes resolved and outstanding.
4.2.4	Resource Revenue Audit and Verification	Government reports on resource revenue collection are reconciled with company reports on fiscal payments.	One of the following applies:  Government publishes an annual report reconciling resource revenue collected with audited company reports on fiscal payments (i) disaggregated by project; (ii) independently validated in line with international standards (iii) containing only minor unexplained discrepancies.	Two of the following apply:  Government publishes an annual report reconciling resource revenue collected with audited company reports on fiscal payments (i) disaggregated by project; (ii) independently validated in line with international standards; (iii) containing only minor unexplained discrepancies.	All of the following apply:  Government publishes an annual report reconciling resource revenue collected with audited company reports on fiscal payments (i) disaggregated by project; (ii) independently validated in line with international standards; (iii) containing only minor unexplained discrepancies.

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4.3.	<b>Company Reporting</b>	<b>All resource companies should regularly publish on payments made to and from government and the operational, environmental and social aspects of natural resource projects.</b>			
4.3.1	Reporting on Domestic Payments	All resource companies regularly disclose payment information on their domestic natural resource exploration, extraction and trading activities.	Country-level information is annually published by resource companies on domestic natural resource exploration, extraction and trading activity, including production volumes, values, and material payments to and from government-owned or controlled entities, disaggregated by government payee and payment type.	Project-level information is annually published by resource companies on domestic natural resource exploration, extraction and trading activity, including production volumes, values, and material payments to and from government-owned or controlled entities, disaggregated by government payee and payment type.	Project-level information is annually published by resource companies on domestic natural resource exploration, extraction and trading activity, including production volumes, values, and material payments to and from government-owned or controlled entities, disaggregated by government payee and payment type, together with methodologies used for pricing of commodities.
4.3.2	Reporting on Worldwide Payments	Domestically domiciled or listed resource companies regularly publish information on their worldwide extraction and trading activities.	Domestically domiciled or listed resource companies annually publish country-level information on worldwide natural resource exploration, extraction and trading activity, including production volumes, values, and material payments to and from government-owned or controlled entities, disaggregated by government payee and payment type.	Domestically domiciled or listed resource companies annually publish project-level information on worldwide natural resource exploration, extraction and trading activity, including production volumes, values, and material payments to and from government-owned or controlled entities, disaggregated by government payee and payment type.	Domestically domiciled or listed resource companies annually publish project-level information on worldwide natural resource exploration, extraction and trading activity, including production volumes, values, and material payments to and from government-owned or controlled entities, disaggregated by government payee and payment type, together with methodologies used for pricing of commodities.

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4.3.3	Operational, Social, and Environmental Reporting	All resource companies regularly report on the status of domestic natural resource projects, and their social and environmental impact.	One of the following applies: (i) project environmental impact assessments are published; (ii) project social impact assessments are published; (iii) project development plans and annual project status reports are published.	Two of the following applies: (i) project environmental impact assessments are published; (ii) project social impact assessments are published; (iii) project development plans and annual project status reports are published.	All of the following applies: (i) project environmental impact assessments are published; (ii) project social impact assessments are published; (iii) project development plans and annual project status reports are published.
4.4	<b>Resource Revenue Management</b>	<i>Resource revenues should be managed within the budget framework in accordance with predefined fiscal policy objectives, and any natural resource fund should be operated in a clear and transparent manner.</i>			
4.4.1	Budgeting of Resource Revenue	Resource revenues are managed through the annual budget in accordance with predefined fiscal policy objectives.	Resource revenues are remitted to the budget or to a designated resource fund and are allocated through the annual budget law.	Resource revenues are remitted to the budget or to a designated resource fund, and allocated through the annual budget, in accordance with predefined fiscal policy objectives.	Resource revenues are remitted to the budget or to a designated resource fund, allocated through the annual budget law in accordance with predefined fiscal policy objectives, and with clear conditions for deviations from those objectives.
4.4.2	Resource Fund Operations and Oversight	The governance of any resource fund is clearly defined and its operations are transparently reported and independently audited.	Any resource fund's governance arrangements and operational rules are specified in a published government document. An annual report sets out the fund's income, expenses, assets, and liabilities.	Any resource fund's governance arrangements and operational rules are specified in a published government document. An annual report sets out the fund's income, expenses, assets, and liabilities, which is audited by an independent agency.	Any resource fund's governance arrangements and operational rules are specified in a published government document. Quarterly and annual reports set out the fund's income, expenses, assets, and liabilities. Annual reports are audited by an independent agency.

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4.4.3	Resource Fund Investment Strategy	Any resource fund's investments are transparently managed in line with a prudent investment strategy.	Any resource fund's investment strategy asset portfolio and investment performance are published annually.	Any resource fund's investment strategy, asset portfolio and investment performance relative to benchmarks are published annually.	Any resource fund's investment strategy, risk profile, asset portfolio, and investment performance relative to benchmarks are published annually.

### C. Glossary

<u>Term</u>	<u>Definition</u>
<b>Beneficial Owner</b>	The natural person(s) or publicly-listed legal entity(ies) which owns the ultimate economic interest in the holder of a natural resource right within a country, usually through a chain of related parties which may be held in different jurisdictions.
<b>Domestically Domiciled Resource Companies</b>	A resource company, which is registered or incorporated in a particular country.
<b>Domestically Listed Resource Companies</b>	A resource company whose shares are listed on a stock exchange in a particular country.
<b>Fiscal Regime</b>	System of instruments used to raise resource revenue.
<b>Revenue Instruments</b>	Tax and non-tax instruments used to raise resource revenue. Non-tax instruments include royalties, state participation, and contractual systems such as production-sharing.
<b>International Standards</b>	Internationally recognized standards for revenue transparency, including the Extractive Industries Transparency Initiative (EITI) standard.
<b>Natural Resources</b>	Non-renewable natural resources such as mineral ores, crude oil and natural gas.
<b>Natural Resource Funds</b>	An investment vehicle for the management of revenues from natural resource extraction (a subset of sovereign wealth funds).
<b>Open</b>	A process which is given sufficient publicity and accessible to all qualified potential applicants (i.e. public call of interest).
<b>Project</b>	Operational activities governed by a single contract, license, lease, concession, or similar legal agreements that form the basis for payment liabilities with a government. <sup>1</sup>
<b>Publish</b>	To disseminate information in location(s) and format(s) that ensure that it is widely available and accessible to the public.

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<sup>1</sup> Definition used by Directive 2013/34/EU of the European Parliament and of the Council.



<b>Resource Company</b>	Any corporate entity, including state-owned enterprises, engaging in natural resource exploration, extraction or commodity trading activity.
<b>Resource Revenue</b>	Government revenue raised from natural resource exploration, extraction, transportation, processing and trading activity.
<b>Resource Rights</b>	Rights to explore for, extract, transport, process or trade natural resources.