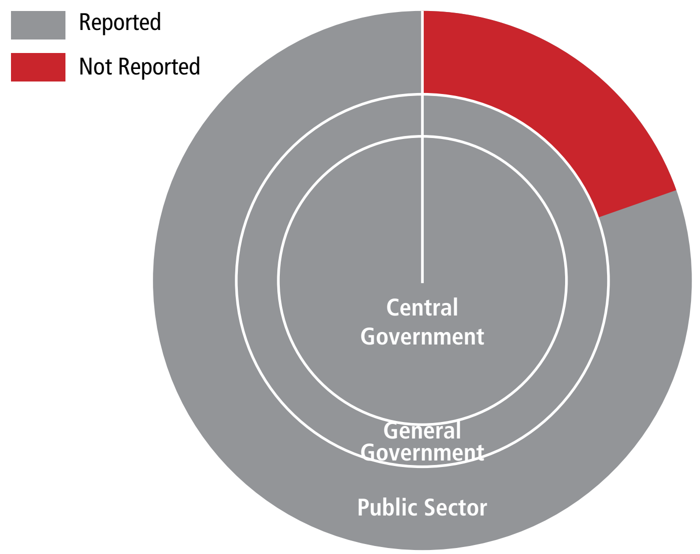
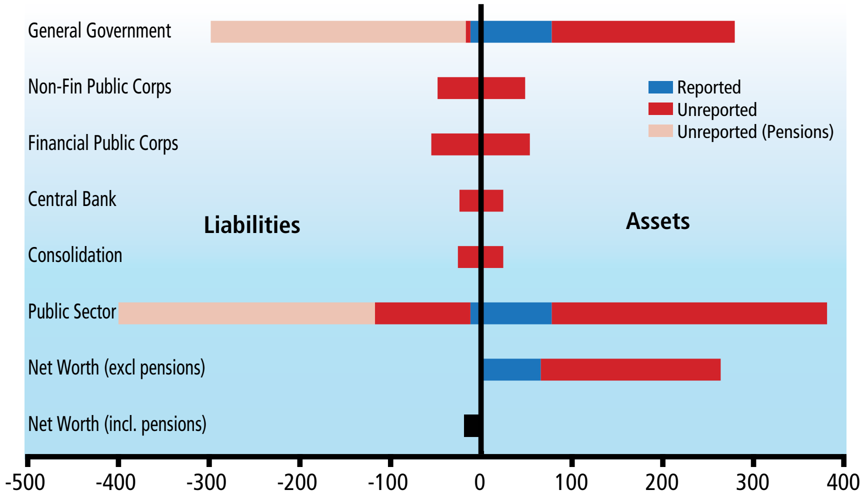
Figure 5: Fiscal Transparency Indicators

Ireland: Coverage of Public Sector Entities (Percent of expenditure)



Russia: Balance Sheet Coverage (Percent of GDP)



Bolivia: Year-ahead Expenditure Forecast Errors (Percent of total forecast expenditure)

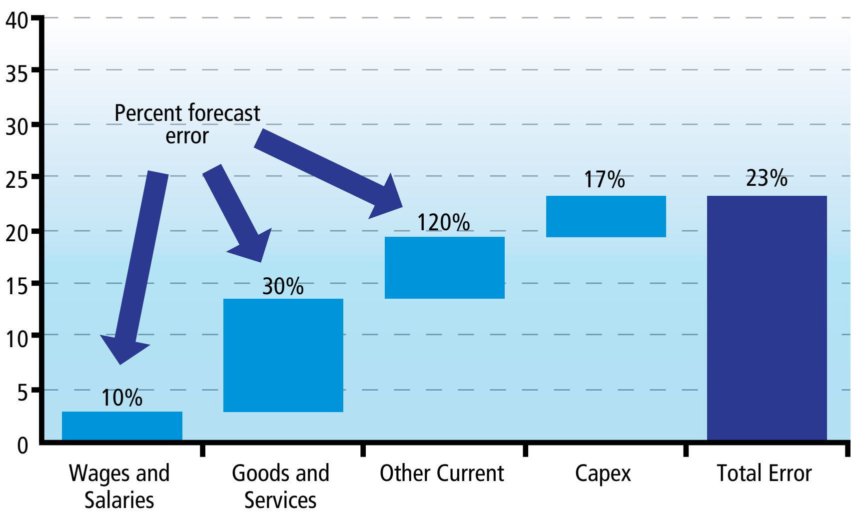


Figure 6: Russia Heat Map

LEVEL OF IMPOR-TANCE	LEVEL OF PRACTICE: 1. Fiscal Reporting	2. Fiscal Forecasting and Budgeting	3. Fiscal Risk Analysis and Management
High Impor-tance	1.1. Structure of Public Sector	1.2. Gross Budgeting	1.1. Macroeconomic Risks
	1.2. Coverage of Institutions	1.4 MT Budget Framework	1.2. Specific Fiscal Risks
	1.3. Coverage of Stocks	4.4 Fiscal Sustainability Analysis	2.2. Asset & Liability Management
	1.4. Coverage of Flows	5.2. Supplementary Budgets	2.3. Natural Resources
	3.2. Data Consistency	5.3. Forecast Reconciliation	3.2. Public Corporations
			3.4. Health and Social Security
Medium Impor-tance	1.5 Coverage of Tax Expenditures	1.1. Budget Unity	1.3 Comparability of Fiscal Data
	3.1. Classification	2.1. Fiscal Strategy Report	2.1. Contingency Reserves
	3.3. Historical Consistency	4.3. Citizens' Budget	2.6. Financial Sector Exposure
	4.1 Statistical Integrity	5.1. Independent Evaluation	2.7. Major Contracts
			3.3. Quasi-Fiscal Activity
Low Impor-tance	2.1. Frequency of In-Year Reports	1.3. Macroeconomic Forecasts	2.4. Financial Derivatives
	2.2. Timeliness of Annual Statements	2.2.Budget Submission	2.5. Guarantees
	4.2. External Audit	2.3. Budget Approval	2.8. Environmental Risks
	4.3. Statistical Dissemination	3.1. Organic Budget Legislation	3.1. Sub-National Governments
	4.4. Reliability of Finan-cial Statements	3.2. Revenue Collection	
		4.1. Fiscal Policy Objectives	
		4.2. Performance Information	

LEGEND LEVEL OF PRACTICE			
Not Met	Basic	Good	Advanced

For further information, or if you have any questions, visit:
http://imf.org/fiscaltransparency or contact: **fiscaltransparency@imf.org**

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Fiscal Transparency Code and Evaluation

FISCAL AFFAIRS DEPARTMENT

Why Fiscal Transparency Is Important

Fiscal transparency is essential to effective fiscal management and accountability. It ensures that governments have an accurate picture of their fiscal position and prospects, the long-term costs and benefits of any policy changes, and the potential risks to public finances. It also provides legislatures, citizens, and markets with the information they need to hold governments accountable.

The degree of fiscal transparency has been shown to be associated with a country's fiscal sustainability (Fig 1) and market perceptions of fiscal solvency (Fig 2). The loss of market confidence in governments with underestimated or hidden deficits in the wake of the recent crisis underscored the importance of fiscal transparency to global financial and economic stability.

Figure 1: Fiscal Transparency & Government Debt

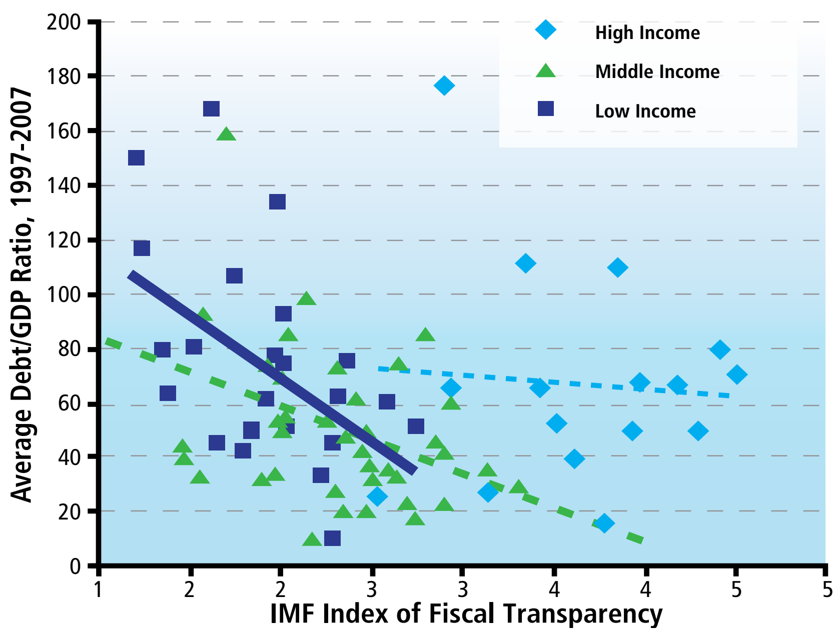
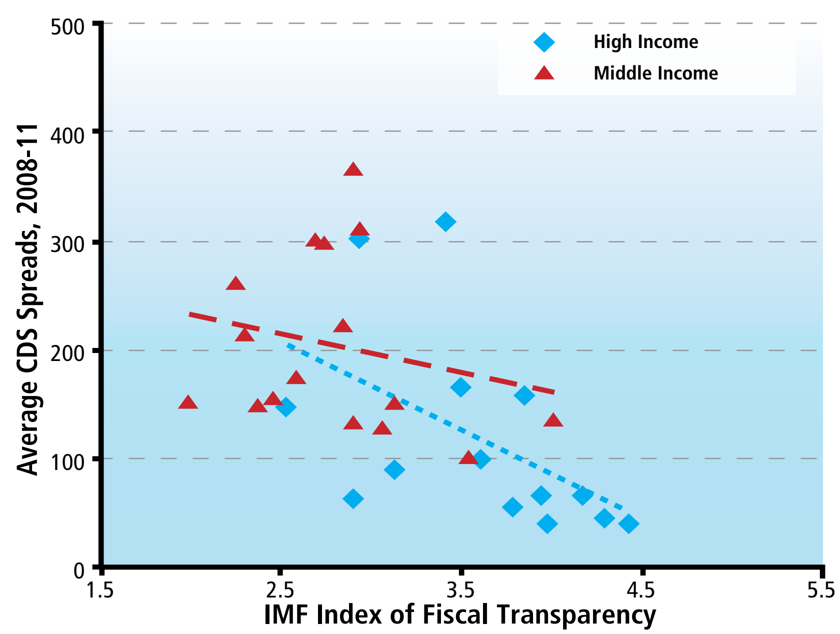


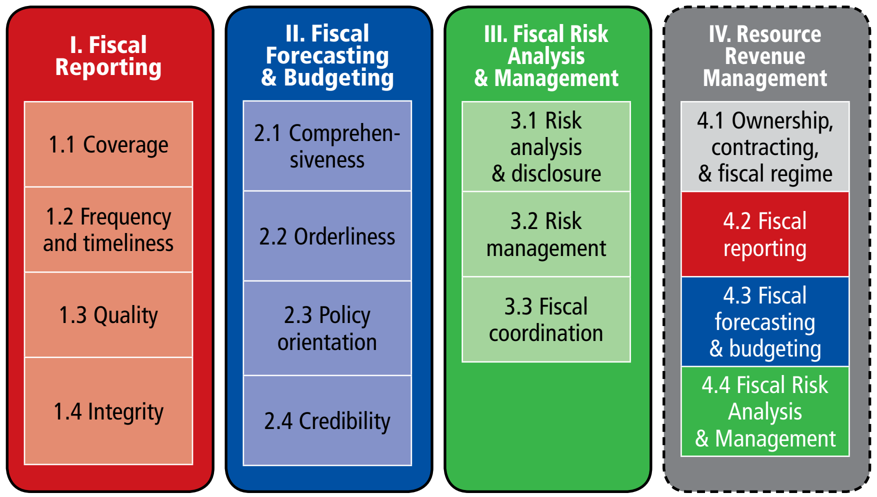
Figure 2: Fiscal Transparency & CDS Spreads



Fiscal Transparency Code

The IMF's Fiscal Transparency Code (the Code) is the international standard for disclosure of information about public finances. The Code comprises a set of principles built around four pillars (Fig 3): (i) fiscal reporting; (ii) fiscal forecasting and budgeting; (iii) fiscal risk analysis and management; and (iv) resource revenue management. Basic, good, and advanced practices are identified against each principle (Fig 4) to provide countries with clear milestones toward full compliance with the Code. Pillars I-III have been issued while a draft of Pillar IV is under public consultation.

Figure 3: Fiscal Transparency Code's 4 Pillars



Fiscal Transparency Evaluation

Fiscal Transparency Evaluations (FTEs) are the IMF's fiscal transparency diagnostic. FTEs provide countries with:

- a comprehensive assessment of their fiscal transparency practices against the standards set by the Code;
- rigorous analysis of the scale and sources of fiscal vulnerability based on a set of fiscal transparency indicators (Fig 5);
- a visual account of their fiscal transparency strengths and reform priorities through summary heat maps (Fig 6);
- a sequenced fiscal transparency action plan to help them address those reform priorities; and
- the option of undertaking a modular assessment focused on just one pillar of the Code.

A number of FTEs have been conducted to date in countries across a wide range of regions and income levels.

Figure 4: Basic, Good, and Advanced Practices by Principle

DIMEN-SION	PRINCIPLE	PRACTICES		
		BASIC	GOOD	ADVANCED
FISCAL REPORTING	Fiscal reports should provide a comprehensive, relevant, timely, and reliable overview of the government's financial position and performance.			
Coverage	Fiscal reports should provide a comprehensive overview of the fiscal activities of the public sector and its subsectors, according to international standards.			
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 and report on each subsector according to international standards.
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.	Fiscal reports cover all financial and nonfinancial assets and liabilities, and net worth.
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.
Coverage of Tax Expenditures	The government regularly discloses and manages revenue loss from tax expenditures.	The estimated 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 pub-lished 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.