

The 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 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 and 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 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.

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 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: 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 Resource Stocks and Flows: 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 is analyzed, disclosed, and managed.

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

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

Government revenues from natural resource exploration and extraction activity should be collected, managed, and disbursed in an open and transparent manner.

4.1. Resource Ownership and Rights: *Resource rights should be clearly defined, with open and transparent procedures for their allocation.*

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

4.1.2. Allocation of Resource Rights: Resource rights are allocated through an open and transparent process.

4.1.3. Disclosure of Resource Rights Holdings: The government maintains an up-to-date public register of resource rights holdings.

4.2. Resource Revenue Mobilization: *Resource revenue generation and collection should be governed by clear and published rules and procedures.*

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

4.2.2. Resource Revenue Administration: There are clear and impartial policies and procedures for resource revenue administration, with regular reporting on administration activities.

4.3. Resource Revenue Utilization: *Resource revenues should be managed within the budget and macro-fiscal framework in accordance with clear fiscal policy objectives, and any natural resource fund should be operated in a consistent and transparent manner.*

4.3.1. Resource Revenue Forecasting: Resource revenue forecasts are based on clearly disclosed assumptions and methodology, on a time horizon consistent with the fiscal policy objectives.

4.3.2. Budget Integration of Resource Revenue: Resource revenues are managed through annual budgets in accordance with clear fiscal policy objectives for the use of volatile and exhaustible natural resources.

4.3.3. Natural Resource Funds: The governance of any resource fund is clearly defined, with regular reporting on fund operations, finances and investment performance.

4.4. Resource Activity Disclosure: *Fiscal, operational, environmental and social aspects of natural resource projects should be regularly reported on and published.*

4.4.1. Reporting and Audit of Resource Revenues: Resource revenues are regularly reported and audited.

4.4.2. Reporting by Resource Corporations: Resource corporations are required to report on resource revenue payments, which are regularly reconciled with reported government receipts.

4.4.3. National Resource Corporations: The governance of national resource corporations (NRC) is clearly defined, with regular reporting on operations and finances.

4.4.4. Operational, Social, and Environmental Reporting: The government reports regularly on overall sector activity and on the status of major projects, including social and environmental aspects.

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.			
1.1	Coverage	Fiscal reports should provide a comprehensive overview of the fiscal activities of the public sector and its subsectors, according to international standards.			
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 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 government 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.
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, 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 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 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
1.2	<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 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 nine months of the end of the financial year.	Audited or final annual financial statements are published within six months of the end of the financial year.
1.3	<i>Quality</i>	<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 facilitate international comparisons.	Fiscal reports include administrative and economic classifications consistent with international standards, where applicable.	Fiscal reports include administrative, economic and functional classifications consistent with international standards, where applicable.	Fiscal reports include administrative, economic, functional and program classifications consistent with international standards, where applicable.
1.3.2	Internal Consistency	Fiscal reports are internally consistent and include reconciliations between alternative measures of summary fiscal aggregates.	Fiscal reports include one of the following reconciliations: (i) fiscal balance and financing, (ii) debt issued and debt holdings, and (iii) financing and the change in the debt stock.	Fiscal reports include two of the following reconciliations: (i) fiscal balance and financing, (ii) debt issued and debt holdings, and (iii) financing and the change in the debt stock.	Fiscal reports include all three of the following reconciliations: (i) fiscal balance and financing, (ii) debt issued and debt holdings, and (iii) financing and the change in the debt stock.
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.

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			BASIC	GOOD	ADVANCED
1.4	<i>Integrity</i>	<i>Fiscal statistics and financial statements should be reliable and subject to external scrutiny and facilitate accountability.</i>			
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, and the outturn is reconciled with either the fiscal statistics or the final accounts.	Fiscal forecast/budget and outturn are comparable, and the outturn is reconciled with both fiscal statistics and final accounts.

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			BASIC	GOOD	ADVANCED
2	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.	Budget documentation incorporates all gross revenues, expenditures, and financing by budgetary central government ministries and agencies.	Budget documentation incorporates all gross revenues, expenditures, and financing by central government ministries, agencies, and extra-budgetary funds.	Budget documentation incorporates all gross revenues, expenditures, and financing by central government ministries, agencies, extra-budgetary funds, and social security 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.	The budget documentation includes forecasts of key macroeconomic variables and their underlying assumptions.	The budget documentation includes forecasts and explanations of key macroeconomic variables and their components, as well as their underlying assumptions.
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.	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.

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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; and (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; and (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.
2.2	Orderliness	<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>			
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; and (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; and (iii) the legislature's powers to amend the executive's budget proposal.	The legal framework defines all of the following: (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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			BASIC	GOOD	ADVANCED
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.
2.3	Policy Orientation	<i>Fiscal forecasts and budgets should be presented in a way that facilitates policy analysis and accountability.</i>			
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 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 three 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 to be 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.

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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.	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, and provides citizens with a formal voice 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 different demographic groups, and provides citizens with a formal voice in budget deliberations.
2.4	Credibility	<i>Economic and fiscal forecasts and budgets should be credible.</i>			
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.	An independent entity evaluates the credibility of the government's economic and fiscal forecasts.	An independent entity evaluates the credibility of the government's economic and fiscal forecasts, 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.
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.	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 and accounting adjustments.

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			BASIC	GOOD	ADVANCED
3	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.	Budget documentation includes discussion of the sensitivity of fiscal forecasts to major macroeconomic assumptions.	Budget documentation includes both sensitivity analysis and alternative macroeconomic and fiscal forecast scenarios.	Budget documentation includes sensitivity analysis, alternative scenarios, and probabilistic forecasts of fiscal outcomes.
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 forecasts are disclosed in a summary report and discussed in qualitative terms.	The main specific risks to the fiscal forecasts are disclosed in a summary report, along with estimates of their magnitude.	The main specific risks to the fiscal forecasts 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.	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 using a range of macroeconomic assumptions.	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 using a range of macroeconomic, demographic, natural resource, or other assumptions.

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			BASIC	GOOD	ADVANCED
3.2	Risk Management	<i>Specific risks to the public finances should be regularly monitored, disclosed, and managed.</i>			
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.
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 financial 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	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	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.

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

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3.3	Fiscal Coordination	<i>Fiscal relations and performance across the public sector should be analyzed, disclosed, and coordinated.</i>			
3.3.1	Sub-National Governments	Comprehensive information on the financial condition and performance of sub-national governments, individually and as a consolidated sector, is collected and published.	The financial condition and performance of sub-national governments are published annually.	The financial condition and performance of sub-national governments are published annually, and there is a limit on their liabilities or borrowing.	The financial condition and performance of sub-national governments are published quarterly, 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 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 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 estimates of any quasi-fiscal activities undertaken, is published on at least an annual basis.

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4	RESOURCE REVENUE MANAGEMENT	Government revenues from natural resource exploration and extraction activity should be collected, managed, and disbursed in an open and transparent manner.			
4.1	Resource Ownership and Rights	Resource rights should be clearly defined, with open and transparent procedures for their allocation.			
4.1.1	Legal Framework for Resource Rights	The legal framework clearly defines resource ownership, rights, obligations, and responsibilities at all stages of natural resource development.	The legal framework clearly defines rights, obligations and responsibilities of all participants in exploration, and extraction of natural resources, and all laws, regulations, and model licenses or contracts are published.	The legal framework clearly defines rights, obligations and responsibilities of all participants in exploration and extraction 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.	The legal framework clearly defines rights, obligations and responsibilities of all participants in exploration and extraction of natural resources, all laws, regulations, and model licenses or contracts are published, there are no legal impediments to the full disclosure of non-commercially sensitive information, and public access to contracts and licenses is guaranteed by law.
4.1.2	Allocation of Resource Rights	Resource rights are allocated through an open and transparent process.	There is an open process for granting of resource rights with predefined and published qualification and evaluation criteria and publication of all rights granted.	There is an open process for granting of resource rights, with predefined and published qualification and evaluation criteria, and publication of details of all applications received and rights granted.	There is an open process for granting of resource rights with predefined and published qualification and evaluation criteria, publication of details of all applications received and justification of the final award.

#	DIMENSION	PRINCIPLE	PRACTICES		
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4.1.3	Disclosure of Resource Rights Holdings	The government maintains an up-to-date public register of all resource rights holdings.	The government maintains and publishes an up-to-date register of all resource rights holdings, including location, type and duration of the resource rights.	The government maintains and publishes an up-to-date register of all resource rights holdings, including location, type and duration of the resource rights, all signed contracts and licenses, and details of the beneficial owner(s) of resource rights.	The government maintains and publishes an up-to-date register of all resource rights holdings, including location, type and duration of the resource rights, all signed contracts and licenses, and details of the beneficial owner(s) and beneficial ownership structure of resource rights.
4.2	Resource Revenue Mobilization	Resource revenue generation and collection should be governed by clear and published rules and procedures.			
4.2.1	Fiscal Regime for Natural Resources	The fiscal regime for revenue generation from natural resource sectors is clear, comprehensive, and governed by law.	The fiscal regime defines in publicly available laws, regulations and model contracts/licenses the rates and methodology for calculating the base of all revenue instruments.	The fiscal regime defines in publicly available laws, regulations and model contracts/licenses the rates and methodology for calculating the base of all revenue instruments, including variations set out in project-specific contracts, licenses and agreements.	The fiscal regime defines in publicly available laws, regulations and model contracts/licenses the rates and methodology for calculating the base of all revenue instruments, including variations set out in project specific contracts, licenses and agreements, and any changes to the regime are made in an open and consultative way.

#	DIMENSION	PRINCIPLE	PRACTICES		
			BASIC	GOOD	ADVANCED
4.2.2	Resource Revenue Administration	There are clear and impartial policies and procedures for resource revenue administration, with regular reporting on administration activities.	Resource revenue collecting authorities publish annual reports on resource revenue assessment and collection, taxpayer and contractor audit and compliance activities.	Resource revenue collecting authorities publish annual reports on resource revenue assessment and collection, taxpayer and contractor audit and compliance activities, and there is a clear and impartial dispute resolution process and annual reporting on disputes resolved and outstanding.	Resource revenue collecting authorities publish annual reports on resource revenue assessment and collection, taxpayer audit and compliance activities, there is a clear and impartial dispute resolution process and annual reporting on disputes resolved and outstanding, and there are published rulings and practice notes regarding administration of the fiscal regime.
4.3	Resource Revenue Utilization	<i>Resource revenues should be managed within the budget and macro-fiscal framework in accordance with clear fiscal policy objectives, and any natural resource fund should be operated in a consistent and transparent manner.</i>			
4.3.1	Resource Revenue Forecasting	Resource revenue forecasts are based on clearly disclosed assumptions and methodology, on a time horizon consistent with the fiscal policy objectives.	Budget documentation includes a forecast of resource revenue by instrument, with disclosure and justification of underlying assumptions.	Budget documentation includes a forecast of resource revenue by instrument on a time horizon consistent with the fiscal policy objectives, with disclosure and justification of underlying assumptions, and forecasting methodology.	Budget documentation includes a forecast of resource revenue by instrument on a time horizon consistent with the fiscal policy objectives, including sensitivity analysis in alternative price and extraction scenarios, with disclosure and justification of underlying assumptions, and forecasting methodology, as well as forecast reconciliation of the previous year's resource revenue.

#	DIMENSION	PRINCIPLE	PRACTICES		
			BASIC	GOOD	ADVANCED
4.3.2	Budget Integration of Resource Revenue	Resource revenues are managed through annual budgets in accordance with clear fiscal policy objectives for the use of volatile and exhaustible natural resources.	Resource revenues accruing to the general government are remitted to the national budget and subnational budgets (if relevant) or to a natural resource fund and are allocated through the annual budget.	Resource revenues accruing to the general government are remitted to the national budget and subnational budgets (if relevant) or to a natural resource fund and are allocated through the annual budget, in accordance with any fiscal policy objectives for managing these volatile and exhaustible resources.	Resource revenues accruing to the general government are remitted to the national budget and subnational budgets (if relevant) or to a natural resource fund and are allocated through the annual budget, in accordance with any fiscal policy objectives for managing these volatile and exhaustible resources and with regular reporting on performance against those objectives.
4.3.3	Natural Resource Funds	The governance of any resource fund is clearly defined, with regular reporting on fund operations, finances and investment performance.	Any resource fund's governance arrangements and operational rules are specified in legislation, and the fund publishes an annual report on its operations, finances and investment performance.	Any resource fund's governance arrangements and operational rules are specified in legislation, and the fund publishes an annual report on its operations, finances and investment performance relative to strategy and benchmarks. Annual financial statements are externally audited.	Any resource fund's governance arrangements and operational rules are specified in legislation and the fund publishes quarterly and annual reports on its operations, finances and investment performance relative to strategy and benchmarks. Annual financial statements are externally audited.

#	DIMENSION	PRINCIPLE	PRACTICES		
			BASIC	GOOD	ADVANCED
4.4	Resource Activity Disclosure	<i>Fiscal, operational, environmental and social aspects of natural resource projects should be regularly reported on and published.</i>			
4.4.1	Reporting and Audit of Resource Revenues	Resource revenues are regularly reported and audited.	The government publishes quarterly and externally audited annual reports on all resource revenues by instrument, in a timely manner, in line with international standards.	The government publishes quarterly reports on all resource revenues by instrument, and externally audited annual reports on all resource revenues by project and revenue instrument, in a timely manner, in line with international standards.	The government publishes monthly reports on all resource revenues by instrument, and externally audited annual reports on all resource revenues by project and revenue instrument, in a timely manner, in line with international standards.
4.4.2	Reporting by Resource Corporations	Resource corporations are required to report on resource revenue payments, which are regularly reconciled with reported government receipts.	As required by the government, resource corporations publicly report on resource revenue payments to government by revenue instrument.	As required by the government, resource corporations publicly report on resource revenue payments to government by project and revenue instrument which are reconciled with government receipts in line with international standards.	As required by the government, resource corporations report on resource revenue payments to government by project and revenue instrument, which are reconciled with government receipts in line with international standards, with no material unexplained reconciliation error.

#	DIMENSION	PRINCIPLE	PRACTICES		
			BASIC	GOOD	ADVANCED
4.4.3	National Resource Corporations	The governance of national resource corporations (NRC) is clearly defined, with regular reporting on operations and finances.	The governance arrangements of NRCs are defined in line with international standards in legislation or a published government document. The NRC publishes its budget, and a comprehensive and consolidated annual report in a timely manner.	The governance arrangements of NRCs are defined in line with international standards in legislation or a published government document. The NRC publishes an annual governance report, budget, comprehensive and consolidated quarterly and annual reports and externally audited annual financial statements in a timely manner. Reports include details on quasi-fiscal activities undertaken.	The governance arrangements of NRCs, including policies on procurement and subcontracting, are defined in line with international standards, in legislation or a published government document. The NRC publishes an annual governance report, budget, comprehensive and consolidated quarterly and annual reports and externally audited annual financial statements in a timely manner. Reports include details on quasi-fiscal activities undertaken, and details of major procurement and contract awards.
4.4.4	Operational, Social, and Environmental Reporting	The government reports regularly on overall sector activity and on the status of major projects, including social and environmental aspects.	The government reports annually on overall sector activity and on the status of major projects.	The government reports annually on overall sector activity and on the status of major projects, and publishes environmental and social impact assessments, and associated management plans and reports.	The government reports annually on overall sector activity and on the status of major projects, publishes environmental and social impact assessments and associated management plans and reports, and identifies the fiscal risks associated with operational, social and environmental aspects of major projects.

C. GLOSSARY

Annual financial statements: These are a sub-set of year-end financial reports. Where accrual-basis accounting is used, the annual financial statements will include at least a balance sheet, an operating statement, a cash flow statement, and notes. Where cash-basis accounting is used, the annual financial statement is presented as a cash-flow statement and may include a year-end budget execution report. The annual financial statements are expected to follow the relevant accounting standards and generally accepted accounting principles. In general, the annual financial statements are audited and made public; however, in cases where they are not subject to audit, the final annual financial statements will be used.

Balance sheet: The balance sheet is a comprehensive and consolidated statement of assets, liabilities, and net worth of the government or the public sector at the end of the accounting period. This includes financial and nonfinancial, and domestic and external assets and liabilities, as well as further information relating to them.

Beneficial owner: The natural person(s) or publicly-listed legal entity(ies) which directly or indirectly ultimately own or control the holder of a natural resource right within the country, sometimes through a chain of related parties which may be held in different jurisdictions.

Beneficial ownership structure: The chain of intermediary entities connecting the beneficial owner with the holder of a resource right in the host country.

Borrowing: All government borrowing, including bonds, T-bills, and bank loans, as well as indirect borrowing such as accounts payable, including expenditure arrears 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: Contingent liabilities are payment obligations whose timing and amount are contingent on the occurrence of a particular discrete/uncertain future event or series of future events. Examples include guarantees, indemnities, and letters of comfort.

Contractor audit: An audit conducted by, or on behalf of the government, to provide assurance that members of the contractor group or unincorporated joint venture, are in compliance with the terms and conditions of a resource contract including: maintaining adequate accounting records, satisfying obligations to all regulatory authorities and correctly reporting income, ensuring that cost recovery expenditures are allowable and supported by sufficient and appropriate audit evidence, that all sales of petroleum products respect the arm's length principle, and that production statistics are accurately collected and reported.

Contracts/agreements: Legal instrument issued by government, within the scope of the broader legal framework, granting rights to carry out exploration and extraction activity within a specified area and time period. Includes side letters and riders to the initial agreement. Types of contract typically include mineral development agreements and production sharing contracts.

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: Arrears are amounts that are both unpaid and past the due date for payment. It is 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 overdue from suppliers, overdue salaries or transfers, or overdue debt repayment or debt service payments.

External audit: Audit activity under the mandate of an independent supreme audit institution (e.g., the Auditor General) which validates their reliability. More technical audits may be contracted by the Auditor General to a private auditing firm. In cases where public corporations are incorporated under company law, external audit of financial statements may be undertaken by independent private audit firms, in accordance with company law.

Financial derivatives: A financial instrument that is linked to another specific financial instrument or indicator or commodity and through which specific financial risks (e.g., interest rate risk, foreign exchange risk, equity and commodity price risks, and credit risk) can be traded in their own right in financial markets. Examples include futures, swaps, and options.

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

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 legislation: Laws related to the formulation of fiscal policy; preparation, approval and execution of the budget; and/or accounting, reporting, and auditing of fiscal information. They include fiscal responsibility, organic budget, public financial management, and public accounting and audit legislation.

Fiscal regime: The combined system of tax and non-tax instruments used to raise government (or more broadly State) revenue from natural resource extraction activity. It includes royalty and income tax on profits, and payments to governments under contractual schemes such as production sharing (i.e. state share of profit petroleum) or risk service contracts. The fiscal regime may also include bonuses, other taxes (e.g., export taxes, import duties, excise duties, and VAT net of refunds), fees, other levies and charges, and in-kind payments. The fiscal regime also includes instruments of state participation because these have fiscal effect on the division of revenues, even where held by a commercially operating state-owned enterprise.

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

Fiscal statistics: Retrospective reports on the government's financial performance that provide fiscal data based on international statistical standards such as Government Finance Statistics Manual (2014), or System of National Accounts (1993 or 2008) or European system of National and Regional Accounts (1995 or 2010).

General government: The general government sector consists of resident institutional units that fulfill the functions of government as their primary activity. The general government sector includes all government units of central, state, provincial, regional, and local government, social security funds, and non-market non-profit institutions controlled by government units (referred to as extra-budgetary funds), as defined by the GFSM2014. General government also includes enterprises

legally established as corporations but providing goods and services primarily on a non-market basis.

Government guarantee: The most common type is a government-guaranteed loan which requires the government to repay any outstanding amount on the loan in the event of default by a third party. In some contracts—particularly relating to PPPs—the government may provide a revenue or demand guarantee that requires it to make up the difference if revenue or 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 (i) government finance statistics, including Government Finance Statistics Manual (2014), or System of National Accounts (1993 or 2008) or European system of National and Regional Accounts (1995 or 2010); and (ii) government financial statements, (including International Public Sector Accounting Standards (IPSAS) and International Financial Reporting Standards (IFRS)) (iv) revenue transparency including the Extractive Industries Transparency Initiative Standard (EITI), (including the IMF standard template for collecting data on government revenues from natural resources, consistent with GFSM 2014); (v) corporate governance, including the OECD Principles on Corporate Governance of State-Owned Enterprises.

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 differ from forecasts, such as when GDP, inflation, unemployment, commodity prices, or exchange rates turn out above or below the forecasts on which the budget is based.

Major audit qualifications: Major audit qualifications include any of the following: (i) disclaimer audit opinion; (ii) adverse audit opinion; and (iii) any other audit qualification the financial impact of which has been estimated by the auditor to be of the order of one percent of GDP or larger.

Major revisions: Revisions to historical fiscal statistics that are large enough to have a macro-critical impact on the key fiscal aggregates, and in particular, any revision of the order of one percent of GDP or larger.

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.

National resource corporation: A state-owned corporation or enterprise in the natural resource sectors (mining or petroleum) either directly engaged in exploration and production, in commodity trading, or in managing the state participation.

Natural resources: Non-renewable natural resources such as mineral ores, crude oil and natural gas.

Natural resource funds: An investment vehicle for the management of revenues from natural resource extraction (a subset of sovereign wealth funds).

License: Legal instrument issued by government, within the scope of the broader legal framework, granting rights to carry out exploration and extraction activity within a specified area and time period.

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

Open: A process which is given sufficient publicity and accessible to all qualified potential applicants (i.e. public call for expressions of interest).

Production sharing contracts: Fiscal scheme for petroleum in which production at a surface delivery point (profit petroleum) is shared between a state entity (the government, or a state-owned enterprise acting on behalf of the government) and a private contractor, which also recovers exploration, development and production costs (through cost oil).

Project: Operational activities (in the natural resource sectors) governed by a single contract, license, lease, concession, or similar legal agreements that form the basis for payment liabilities with

a government. Agreements with substantially similar terms that are both operationally and geographically integrated may be treated by the company as a single project.

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

Public corporations: Corporations owned or controlled by government units and/or other public corporations, as defined by the Government Finance Statistics Manual (2014).

Public-private partnerships (PPPs): PPPs are long-term contracts between two units, whereby one unit acquires or builds an asset or set of assets, operates it for a period, and then hands the asset over to a second unit. In these arrangements 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.

Public sector: The public sector consists of all resident institutional units controlled directly, or indirectly, by resident government units, that is, all units of the general government sector and resident public corporations (including non-financial and financial public corporations).

Publish: To disseminate information in location(s) and format(s) that ensure that it is widely available and accessible to the public.

Quasi-fiscal activities: 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 requirements on public or private corporations to provide services at below-market prices.

Resource corporation: Any corporate entity or company, including national resource corporations, engaging in natural resource exploration, extraction or commodity trading activity.

Resource revenues: All public sector revenue raised from natural resource exploration and extraction activity. This includes all central and subnational government revenue, revenues flowing to extrabudgetary funds and cashflows to public corporations through state participation, as well as revenue from the taxation of realized capital gains from transfers of interest in resource rights. Fiscal payments can be in cash or in kind. Resource revenues also include revenue raised from government sales of commodity volumes received in kind.

Resource rights: Rights to explore for and extract natural resources, typically granted through licenses or contracts.

Revenue collecting authorities: A government body responsible for the intake of government revenue including either or both tax and non-tax revenue. Traditionally the term is used in connection with a revenue service, revenue agency or taxation authority which is also responsible for registration, filing, compliance and debt management. Natural resource revenue may be collected by the tax authorities, natural resource sector ministry or regulator, or the national resource company (e.g., a national oil company).

Revenue instruments: Tax and non-tax instruments used to raise resource revenue. Non-tax instruments include royalties, state participation, and contractual systems such as production-sharing. Fiscal payments can be in cash or in kind.

Semi-autonomous body: A semi-autonomous body is part of the government sector, but, in comparison to government ministries and departments, enjoys a certain degree of de facto or de jure operational and financial autonomy with regard to staffing, budget management, and internal organization.

Sovereign wealth fund: Special purpose investment fund or arrangement owned by the general government. Created by the general government for macroeconomic purposes, sovereign wealth funds (SWFs) hold, manage, or administer assets to achieve financial objectives, and employ a set of investment strategies which include investing in foreign financial assets. The SWFs are commonly established out of balance of payments surpluses, official foreign currency operations, the proceeds of privatizations, fiscal surpluses, and/or receipts resulting from commodity exports.

Specific fiscal risk: A fiscal risk that is not directly related to macroeconomic factors. It is narrower and arises from specific sources and triggering events, such as the calling of a guarantee, a natural disaster, or rescue of a bank.

State participation: The equity participation by the State in a natural resource project typically as a joint venture participation (either incorporated or unincorporated). The state participation can be either a fully-paid working interest, a carried equity interest, or a free equity participation.

Sub-national governments: Sub-national governments include state, provincial, or regional governments, as well as local governments, as defined in Government Finance Statistics Manual (2014).

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

Taxpayer audit: An audit conducted by the revenue authority to provide assurance that a taxpayer has reported income and deductions in accordance with provisions of the tax legislation.