

Meeting of the IMF Government Finance Statistics
Advisory Committee
Washington, D.C.

Standard Template to Collect Data on Government Revenues From Natural Resources

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Gary Jones

March 9–10, 2015

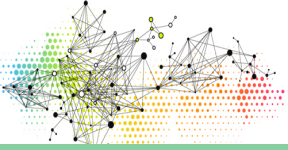


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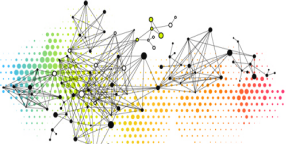
Standard Template to Collect Data on Government Revenues from Natural Resources

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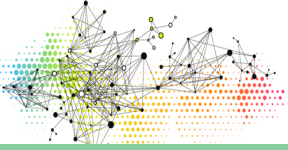
Unique Features of the Work

- In response to external users' needs
 - IMF Fiscal Affairs Department (FAD),
 - Extractive Industries Transparency Initiative (EITI) International Secretariat
- Extension of macroeconomic statistical methodology to a microeconomic environment
- Aligns with other internationally accepted methodologies
- Close interaction with NGOs
- High visibility inside and outside the Fund
- Funded externally by a topical trust fund



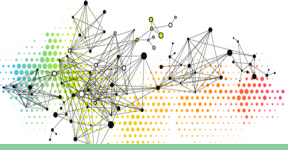
Overview

- Origin
- Project 1: Develop a Standard Template to Collect Data on Government Revenues from Natural Resources
- Project 2: Field-test the Standard Template
- Next Steps



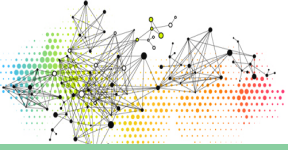
Origin (1/3)

- The template has its origins in early 2012, when two separate requests were received by the Government Finance Division:
 - The Fiscal Affairs Department (FAD) requested data on government revenues from natural resources, in connection to two Board papers on fiscal policy in resource rich economies
 - The Extractive Industries Transparency Initiative (EITI) International Secretariat requested assistance on making the revenue information in national EITI reports comparable across countries



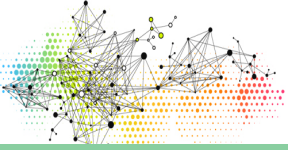
Origin (2/3)

- Difficulties to meet the requests:
 - Currently available data on government revenues from natural resources are limited and not comparable across countries
 - No internationally agreed definition of revenues from natural resources
 - Revenues from natural resources are not separately identified
 - ❖ [Should be included in total reported GFS revenues](#)
- Proposed solution: design a standard template, based on the revenue classifications of the *Government Finance Statistics Manual 2014 (GFSM 2014)*
 - to provide practical definitions of natural resource products and government revenues from natural resources,
 - to collect the target data



Origin (3/3)

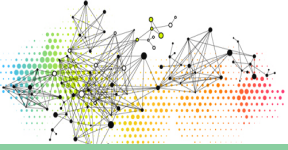
- Source of financing for the project to design the template?
- Managing Natural Resource Wealth - Topical Trust Fund (MNRW-TTF):
 - Established by the IMF in May 2011 to assist countries in developing their capacity to effectively manage natural resource wealth
 - Five modules—of which module 5 is Statistics for Managing Natural Resources
- In mid-2012, STA formally proposed a project to develop a standard template to collect data on government revenues from natural resources, which the MNRW-TTF Steering Committee approved



Project 1: Develop a Standard Template (1/4)

Outcome

- A paper “Template to Collect Data on Government Revenues from Natural Resources” sent to the IMF Executive Board in January 2014 (<http://www.imf.org/external/pubs/ft/gfs/manual/comp.htm>)
- Main elements of the paper:
 - A template with categories and sub-categories specific to government revenues from oil, gas, and mining industries.
 - Proposed definitions of natural resource products and government revenues from natural resources
 - ❖ based on the CPC 2 product and the ISIC Rev 4 industry classifications
- Comments from the international community resulted in a revised version of paper



Project 1: Develop a Standard Template (2/4)

Template - excerpts

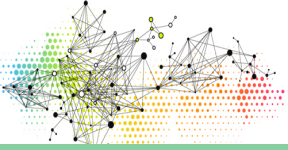
- 11 Taxes
 - 1112 Taxes on income, profits, and capital gains
 - Taxes on income payable by natural resource enterprises
 - Taxes on extraordinary profits payable by natural resource enterprises
- 14 Other revenue
 - 141 Property income
 - 1412 Dividends
 - Dividends from government owned natural resource enterprises
 - Dividends from government participation in natural resource enterprises (equity)



Project 1: Develop a Standard Template (3/4)

Key Advantages of the Template

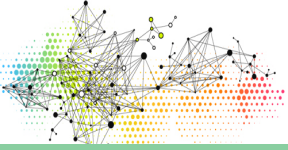
- Facilitates the collection of data in an analytically relevant and cross-country comparable format
 - follows *GFSM 2014* revenue classifications, and other international methodologies
 - Allows consistency checks of the data reported for revenues from natural resources with the GFS series for total revenues for each corresponding category
- Potentially meets the needs of other data collection initiatives
 - EITI International Secretariat,
 - Ulaanbaatar City Group, and
 - Eurostat Extractive Companies Disclosure requirements



Project 1: Develop a Standard Template (4/4)

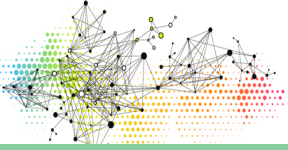
Definitions

- *Natural resource products:*
 - SNA 2008 and System of Environmental Economic Accounting - Central Framework (SEEA) identify natural resource assets
 - These assets must be extracted from the environment and enter a production process to provide economic benefits
 - Extent of processing of natural resources before becoming manufactured goods? (listed in Table 1 of the paper)
- *Government revenues from natural resources:*
 - Revenue payments governments receive from natural resource enterprises (producing entities also listed in Table 1)



Project 2: Field-test the Standard Template (1/4)

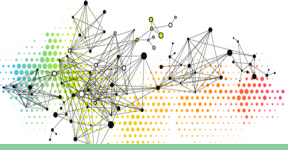
- **Does template actually serve its purpose?**
- In mid-2014, the MNRW-TTF Steering Committee approved a project to field-test the standard template to collect data on government revenues from natural resources
- Testing the template in six resource-rich countries ([Norway](#), [Kazakhstan](#), [Mongolia](#), [Peru](#), [Tanzania](#), and [D.R. Congo](#))
 - provides broad geographical representation, product diversity, different levels of statistical development, across EITI reporters
 - Seek to compile pilot data sets for three to five years
- Further link the terminology of the template (*GFSM 2014* revenue classifications) to the industry terminology



Project 2: Field-test the Standard Template (2/4)

Progress to Date

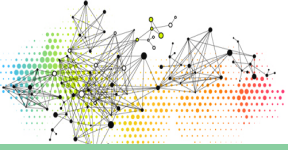
- First pilot country: Norway.
 - national government natural revenue streams linked to the template's *GFSM 2014* categories
 - bridge table showing where the country's natural resource revenue streams fit in the template and presenting a five year time series
- Joint IMF/EITI International Secretariat press release on collaboration between both institutions in October 2014
- EITI International Secretariat requested STA assistance to tailor the template and draft a guidance note to fill the template, which it intended to test and then possibly send to its member countries to collect summary revenue data on EITI reports.
- **STA does not currently intend to collect data itself!**



Project 2: Field-test the Standard Template (3/4)

Key Collaborator: EITI International Secretariat

- A professional NGO based in Oslo, that leads international efforts to improve transparency in government revenues from extractive industries
 - Currently has 48 members, including the USA and United Kingdom
- Voluntary to join, but mandatory to comply with reporting requirements once a country joins
- EITI International Secretariat is actively supporting field-testing by providing access to their reporting infrastructure in pilot countries



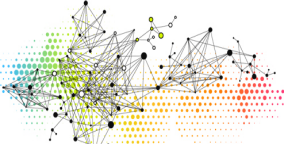
Project 2: Field-test the Standard Template (4/4)

Major Recent Development:

- The EITI International Secretariat has sent out to all EITI national secretariats its February 2015 Circular, introducing a Summary Data Template (SDT) as a standard component of all EITI reports.

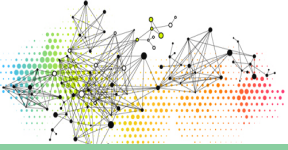
<https://eiti.org/document/eiti-summary-data-template>

- The SDT includes one table to summarize government revenues from extractive companies, which is directly based on the template proposed by STA. This table is accompanied by a Guidance Note to fill the template drafted by STA.



Next Steps (1/2)

- Visit each of the five remaining pilot countries
 - [Mongolia – March 2015](#); [Peru April 2015](#); [Kazakhstan – May 2015](#)
- Revise the standard template, as needed, based on lessons learned from field-tests.
 - Refine definitions of natural resource products
 - Refine classifications of government revenue streams
- Continue to support EITI International Secretariat efforts to apply template to meet its data needs
 - Develop a detailed understanding of the process followed to prepare the country's EITI reports
 - Tailor the template to meet EITI's information needs and implementation
- Support application within related IMF activities (e.g., Oil Group)



Next Steps (2/2)

- Explore relationship with new FAD Fiscal Transparency Code
 - introduced Resource Revenue Management as its fourth pillar
- Coordinate with World Bank project to generate EITI reports automatically from government information systems
- Continue coordination with Ulaanbaatar City Group
 - track mining industry activities and measure the industry's contribution to the economy and its impact on other sectors and the environment
- Explore coordination with Eurostat and the Securities and Exchange Commission (SEC) on their transparency initiatives related to extractive companies
- Draft new paper to present results of the Pilot Studies
 - late 2015, following completion of all country visits