Standard Template to Collect Data on Government Revenues From Natural Ressources

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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
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.


- 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


- 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
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
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](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