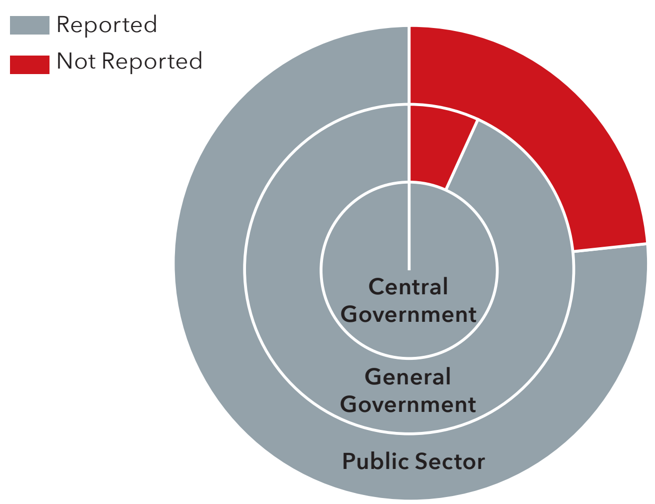
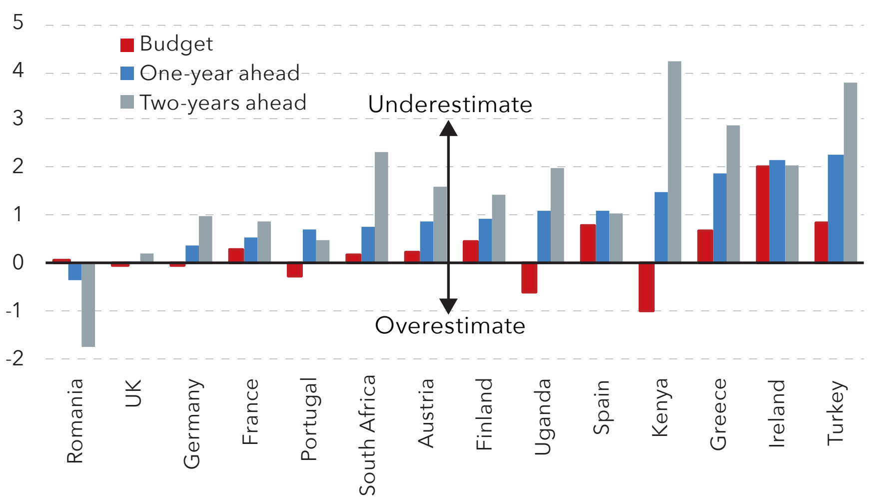
Figure 3: Fiscal Transparency Indicators

Georgia: Coverage of Public Sector Activity in Fiscal Reports
(Percent of expenditure by level of government)



Medium-Term Expenditure Forecast Errors in Select Countries (Percent of GDP)



Size of Contingent Liabilities in Select Countries (Percent of GDP)

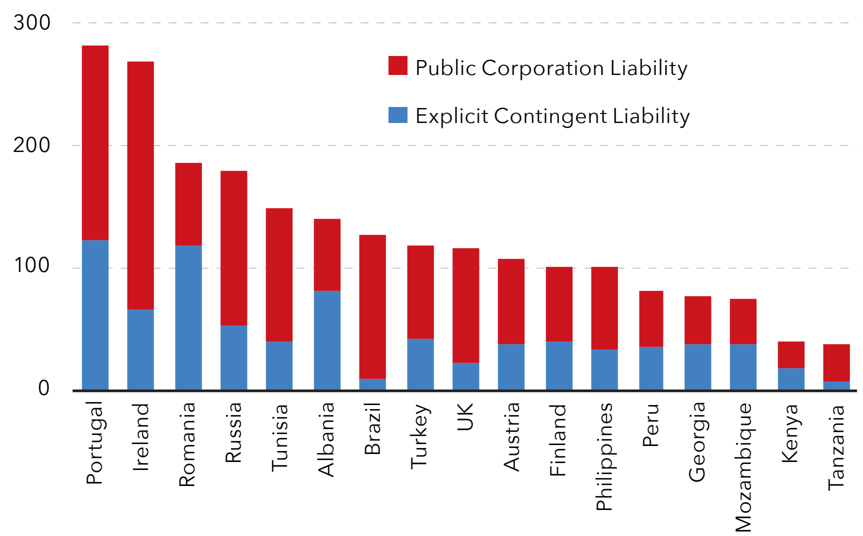


Figure 4: Brazil Fiscal Transparency Summary Heat Map

LEVEL OF PRACTICE

	1. Fiscal Reporting	2. Fiscal Forecasting and Budgeting	3. Fiscal Risk Analysis and Management
High Importance	1.1.1. Coverage of Institutions	2.1.2. Macroeconomic Forecasts	3.1.1. Macroeconomic Risks
	1.1.2. Coverage of Stocks	2.1.3. MT Budget Framework	3.1.3. Long-Term Fiscal Sustainability
	1.1.3. Coverage of Flows	2.1.4. Investment Projects	3.2.2. Asset-and-Liability Management
		2.4.1. Independent Evaluation	3.2.5. Financial Sector
Medium Importance	1.4.1. Statistical Integrity	2.2.1. Fiscal Legislation	3.1.2. Specific Fiscal Risks
	1.4.3. Comparability of Fiscal Data	2.3.1. Fiscal Policy Objectives	3.2.6. Natural Resources
		2.4.2. Forecast Reconciliation	3.3.1. Subnational Governments
			3.3.2. Public Corporations
Low Importance	1.1.4. Coverage of Tax Expenditures	2.1.1. Budget Unity	3.2.1. Budgetary Contingencies
	1.2.1. Frequency of In-Year Reporting	2.2.2. Timeliness of Budget Documents	3.2.3. Guarantees
	1.2.2. Timeliness of Annual Financial Statements	2.3.2. Performance Information	3.2.4. Public-Private Partnerships
	1.3.1. Classification	2.3.3. Public Participation	3.2.7. Environmental Risks
	1.3.2. Internal Consistency	2.4.2. Supplementary Budget	
	1.3.3. Historical Revisions		
	1.4.2. External Audit		

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

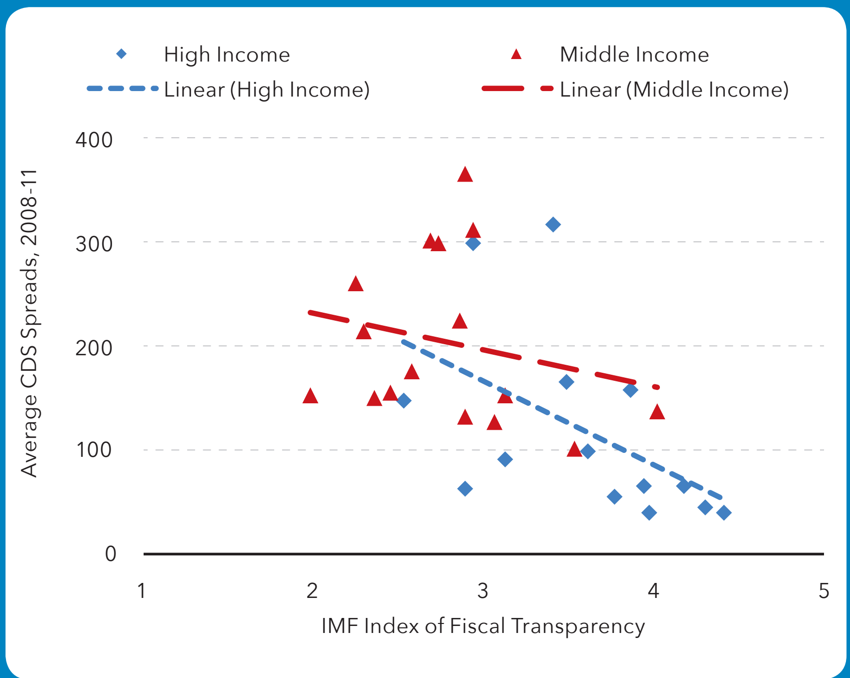
WHY IS **FISCAL TRANSPARENCY** IMPORTANT?

Fiscal transparency is essential to effective fiscal management and accountability. It also fosters good governance and helps reduce corruption. It ensures:

- Governments have an accurate picture of their fiscal position and prospects and the costs and benefits of any policy changes to support a better-informed debate about the design and results of fiscal policy;
- Policymakers have a sound understanding of the potential risks to public finances, and can better manage these, allowing for earlier and smoother fiscal policy adjustments where required; and
- Legislatures, citizens, and markets have the information they need to hold governments accountable.

Greater fiscal transparency can also help strengthen the credibility of a country's fiscal plans and can help underpin market confidence and market perceptions of fiscal solvency (Fig 1). The loss of market confidence in governments with underestimated or hidden deficits in the wake of the global financial crisis underscored the importance of fiscal transparency to global financial and economic stability.

Figure 1: Fiscal Transparency & Market Perceptions of Solvency

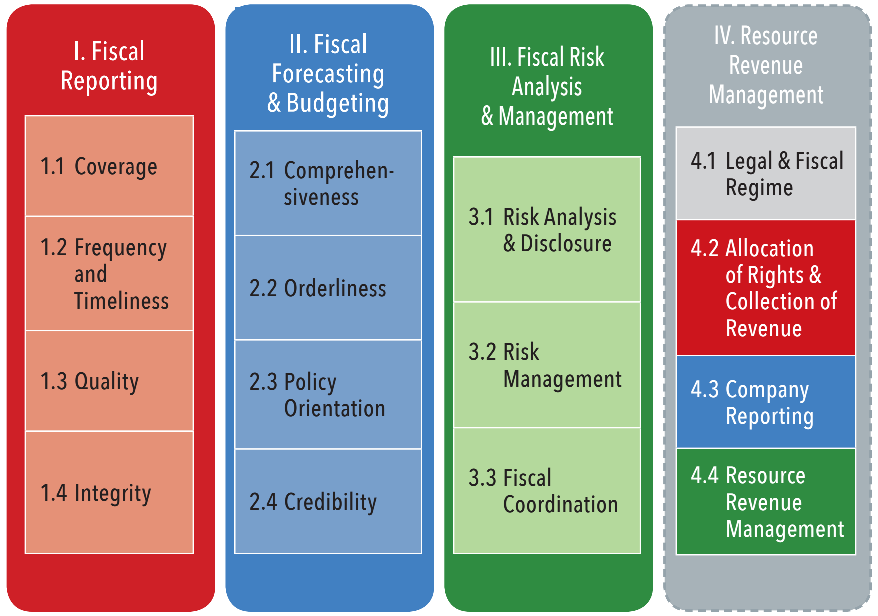


FISCAL TRANSPARENCY CODE

The IMF's *Fiscal Transparency Code* (the *Code*) is the international standard for disclosure of information about public finances. The current, 2014, version of the *Code* comprises a set of principles built around four pillars (Fig 2): (i) fiscal reporting; (ii) fiscal forecasting and budgeting; (iii) fiscal risk analysis and management; and (iv) resource revenue management.

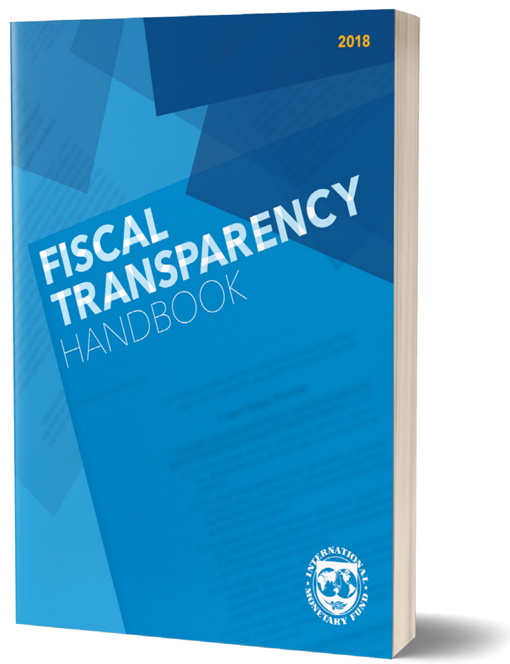
Basic, good, and advanced practices are identified against each principle to provide countries with clear milestones toward full compliance with the *Code*. Pillars I-III have been issued while a draft of Pillar IV, which covers specific principles and practices applicable to resource-rich countries, has undergone public consultation and piloting.

Figure 2: The Four Pillars of the Fiscal Transparency Code



FISCAL TRANSPARENCY HANDBOOK

The 2018 *Fiscal Transparency Handbook* provides practical guidance on the implementation of the *Code*. It explains each principle under Pillars I-III of the *Code* and its importance; specifies the requirements for meeting the basic, good and advanced practices for each principle; and provides examples of practices from countries around the globe. It also notes relevant international standards and guidance material, related to the *Code's* principles.



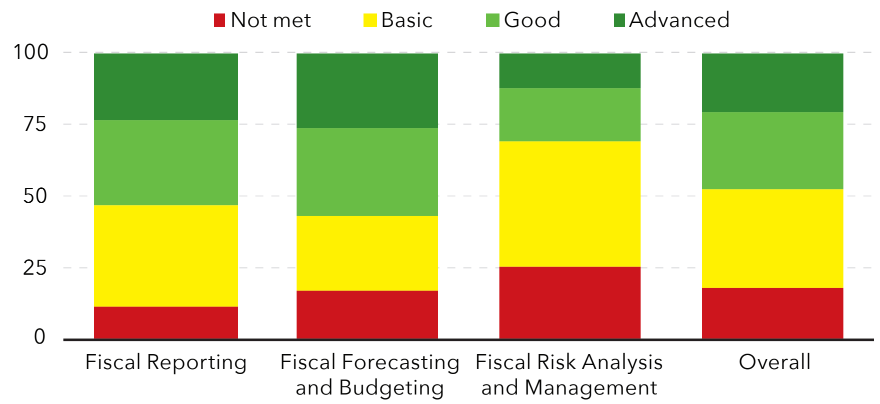
FISCAL TRANSPARENCY EVALUATION

Fiscal Transparency Evaluations (FTEs) are the IMF's principal fiscal transparency diagnostic tool. 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 3);
- a visual account of their fiscal transparency strengths and reform priorities through summary heat maps (Fig 4); and
- targeted recommendations to improve fiscal transparency practices and the option of a sequenced action plan to help countries implement them.

FTEs have been conducted across a wide range of regions and income levels. The results show there is scope for countries to improve their transparency practices in particular by expanding the coverage of fiscal reports, strengthening the credibility of budget frameworks, and improving the disclosure and management of fiscal risks (Fig 5).

Figure 5: Fiscal Transparency Evaluation Results by Pillar



According to a survey, countries that have undertaken FTEs have found them useful in providing an assessment of current fiscal transparency practices and setting clear milestones for improving them, through a set of well-prioritized recommendations that are tailored to country circumstances. (Fig 6).

Figure 6: Authorities' Views on Fiscal Transparency Evaluations