

Transparency and Participation in Public Financial Management: What Do Budget Laws Say?

Paolo de Renzio, International Budget Partnership
Verena Kroth, London School of Economics

Introduction

An increasing number of governments, as well as international and civil society organizations, are promoting the public disclosure of budgetary information and calling for greater citizen participation in budget processes. Fiscal transparency is increasingly seen as an important precondition for effective governance, improved economic performance, and prudent fiscal policy, resulting in lower deficits and debt accumulation. In addition to generating economic benefits, fiscal transparency also functions as a political expression of democratic governance, giving citizens and taxpayers information that they are entitled to — and that they can use to hold their governments accountable. This Research Note addresses the role of legislation in promoting both disclosure of budgetary information and the provision of opportunities for public and civil society participation throughout the budget process. The key questions motivating the underlying research were: a) to what extent does budget legislation in different countries cover issues related to budget transparency and participation, and in what level of detail? and b) does the degree to which legislation covers issues related to the public disclosure of budget information seem to affect the actual level of budget transparency in different countries?

For this purpose, information was gathered on budget-related legislation across a sample of 125 countries, covering different regions, levels of income, and legal traditions. These included 55 countries for which existing budget laws are reported in the Joint World Bank-IMF Country Budget Law Database, as well as the countries included in the 2010 Open Budget Survey which were not covered in the WB-IMF database, and an additional 11 countries that were deemed of particular importance for comparative purposes.^{1,2,3} Generally speaking, budget-related legislation refers to laws, bills, and acts that govern the management of public finances, though it may go under different names in different countries. These pieces of legislation were analyzed using key-word searches in order to identify relevant clauses that refer to either transparency or participation, or both. In some cases, the analysis was complemented by reviews of so-called Fiscal Responsibility legislation, which has been introduced in a number of countries in the last decade or so (particularly in Latin America) to promote fiscal discipline. The research also examined laws providing for public access to information, which can contain detailed provisions on the disclosure and dissemination of budget information. It is important to note, however, that a) the analysis of these additional types of legislation was by no means as exhaustive as the analysis of budget-related legislation; b) the analysis only considered national-level legislation, even though in some cases it included provisions for local-level disclosure of budget information; and c) other kinds of legislation that might include, for example, specific provisions on citizen engagement and participation in public policy processes, either generally or in specific sectors, were also not considered.

¹ See <http://go.worldbank.org/K8NH035I00>.

² See <http://internationalbudget.org/what-we-do/open-budget-survey/?fa=country-info>.

³ See Appendix 1 for a full list of countries.

Legislating for budget transparency

The rationale for including transparency clauses in budget legislation is straightforward: establishing specific budget principles and practices in law, rather than in less formal arrangements, increases the likelihood that implementation will be consistent, sustainable, and equitable. Thus legislation that requires the disclosure of budgetary information constrains the abuse of power by political authorities and gives citizens a means to demand such information from government institutions. This is particularly relevant for countries with weak checks and balances, as such legislation can help to clearly define transparency rules in the budget process, for example, by specifying when, where, and how certain budget documents should be published.

Table 1. Transparency in budget legislation

| | | |
|---|----|--|
| Countries with no mention of transparency in budget legislation | 31 | Algeria, Angola, Bosnia and Herzegovina, Botswana, Burkina Faso, China, Ethiopia, France, Germany, Hungary, Iran, Jordan, Madagascar, Malaysia, Mali, Montenegro, Mozambique, Namibia, Netherlands, Philippines, Romania, Singapore, Slovakia, Slovenia, Sudan, Sweden, Thailand, United Arab Emirates, Uruguay, Uzbekistan, Vanuatu |
| Countries with minimal mentions of transparency in budget legislation | 23 | Albania, Bulgaria, Canada, <i>Colombia</i> , Costa Rica, Cyprus, Czech Republic, <i>Dominican Republic</i> , El Salvador, Estonia, Ghana, <i>Guatemala</i> , Honduras, Iceland, Italy, Jamaica, Kenya, Moldova, Portugal, Senegal, Serbia, South Korea, Tanzania, Uganda, Zambia |
| Countries with more extensive mentions of transparency in budget legislation | 24 | Afghanistan, <i>Argentina</i> , Armenia, Bahrain, <i>Bolivia</i> , <i>Chile</i> , Croatia, <i>Finland</i> , Georgia, <i>India</i> , Iraq, Kosovo, Latvia, <i>Mexico</i> , Nicaragua, <i>Pakistan</i> , <i>Papua New Guinea</i> , Russia, Spain, Sri Lanka, Venezuela, Vietnam |
| Countries with very extensive mentions of transparency in budget legislation | 14 | Australia, <i>Brazil</i> , Ecuador, Liberia, New Zealand, <i>Nigeria</i> , <i>Peru</i> , Poland, Rwanda, Sierra Leone, South Africa, Turkey, Ukraine, <i>United Kingdom</i> |

Note: for countries in italics at least some of the transparency clauses are found in fiscal responsibility or access to information legislation, rather than in the main budget laws. Details for countries with extensive coverage are provided in Appendix 2.

In practice, different countries give different degrees of relevance and importance to providing a legal basis for transparency in the budget processes. In Table 1, countries for which budget legislation was reviewed are classified according to the different levels of detail of the budget transparency clauses.⁴ This review shows that 61 countries mention such terms as transparency, disclosure, or publicity in their budget-related legislation, even though 23 of those only include vague references to the issue of transparency or mention it as a principle to be followed without detailed indications or guidelines. For example, the only reference to budget transparency in Cyprus' Federal Law on the Budget is that "the Budget shall be published in the federal Official Gazette," while Ghana's Financial Administration Act simply states that "the Minister [of Finance] shall ensure that [...] transparent systems are established and maintained." The problem in these cases is that it is not clear what is meant by transparency, what it entails, and how it can be achieved.

Only a very small number of countries explicitly define transparency in their budget laws. Definitions also differ from country to country: some focus more on the type and quality of the information to be provided, others on the purposes of public disclosure. The details of some of these definitions are listed in Table 2.

The ways in which countries formulate and embody the principle of transparency also varies widely across the investigated sample of countries. The subtitle of Sierra Leone's Budgeting and Accountability Act (2005), for example, is "Being an Act to secure transparency and accountability in the appropriation, control and management of the finances and other financial resources of Sierra Leone and to provide for other related matters." Other examples include the United Kingdom's Code for Fiscal Stability, introduced in 1998, which identifies "transparency in the setting of fiscal policy objectives, the implementation of fiscal policy and in the publication of the public accounts" as a key principle of fiscal management. One of the main purposes of the Indian Fiscal Responsibility and Budget Management Act (2003) is to provide for the responsibility to ensure "greater transparency in fiscal operations of the Central Government." Vietnam's Budget Law (2002) states that "the State Budget shall be put under unified management on the principle of democratic

⁴ For 33 of the 125 countries, the relevant legislation could not be identified or accessed.

centralism, transparency, assignment of responsibilities in association with assignment of powers.” South Africa’s Public Financial Management Act (1999) clearly defines the object of the Act to be “to secure transparency, accountability, and sound management of the revenue, expenditure, assets and liabilities of the institutions to which this Act applies.”

Table 2. Definitions of transparency in budget legislation

| Country | Law | Definition |
|----------------|--------------------------------------|---|
| Georgia | Budget System Law (2004) | “Openness to the public and the media of procedures for discussing draft budgets in legislatures; publication of approved budgets and budget execution reports; and ready access to budget information (except for confidential information) for any person or entity.” |
| Iraq | Financial Management Law (2004) | “The principle of transparency requires that budget information be classified according to accepted international standards and presented in a way that facilitates policy analysis and promotes accountability.” |
| Liberia | Public Finance Management Act (2009) | “This Act requires that timely and reliable financial information on the National Budget be made publicly available, and it requires that the legislation governing public finances be drafted with clarity.” |
| Russia | Budgetary Code (1998) | “Compulsory publication in the mass media of approved budgets and reports on their execution, full submission of information about execution of budgets, and also accessibility of other information by decision of the legislative (representative) bodies of state power and local self-government bodies.” |
| United Kingdom | Code for Fiscal Stability (1998) | “The principle of transparency means that the Government shall publish sufficient information to allow the public to scrutinize the conduct of fiscal policy and the state of the public finances, and shall not withhold information other than information that is exempt from disclosure under the Freedom of Information Act 2000.” |

What these formulations have in common is that in most cases they are found at the beginning of the act, setting out transparency as one of several main principles on which the budgetary system is based. Moreover, the wording is often very general. Only sometimes do the acts clearly define what is meant by transparency and how the act is supposed to ensure it. Another similarity between the countries that specify transparency as a fundamental principle is that their budget legislation is relatively recent and was drafted in the past decade. The only exceptions are El Salvador’s Public Finance Management Law (*Ley de Administración Financiera del Estado*), the United Kingdom’s Code for Fiscal Stability, Poland’s Act on Public Finances, and South Africa’s Public Financial Management Act, all of which date back to the second half of the 1990s.

Box 1: New Zealand as an example for transparency legislation

New Zealand’s Public Finance Act was approved by Parliament in 1989 and amended in 2004. In 2005 the New Zealand Treasury published a Guide to the Public Finance Act that provides a detailed explanation of how the Act’s provisions promote fiscal transparency. More specifically, the second part of New Zealand’s Public Finance Act is founded on two key principles: increased transparency and greater accountability. As opposed to many of the other budget laws, this Act is specific about how the principles are supposed to be achieved in practice. The Act requires “governments to be explicit about their long-term fiscal objectives and short-term fiscal intentions and to assess them against principles of responsible fiscal management, and governments to report on a wide range of economic and fiscal information.” The Act promotes sound fiscal policy and fiscal transparency by requiring that the government pursue the law’s policy objectives and by imposing regular fiscal reporting obligations on the Treasury and Ministers, which provides an opportunity for parliamentary scrutiny of these reports and statements.⁵ The Guide to the Public Finance Act specifies how the budget policy statement contributes to fiscal transparency: “The statement provides for transparency by avoiding big surprises at Budget time. The Budget Policy Statement may be used as a vehicle for seeking submissions from the public on the proposals outlined in it.” Also, to enhance the transparency and credibility of the fiscal forecasts, the Act requires, “at a minimum, disclosure of underlying economic forecasts of New Zealand’s GDP, consumer prices, employment and the current account of the balance of payments.” Finally, the Guide explains how the Act also requires “a statement of the significant assumptions underlying the economic forecasts, which allows users to form their own views on the reasonableness and reliability of the forecasts.” Although the wording here does not specify who the “users” are, the emphasis on the formation of independent views indicates that the aim of disclosure is external scrutiny.

⁵ The reports and statements required include: an annual fiscal strategy report; an annual budget policy statement; a periodic statement on the long-term fiscal position; regular economic and fiscal updates; and an annual statement of tax policy changes.

Only a small group of countries have budget laws that include detailed provisions for budget transparency. This group consists of Australia, Brazil, Ecuador, Liberia, New Zealand, Nigeria, Peru, Poland, Rwanda, Sierra Leone, South Africa, Turkey, Ukraine, and the United Kingdom. There are some similarities regarding the content of these countries' budget laws. First, all 14 countries specifically target transparency in their budget legislation, i.e., transparency is either the main objective or one of the main principles of the law. Second, most countries devote an entire chapter or section to transparency. Chapter 9 in Brazil's Fiscal Responsibility Law is titled "Transparency, control and oversight" and sets out "the instruments of fiscal management transparency, which must be widely disclosed, even in electronic public media, including plans, budgets, and Budgetary Directives Laws; rendering of accounts and respective prior statement of opinion; Summary Budget Execution Report and Fiscal Management Report; and the simplified versions of these documents." Similarly, Part 11 of Nigeria's Fiscal Responsibility Act specifically addresses transparency and accountability: "The Federal Government shall ensure that its fiscal and financial affairs are conducted in a transparent manner and accordingly ensure full and timely disclosure and wide publication of all transactions and decisions involving public revenues and expenditures and their implications for its finances." Furthermore, this section specifies the documents that shall be published and the time frame for their release. Third, as highlighted above, a number of these countries specify the different types of budget documents that the government has to publish. In Table 3, these are compared with the set of eight budget documents considered as key in the Open Budget Survey and the release of which has been identified internationally as good practice in transparent budgeting.

Table 3. Budget documents mentioned in budget legislation

| Country | Pre-Budget Statement | Executive's Budget Proposal | Enacted Budget | Citizens Budget | In-Year Reports | Mid-Year Review | Year-End Report | Audit Report |
|----------------|----------------------|-----------------------------|----------------|-----------------|-----------------|-----------------|-----------------|--------------|
| Australia | √ | | | | √ | | √ | √ |
| <i>Brazil</i> | √ | | √ | √ | √ | | √ | |
| Ecuador | | | | | | | | |
| Liberia | | √ | √ | | √ | | | √ |
| New Zealand | √ | | | | √ | | √ | √ |
| Nigeria | √ | √ | √ | | √ | | √ | √ |
| Peru | | √ | | | | | √ | |
| Poland | | | | | | | √ | |
| Rwanda | | | √ | | √ | | √ | √ |
| Sierra Leone | | | | | √ | | √ | √ |
| South Africa | | √ | | | √ | | √ | √ |
| Turkey | √ | | √ | | √ | | √ | |
| Ukraine | | √ | √ | | √ | | √ | |
| United Kingdom | √ | | | | | | | √ |

Note: For countries in italics provisions about specific budget documents are found in fiscal responsibility or access to information legislation, rather than in the main budget laws.

As can be seen, the majority of countries in Table 3 require by law the publication of In-Year Reports, Year-End Reports, and Audit Reports, the main documents that allow for *ex-post* accountability. None of them have specific provisions for the publication of Mid-Year Reviews, and only Brazil's Fiscal Responsibility Law specifically calls for the publication of "simplified versions" of the various budget documents, a provision that can be interpreted as calling for the government to publish Citizens Budgets. Only six countries specifically mention Enacted Budgets, though in most cases these documents are published anyway, given that they are laws approved by legislatures.

Box 2: Liberia's transparency legislation

Liberia's Public Finance Management Act (2009) cites transparency as one of eight fundamental budgetary principles and defines fiscal transparency as follows: "The roles of those entrusted with financial management functions are clearly specified in this Act or the regulations to be issued under it. This Act requires that timely and reliable financial information on the National Budget be made publicly available, and it requires that the legislation governing public finances be drafted with clarity" (Section 2(g)). Moreover, as opposed to many other developing countries, Liberia's legislation is quite specific on how to achieve transparency, as the Act clearly sets out responsibilities and requires the disclosure of several budget documents within a specific time frame. For example, Section 14 specifically addresses public access to the budget: "1. The Proposed Budget will be made available to the public immediately following its submission to the Legislature. 2. The Approved Budget will also be available to the public immediately following its publication into handbill." Moreover, the Minister of Finance is given the responsibility to "prepare and publish a report on public debt outstanding as well as debt service projections over the medium-term" (Section 32); "the Minister shall produce a consolidated quarterly report comparing budget execution and revenue collections ... this report shall be available to the President, the Legislature and the general public within 45 days of the end of the quarter" (Section 36). These are just some examples of how the Act aims to achieve better budget transparency.

As highlighted earlier, some countries do not address budget transparency in public financial management legislation directly, but instead deal with it in "Access to Information" legislation. In the case of Peru, for example, most of the budget transparency provisions are included in the *Ley de Transparencia y Acceso a la Información Pública* of 2002, which goes into great detail about the types of budget information that need to be made public, as well as the mechanisms and deadlines for publication.

Comparing transparency legislation across countries, it is interesting to note that there are no clear patterns that can be identified with regard to which countries adopt more detailed transparency provisions in their budget-related legislation. Countries that make no mention of budget transparency range from high-income, OECD countries, such as Sweden or Germany, to low-income countries, such as Burkina Faso or Ethiopia. The same holds for the group of countries with detailed transparency provisions, which range from the United Kingdom and New Zealand to Rwanda and Liberia. Moreover, different regions are equally represented across the different groups of countries presented in Table 1.

Even more interesting, the extent to which transparency is covered in budget legislation does not appear to be related to the level of budget transparency in each country, as measured by the Open Budget Index (OBI). Only half of the 20 countries that provide significant or extensive information to their public on budget matters include budget transparency provisions in their budget laws. Indeed, neither the United States, Sweden, Norway, nor France — all in the top tier of the OBI — enshrine transparency in their budget laws. This suggests that the inclusion of specific transparency provisions in budget-related legislation is not a pre-condition for the publication of budget documents by governments. However, this clearly does not imply that legislation is not a good tool to enhance budget transparency. It might simply reflect the fact that countries with strong transparency traditions do not need to have specific legislative provisions to ensure budget transparency.

Legislating for budget transparency can still be an effective way to implement reforms that lead to improvements in the quantity and coverage of budget documents published by governments. A prime example for this is given by South Africa's Public Financial Management Act (PFMA), which was drafted in the context of major budget reforms after the end of Apartheid and indicates transparency as one of its main objectives. Since the law was enacted, South Africa has become the most transparent of the 94 countries assessed in the Open Budget Survey 2010. Another example is Liberia (see Box 2). After the adoption of a new Public Finance Management Act in 2009, Liberia's score on the Open Budget Index rose from 2/100 in 2008 to 40/100 in 2010. The law has played an important role in achieving this considerable increase in transparency. Liberia's government now makes available on its websites budget documents that previously were produced but made available only to internal government audiences or to donors. More generally, a great majority of the countries that have improved their OBI scores between 2006 and 2010 include detailed transparency provisions in their budget-related legislation.⁶ Rwanda is a more puzzling example. Despite the extensive coverage of transparency matters in its budget legislation, it earned a meager score of 11/100 in the Open Budget Survey 2010 (though greatly improved on a score of just 1/100 in 2008). This is partly due to the fact that it still does not publish the budget proposal that the executive sends to the legislature for approval, arguably one of the most important budget documents. Other documents, despite their public availability, often lack important details.

⁶ See page 5 of the 2010 OBI Report (http://internationalbudget.org/files/2010_Full_Report-English.pdf).

Legislating for participation

Budget transparency can be considered as a good in and of itself. However, when public access to budget information is combined with opportunities for participation in budget processes for civil society actors and the broader public, the prospects for accountability are significantly improved, especially in cases where there are effective institutional checks and balances. While the publication of budget information is a necessary step for citizens to monitor what government does with public resources, it is through participation and engagement that they can make their voices heard and attempt to influence budget policies. Unfortunately, fiscal and budget transparency guidelines by the Organization for Economic Cooperation and Development (OECD) and the International Monetary Fund (IMF) have been mostly silent on participation issues. This might be one of the reasons why participation clauses in budget legislation are still rare.

However, there is great scope for legislation to improve participation. Legislation can create a number of mechanisms and access points for non-state actors to engage more actively and substantially with the budget. For example, legislation can ensure that any civil society organization or citizen is free to attend budget hearings and make submissions to relevant legislative committees on specific budget issues. Creating opportunities for participation could also take the form of legal requirements for the acceptance of contributions. Moreover, legal provisions can arrange for public consultation around budget issues or for public forums where interest groups can formally give input into the budget process.

Only seven out of 125 countries investigated include provisions for citizen participation and engagement in their budget-related legislation: Brazil, Croatia, Ecuador, Finland, Honduras, Nigeria, and the United Kingdom.⁷ Brazil is the country with by far the most detailed legal provisions for participation in the budget process. Its Fiscal Responsibility Law Nr. 101 (2000) explicitly addresses participation as an integral part of transparency. Article 48 of the law states that “transparency must also be ensured by encouraging public participation and by holding public hearings during the preparation and discussion of the plans, Budgetary Directives Laws, and budgets.” The article that follows this one in the law ensures that citizens and institutions are able to consult and evaluate public accounts throughout the year. The law also requires certain documents to be widely disclosed to the public, for example, by electronic media. Although this is a standard way to promote transparency in legislation, the wording of the law in Brazil, “widely disclosed to the public,” specifically points out that the purpose of disclosing budgetary information is to inform the public. Moreover, Article 67 specifies that “the ongoing monitoring and evaluation of the policies and workability of the fiscal management must be performed by a fiscal management council, composed of representatives of all Branches and levels of government, the Office of the Public Prosecutor and technical entities representing the society as a whole, for the purpose of promoting: dissemination of practices resulting in greater efficiency in the allocation and execution of public expenditure, revenue collection, indebtedness control and transparency in fiscal management.”

A similar provision is found in Nigeria’s Fiscal Responsibility Act (2007), which contends that “the Commission shall consist of: (among others) civil society engaged in causes relating to probity, transparency and good governance and one member to represent each of six geopolitical zones of the country.” Moreover, Finland’s Act on the Openness of Government Activities states that “there are specific provisions that apply to the right to attend Parliamentary plenary sessions, meetings of municipal councils and other municipal bodies, court hearings and meetings of ecclesiastical bodies.” These are examples of how legislation can ensure that civil society organizations or individual citizens are free to attend budget hearings, which are crucial forums for effective participation.

Ecuador’s planning and budgeting law (*Codigo Organico de Planificacion y Finanzas Publicas*, 2010) is also a good example of ways to incorporate participation in the law. Article 5 identifies citizen participation as a key principle for planning and budgeting. The government’s recognition of the role of civil society is an important step toward achieving successful participation. Article 13 states that the government will establish mechanisms for citizen participation for the formulation of plans and policies. However, it is not clear how this intention will be implemented. Croatia’s Budget Act, on the other hand, specifies the method of conducting budget supervision and states that “budget supervision shall be conducted based on citizens’ petitions, requests of central government administration bodies, local and regional self-government units and other legal persons which arise suspicion of irregularities and fraud, as well as on the order of the Minister of Finance.” Similarly, Honduras’ Law on Transparency and Public Access to Information includes the objective to “guarantee citizens’ right to participate in the management of public issues, and states that all public institutions have a

⁷ See details in Appendix 2.

duty to disseminate information on participatory mechanisms in place.” Although the latter does not specifically address budget information, it is nonetheless a fitting example of how legislation can create access points for civil society to engage more actively and substantially with budget processes and policies.

It is clear, however, that participation cannot be effective unless there is a degree of transparency that provides access to the information necessary to scrutinize public budgets. This is what the United Kingdom’s Code for Fiscal Stability addresses in the provision that “the Treasury shall publish, from time to time, other information that it determines would better enable the public to scrutinize fiscal policy and the state of the public finances.” It is not enough to simply publish information; it is important that governments also make an effort to bring the information to the people. Again, this is an issue that the United Kingdom’s Code addresses by arranging for “the publication of a notice indicating: a. where copies of the report are available for inspection free of charge; and b. where copies of the report are available for purchase.” Moreover, “the Treasury shall make available copies of each report for inspection or purchase for at least 6 months following publication. Copies of all reports shall also be made available on the Treasury’s internet website.” In this sense, legislation can ensure that published information can be widely accessed and effectively used to scrutinize the public budget.

While there is scope for government legislation to favor and facilitate participation, it is clear that civil society has its own role to play. Legislation can only be successful if civil society takes the initiative to organize itself for purposeful engagement. Nonetheless, it is important for governments to recognize the role of participation and do what they can to encourage it. As the above examples have illustrated, budget legislation presents itself as a useful tool to do so.

Conclusions

This review of budget laws and budget-related legislation across more than 100 countries has highlighted a number of interesting points.

First, more countries than expected include transparency clauses in their budget legislation. Overall, about half of the 125 countries surveyed incorporated some mention of budget transparency in their laws. In some cases, budget transparency was covered in laws promoting fiscal responsibility or access to information, rather than in public financial management legislation. Only a handful of countries cover issues related to public engagement and participation in budget processes, though the few examples that exist point to some interesting ways in which public involvement can be promoted.

Second, countries vary widely in the extent to which they provide detailed budget transparency provisions in their budget-related legislation. While some merely cite transparency as a principle, or stipulate the publication of a single budget document, others provide specific definitions of budget transparency and detailed provisions on who should publish which budget documents, when, and through which means. In particular, 14 countries have been identified as examples of very extensive coverage of budget transparency matters in their legislation.

Third, there are no clear patterns that emerge from the analysis of transparency and participation in budget laws. Countries with detailed clauses do not belong exclusively to a particular region or income group, for example. Moreover, the inclusion of detailed transparency clauses in budget laws does not necessarily result in better practice; just as the lack of such laws or provisions does not inhibit good practice. When measured through the Open Budget Index, countries with more substantive transparency provisions span the whole range of possible budget transparency scores. This observation is reinforced by a statement from the IMF’s *Manual on Fiscal Transparency*: “Although clear laws and regulations are critical for fiscal transparency, it is just as important for them to be followed in practice. Experience with fiscal ROSCs indicates that the key weakness is often in the effective implementation of the laws and regulations rather than in the laws themselves” (IMF 2007:21).

This comment introduces the fourth and last point. Countries that perform well on budget transparency, and that do so without transparency laws, generally have a strong tradition of democracy and openness. In countries where such traditions do not exist or are incipient, however, new legislation can and does spur substantive reform efforts. Countries like South Africa or Liberia have shown that legislation can be an effective driver for change and thus a useful tool to improve budget transparency. More generally, evidence shows that budget-related legislation in countries where budget

transparency has improved the most over the past few years did include specific and detailed provisions on the public disclosure of budget information.

The analysis in this Research Note, and the accompanying material that is available on the IBP website, can be useful for civil society groups, governments, and donor agencies engaged in efforts to improve budget transparency across the world.⁸ It provides ideas and suggestions on how other countries might capture not only the principle of budget transparency but also the more detailed provisions that can turn it into a more tangible result, including by providing opportunities for citizen participation and engagement in the budget process. This will be particularly relevant in countries that are considering reforms in their budget legislation, or where civil society organizations are struggling to gain adequate access to budget information.

⁸ Access these materials and other Open Budget Initiative research products at: <http://internationalbudget.org/what-we-do/major-ibp-initiatives/open-budget-initiative/obi-research/>.

Appendix 1

List of countries included in the survey of budget-related legislation

| | | |
|----------------------------|--------------|-----------------------|
| Afghanistan | Georgia | Nigeria |
| Albania | Germany | Norway |
| Algeria | Ghana | Pakistan |
| Angola | Guatemala | Papua New Guinea |
| Argentina | Honduras | Peru |
| Armenia | Hungary | Philippines |
| Australia | Iceland | Poland |
| Azerbaijan | India | Portugal |
| Bahrain | Indonesia | Romania |
| Bangladesh | Iran | Russia |
| Belgium | Iraq | Rwanda |
| Benin | Ireland | São Tome and Príncipe |
| Bolivia | Israel | Saudi Arabia |
| Bosnia and Herzegovina | Italy | Senegal |
| Botswana | Jamaica | Serbia |
| Brazil | Japan | Sierra Leone |
| Bulgaria | Jordan | Singapore |
| Burkina Faso | Kazakhstan | Slovakia |
| Cambodia | Kenya | Slovenia |
| Cameroon | Korea, South | South Africa |
| Canada | Kosovo | Spain |
| Cape Verde | Kyrgyzstan | Sri Lanka |
| Chad | Latvia | Sudan |
| Chile | Lebanon | Sweden |
| China | Liberia | Tanzania |
| Colombia | Macedonia | Thailand |
| Congo, Democratic Republic | Madagascar | Timor-Leste |
| Costa Rica | Malawi | Trinidad and Tobago |
| Croatia | Malaysia | Turkey |
| Cyprus | Mali | Uganda |
| Czech Republic | Mexico | Ukraine |
| Denmark | Moldova | United Arab Emirates |
| Dominican Republic | Mongolia | United Kingdom |
| Ecuador | Montenegro | United States |
| Egypt | Morocco | Uruguay |
| El Salvador | Mozambique | Uzbekistan |
| Equatorial Guinea | Namibia | Vanuatu |
| Estonia | Nepal | Venezuela |
| Ethiopia | Netherlands | Vietnam |
| Fiji | New Zealand | Yemen |
| Finland | Nicaragua | Zambia |
| France | Niger | |

Appendix 2

Details of laws for countries with extensive coverage of budget transparency and participation

Transparency

Australia

Charter of Budget Honesty Act (1998)

<http://www.treasury.gov.au/contentitem.asp?ContentID=70&NavID=>

Brazil

Lei de Responsabilidade Fiscal (2000)

http://www.planalto.gov.br/ccivil_03/Leis/LCP/Lcp101.htm

(available in English at: <http://www1.worldbank.org/publicsector/pe/BudgetLaws/BRLRFEnglish.pdf>)

Lei Complementar No. 131 (2009) http://www.planalto.gov.br/ccivil_03/Leis/LCP/Lcp131.htm

Ecuador

Codigo Organico de Planificacion y Finanzas Publicas (2010)

http://finanzas.gob.ec/pls/portal/docs/PAGE/MINISTERIO_ECONOMIA_FINANZAS_ECUADOR/LEGISLACION_VIGENTE/LEYES/ARCHIVOS/COD_PLANIFICACION_FINANZAS_PUBLICAS.PDF

Liberia

Public Finance Management Act (2009)

<http://www.mof.gov.lr/content.php?sub=75&related=24&res=75&third=75>

New Zealand

Public Finance Act (1989)

<http://www.legislation.govt.nz/act/public/1989/0044/latest/096be8ed8071f4b5.pdf>

Public Finance Amendment Act (2004)

<http://www.legislation.govt.nz/act/public/2004/0113/1.0/096be8ed8009e17b.pdf>

Guide to the Public Finance Act (2005)

<http://www.treasury.govt.nz/publications/guidance/publicfinance/pfaguide/guide-pfa.pdf>

Nigeria

Fiscal Responsibility Act (2007)

<http://frc-nigeria.org/Fiscal%20Responsibility%20Act.pdf>

Peru

Ley de Transparencia y Acceso a la Información Pública (2002)

http://www.peru.gob.pe/normas/docs/LEY_27806.pdf

Poland

Act on Public Finances (1998) Available in English at:

<http://www1.worldbank.org/publicsector/pe/BudgetLaws/PolandPublic-Finance.doc>

Rwanda

Organic Law on State Finances and Property (2006)

http://www.primature.gov.rw/index.php?option=com_docman&task=doc_download&gid=336&Itemid=95

Sierra Leone

Budgeting and Accountability Act (2005)

<http://www.sierra-leone.org/Laws/2005-3p.pdf>

South Africa

Public Finance Management Act (1999)

<http://www.treasury.gov.za/legislation/pfma/act.pdf>

Turkey

Public Financial Management and Control Law (2003)

<http://www.sgb.gov.tr/en/Legislation/Law/5018%20Public%20Financial%20Management%20and%20Control%20Law.pdf>

Ukraine

Budget Code (2001)

http://minfin.gov.ua/file/link/288791/file/BUDGET_CODE_OF_UKRAINE_eng.pdf

United Kingdom

Code for Fiscal Stability (1998)

<http://archive.treasury.gov.uk/budget/1998/cfs.pdf>

Participation and Engagement

Brazil

Lei de Responsabilidade Fiscal (2000)

http://www.planalto.gov.br/ccivil_03/Leis/LCP/Lcp101.htm

(available in English at: <http://www1.worldbank.org/publicsector/pe/BudgetLaws/BRLRFEnglish.pdf>)

Lei Complementar No. 131 (2009)

http://www.planalto.gov.br/ccivil_03/Leis/LCP/Lcp131.htm

Croatia

Budget Act (2001)

http://www.mfin.hr/adminmax/docs/Budget_Act.pdf

Ecuador

Codigo Organico de Planificacion y Finanzas Publicas (2010)

http://finanzas.gob.ec/pls/portal/docs/PAGE/MINISTERIO_ECONOMIA_FINANZAS_ECUADOR/LEGISLACION_VIGENTE/LEYES/ARCHIVOS/COD_PLANIFICACION_FINANZAS_PUBLICAS.PDF

Finland

Act on the Openness of Government Activities (1999)

<http://www.finlex.fi/pdf/saadkaan/E9990621.PDF>

Honduras

Ley de Transparencia y Acceso a la Information Publica (2006)

http://www.bch.hn/download/ley_transparencia.pdf

Nigeria

Fiscal Responsibility Act (2007)

<http://frc-nigeria.org/Fiscal%20Responsibility%20Act.pdf>

United Kingdom

Code for Fiscal Stability (1998)

<http://archive.treasury.gov.uk/budget/1998/cfs.pdf>