

**OPEN
BUDGET
SURVEY
2021**

**8th
EDITION**

South Asia

Acknowledgements

Authors: Udahiruni Atapattu, Yasmin Raji, Hafsa Haniffa, Deshal de Mel (Verité Research)

Contributor: Suad Hasan (International Budget Partnership)

Editor: Daron Christopher

Design: www.kandi.co.za

A Turn for the Worse in South Asia's Open Budget Practices

The Open Budget Survey (OBS) is a global assessment of fiscal transparency, public participation and formal oversight in budget processes, conducted every two years.

This brief focuses on the OBS performance of the 6 countries assessed in the South Asian region: Afghanistan, Bangladesh, India, Nepal, Pakistan and Sri Lanka.

According to this year's OBS results, the majority of the world's countries were able to preserve and, in some cases, even build on earlier gains in accountability. A notable exception was South Asia.

South Asia is the only region in the world that has seen a steady and substantial downward trajectory since 2017 (for the 77 countries for which there is comparable data since 2008). Once the second highest scoring region in the world, South Asia's scores plummeted by 18 points between 2012 and 2021. With the exception of the Middle East and North Africa, it is now the worst performing region in the world. This is an unfortunate shift since most countries in this region — particularly Sri Lanka and India — have until recently taken positive strides to maintain and improve fiscal transparency.

“South Asia is the only region in the world that has seen a steady and substantial downward trajectory since 2017. Once the second highest scoring region in the world, South Asia's scores plummeted by 18 points between 2012 and 2021.”

In assessing the current state of budget transparency across some of the region's key countries, we see clear signs of stresses on democratic norms as checks and balances are undermined and civic space shrinks. These shifts have contributed to a cultural shift of increased political influence over government institutions, *fostering a less transparent fiscal culture* and increasing the *public perception of corruption*. The regression we have witnessed in budget transparency across South Asia is tightly linked with a wholesale democratic relapse.

Although in other regions public finance management institutions have proven to be relatively resilient to democratic declines, this is not the case in South Asia. In countries such as the Philippines and Brazil, the strength of key public finance management institutions — such as finance ministries, legislatures and national audit offices — have served as bulwarks of transparency in the context of other governance challenges.

In several countries in South Asia, however, we have witnessed systematic and seismic shifts that have undermined the ability of key institutions to protect open budgeting practices.

Constitutional changes in Sri Lanka eroded the independence of several democratic institutions and led to the suspension of the legislature.

The dissolution of the parliament in Nepal led to political unrest in the country beginning in late 2020. Meanwhile, Afghanistan experienced some of the most dramatic shifts in governance and democratic structures in recent times, with the Taliban seizing control of the government.

In assessing trendlines across the region, some key take-aways emerge to explain South Asia's downward trajectory and divergence from global efforts to advance open budgets.



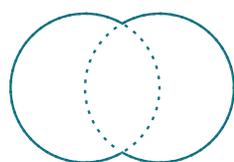
Afghan women at UNHCR protesting the Taliban takeover of Afghanistan. Pradeep Gaur / Shutterstock

The region has seen a sharp regression in budget transparency

Strong budget transparency is a critical element of effective fiscal management and helps foster greater government answerability. It provides visibility into government budgets — ultimately helping citizens to hold their leadership accountable, ensuring better-informed public debates and fostering greater participation in the democratic process. In recent years, governments around the world have made modest but steady progress in driving greater transparency by opening up the budget process to closer scrutiny by journalists, independent watchdogs and the public.

Yet while global averages steadily improved since 2017, South Asia has continued to move in the opposite direction; it is the only region that has steadily and consistently decreased.

Average transparency scores by region, 2008 - 2021



	2008	2010	2012	2015	2017	2019	2021
Western Europe, US and Canada	80	82	81	79	78	76	76
Eastern Europe and Central Asia	50	52	53	56	56	58	60
East Asia and Pacific	39	42	43	44	47	53	54
Latin America and Caribbean	41	42	47	49	50	53	53
South Asia	43	48	55	42	46	42	38
Sub-Saharan Africa	23	28	33	41	31	36	39
Middle East and North Africa	24	26	24	24	22	25	27

INSUFFICIENT

0-20 Scant or No Information Available

21-40 Minimal Information Available

41-60 Limited Information Available

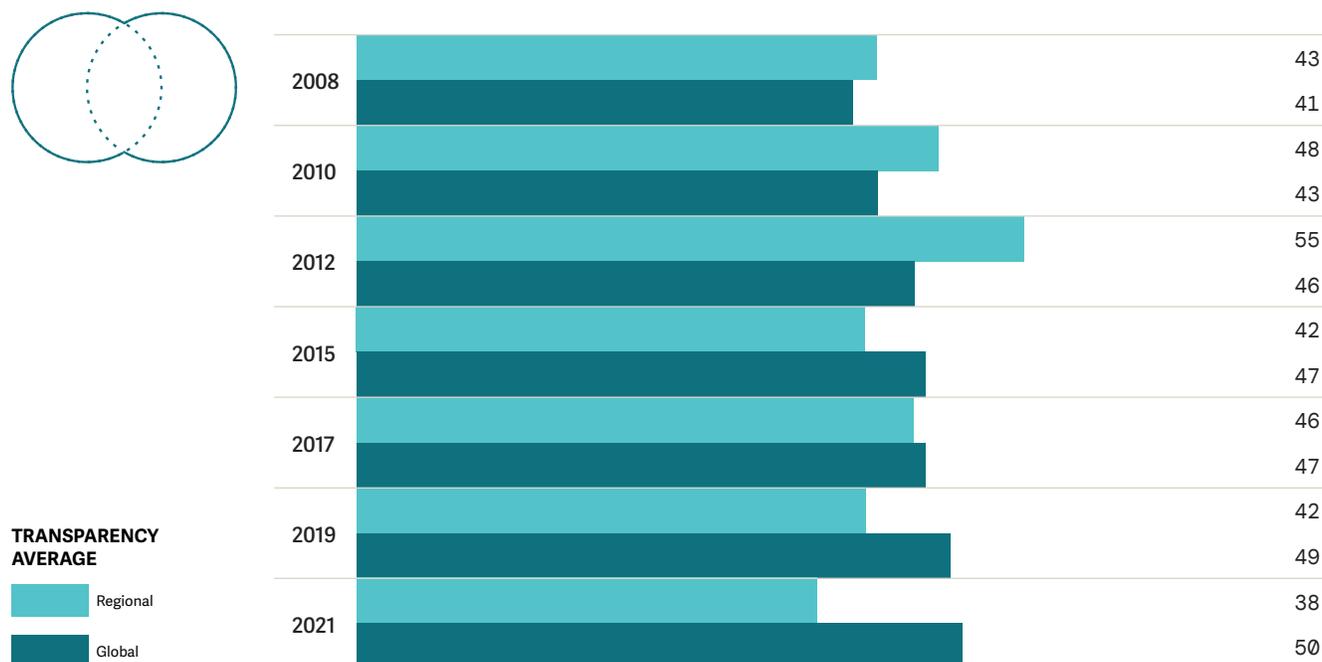
SUFFICIENT

61-80 Substantial Information Available

81-100 Extensive Information Available

This table shows the evolution of transparency in each region of the world for the 77 countries for which there is comparable data since 2008.

Average transparency score for South Asia compared to the global average, 2008 - 2021



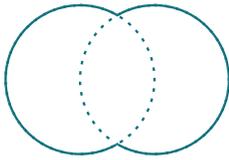
This table shows the trajectory of average transparency scores in South Asia compared to the average global transparency score for the 77 countries for which there is comparable data since 2008. Changes in this graph may not tally due to rounding.

South Asia has the dubious distinction of being the only region in which every country has failed to reach a benchmark transparency score of 61, equating to the minimum adequate level of budget transparency.

“South Asia has the dubious distinction of being the only region in which every country has failed to reach a benchmark transparency score of 61, equating to the minimum adequate level of budget transparency.”

On a per-country basis, Sri Lanka and Bangladesh stand as apart as the poorest performing countries in the region on the basis of transparency, with both clocking in at a score of 30. Sri Lanka saw the most dramatic decline in the region in 2021, at a 17-point drop.

Comparison of transparency scores by country in South Asia, 2019 and 2021



Country	2019	2021	Change
Afghanistan	50	43	-7
Bangladesh	36	30	-7
India	49	37	-11
Nepal	41	39	-2
Pakistan	28	46	18
Sri Lanka	47	30	-17

INSUFFICIENT

0-20 Scant or No Information Available

21-40 Minimal Information Available

41-60 Limited Information Available

SUFFICIENT

61-80 Substantial Information Available

81-100 Extensive Information Available

This table compares OBS 2019 and OBS 2021 participation scores for the six countries assessed in South Asia. Changes may not tally due to rounding.

Two common shortcomings observed across the region illustrate why we see this downward trend.

First, we see a lack of consistency in the publication of eight key budget documents in a timely manner. Budget documents are frequently not produced at all or produced late. Each of these documents have a role in enhancing fiscal transparency and providing the public and relevant stakeholders with key pieces of information required to evaluate government performance and the fiscal direction of the country. The delays have severe ramifications for public visibility and hinder the quality of public discourse by policymakers and citizens alike.

Second, when they do publish these documents, many countries in the region lack pertinent information that should be included in budget reporting according to international standards. For those reports that do see the light of day, the results have often fallen far short of anything that could be considered to be a comprehensive accounting of government spending.

While in some instances, these issues may have been compounded by operational challenges due to the pandemic, by and large, countries in this region have shown little commitment throughout several years to improve the publication of key budget documents. Bangladesh in particular has struggled to produce key budget documents on time or at all. In this round, several countries were late in producing budget implementation-related reports.

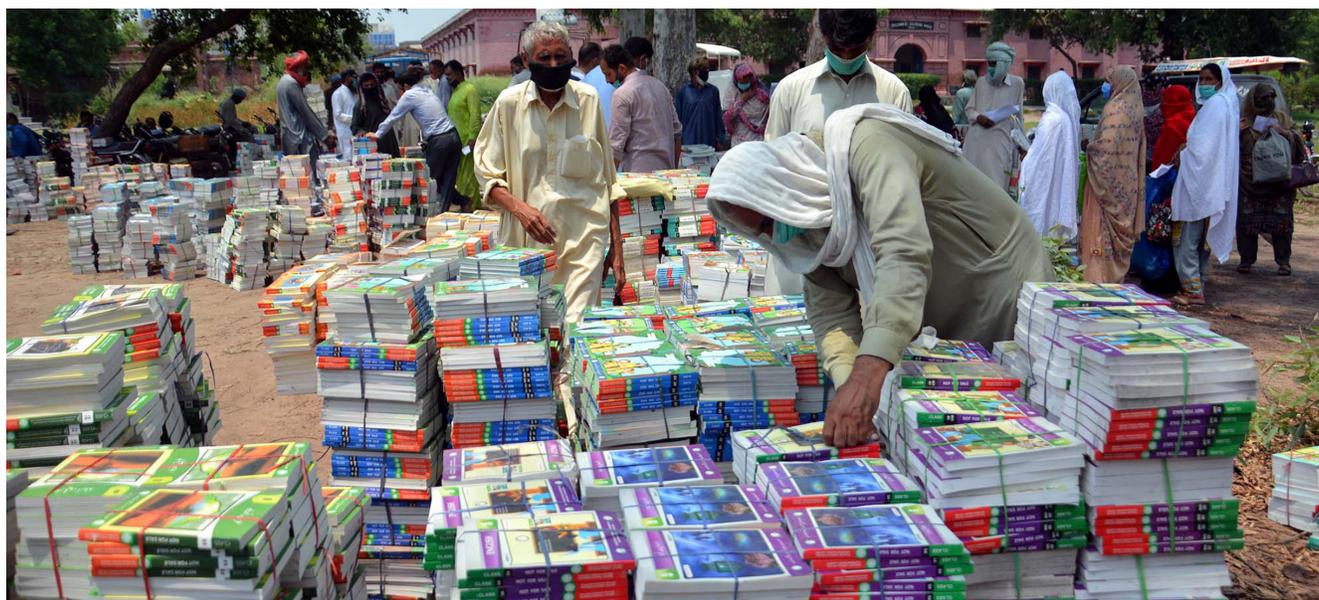
Of the 19 documents that are not publicly available in the region, 10 have not been produced at all. Six were published late, and another three were produced for internal use only, shielding the findings from sorely needed public scrutiny. It should not take otherworldly effort to publish internal findings online; this failure speaks, above all, to a lack of political will.

“Of the 19 documents that are not publicly available in the region, 10 have not been produced at all. Six were published late, and another three were produced for internal use only, shielding the findings from sorely needed public scrutiny.”

The mid-year reports and year-end reports are among the most frequently not publicly available in South Asia. This is a dereliction of public trust, as these reports that come later in the budget process cycle are crucial tools for the public and institutions to effectively provide oversight for budget execution, ensure taxpayer funds are being spent as promised and hold social services accountable in reaching their targets and communities.

The one outlier has been Pakistan, which has made notable progress – experiencing an 18-point increase in this round’s survey, in part due to the passage of the Public Finance Management Act in 2019. Pakistan published critical reports, including audits and a medium-term budgetary framework, on time with more in-depth macroeconomic and debt information included to give stakeholders a clearer picture of budget priorities and the linkage between budget proposals and government policy goals.

One driver of this progress is Pakistan joining an International Monetary Fund program in 2019 requiring enhanced standards in public finance management and reporting—underscoring the critical role that external support can play in making reform possible. However, this also points to the importance of institutionalizing reforms—once key reforms like those in Pakistan are achieved, it is important for civil society and oversight actors to have the space and wherewithal to use the information that is published to push for ever greater accountability.

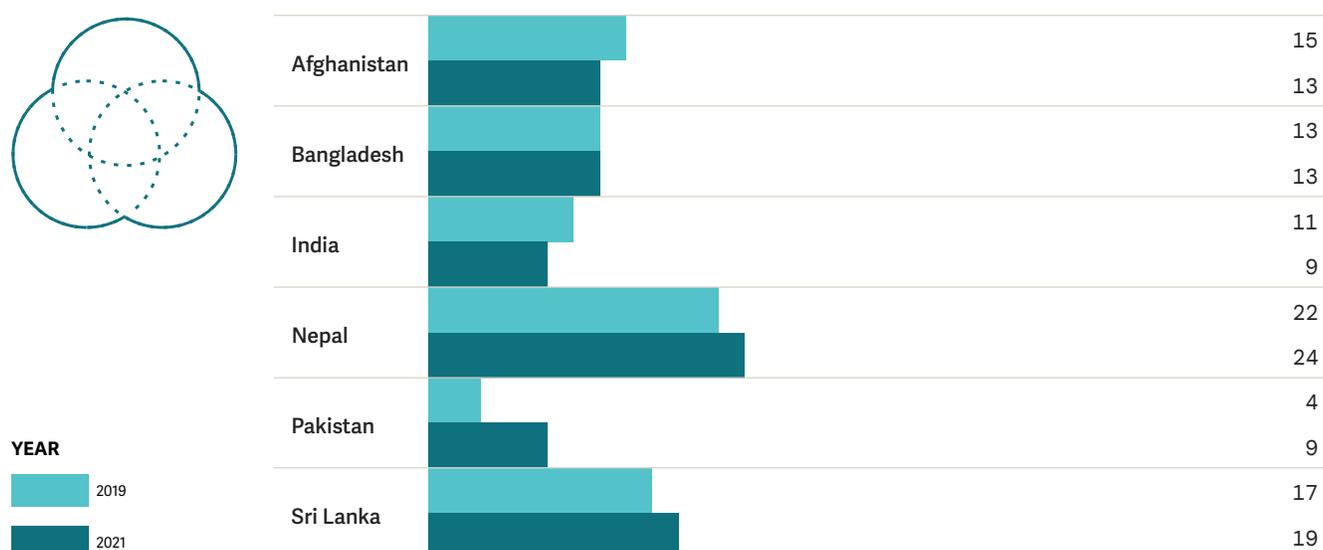


Books for distribution to students at home due to COVID-19 in Pakistan. Asianet-Pakistan / Shutterstock

Improving dismal levels of participation in the budget process demands that leaders embrace greater innovation

Public participation is an essential component of strengthening public finance governance, ensuring that key stakeholders and ordinary citizens alike have opportunities to engage. Participation sadly remains a rubber-stamping exercise in far too many countries, if not non-existent – with the notable exception of Nepal, it is mostly a perfunctory checking of the box.

Comparison of participation scores by country in South Asia, 2019 and 2021



This table compares OBS 2019 and OBS 2021 participation scores for the six countries assessed in South Asia.

The low participation scores across the region cannot be solely attributed to the effects of the pandemic. Historically, the participation scores in the region have been consistently weak, with Nepal and Sri Lanka performing comparatively better than the other countries in the region.

“The low participation scores across the region cannot be solely attributed to the effects of the pandemic.”

India—which holds the distinction of nominally being the world’s largest democracy—has demonstrated very little commitment to public participation with an all-time low score of 9, though some individual states have demonstrated progress on sub-national participation. This mirrors the markedly low global score for public participation (14 out of 100) that reveals that few countries provide meaningful opportunities for public participation in budget decision-making.



Patan Durbar Square, Lalitpur, Nepal. Biyana Photography / Unsplash

In contrast, Nepal, which has seen quite intense internal turmoil and political changes in recent years, has experimented with a range of innovative options on this front. Part of this progress can be attributed to the replacement of Nepal's unitary government system with a federal government system containing mechanisms for public participation and feedback at the implementation stage of the budget process.

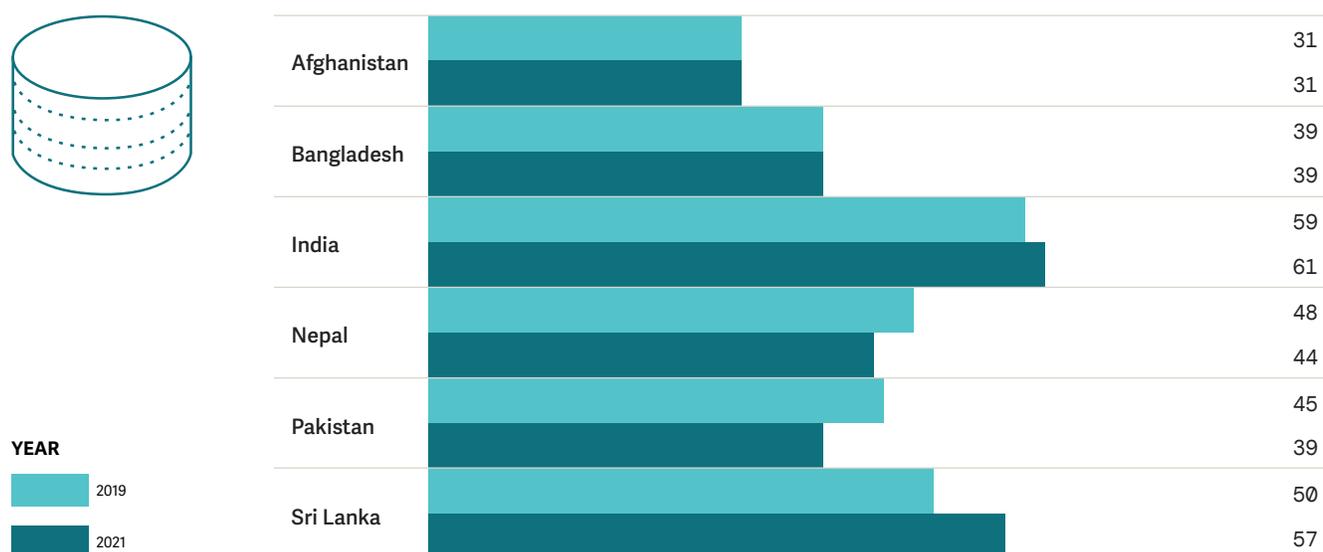
One example of how Nepal has used innovation to elevate the voices of citizens is through its "Hello Sarkar" app, which enables the public to directly provide feedback to improve service delivery.

Nepal has also established user committees focused on enhancing public involvement at the implementation stage of local budgets that have been identified in the central budget process. These committees are formed by citizens who directly benefit from the projects – highlighting an innovative model for other countries to consider emulating in strengthening public involvement with the budget process.

Oversight has been compromised by weak legislative roles in the budget process, and the impact of COVID-19

Legislative and audit institutions also play an essential role in ensuring accountability in the spending of public money. Yet almost all countries in South Asia have reported having weak legislative oversight over the budgeting processes in their countries. The region does, however, report stronger audit oversight than legislative oversight in its budget processes.

Comparison of oversight scores by country in South Asia, 2019 and 2021



This table compares OBS 2019 and OBS 2021 oversight scores for the six countries assessed in South Asia.

Many South Asian countries have embraced weaker checks and balances on the executive branches of their government. For example, a large majority of countries across South Asia share the practice of limited legislative involvement in the budget formulation stage. Further, with the exception of India and Sri Lanka, other countries in the region do not present executive budget proposals to the legislative branch at least two months in advance of the beginning of the budget year, offering limited time for debate before passage.

We also saw a range of operational challenges, including delayed reporting, due to the effects of COVID-19 dominating the focus of policy makers and leaders on responding to the immediate challenges of the crisis.

Recommendations for Reform

We propose a number of reforms and policy shifts that leaders across the region should consider in order to strengthen the integrity, transparency and public involvement of the budget process.

Make openness in the budget process a priority

Many countries in the region were able to achieve high scores in the past, including India, Sri Lanka and Pakistan. The fact that all countries in the region have previously demonstrated the ability to make various mandated reports publicly available – on time – suggests they have the capacity to do so when made a priority.

“The fact that all countries in the region have previously demonstrated the ability to make various mandated reports publicly available – on time – suggests they have the capacity to do so when made a priority.”

The region has shown sustained ability to leverage innovation to drive greater transparency in the budgeting process, as seen in Nepal’s use of innovative technology and citizen-led watchdog groups, as well as steps embraced below the federal level in some subnational governments. As one example, the Punjab government in Pakistan devised its budget with discussions including key stakeholders. Where there is a will, there is a way.

Commit to fiscal openness and accountability as part of a broader commitment to democracy

Ensuring that key budget documents are produced in a consistent and timely fashion is of far greater importance than merely matters of process. Committing to a strong fiscal transparency agenda, including embracing international best practices, should be viewed as part of a broader commitment to strengthening democracy.

Leaders focused on an agenda of improving the democratic process can demonstrate their commitment by taking steps to improve fiscal openness – both delivering better governance and burnishing their own record of strengthening democracy.

Open budgets are a job for everyone

Donors, stakeholder groups and activists have an essential role to play. While it is the responsibility of elected officials and public servants to publicly communicate budget decisions in a transparent fashion, other sectors must step in to call for action if they are not meeting that basic priority. Meaningful change may well require the sustained engagement of civil society and citizens to demand cultural and policy shifts in how the budget process is conducted across the region. Donors should also step in to address the curtailment of civil liberties that are making it increasingly difficult and dangerous for civil society, journalists and other watchdogs to openly have a say and scrutinize the actions of governments.



Indian farmers during a protest at Singhu border crossing. Im_rohitbhakar / Shutterstock

Open Budget Survey is online at
www.internationalbudget.org/open-budget-survey

The International Budget Partnership (IBP) headquarters:
750 First Street NE, Suite 700
Washington, D.C. 20002
Tel: +1 202 792 6833

The International Budget Partnership is a global partnership of budget analysts, community organizers, and advocates working to advance public budget systems that work for all people, not a privileged few. Together, we generate data, advocate for reform, and build the skills and knowledge of people so that everyone can have a voice in budget decisions that impact their lives.

For more information on IBP:
info@internationalbudget.org or visit
www.internationalbudget.org

 **[@OpenBudgets](https://twitter.com/OpenBudgets)**

 **[International Budget Partnership](https://www.facebook.com/InternationalBudgetPartnership)**

 **[International Budget Partnership](https://www.youtube.com/InternationalBudgetPartnership)**

 **[International Budget Partnership](https://www.linkedin.com/company/InternationalBudgetPartnership)**



www.internationalbudget.org