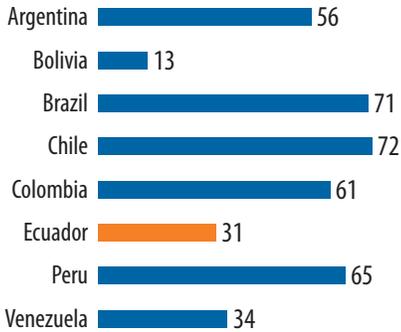




Overall score: 31 (Out of 100) Provides minimal information to the public in its budget documents during the year.

How Does Ecuador Compare to Its Neighbors?



Key Findings

The scores for 92 questions from the Open Budget Survey 2010 (see text box) are used to compile objective scores and rankings of each country's relative transparency. These scores constitute the Open Budget Index 2010.

Ecuador's score is 31 out of 100, which is less than the average score of 42 for the 94 countries surveyed. Ecuador's score is also well below the average score of 53 for the other countries of South America.

Ecuador's score indicates that the government provides the public with minimal information on central government's budget and financial activities during the course of the budget year. This makes it extremely difficult for citizens to hold the government accountable for its management of the public's money.

Adequacy & Availability of Eight Key Budget Documents

Document	Level of Information Grade*	Publication Status
Pre-Budget Statement	E	Produced, Not Published
Executive's Budget Proposal	D	Published
Enacted Budget	A	Published
Citizens Budget	E	Not Produced
In-Year Reports	B	Published
Mid-Year Review	E	Produced, Not Published
Year-End Report	E	Published
Audit Report	E	Produced, Not Published

* Grades for the comprehensiveness and accessibility of the information provided in each document are calculated from the average scores received on a subset of questions from the Open Budget Survey 2010. An average score between 0-20 (scant information) is graded as E; 21-40 (minimal) is graded as D; 41-60 (some) is graded as C; 61-80 (significant) is graded as B; and 81-100 (extensive) is graded as A.

The Executive's Budget Proposal is the government's most important policy instrument. It presents how the government plans to raise revenues and where these funds will be allocated, thus transforming policy goals into action. In Ecuador, the budget proposal does not provide comprehensive details. Major gaps in information in the budget proposal are found in the following areas:

It lacks information on outputs and outcomes. This information is important for those who are interested in monitoring the budget's impact.

- It lacks information that can help explain the relationship between the government's revenue and expenditure plans and its policy and macroeconomic goals. This information is important if the executive wishes to facilitate a broader debate about planned expenditures.
- It lacks information on certain fiscal activities that can have a major impact on the government's ability to meet its fiscal and policy goals, including information on extra-budgetary funds, quasi-fiscal activities, tax expenditures, contingent and future liabilities, and financial and other assets. Without this information, the public does not know the government's true fiscal position.

A Pre-Budget Statement sets forth the broad parameters that will define the government's forthcoming budget. Ecuador does not publish a Pre-Budget Statement.

The Enacted Budget becomes a country's law and provides the baseline information for all budget analyses conducted during the budget year. In general terms, the Enacted Budget should provide the public with the data it can use to assess the government's stated policy priorities and hold it to account. Ecuador publishes a comprehensive enacted budget.

A Citizens Budget is a nontechnical presentation of a government's budget that is intended to enable the public — including those who are not familiar with public finance — to understand a government's plans. Ecuador does not produce a Citizens Budget.

OPEN BUDGET SURVEY 2010

Ecuador

The International Budget Partnership's Open Budget Survey assesses the availability in each country assessed of eight key budget documents, as well as the comprehensiveness of the data contained in these documents. The Survey also examines the extent of effective oversight provided by legislatures and supreme audit institutions (SAI), as well as the opportunities available to the public to participate in national budget decision-making processes.

In-Year Reports provide a snapshot of the budget's effects during the budget year. They allow for comparisons with the enacted budget figures and thus can facilitate adjustments. Ecuador publishes In-Year Reports.

The Mid-Year Review provides a comprehensive overview of the budget's effects at the mid-point of a budget year and discusses any changes in economic assumptions that affect approved budget policies. Information in this report allows the government, legislature, and the public to identify whether or not adjustments related to revenues, expenditures, or borrowing should be made for the remainder of the budget year. Ecuador produces a Mid-Year Report for internal purposes but does not make it available to the public.

The Year-End Report compares the actual budget execution to the Enacted Budget. Year-End Reports can inform policymakers on tax policies, debt requirements, and major expenditure priorities, facilitating adjustments for upcoming budget years. Ecuador publishes a Year-End Report but it is far from comprehensive. The data on the actual outcomes in the Year-End Report is not audited. The Year-End Report does not explain the difference between the enacted levels and the actual outcome for expenditures and revenues.

The Audit Report is an evaluation of the government's accounts by the country's supreme audit institution (SAI). It reports whether the government has raised revenues and spent national revenue in line with the authorized budget, whether the government's bookkeeping is balanced and accurate and whether there were problems in the management of public funds. Ecuador does not publish the Audit Report that it produces for internal use.

Public Participation and Institutions of Accountability

Beyond improving the availability and comprehensiveness of key budget documents, there are other ways in which Ecuador's budget process can be made more open. These include ensuring the existence of a strong legislature and SAI that provide effective budget oversight, and providing greater opportunities for public engagement in the budget process.

Are oversight bodies effective in their budget role?

Oversight Institution	Strength**
Legislature	Weak
SAI	Moderate

** Legislature and SAI strengths are calculated from the average scores received for a subset of questions from the Open Budget Survey 2010. An average score between 0-33 is graded as weak, 34-66 as moderate, and 67-100 as strong.

According to the Open Budget Survey 2010, budget oversight provided by Ecuador's legislature is weak because it does not have:

1. sufficient power to amend the Executive Budget Proposal at the start of the year;
2. sufficient power to approve any changes made to the budget over the course of the fiscal year; and
3. it does not hold open budget discussions at which the public can testify or allow the public to be present during legislative hearings at which the executive testifies on its proposed budget.

According to the Open Budget Survey 2010, budget oversight provided by Ecuador's SAI is inadequate for the following reasons:

1. it does not issue timely Audit Reports on the final expenditures of national departments;
and
2. it does not have adequate reporting on the follow-up steps taken by the executive to address audit recommendations for remedial action.

Recommendations

Ecuador should:

- publish on the government's website budget documents that are already being produced — such as the Pre-Budget Statement, Mid-Year Review and Audit Report;
- begin to produce and publish a Citizens Budget;
- increase the comprehensiveness of the Executive's Budget Proposal;
- provide opportunities for the public to testify at legislative hearings on the budget; and
- increase the powers of the legislature to provide more comprehensive oversight not only when the budget is being approved but also during the budget execution period.