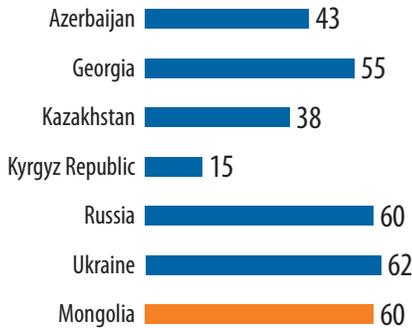




**Overall score: 60** (Out of 100) Provides some information to the public in its budget documents during the year.

### How Does Mongolia Compare to Its Neighbors?



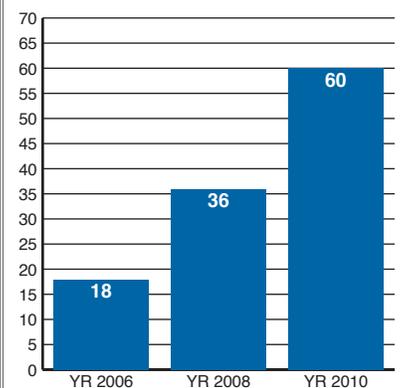
## Key Findings

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 (OBI).

Mongolia's OBI 2010 score is 60 out of 100, which is among the highest in the Central Asia region and well above the worldwide average (42). Mongolia's score indicates, however, that there is still substantial room for improvement in the amount of budget information the government provides to the public. Remaining deficiencies still make it challenging for citizens to hold the government accountable for its management of the public's money.

Mongolia stands out for the remarkable progress it has achieved in recent years. Its score on the OBI doubled from 18 in the 2006 Survey to 36 in 2008 and further increased by 24 points to 60 in the 2010 Survey. This is due to the fact that the government began to publish budget documents that previously had not been available to the public, including the Executive's Budget Proposal in 2007 and the reintroduction of public Year-End Reports in 2008. Moreover, between the 2008 and 2010 surveys, the Executive's Budget Proposal was expanded from a 50-page document to a 300-page document, thus providing more comprehensive information on revenues and expenditures.

### OBI Scores Over Three Surveys



**Adequacy & Availability of Eight Key Budget Documents**

Document	Level of Information Grade*	Publication Status
Pre-Budget Statement	A	Published
Executive's Budget Proposal	B	Published
Enacted Budget	B	Published
Citizens Budget	E	Not Produced
In-Year Reports	A	Published
Mid-Year Review	E	Produced, Not Published
Year-End Report	C	Published
Audit Report	C	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 are allocated, thus transforming policy goals into action. In Mongolia, while the budget proposal is now fairly comprehensive there are still gaps in the following areas:

- 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 financial and other assets held by the government and information on tax expenditures.
- It does not present detailed information on the impact of different macroeconomic assumptions on the budget.

A **Pre-Budget Statement** sets forth the broad parameters that will define the government's forthcoming budget. Mongolia publishes a comprehensive 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. Mongolia publishes a fairly comprehensive Enacted Budget, but it does not present the approved budget for all programs.

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. Mongolia does not produce a Citizens Budget.

**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 facilitate adjustments. Mongolia publishes comprehensive 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,

# OPEN BUDGET SURVEY 2010

## Mongolia

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.

Research to complete this country's Open Budget Survey was undertaken by:

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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. Mongolia prepares a Mid-Year Review 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 modifications for upcoming budget years. Mongolia publishes a Year-End Report, but it is not sufficiently comprehensive. It does not, for example, include explanations for the difference between the original performance indicators and the actual outcome.

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. Mongolia publishes an Audit Report, but it does not contain information about audits of extra-budgetary funds.

### *Public Participation and Institutions of Accountability*

Beyond improving the availability and comprehensiveness of key budget documents, there are other ways in which Mongolia's budget process could be made more open. This includes ensuring the existence of a strong legislature and supreme audit institution (SAI) that provide effective budget oversight, as well as providing greater opportunities for the public to participate in the budget process.

#### **Are oversight bodies effective in their budget role?**

Oversight Institution	Strength**
Legislature	Moderate
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 Mongolia's legislature is inadequate because it does not hold open budget discussions at which the public can testify.

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

1. the SAI does not have sufficient resources to meaningfully exercise its mandate;
2. there is limited legislative scrutiny of audit reports; and
3. it does not issue reports on the follow-up steps taken by the executive to address audit recommendations.

## Recommendations:

### **Mongolia should:**

- publish its Mid-Year Review
- produce and publish a Citizens Budget;
- provide opportunities for the public to testify at legislative hearings on the budget;
- empower the SAI to publish a comprehensive Audit Report, including information on extra-budgetary funds; and
- pass legislation that codifies the availability of budget information to the public. According to the OBI researcher from Mongolia, this would help ensure the sustainability of recent reforms.