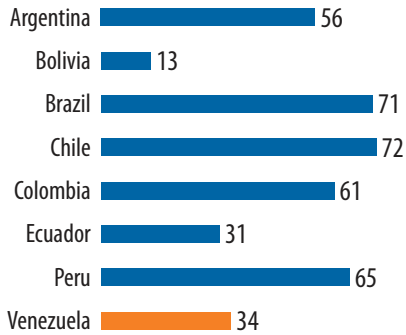


Overall score: 34 (Out of 100) Provides minimal information to the public in its budget documents during the year.

How Does Venezuela Compare to Its Neighbors?



Key Findings

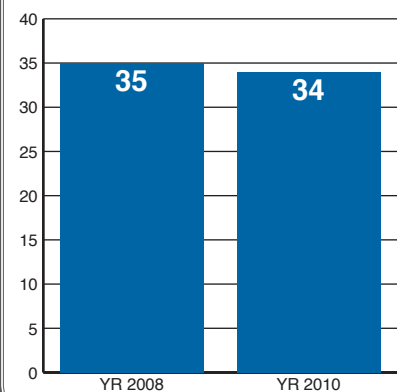
The scores for 92 questions from the Open Budget Survey (see text box) are used to compile objective scores and rankings of the relative transparency of each country's budget process. These scores constitute the Open Budget Index (OBI).

Venezuela's OBI 2010 score is 34 out of 100, which is less than the average score (42) for the 94 countries surveyed. Venezuela's score is relatively low compared to its neighbors; the average score for the other countries surveyed in the South America region is 53. Colombia's score is 61; Brazil's is 71.

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

Venezuela's score has essentially remained the same from 2008 to 2010.

OBI Scores Over Two Surveys



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	C	Published
Enacted Budget	A	Published
Citizens Budget	E	Not Produced
In-Year Reports	E	Not Produced
Mid-Year Review	E	Not Produced
Year-End Report	D	Published
Audit Report	D	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. 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.

An **Executive's Budget Proposal** is the government's most important policy instrument. It presents the ways the government plans to raise revenues and where these funds are allocated, thus transforming policy goals into action. In Venezuela the budget proposal is not sufficiently comprehensive. Major gaps in information are found in the following areas:

- The proposal lacks information on outputs and outcomes. This information is important for those who are interested in monitoring the impact of the budget.
- 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. Venezuela produces a Pre-Budget Statement, but it is not made public.

An **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 data the public can use to assess the government's stated policy priorities and hold it to account. Venezuela produces 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. Venezuela 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 can facilitate adjustments.

OPEN BUDGET SURVEY 2010

Venezuela

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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Venezuela does not produce In-Year Reports.

A **Mid-Year Review** provides a comprehensive overview of the budget's effects at the midpoint 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. Venezuela does not produce a Mid-Year Review.

A **Year-End Report** compares the actual budget execution to the Enacted Budget. The Year-End Report can inform policymakers on tax policies, debt requirements, and major expenditure priorities, thus facilitating adjustments for upcoming budget years. Venezuela publishes a Year-End Report, but it is far from being comprehensive.

An **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. Venezuela publishes an Audit Report, but it is far from being comprehensive.

Public Participation and Institutions of Accountability

Beyond improving the availability and comprehensiveness of key budget documents, there are other ways in which Venezuela's budget process can be made more open. These include ensuring the existence of a strong legislature and SAI that provide effective budget oversight, as well as providing greater opportunities for public engagement 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. 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, budget oversight provided by Venezuela's legislature is inadequate, in part because it does not hold open budget discussions at which the public can testify on the budget proposed by the executive.

According to the Open Budget Survey, budget oversight provided by Venezuela's SAI is inadequate because it does not:

1. have sufficient resources to meaningfully exercise its mandate; and
2. issue reports on the follow-up steps taken by the executive to address audit recommendations.

Recommendations

Venezuela should:

- publish its Pre-Budget Statement on the government's website (the statement is already being produced);
- begin to produce and publish a Citizens Budget, In-Year Reports, and the Mid-Year Review;
- increase the comprehensiveness of the Executive's Budget Proposal, the Year-End Report, and the Audit Report;
- strengthen the role of the legislature and the SAI in the budget process; and
- provide opportunities for the public to testify at legislative hearings on the budget.