

## METHODOLOGY

### Section 1: Implementing the Open Budget Survey 2012 and Calculating the Open Budget Index

The Open Budget Survey assesses the public availability of budget information and other budgeting practices that contribute to an accountable and responsive public finance system in countries around the world. The majority of the Survey questions assess what occurs in practice, rather than what is required by law.

The Survey assesses the contents and timely release of eight key budget documents that all countries should issue at different points in the budget process, according to generally accepted good practice criteria for public financial management. Many of these criteria are drawn from those developed by multilateral organizations, such as the International Monetary Fund's (IMF) *Code of Good Practices on Fiscal Transparency*, the Organization for Economic Co-operation and Development's (OECD) *Best Practices for Fiscal Transparency*, and the International Organization of Supreme Auditing Institutions' (INTOSAI) *Lima Declaration of Guidelines on Auditing Precepts*. The strength of such guidelines lies in their universal applicability to different budget systems around the world and to countries with different income levels. The Open Budget Survey covers additional topics of importance to civil society and proponents of good governance, including the extent to which the public can participate during each phase of the budget process, factors related to legislative strength and the role of the country's independent national audit office (also known as the "supreme audit institution").

The Open Budget Survey 2012 was a collaborative research process in which the IBP worked with civil society partners in 100 countries over the past two years. The 100 countries assessed in what is the fourth round of the Survey (earlier rounds were in 2006, 2008, and 2010) were selected to produce a sample that is representative across regions and income levels.

#### The Open Budget Questionnaire

The results for each country in the 2012 Survey are based on the 125-question questionnaire that is completed by one researcher or group of researchers within an organization from the country. Almost all of the researchers responsible for completing the Open Budget Questionnaire belong to either academic institutions or civil society organizations. Though the mandates and areas of interest of the research groups vary widely, all have a common interest in promoting transparent and responsive budgeting

practices in their countries. Most of the researchers belong to organizations with a significant focus on budget issues.

Most of the 125 2012 Survey questions require researchers to choose from five responses. Responses “a” or “b” describe a situation or condition that represents good practice regarding the type of budget information (or budget practice) that the question assesses, with “a” indicating that the standard is fully met. Response “c” corresponds to minimal efforts to attain the relevant standard, while a “d” indicates that the standard is not met at all. An “e” response indicates that the standard is not applicable, for example when an OECD country is asked about the foreign aid it receives. Some questions, however, only have three possible responses: “a” (standard met), “b” (standard not met), or “c” (not applicable). Researchers are required to provide adequate evidence for each of their responses, and to supplement their answers with comments, clarifications, and links to relevant documentation. Once completed, the questionnaire responses are quantified. For the questions with five response options, an “a” receives a numeric score of 100, a “b” receives 67, “c” answers get 33, and “d” responses are scored 0. Questions receiving an “e” are not counted as part of the country’s aggregated scores. For the questions with three response options, the scores are 100 for an “a” response, 0 for a “b,” and “c” responses are not included in the aggregated score.

## The research process

The researchers began collecting data for the 2012 Survey in August 2011 and completed the questionnaire for their country by December 2011. The Open Budget Survey 2012 assesses only events, activities, or developments that occurred up to 31 December 2011; any actions occurring after this date are not accounted for in the 2012 Survey results. All responses to the Survey questions are supported by evidence, such as citations from budget documents; the country’s laws; or interviews with government officials, legislators, or experts on the country’s budget process.

Throughout the research process, IBP staff members assisted the researchers in following the Survey methodology, particularly the guidelines for answering Survey questions. (See the *Guide to the Open Budget Questionnaire* at: <http://bit.ly/Wf4hdB>.)

Upon completion, IBP staff members analyzed and discussed each questionnaire with the individual researchers over a three- to six-month period. The IBP analysis sought to ensure that all questions were answered in a manner that was internally consistent for each country, as well as consistent across countries. The answers were also cross-checked against published budget documents and reports on fiscal transparency issued by international institutions, such as the IMF, World Bank, and the OECD.



The questionnaires were then reviewed by two anonymous peer reviewers who have substantial working knowledge of the budget systems in the relevant country. The peer reviewers, who were not associated with the government of the country they reviewed, were identified through searches of bibliographies, professional contacts, the Internet, and past IBP conference records.

IBP staff members reviewed peer reviewer comments to ensure that they were consistent with the study's methodology. Any peer reviewer comments that were inconsistent were removed, and the remaining comments then were shared with researchers. Researchers responded to comments from peer reviewers and their government, if applicable, and IBP editors refereed any conflicting answers in order to ensure the consistency of assumptions across countries in selecting answers.

The IBP also invited the governments of 95 of the countries surveyed to comment on the draft Survey results. The decision to invite a government to comment on the draft results was made after consulting with the relevant research organization responsible for the Survey. The IBP made a major effort to encourage governments to comment on the draft results; many governments that did not initially respond to IBP letters were contacted on five or six separate occasions. Of the 95 governments contacted by the IBP, 41 commented on the Survey results for their country. These comments can be seen in their entirety in the relevant questionnaires at <http://internationalbudget.org/what-wedo/open-budget-survey/country-info/>.

## **The Open Budget Index**

The Open Budget Index (OBI) assigns each country a score from 0 to 100 based on the simple average of the numerical value of each of the responses to the 95 questions in the questionnaire that assess the public availability of budget information. A country's OBI score reflects the timeliness and comprehensiveness of publicly available budget information in the eight key budget documents.

## **Survey measures for oversight institutions and public participation**

Of the 30 Survey questions that are not used to calculate the OBI, the majority assess the oversight capacity of legislatures and supreme audit institutions (SAIs), as well as the opportunities for public engagement during the budget process. To gain an overall sense of the "strength" of each of these institutions and the level to which governments include the public in budget decision making and monitoring, the responses to the questions on each — legislatures, SAIs, and public participation — were averaged. These measures should be used as indicative data only, as the dataset of questions on the legislature, the SAI, and public participation are not as comprehensive as that on public access to information.

Three of the 30 non-OBI questions are not included in any of the overall indicators. Two questions (65 and 72) on In-Year Reports have been added over subsequent rounds of the Survey, so they have not been included in the OBI calculation in order to maintain comparability across time. The response to a question (113) on whether the executive publishes accessible and nontechnical definitions of terms used in the budget and other budget-related documents is also not included in the Open Budget Index.

## **Section 2: What Is New in the 2012 Open Budget Questionnaire, and What Are the Implications?**

The structure of the 2012 Open Budget Questionnaire is different than that used in previous rounds. The IBP has added and deleted a number of questions, although the overall number of questions has only gone up to 125 questions in this round from 123 in previous rounds. The Open Budget Questionnaire is now composed of five sections, two more than earlier rounds.

Most of the changes made to the Open Budget Questionnaire deepen the Survey's assessment of the relative strength of the legislature and supreme audit institution and public engagement in budget processes. As described in detail below, the questions used to calculate the Open Budget Index were for the most part unchanged and, therefore, the indices are comparable across all four rounds.

Sections 1 and 2 are essentially the same as in prior rounds, describing the key budget documents used to complete the questionnaire and assessing the public availability and comprehensiveness of the Executive's Budget Proposal and its supporting documents. Given its importance in presenting the government's priorities and plans for raising and spending public funds in the coming year and in establishing the agenda for the budget debate, the Survey places particular emphasis on the proposed budget.

Section 3 evaluates the public availability and comprehensiveness of key budget reports throughout the budget process. The questions on legislative strength that had been included in this section in previous rounds were moved to two new sections; however, though the remaining questions have been renumbered, the wording and order are unchanged.

Section 4 was added to the 2012 Survey and is composed of questions that measure the strength of the legislature and supreme audit institution. It includes questions that were part of the Survey in previous rounds, as well as new questions that look at various factors like whether there is an established research body that can provide the legislature with analysis and guidance on budget matters; whether there are legislative pre-budget debates; the procedures for shifting funds, not only between administrative units but also between

individual line items; and the procedures in place for when additional revenue is raised during the budget year.

Section 5 is also a new section, and it includes 12 questions on public engagement in the budget process. Some of these questions (those on legislative public hearings, for example) had been in different sections of the questionnaire in previous rounds, but there are a substantial number of new questions, as well. Other questions in this section assess the presence of legal requirements, mechanisms, and feedback procedures for public engagement with the executive, legislature, and supreme audit institution. Finally, section 5 also includes four questions on the Citizens Budget, three more than in prior Survey questionnaires. This deeper attention to Citizens Budgets reflects the growing recognition of the importance of this document as a key element of budget transparency in a given country.

The Open Budget Index Measures the Timely Release of Information Throughout the Budget Process

Budget Document	Release Deadlines for "Publicly Available" Documents	2012 Survey Question Numbers	Number of questions per document in the OBI
Pre-Budget Statement (PBS)	Must be released at least one month before the Executive's Budget Proposal is submitted to the legislature for consideration.	60-62	3
Executive's Budget Proposal (EBP)	Ideally should be released at the same time as it is presented to the legislature. At a minimum, it must be released while the legislature is still considering it and before it is approved. In no case would a proposal released after the legislature has approved it be considered "publicly available."	1-58	58
Supporting documents for the EBP	Must be released at or about the same time of the Executive's Budget Proposal (see above).	1-58	58
Enacted Budget (EB)	Must be released no later than three months after the budget is approved by the legislature.	101	1
Citizens Budget (CB)	If it is a simplified version of the Executive's Budget Proposal, it must be released at the same time as a "publicly available" Executive's Budget Proposal. If it is a simplified version of the Enacted Budget, it must be released at the same time as a "publicly available" Enacted Budget.	109-112	4
In-Year Reports (IYRs)	Must be released no later than three months after the reporting period ends.	63-64, 66-71	8
Mid-Year Review (MYR)	Must be released no later than three months after the reporting period ends.	73-76	4
Year-End Report (YER)	Must be released no later than two years after the end of the fiscal year (the reporting period).	77-86	10
Audit Report (AR)	Must be released no later than two years after the end of the fiscal year (the reporting period).	87-89, 91, 95-96, 108	7

## Summary of the Changes in the 2012 Open Budget Questionnaire

- Twelve questions were excluded from the 2012 Survey: 56-60, 63-65, 70, 79, 97, and 99. (Note that these are the question numbers from the 2010 Open Budget Questionnaire.) None of these questions was used in the calculation of the Open Budget Index, or other indicators from the Survey.
- Two questions were modified: 109 and 123. (Note that these were questions 61 and 119, respectively, in the 2010 Open Budget Questionnaire.)

- Fourteen questions were added: 97-98, 103-104, 110-112, 114-118, and 124-125. These have been used in defining indicators for public engagement and legislative strength

## **Implications of changes for the Open Budget Index and other indicators**

### **Citizens Budget**

The increase from one to four in the number of questions on the Citizens Budget is the only change in the 2012 Open Budget Questionnaire that affects the calculation of the Open Budget Index. Instead of being calculated from 92 questions, as in previous rounds, the OBI 2012 is based on 95 questions. In addition to asking whether or not the government produces and publishes a Citizens Budget, the new questions assess the extent to which the public was engaged in developing the document, how the document is disseminated, and whether a Citizens Budget is produced for every phase of the budget process.

The new questions increase the variance in performance with regard to Citizens Budgets, which could result in OBI 2012 scores that are higher or lower than they would have been without the changes. So can you still compare the OBI 2012 with the indices from earlier rounds of the Survey? Ideally, to ensure comparability the IBP would have been able to find answers for the new questions for the three previous rounds and recalculate the respective OBI scores. However, there was insufficient information available to do this in a rigorous way, so the Open Budget Indices for the 2006, 2008, and 2010 rounds were not updated.

To assess the extent to which the new questions affect countries' OBI 2012 scores, and thus how comparable 2012 scores are to those from prior rounds of the Survey, the IBP calculated both a 92-question Open Budget Index 2012 and the actual OBI 2012 (with all 95 questions) and compared the scores. The results showed that the new questions generally had little effect on OBI 2012 scores; thus retaining the ability to compare scores over the four rounds of the Survey.

1. In 71 of the 100 countries surveyed, the OBI 2012 scores calculated using 95 questions are lower than those based on 92 questions. However, in over two thirds of the countries surveyed (68) the difference is no greater than one point. A three-point decrease is observed for three countries: the United States, Germany, and Spain — all high performers.
2. The relative rankings change only a little with the “new” (95 question) and “old” OBI calculation: the correlations between scores and rankings, using the new and old methods, are extremely high (0.9998 and 0.9992, respectively), thus suggesting that the changes in the questionnaire had a very small impact on the evaluation of budget transparency at both the global level and within individual countries.

## Strength of the Legislature

The changes to the 2012 Survey's indicators on legislative strength do not affect the calculation of the Open Budget Index. These changes include four new questions that were added to the Survey questionnaire from previous rounds. Further, existing questions were revised to obtain a more accurate and comprehensive assessment of the role of legislatures during the budget process, and of the effectiveness of their oversight of government policies. Finally, four questions that were used to assess the strength of legislative

The Open Budget Survey Evaluates Oversight Actors and Practices

Indicator Measured	2012 Survey Question Numbers	Number of Questions per Indicator
Public Engagement in the Budget Process	114-125	12
Strength of the Legislature	59, 97-100, 102-107	11
Strength of the Supreme Audit Institution	90, 92-94	4

oversight in previous rounds of the Open Budget Survey are now being used to assess opportunities for public participation in budgets. While the responses to existing questions are comparable over time, the addition of the new questions on the legislature means that the average scores for the strength of this institution across the different Survey rounds are not comparable.

## Strength of the Supreme Audit Institution

Only four indicators have been used to assess the strength of the supreme audit institution:

- authority to remove the head of supreme audit institution (question 90);
- legal power to audit public finances (question 92);
- financial resources available to the SAI and the authority to determine its own budget (question 93); and
- availability of skilled audit personnel (question 94).

In previous Surveys the SAI strength indicator was composed of a greater number of questions. These questions are still included in the 2012 Survey (questions 87, 90, 92-96, 107-108, and 123): however, some are now used to construct the indicators for public engagement, comprehensiveness of the audit report, and legislative strength. Because of these changes, the 2012 scores for the strength of the SAI are not comparable to those of earlier Survey rounds.

## Public Engagement in the Budget Process

Finally, a set of 12 indicators was created to assess the extent to which the executive, legislature, and supreme audit institution engage the public in the budget process



(questions 114-125). Some of these questions (119-123) were included in previous rounds of the Survey, though one was revised to better explain what was being assessed (123), while others remained the same (119-122). Seven are completely new (114-118, and 124-125).

### **Section 3: Weighting the Relative Importance of Key Budget Documents and Implications on Scores**

As mentioned above, each country's OBI 2012 score is calculated from a subset of 95 Survey questions. Though each of the eight key budget documents assessed may have a different number of questions related to it, the OBI score is a simple average of all 95 questions. In calculating the OBI scores, no method of explicit weighting was used to offset the disproportionate influence of documents that have more questions about them on the Survey.

Though using a simple average is clear, it implicitly considers certain budget documents as more important than others. In particular, 58 of the 95 OBI questions assess the public availability and comprehensiveness of the Executive's Budget Proposal, and thus are key determinants of a country's overall OBI score. In contrast, the Enacted Budget and the Citizens Budget are the focus of only one and four questions, respectively.

This implicit weighting is not without justification. From a civil society perspective, the Executive's Budget Proposal is the most important budget document, as it lays out the government's budget policy objectives and plans for the upcoming year. Access to this information is critical for civil society to influence budget debates prior to approval of the final budget. However, the IBP used several alternative methods for calculating the OBI 2012 to assess the degree to which the current calculation method may bias the OBI results. What these tests found was that the OBI rankings of the countries largely remained consistent regardless of weighting method.

### **Do You Have Questions?**

This annex presents a basic description of the methodology used in producing the Open Budget Survey 2012, including a summary of changes made to the Survey and their impact on results and comparability across the four rounds. We also have tried to address some methodological questions in fairly nontechnical terms. If you have more technical questions about the Open Budget Survey, or would like more details on any aspect of the methodology, please contact the IBP at [info@internationalbudget.org](mailto:info@internationalbudget.org).