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Social Research and Development Center (SRDC)

## **Zambia**

Jesuit Centre for Theological Reflection (JCTR)

## **Zimbabwe**

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The Open Budget Survey is inspired by our partners and their work. We hope that the Survey, in turn, contributes to the impact of their initiatives and advances budget transparency, participation, and accountability around the world.

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Warren Krafchik  
Director  
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# Executive Summary

The world's nations will soon gather for two convocations that may have global repercussions for decades to come. In late September, countries will come together at the United Nations to finalize the next generation of international development goals. Effective implementation of an ambitious set of goals would make significant strides toward combatting poverty and addressing many of the world's greatest development challenges. Then in late November an anticipated 40,000 country and civil society participants are expected to attend COP21: the Conference of the Parties to the United Nations Framework Convention on Climate Change.<sup>E1</sup> The goal is to achieve the first legally binding agreement to combat climate change and ease the transition to low-carbon economies.

The ultimate effectiveness of either potentially sweeping new global agreement will depend in no small part on the national budget policies adopted to support their implementation, and whether the resources mobilized are spent in an effective and efficient manner. There is cause for concern. A key weakness of the current development goals has been the absence of sufficient budget information to monitor the investments necessary for their pursuit, and to hold government and donor agencies accountable for the results. If anything, there is even less information available on efforts to mitigate or adapt to climate change, which is constraining efforts to monitor the flows of climate funds.

Therefore, for either international initiative to be successful, it is imperative that comprehensive budget information be widely available, that meaningful opportunities for civil society and citizens to express their voice regarding budget decisions and oversight be provided, and that strong independent oversight from the legislature and auditors exists.

The centrality of budget transparency, participation, and oversight to address global and country challenges has become received wisdom among international institutions, many individual governments, and donors. Indeed since the last Open Budget Survey was published in 2012, the international standard setters in the fiscal transparency arena, including the International Monetary Fund (IMF), the Public Expenditure and Financial Accountability program (whose secretariat is hosted by the World Bank), and the Organisation for Economic Co-operation and Development (OECD), have each revised

their standards on effective public financial management to more fully embrace open budget systems and practices.

It is with this context in mind that the findings of IBP's Open Budget Survey 2015 of 102 countries should be interpreted. This report, the fifth of its kind, examines the three pillars of budget accountability: it considers the current state of budget transparency and how it has changed over time; the degree to which opportunities for public participation in the budget process are present; and the strength of the two formal oversight institutions, the legislature and the supreme audit institution.

On the one hand, the Survey results underscore how far countries have to go to meet basic standards. The report finds that the large majority of countries provide insufficient information for civil society and the public to understand or monitor the budget. Also, only a small fraction of countries provide appropriate mechanisms for public participation, and formal

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*"The large majority of countries provide insufficient information for civil society and the public to understand or monitor the budget."*

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oversight institutions frequently face limitations in performing their function of holding governments to account. Among other consequences, these deficiencies could jeopardize the successful implementation of the new development goals or the wise allocation and spending of new funds aimed at addressing climate change.

On the other hand, there is reason for optimism. The series of Open Budget Survey reports published over the past decade indicate there has been notable progress in budget transparency, with this progress continuing into 2015. Budget transparency has increased in nearly all parts of the world, and progress has been especially robust among those countries that provided the least budget information in the past. Advances have often been achieved quickly and at little cost by, for instance, governments simply publishing documents that they already produce for their own internal use. A significant number of countries have seen dramatic improvements brought about by a combination of government commitment and pressure from both inside and outside the country, as well as encouragement and technical assistance from donors and domestic and international civil society.

E1. See COP21 Main Issues <http://www.cop21.gouv.fr/en/cop21-cmp11/cop21-main-issues>

In fact, the 2015 Survey provides further evidence that any country – irrespective of geographical location or income level – can establish open and accountable budget systems if the political will exists to do so.

## The Open Budget Survey

The Open Budget Survey is the world's only independent comparable measure of budget transparency, participation, and oversight. Other public finance assessments mostly rely on government self-reporting, but the Open Budget Survey is implemented by independent researchers based in each of

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the countries surveyed who conduct analysis to determine the answers to 140 factual ques-

tions, and the results are reviewed by an anonymous expert. Governments in all survey countries are also invited to review and comment on the results, and many do so.

The bulk of the questions examine the amount of budget information that is made available to the public through eight key budget documents. Based on the answers to 109 questions, each country is given a score between 0 and 100 on the Open Budget Index (OBI) – a broad, comparable measure of budget transparency. Previous results have been widely used by individual country governments and civil society organizations, as well as by multistakeholder and sector-specific transparency and accountability initiatives, to improve the disclosure of budget information. The Survey also consists of 16 questions examining opportunities for public participation in budget processes, and 15 questions examining the strength of the two formal oversight institutions, the legislature and the supreme audit institution.

In 2015 the Survey was revised to capture developments in accepted good practice, further harmonize it with other fiscal standards and tools, and strengthen individual questions based on insights that IBP had collected throughout many years of investigating the determinants of effective and accountable budget systems.

## The State of Budget Transparency

Results from the Open Budget Survey 2015 reveal large gaps in the amount of budget information that governments are making available to the public. The average OBI score of

the 102 countries surveyed in 2015 is 45 out of 100. A large majority of the countries assessed – in which 68 percent of the world's population live – provide insufficient budget information. These 78 countries have OBI scores of 60 or less. A troubling 17 countries provide scant or no budget information, with scores of 20 or less.

The Survey found that around one-third of budget documents that should be available to the public are not. They were either not produced at all, produced for internal use only, or published too late to be useful. Of particular concern, governments in 16 countries failed to even publish the foundational document that describes the government's proposed budget policies, the Executive's Budget Proposal.

Many of the budget documents that are missing from the public domain are prepared, but remain off limits to the public. Budget transparency could be significantly advanced if governments were to take the simple step of releasing these already-prepared documents. Failing to publish information that is already being produced is clearly a question of political will, which donors and civil society can influence. In addition, the forthcoming global development and climate change agreements should require public reporting of investments toward meeting these commitments, a key step toward opening budgets.

The Survey also found that even when budget documents are published, they frequently lack sufficient detail. For example, the Executive's Budget Proposals that are published provide, on average, less than three-fifths of the desired information. Thus, to even further increase budget transparency, governments need to provide more comprehensive budget information. This can be an issue of a government's capacity, and so donors and civil society can support progress by providing technical assistance.

## Characteristics of Countries with Different Levels of Budget Transparency

The report investigates some of the circumstances under which transparency appears more likely. Not surprisingly, it finds that the 24 countries assessed to be providing sufficient budget information tend to have higher levels of income, a freer press, and stronger democratic systems than the countries that provide insufficient budget information. Interestingly, more transparent countries are also typically perceived to be less corrupt.

But this investigation includes some surprising findings.

Countries that score between 41 and 60 are almost as likely to publish budget documents as those with scores above 60. The documents of the higher performing countries, however, tend to be much more comprehensive. The weakest performing countries (those with scores of 40 or below) actually have higher incomes, on average, than the countries with scores between 41 and 60. This likely reflects the many hydrocarbon revenue-dependent countries with very low levels of budget transparency.

Still, hydrocarbon countries, such as Mexico, and low-income countries, such as Malawi and Uganda, are among those that provide sufficient budget information. Such exceptions demonstrate that any government can, if it so chooses, make its budget appropriately transparent.

## Improvements in Budget Transparency over Time

The Open Budget Survey has been conducted five times in the last decade, with previous rounds completed in 2006, 2008, 2010, and 2012. The number of countries included in the Survey has grown over successive rounds, meaning that simple global averages are not a good indicator of overall progress.

Between 2012 and 2015, the average OBI score for the 100 countries for which comparable data are available increased from 43 to 46. This increase in the global average would have been larger if the Survey had not been modified in 2015.<sup>E2</sup>

This result masks considerable variation in progress across the countries surveyed. The largest improvements in budget transparency between 2012 and 2015 were made by countries that were among the least transparent. Countries that were at the bottom of the index in 2012, with scores of 40 or less, have improved markedly: their average OBI score rose from 18 in 2012 to 28 in 2015, a sizable increase of more than half.

Between 2012 and 2015, certain countries made remarkable progress in budget transparency. The Kyrgyz Republic's OBI score jumped from 20 in 2012 to 54 in 2015; Tunisia nearly quadrupled its score from 11 in 2012 to 42 in 2015. The transparency scores for countries in Francophone West Africa rose substantially from 2012 to 2015, continuing the rapid improvements from 2010 to 2012. These examples demonstrate how the commitment of governments accompanied by other favorable factors, such as donor support, international standards, and civil society pressure, can yield significant and rapid improvements in budget transparency.

This march toward progress holds up when looking at a longer time frame. A comparison between 2015 data and data from earlier Surveys shows that, on average, individual countries' scores increased by 10 points from the first year they joined the Survey, and that the greatest gains in budget transparency have been made by countries that were among the least transparent when first surveyed.

An examination of the publication of budget documents tells a similar story. For the 100 countries for which comparable data are available, on balance 51 more documents were published on

time in 2015 than in 2012 (a rise in the number of documents

*"The greatest gains in budget transparency have been made by countries that were among the least transparent when first surveyed."*

published of 10 percent). This adds to progress from previous years. Since the start of the Survey, 112 net additional budget documents have been published in the countries surveyed.

## Enthusiasm about Progress Should Be Tempered

Enthusiasm over these signs of progress in budget transparency, however, should be tempered by four considerations. First, the progress is from a low base. So even after recent improvements, most countries fail to provide sufficient information for an adequate budget debate.

Second, certain data from the Survey indicate that considerably more countries have experienced declines in budget transparency since 2010 than they did in the four years prior to that. Of the 100 countries that were also surveyed in 2012, seven saw a

sharp decline in their OBI scores in 2015, with their

*"Even after recent improvements, most countries fail to provide sufficient information for an adequate budget debate."*

scores falling by more than 10 points. Similarly, seven of the 93 countries surveyed in 2010 experienced large declines when their OBI scores were updated in 2012. In contrast, of the 78 countries that were also part of the 2008 Survey, just two saw their OBI scores fall by more than 10 points by 2010, and no countries surveyed fell by this amount from 2006 to 2008.

Third, far too many countries that were found to have unacceptably low levels of budget transparency when first surveyed are failing to advance reforms. For example, Algeria,

E2. See Annex B of this report for more information on changes to the Survey.



Bolivia, Cambodia, Chad, China, Equatorial Guinea, Fiji, Iraq, Myanmar, Qatar, Saudi Arabia, and Vietnam have been among the least transparent countries (with OBI scores of 20 or less) every single year they have been in the Survey. And, of the 25 countries whose scores placed them in the limited category when first surveyed (with OBI scores between 41 and 60), 19 either remain there or have fallen into lower categories in 2015.

A fourth and final reason to temper enthusiasm about progress pertains to the volatility in the transparency of many countries, which creates tremendous challenges to those attempting to understand or monitor national budgets. This phenomenon is illustrated by examining the changes in budget documents published among select countries. There are 10 countries where two or more documents have changed status at least three times over multiple rounds of the Survey. In Ghana, for example, the budget document that should be published at the end of the fiscal year to assess the actual outcome of the budget was not produced at all in 2006; was prepared for internal use only in 2008; was published for public use in 2010; was not prepared at all again in 2012; but then was again published for public use in 2015.

## Public Participation

The importance of governments providing opportunities for the public to participate in budget processes has been increasingly recognized in recent years. Public participation was first included as a measure in the 2012 round of the Survey, and has since been incorporated into new standards issued by the IMF and the OECD. The Global Initiative on Fiscal Transparency (GIFT), a multistakeholder platform, is also playing a key role in the development and advancement of participation principles.

The Survey results indicate that most countries currently provide few opportunities for the public to participate in budget processes. Among the countries surveyed in 2015, the average score for participation is just 25 out of 100. This suggests that meaningful channels for the public to engage in the formal budget process are rare in the vast majority of countries.

Participation opportunities are typically insufficient at all stages of the budget process. Further, even when governments have established mechanisms for the public to participate, they often fall short of good practice. The most common way for governments to open up the budget

process to public participation is through legislative hearings. However, while more than half of the countries surveyed hold public hearings on budget issues, only 19 out of 102 countries allow the public to testify at both of the two key hearings (hearings on the macroeconomic framework, and hearings on the individual budgets of administrative units, such as health and education).

Despite the overall dearth of opportunities for participation, some countries have introduced innovative reforms to advance public participation. Such examples can help inform potential reforms in other countries. In addition to the Survey results, the report presents some of the findings of a series of case studies

GIFT has commissioned on innovative programs in countries such as Kenya, the

*"The Survey results indicate that most countries currently provide few opportunities for the public to participate in budget processes."*

Philippines, and South Korea. In South Korea, for example, a program to collect public input on wasteful spending and budget misappropriations has resulted in revenue increases of 13.5 trillion won (around 11 billion U.S. dollars) and expenditure savings of 2.3 trillion won (around 2 billion U.S. dollars).

## Oversight by Legislatures and Supreme Audit Institutions

The formal oversight provided by legislatures and supreme audit institutions plays a fundamental role in the budget process. While civil society can act as an independent watchdog, it cannot replace the fundamental role of formal oversight institutions. Accordingly, the Open Budget Survey also contains questions that provide separate scores on the strength of the oversight that legislatures and supreme audit institutions are able to provide.

In 2015 the average score for legislative strength is 48 out of 100. Only 36 countries score more than 60, suggesting that they have adequate latitude to execute their responsibilities. Legislatures in the remaining 66 countries – the majority of those surveyed – have serious deficiencies in their ability to oversee the budget.

In almost a third of countries surveyed, legislatures are not provided with enough time to review the budget proposal before it has to be passed. In 55 countries, legislatures do not have adequate access to internal research and analytical capacity, such as a specialized budget research office. Further,

the executive branch is able to skirt legislative oversight once the budget is enacted in the majority of countries surveyed. In these countries, legislative approval is not required for redistributing resources or reallocating additional revenues and contingency funds.

Supreme audit institutions are tasked with scrutinizing the use of public funds. The average score for supreme audit institution strength in 2015 is 65 out of 100, indicating they are typically reasonably independent and have sufficient resources to carry out their work. Still, 43 countries score below 60, suggesting their supreme audit institutions are unable to adequately perform their responsibilities. Moreover, in the majority of countries, including those that score above 60, the quality assurance systems for supreme audit institution reports are either deficient or nonexistent.

## The Accountability Ecosystem

The design of the Open Budget Survey is based on the premise that efficient, effective, and accountable budget systems rest on three pillars: budget transparency, public participation in the budget process, and oversight by strong formal government institutions. The absence of any one of these three components weakens the entire system.

Results from the 2015 Survey reveal that very few countries are solid across all three pillars. Of the 24 countries that score well on budget transparency, just four (Brazil, Norway, South Africa, and the United States) also score well across the participation and oversight dimensions (with scores above 60). A far larger number of countries (32) fail to meet the Survey's standard of adequacy on any of the measures.

A dismaying 12 countries (Algeria, Angola, Equatorial Guinea, Fiji, Liberia, Morocco, Myanmar, Qatar, Saudi Arabia, Sudan, Yemen, and Zimbabwe) fall into the weak performing

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category (with scores of 40 or less) across each of the measures. These countries are characterized by a lack of budget transparency, weak legislatures, weak auditors, and few or no opportunities for public participation. Their entire budget accountability ecosystems are deficient, which

seriously undermines the effective management of funds and creates openings for corruption.

## Recommendations

Unleashing a virtuous cycle, in which the three pillars of budget accountability are strengthened, ultimately requires governments to act. Building the political will of governments to do so, however, often requires the active, persistent, and mutually reinforcing engagement of a wide range of actors. For this reason, the recommendations included in this report are directed not just at governments but also international institutions, donors, investors, and civil society organizations.

The right package of reforms for any country will depend on the specific deficiencies present in its budget system. Accordingly, IBP has published individual country summaries with tailored recommendations for each country surveyed.<sup>E3</sup> But the findings of this report also lead to some general recommendations that apply to different categories of countries and to actors engaged in more than one country.

### ***Recommendation 1: Publish More Information***

All actors should work toward increasing the number of published documents in countries with OBI scores of 40 or below, and increasing the comprehensiveness of documents in countries with scores between 41 and 60.

### ***Recommendation 2: Institutionalize Gains in Transparency***

All actors should ensure gains in transparency – whether publishing previously undisclosed documents or improving the content of budget documents – are not reversed. Preserving these gains allows countries to build on their progress and keep budget transparency on a positive trajectory.

### ***Recommendation 3: Provide More Opportunities for Public Participation***

Legislatures should support the establishment of open legislative hearings on the budget during which the public is permitted to testify. The executive branch should develop mechanisms such as participatory budgeting and social audits to obtain public inputs during the formulation and implementation of the budget.

E3. Country summaries with specific recommendations for each of the 102 countries surveyed are available at [www.openbudgetsurvey.org](http://www.openbudgetsurvey.org)

## ***Recommendation 4: Empower Oversight Institutions***

All actors should seek to improve legislative capacity to engage with the budget in a meaningful way through better access to research and analytical capacity.

All actors should support supreme audit institutions in establishing procedures to monitor audit processes and evaluate individual audits with the goal of increasing the quality and reliability of the reports they produce.

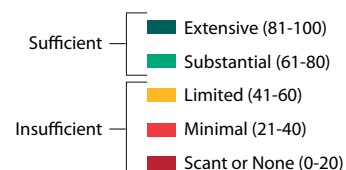
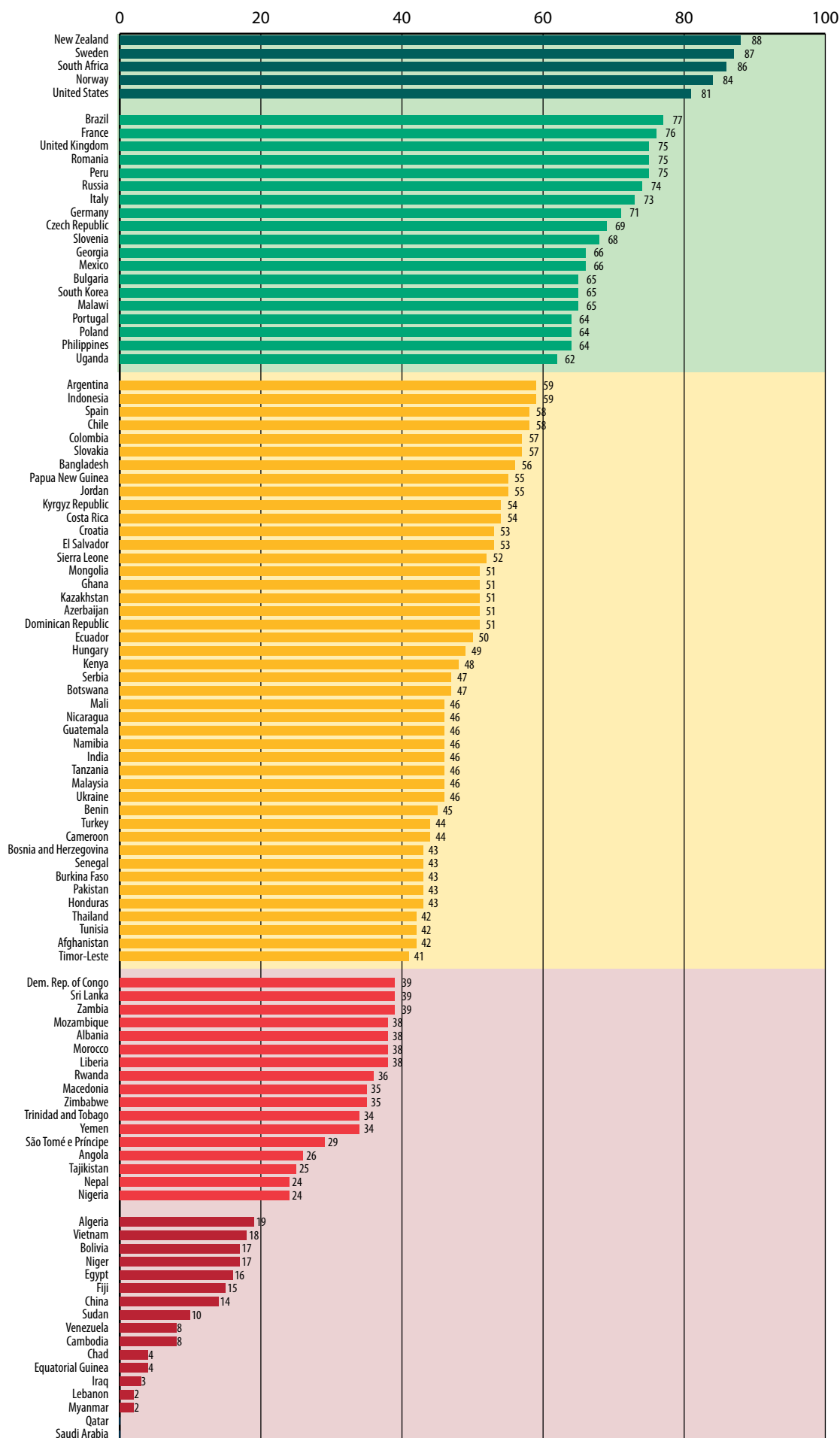
## ***Recommendation 5: Promote the Development of Integrated and Accountable Budget Ecosystems***

No one should be satisfied if a country has one strong pillar of budget accountability, or even two. All three pillars of budget accountability are needed to ensure appropriate checks and balances are in place.

## **Looking Forward**

The overarching challenge is to translate the global discourse, which now almost universally embraces the role of accountable budget systems, into real and sustained improvements at the national level. Strong and coordinated efforts among all actors – domestic and external, government and nongovernment – could rapidly lead to the establishment of many more fully transparent and accountable budget systems. Such systems, in turn, would improve the collection and allocation of scarce national resources, and are critical to assuring the success of global initiatives – such as those that aim to reduce poverty and respond to the grave dangers of climate change.

# The Open Budget Index 2015





## How Many Countries Score Sufficiently Across all Three Pillars of Budget Accountability? (Transparency, Participation, and the Two Measures that Comprise Oversight)

0 out of 4	1 out of 4	2 out of 4	3 out of 4	4 out of 4
<i>(Number of measures on which countries score above 60)</i>				
Afghanistan	Albania	Botswana	Czech Republic	Brazil
Algeria	Argentina	Bulgaria	France	Norway
Angola	Bangladesh	Chile	Georgia	South Africa
Azerbaijan	Bosnia and Herzegovina	Colombia	Germany	United States
Benin	Chad	Costa Rica	Italy	
Bolivia	Croatia	El Salvador	New Zealand	
Burkina Faso	Dominican Republic	Indonesia	Peru	
Cambodia	Ecuador	Malawi	Philippines	
Cameroon	Ghana	Mexico	Portugal	
China	Guatemala	Mongolia	Russia	
Dem. Rep. of Congo	Honduras	Poland	Slovenia	
Egypt	Hungary	Romania	South Korea	
Equatorial Guinea	India	Tajikistan	Sweden	
Fiji	Kazakhstan	Trinidad and Tobago		
Iraq	Kenya	Uganda		
Jordan	Kyrgyz Republic	Ukraine		
Lebanon	Macedonia	United Kingdom		
Liberia	Malaysia	Vietnam		
Morocco	Mali			
Mozambique	Namibia			
Myanmar	Nepal			
Papua New Guinea	Nicaragua			
Qatar	Niger			
Rwanda	Nigeria			
São Tomé e Príncipe	Pakistan			
Saudi Arabia	Senegal			
Sudan	Serbia			
Tanzania	Sierra Leone			
Tunisia	Slovakia			
Yemen	Spain			
Zambia	Sri Lanka			
Zimbabwe	Thailand			
	Timor-Leste			
	Turkey			
	Venezuela			
<b>32 Countries</b>	<b>35 Countries</b>	<b>18 Countries</b>	<b>13 Countries</b>	<b>4 Countries</b>

# Chapter 1



# Continued Progress on Transparency Necessary to Achieve Critical Goals

In late 2015 world leaders will gather together on two separate occasions to make potentially transformational decisions regarding the global challenges of poverty and climate change. In September governments will meet in New York to agree upon the next generation of international development goals. In November governments will meet in Paris to attempt to reach a binding agreement for reducing carbon emissions.

While the final outcomes of these negotiations remain unknown, the importance of governments being able to effectively mobilize resources to achieve their ends is beyond doubt. National budget processes, in both rich and poor countries alike, are critical in this regard. An important weakness of the current Millennium Development Goals has been the absence of sufficient information on the resources being raised and invested toward their achievement – particularly resources flowing through national budgets. This hampered efforts to monitor progress, oversee and influence decisions, and hold governments and donors to account for unsatisfactory results. Similarly, sufficient budget information coupled with effective oversight is also needed to help monitor the commitments of government resources to address climate change.

In other words, combatting poverty and ameliorating the consequences of climate change are more likely to be achieved if budget systems are transparent, participatory, and have appropriate checks and balances. Such systems provide an entry point for civil society and the public to monitor and review governments' progress in meeting their commitments.

These critical global discussions in 2015 are a new and powerful reminder of the importance of open and accountable budgets. It was not so long ago that key actors thought differently. International institutions routinely promoted the idea that finance ministries should essentially dictate the nature of central government budgets, and that budget decision-making processes should be largely closed to the

public. Today, in contrast, international financial institutions, the investor community, researchers, and even many governments, increasingly agree with civil society's long-held view that open budget systems and practices lead to more efficient outcomes and are essential to holding government accountable for the management of public funds.

Since the International Budget Partnership (IBP) published its last assessment of budget transparency, participation, and oversight in 2012, support for this view has grown. The international standard setters in the fiscal transparency arena, including the International Monetary Fund (IMF), the Public Expenditure and Financial Accountability program (PEFA), and the Organisation for Economic Co-operation and Development (OECD), have more fully embraced open budget systems and practices through overlapping new initiatives. Further, the Global Initiative for Fiscal Transparency (GIFT), a multistakeholder effort, has helped strengthen the architecture of fiscal transparency by facilitating the harmonization of different international standards and by generating further consensus around the role of public participation in the budget process.

The Open Government Partnership (OGP) has become a promising player in this arena. This partnership, which now includes 65 countries, brings together governments and civil society to promote transparency, increase civic participation, fight corruption, and harness new technologies to strengthen governance. OGP commitments vary from country to country depending on what government and civil society deem to be the most relevant within a given context. Since the OGP was launched in 2011, governments have made over 2,000 commitments, the largest portion of which are devoted to fiscal issues, including transparency.<sup>1</sup> Some commitments are modest but many could lead to dramatic improvements in governance.

Support for budget transparency and accountability continues to grow in the investor community. In years past, governments were often cautioned that transparent budget-

1. See Open Government Partnership Action Plans <http://www.opengovpartnership.org/how-it-works/action-plans>



ing processes would lead to economic instability and large deficits, raising concerns among investors and adding to the challenge of borrowing from international markets. Research conducted by IBP and the IMF has challenged this notion, finding that higher levels of fiscal transparency can lead to greater fiscal credibility and performance, as well as cheaper international credit.<sup>2,3</sup> Further, a recent survey conducted by IBP indicates that, far from being a strength, investors consider the absence of fiscal information to be a signal of undisclosed fiscal weakness and that decisions on whether and how much to invest in a country are often influenced by its level of budget transparency.<sup>4</sup>

Two new pieces of research further build the case for greater transparency. First, a study by IBP found that transparent countries are more likely to have budgets that are credible and reliable. It links greater transparency to more accurate projections of economic growth and inflation, and spending that is more closely aligned with what was planned. Credible and reliable budgets support the effective delivery of public services and macroeconomic stability.<sup>5</sup>

A second study, commissioned by GIFT, comprehensively reviews existing evidence on the impacts of fiscal openness. It finds that greater fiscal transparency brings about a number of beneficial results, including “lower government borrowing costs due to macro-fiscal disclosure, lower corruption costs, [and] greater electoral accountability of politicians.” It also finds that citizen participation in budget processes can lead to improved allocation of resources with respect to social sectors, such as health and education, and increased efficiency of spending.<sup>6</sup>

Even though the global discourse now almost universally endorses the essential role of transparent and accountable budget systems, and despite the growing body of evidence on the positive influence of transparency and accountability, developments at the country level are uneven. While this report finds that a large number of countries, including middle- and low-income countries, have made considerable progress, governments in too many countries continue to withhold far too much budget information from the public. These include those that are more or less stuck at insufficient levels of transparency, as well as countries where gains in transparency have subsequently been reversed.

Now is the time to press forward to ensure that the global consensus on budget transparency and accountability is

translated into meaningful reforms in all countries. Further progress is needed to ensure that citizens and civil society, along with other interested actors, have the necessary information and opportunities to monitor progress on global commitments and national priorities.

## The Three Pillars of Budget Accountability: Transparency, Participation, and Oversight

Transparency is an important condition for ensuring a full budget discussion and appropriate budget monitoring is able to take place. It is not, however, a sufficient one. Creating the conditions under which governments are consistently held to account for managing public funds efficiently and effectively also requires establishing meaningful opportunities for citizens and civil society to participate in the budget process; and requires strong formal oversight from the legislature and the national audit office (referred to hereafter as the “supreme audit institution”).

Budget transparency, public participation in the budget process, and strong formal oversight institutions need to work together to create a robust budget accountability ecosystem. Without comprehensive budget information, formal oversight institutions and civil society cannot monitor budget policy design and implementation. Without adequate access to formal and informal spaces to influence the budget, the public is not empowered to expose government decision makers to a diversity of views to help ensure that budget policies are based on full information and reflect national priorities. Finally, without adequate authority, scope, and resources, formal oversight institutions cannot effectively carry out their mandates and ensure that public funds are collected and spent in the manner that was intended.

Absence of, or weakness in, any of these three core elements undercuts the functioning of the entire accountability system, making it less likely that budget policies reflect a nation’s needs and priorities and more likely that there will be corruption and mismanagement of public funds. But when these components are in place, policy is more likely to be matched with public resources, and these resources are more likely to be spent as intended – and tackling some of the world’s toughest challenges comes into reach.

So if the goal of holding governments to account for the use of public funds is to be realized, systematic changes need to advance not just transparency but also participation and

2. Hameed, F. (2011). “Budget Transparency and Financial Markets.” IBP: Washington, D.C..

<http://internationalbudget.org/wp-content/uploads/IBP-Working-Paper-1-Budget-Transparency-and-Financial-Markets.pdf>

3. IMF (2012). “Fiscal Transparency, Accountability, and Risk” IMF: Washington, D.C.. <http://www.imf.org/external/np/pp/eng/2012/080712.pdf>

4. In December 2014, IBP in collaboration with the Emerging Markets Investors Alliance (the Alliance) conducted a survey of 10 of the Alliance’s member analysts from different investment houses to better understand the private sector’s interest in fiscal transparency.

5. Sarr, B. (2015). “Credibility and Reliability of Government Budgets: Does Fiscal Transparency Matter?” IBP: Washington, D.C..

<http://internationalbudget.org/publications/credibility-and-reliability-of-government-budgets-does-fiscal-transparency-matter/>

6. de Renzio, P. & Wehner, J. (2015). “The Impacts of Fiscal Openness: A Review of the Evidence.” SSRN: New York <http://ssrn.com/abstract=2602439>



formal oversight. The Open Budget Survey explores all three of these dimensions.

## The Open Budget Survey 2015

It is in this context that IBP releases the Open Budget Survey 2015. Covering 102 countries, the Survey is the largest, comparative assessment of the three components of a well-functioning budget accountability ecosystem. The Survey's

rigorous methodology is implemented by civil society researchers and is designed to assess whether governments are publishing the type of budget information important to civil society and other oversight actors. The questionnaires are peer reviewed by experts with substantial working knowledge of the budget systems in the relevant country and governments are invited to comment on Survey findings; these are some of the several steps IBP has taken to ensure the quality and integrity of the Survey results. The Open

### BOX 1.1: CHANGES TO THE OPEN BUDGET SURVEY 2015 QUESTIONNAIRE

Following the release of the Open Budget Survey 2012, IBP undertook a series of improvements to the Survey questions. The revision of the Survey coincided with similar exercises conducted by other international standard setters in the fiscal transparency arena, with a series of revised assessment tools released in 2014 and 2015. The IMF released a revised version of its Fiscal Transparency Code. The PEFA program (whose secretariat is hosted by the World Bank) updated its assessment tool. And the OECD developed new principles of budgetary governance.

In refining the Survey, IBP made three types of changes:

- We introduced new questions both to further align the Survey with other fiscal transparency instruments (including recent revisions) and to collect more information on seven of the eight key budget documents (all apart from the Executive's Budget Proposal).
- We excluded previous questions whose answers, we concluded, relied on weak or subjective evidence.
- We fine-tuned the wording of previous questions to increase their objectivity and reliability, based on lessons from our experience with implementing the Survey.

The changes to the Survey yield an improved approach to measuring budget transparency, but the refinements do not alter its basic nature. The Survey continues to assess information contained in the key budget documents, the extent of public participation in the budget process, and the strength of oversight institutions. Further, 87 of the 109 questions that make up the Open Budget Index (the largest part of the Survey) cover the same specific aspects of transparency that were covered in the 2012 Index. Similarly, the 22 new questions did not change the focus

of the Index, but rather adjusted the number of questions pertaining to each of the eight key documents. While the 2015 Index continues to place the greatest weight on the Executive's Budget Proposal, thereby continuing to recognize the document's unique importance in the budget process, it increases the emphasis on the other seven budget documents, reflecting greater appreciation of their role in ensuring adequate information is provided throughout all stages of the budget cycle.

While the questions asked in the current Survey are not identical to the questions asked in previous Surveys, our analysis finds that the results are fundamentally comparable over time. (In this report, as in previous reports, we only look at changes over time in scores on the Open Budget Index.) As a general matter, there is a large overlap in the questions asked and a complete overlap in the documents assessed. But we also conducted a series of statistical tests, using an alternative data series that we constructed, to assess whether comparing this year's Survey results to those of previous years is valid. The tests suggest that it is.

So this report presents the OBI 2015 – the metric that is the single best measure of transparency in a country – along with the historical OBI series, the data users have become familiar with over the years. The few situations where it appears that the changes to the Survey may have meaningfully affected comparisons over time are noted in this report and in the relevant country summaries that are published separately. On average, the changes made to the Survey tend to lead to a modest understatement in progress over time. For a more detailed explanation of the changes, and our analysis of its continued use for comparisons over time, see Annex B.

Budget Survey 2015 is the fifth edition of this report. Previous Surveys were released in 2006, 2008, 2010, and 2012.

Over this period, the Survey has established itself as an independent and credible assessment of the openness and accountability of government budget systems. Its results have increasingly been used by a diverse set of stakeholders to inform recommendations on what specific reforms governments should undertake to increase accountability and bring their budget systems in line with international good practice. Civil society organizations, for example, advocate for specific reforms identified in the Open Budget Survey country summaries. Donor agencies are increasingly drawing on the Open Budget Survey data and recommendations to encourage improvements in budget transparency in countries they provide aid to. The OGP uses two key elements of the Survey – the timely publication of both the Executive’s Budget Proposal and the Audit Report – as eligibility criteria for OGP membership. And, in a reflection of the relevance of data on budget transparency and accountability to the investor community, Bloomberg L.P. has signed an agreement with IBP that enables the company to make data from all rounds of the Survey available to its clients through its data terminals.

Given the widespread use of the Survey results, it is vital to ensure that the Survey reflects emerging trends in budget transparency and accountability, and that the indicators are as clear and objective as possible. As such, following the release of the Open Budget Survey 2012, IBP undertook a series of improvements to the questions that make up the Survey. The revision of the Survey coincided with similar exercises conducted by other international standard setters in the fiscal transparency field. These changes yield a better instrument for measuring budget transparency, participation, and formal oversight. In particular, the revised methodology recognizes emerging developments in accepted good practice, further harmonizes it with other fiscal standards and tools, and strengthens the individual questions based on insights that IBP has collected from conducting the Survey since 2006. (See Box 1.1 for more details on recent revisions to the Survey.)

## Structure of this Report

Consistent with the content of the 140 question Survey, this report considers, in turn, the topics of transparency, opportunities for public participation, and the strength of formal oversight institutions.

Chapters 2 to 4 discuss the results from the portion of the Survey that relates to the amount of budget information made available by governments in eight key budget documents – that is, the questions that comprise the Open Budget Index. As this is the most detailed and longest-standing part of the Survey, it receives the most attention in this report.

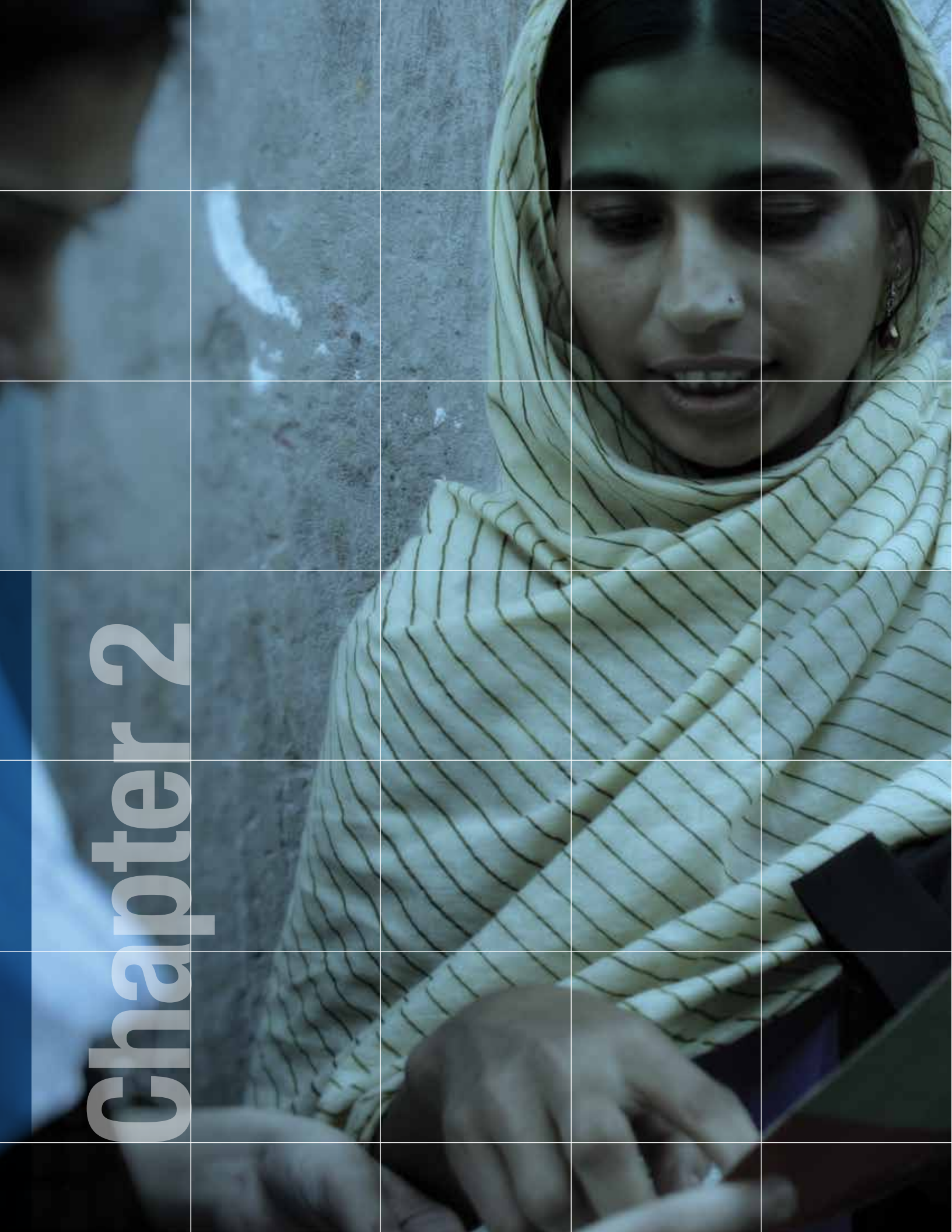
- Chapter 2 examines the main findings on the current state of budget transparency across the globe.
- Chapter 3 considers the progress that has been made in transparency over time, as shown by comparing the 2015 results to the results of previous years.
- Chapter 4 discusses the countries where either progress has not been made over time or where there has been regression.

Chapters 5 and 6 discuss the findings from the sections of the Survey that pertain to opportunities for public engagement during the budget process and the extent to which legislatures and supreme audit institutions are able to provide effective oversight. Compared to the portion of the Survey that assesses budget transparency, these parts of the Survey include fewer questions. Therefore, the results provide more of an indication of the state of public participation, legislatures, and supreme audit institutions than a detailed assessment.

- Chapter 5 explores the extent to which governments are creating opportunities for the public to participate in the budget process. It presents examples of how participation is working in practice in the few countries where governments have established innovative programs to incorporate the public into the national budget process.
- Chapter 6 covers the strength of legislatures and supreme audit institutions, the government institutions responsible for oversight of the budget.

Chapter 7 offers conclusions and recommendation for various actors who can promote budget transparency, participation, and oversight.

# Chapter 2



# The State of Budget Transparency

This chapter examines the state of budget transparency in 2015. Based on the findings from the subset of 109 questions from the Survey that comprise the Open Budget Index (OBI), it explores the factors that are associated with different levels of transparency. This chapter aims to deepen our understanding of the likely challenges that countries at different levels of transparency face.

The chapter also describes the results for the eight key budget documents that the OBI assesses. These are the documents that have been determined to be essential for governments to publish at different points of the budget cycle, according to international standards and practices.<sup>7</sup> The level of transparency in a country depends on how many of these documents it publishes in a timely manner, as well as the comprehensiveness and accessibility of these documents.

The average OBI score is 45 out of 100, and the median is 46. The results indicate that governments typically fail to publish key documents, and that those that are published typically lack details that are important for understanding, monitoring, and influencing government spending, revenues, and debt.

This chapter first divides countries into five categories based on their OBI 2015 score. It also indicates which countries provide “sufficient” budget information (with scores of 61 or more) and which provide “insufficient” information (with scores of 60 or less). While this demarcation line should not

*“The overall results from the Open Budget Index 2015 reveal that the large majority of the world’s population does not have access to sufficient budget information.”*

be considered precise, based on IBP’s experience it is a reasonable approximation

for determining whether countries provide enough budget information to sustain budget monitoring and analysis.

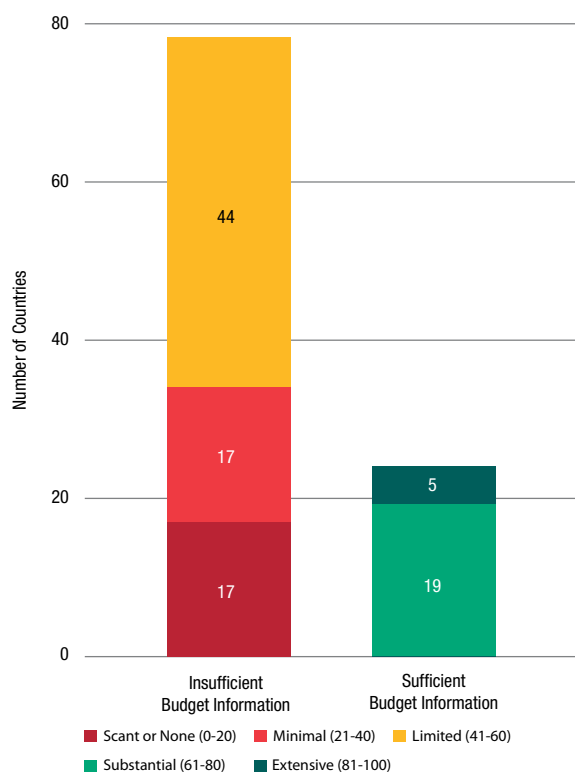
The overall results from the Open Budget Index 2015 reveal that the large majority of the world’s population does not have access to sufficient budget information. This leaves them unable to fully understand or monitor how public funds are raised or how they are spent. Among the 102 countries assessed in the 2015 Survey, the large majority (78 of the 102 countries) provide insufficient budget information. While many countries are not included in the Survey, nearly seven

of every ten people (68 percent) in the world live in the 78 countries that were found to provide insufficient budget information.

As Figure 2.1 shows:

- Seventeen countries provide scant or no budget information, with OBI scores of 20 or less.
- Seventeen countries provide minimal budget information, with OBI scores from 21 to 40.
- Forty-four countries provide limited budget information, with OBI scores from 41 to 60. These countries fall short of providing enough detail to permit truly informed budget discussions.
- Nineteen countries provide substantial information, with OBI scores between 61 and 80; five countries provide extensive information, with OBI scores between 81 and 100. These 24 countries are where it is likely that informed budget discussions can be held.

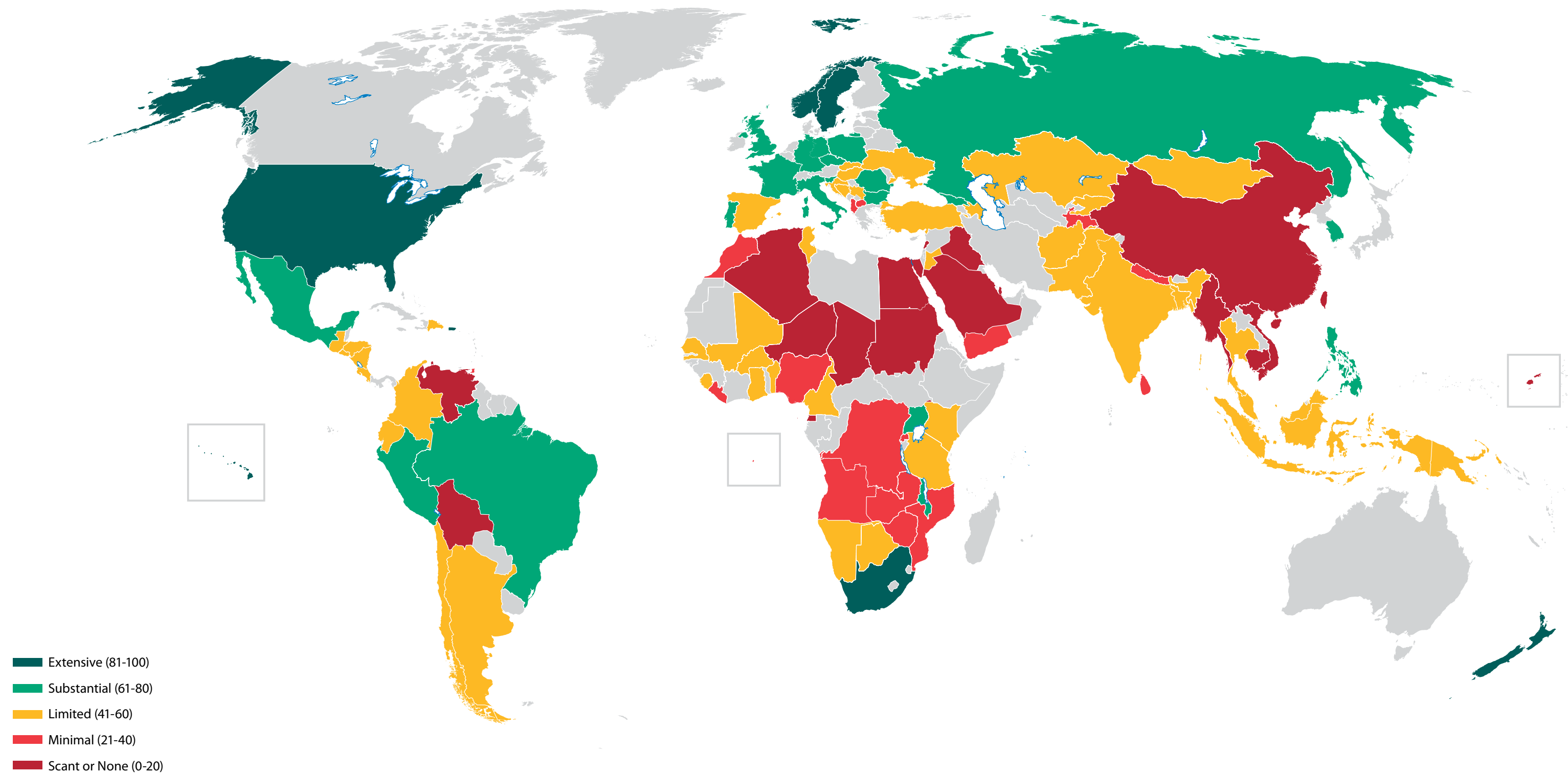
FIGURE 2.1: DISTRIBUTION OF COUNTRIES BASED ON OPEN BUDGET INDEX 2015 SCORE



7. IBP (2010). “Guide to Transparency in Government Budget Reports: Why are Budget Reports Important, and What Should They Include?” IBP: Washington, D.C.. <http://internationalbudget.org/publications/guide-to-transparency-in-government-budget-reports-why-are-budget-reports-important-and-what-should-they-include/>



Figure 2.2: A Global Picture of Transparency in 2015



## The Characteristics Associated with Different Levels of Transparency

Countries falling into certain tiers based on their OBI score often share a common set of characteristics, and the factors associated with different levels of transparency can guide reforms. However, the 2015 Survey results, along with the results for previous years, also suggest that no country automatically performs well or poorly on budget transparency based on a particular characteristic or profile. Any country can readily establish an open budget system if the government so chooses.

### ***Countries that Provide Substantial or Extensive Information***

The roughly one in four countries that have an OBI score exceeding 60 generally provide the public with enough information to enable a fairly sophisticated understanding of their budget throughout the budget cycle. As Table 2.1 shows, countries in this category publish an average of seven of the eight key budget documents. Importantly, these

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*“Any country can readily establish an open budget system if the government so chooses.”*

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countries publish all the documents that they produce – no document is produced for

internal use only. (The Survey defines “published” as making a document available to the public in a timely manner.)

Further, the documents that are published present enough information to allow for meaningful analysis and comprehension of the budget. In addition to basic information on revenues, expenditures, and debt, these countries typically disclose more detailed information that allows civil society and other actors to assess whether the full range of government fiscal policies are aligned with desired economic and social goals.

The profile of countries providing substantial or extensive information reveals some expected economic and political characteristics. First, countries that perform well on the OBI tend to have a higher level of income. This is not to say, however, that there is an inevitable link between low incomes and poor transparency. While richer countries may be more likely to achieve higher levels of budget transparency, middle- and low-income countries can achieve high levels of transparency if the political will exists. This is evidenced by the performance of Malawi and Uganda, both low-income

countries that nonetheless score highly on the OBI. As further evidence, Brazil is more transparent than Portugal, Mexico more than Spain, and South Africa more than the United Kingdom.

Second, the top tier is dominated by strong or moderate democracies that hold free and fair elections and have greater media freedom. Of interest here, IBP research has shown that transparency seems to depend much more on current levels of democracy than on how long a country has been a democracy.<sup>8</sup> South Africa, for instance, is a relatively young democracy that quickly achieved levels of transparency on par with older democracies.

Finally, there appears to be a relatively strong interrelationship between a country’s transparency score and the other pillars of a strong budget accountability system, including public participation in the budget process and the strength of formal oversight institutions – the legislature and the supreme audit institution. Thus, among the top performers on the OBI, a high level of budget transparency is only one component of the fairly robust accountability ecosystems in these countries. This suggests that, in countries that perform well on the OBI, governments have a greater tendency to prioritize not just transparency but also the broader and ultimate goal of budget accountability. (These issues are discussed in more detail in Chapters 5 and 6.)

### ***Countries that Provide Limited Information***

As noted, 44 – or just over 40 percent – of the countries assessed in the Survey provide some budget information to the public, but that information remains limited in certain critical respects. As show in Table 2.1, countries providing “limited” information make most of the key budget documents available to the public on a timely basis, publishing an average of six of the eight key budget documents. The documents published, however, often lack important details. Most notably, the Executive’s Budget Proposal includes just over half the information recommended by international good practice.<sup>9</sup>

Countries falling in the limited tier include an even mix of democracies and those governed by more autocratic regimes. They have lower levels of press freedom and are perceived to have higher levels of corruption than top-tier countries. Some countries in this category might have been expected, given their level of income, to have more open budget systems, such as Croatia and Slovakia. Others, such as

8. Wehner, J. & de Renzio, P. (2013). “Citizens, Legislators, and Executive Disclosure: The Political Determinants of Fiscal Transparency.” *World Development* vol. 41, pp. 96-108

9. IBP (2010). “Guide to Transparency in Government Budget Reports: Why are Budget Reports Important, and What Should They Include?” IBP: Washington, D.C..  
<http://internationalbudget.org/publications/guide-to-transparency-in-government-budget-reports-why-are-budget-reports-important-and-what-should-they-include/>

**TABLE 2.1: CHARACTERISTICS OF COUNTRIES ACCORDING TO PERFORMANCE ON THE OPEN BUDGET INDEX 2015**

	Score on Open Budget Index		
	0-40	41-60	61-100
<b>Open Budget Survey Indicators</b>			
Number of countries	34	44	24
Average number of eight key budget documents published (made publicly available in a timely manner)	3	6	7
Percent of eight key budget documents that are:			
Published	42%	74%	91%
Not published	58%	26%	9%
Not produced	26%	17%	8%
Produced for internal use only	25%	6%	0%
Published too late	7%	3%	1%
Average score for published Executive's Budget Proposals	39	55	74
Average score for:			
Participation	12	24	49
Strength of legislature	34	48	68
Strength of supreme audit institution	47	69	84
<b>Political Indicators</b>			
Percentage with strong/moderate democracies*	9%	50%	83%
Percentage with weak democracies/autocracies*	91%	50%	17%
Average score on Transparency International Corruption Index**	32	38	55
Average score on media freedom (Reporters without Borders)**	43	32	24
<b>Socioeconomic Indicators</b>			
Average score on Human Development Index**	0.60	0.65	0.79
Average GDP per capita***	\$13,686	\$10,911	\$26,579
Percentage of countries dependent on oil revenues****	38%	14%	13%
<p>* The nature of a country's democracy is determined by the Democracy Index of the Economist Intelligence Unit.</p> <p>**Under the scoring systems used for the Open Budget Survey, Transparency's International Corruption Perceptions Index, and the Human Development Index, a higher score indicates a better performing country. In contrast, under the scoring system used for "media freedom," a lower score indicates a better performing country.</p> <p>***Data on Gross Domestic Product (GDP) per capita are in purchasing power parity terms, from the International Monetary Fund's World Economic Outlook Database, October 2014. (Data presented reflect estimates for the 2014 financial year.) Available at: <a href="http://www.imf.org/external/pubs/ft/weo/2014/02/weodata/index.aspx">http://www.imf.org/external/pubs/ft/weo/2014/02/weodata/index.aspx</a></p> <p>****Dependence on oil revenues is determined using the IMF's Fiscal Frameworks for Resource Rich Developing Countries. Available at: <a href="https://www.imf.org/external/pubs/ft/sdn/2012/sdn1204.pdf">https://www.imf.org/external/pubs/ft/sdn/2012/sdn1204.pdf</a></p>			

shows how countries in transition also have the potential to make rapid progress.

## ***Countries that Provide Minimal, Scant, or No Information***

The 34 countries – one-third of those surveyed – that score 40 or below provide little budget information to the public or in some cases completely shut them out. These countries publish an average of three of the eight key budget documents and do not provide nearly enough budget information to allow the public and civil society to analyze and monitor budgets.

The majority of weak performers tend to create negligible space for opposing voices or views from actors outside of government. The vast majority have weak democratic institutions or are governed by autocratic regimes. Further, oversight institutions tend to be weak or of limited strength, and press freedom is more constrained than in the groups of countries that perform better on the OBI. Not surprisingly, these countries also tend to be perceived as being the most corrupt. They also fare the worst on the Human Development Index, a summary measure of three dimensions of human development: a long and healthy life, being knowledgeable, and a decent standard of living.

Countries in the lower tiers are, however, economically diverse. This group includes Qatar, the country with the highest level of per capita income of any country participating in the Survey, and the Democratic Republic of Congo, the country with the lowest.<sup>10</sup> Moreover, the average level of income among the poorest performers,

*"The majority of weak performers tend to create negligible space for opposing voices or views from actors outside of government."*

which includes a large number of hydrocarbon-dependent countries, actually exceeds that of the middle performers.

Of the 10 worst performing countries on the OBI, seven are considered undemocratic and are also dependent on oil and gas revenues.<sup>11</sup> These are Chad, Equatorial Guinea, Iraq, Qatar, Saudi Arabia, Sudan, and Venezuela. This is broadly consistent with research that found, among autocracies, a negative relationship between hydrocarbon-revenue dependence and budget transparency.<sup>12</sup>

Kyrgyz Republic, with lower incomes, are welcome surprises. In 2015 Tunisia also jumped into this category, reflecting an almost fourfold increase in transparency since 2012. This

10. As measured by gross domestic product per capita in purchasing power parity (PPP) terms for 2014.

11. The Economist Intelligent Unit's Democracy Index classes all seven countries as either "Hybrid" or "Authoritarian" regimes.

12. Ross, M. (2011). "Mineral Wealth and Budget Transparency." IBP: Washington, D.C.. <http://internationalbudget.org/publications/ibp-working-paper-2-mineral-wealth-and-budget-transparency/>

## The Public Availability of Budget Documents

Inadequate budget information need not be the norm. There are practical, straightforward steps that underperforming countries can take to implement significant advances in transparency. To inform the specific types of reforms that are needed, the OBI results can be broken out by the eight budget documents that governments should publish at different points of the budget cycle.

A well-functioning budget process is comprised of four main stages: 1) formulation, when the executive branch of the government drafts the budget proposal; 2) approval, when the legislative branch of government debates, alters, and approves the budget proposal; 3) execution, when the government implements the policies outlined in the budget; and (4) oversight, when the supreme audit institution and legislature assess funds spent for compliance and performance.

As noted, international standards and practices identify eight key documents that should be published at different stages in the budget cycle so civil society and the public are able to monitor and influence budget decisions. The Survey assesses whether central governments make these eight key budget documents available to the public, and whether the data contained in these documents are comprehensive, timely, and accessible. Table 2.2 describes these budget documents and notes at which stage of the budget cycle they should be published. It also shows how many documents were published by the 102 countries during the Survey period.

To maximize effective public oversight across the entire budget cycle, countries should publish all eight key budget documents. Yet only 16 of the 102 countries covered in the Survey currently do so. These countries are: Brazil, Bulgaria, Czech Republic, France, Honduras, Italy, Kyrgyz Republic, New Zealand, Peru, Philippines, Russia, Rwanda, Slovakia, South Africa, Sweden, and the United Kingdom.

A troubling 16 countries still fail to publish the Executive's Budget Proposal, the foundational budget document for facilitating public debate and monitoring. These countries are: Bolivia, Cambodia, Chad, China, Egypt, Equatorial Guinea, Fiji, Iraq, Lebanon, Myanmar, Nepal, Qatar, Saudi Arabia, Sudan, Venezuela, and Vietnam.

Of the 816 documents that should be published in survey countries, 267 (or one-third) are not publicly available. This

TABLE 2.2: THE EIGHT KEY BUDGET DOCUMENTS

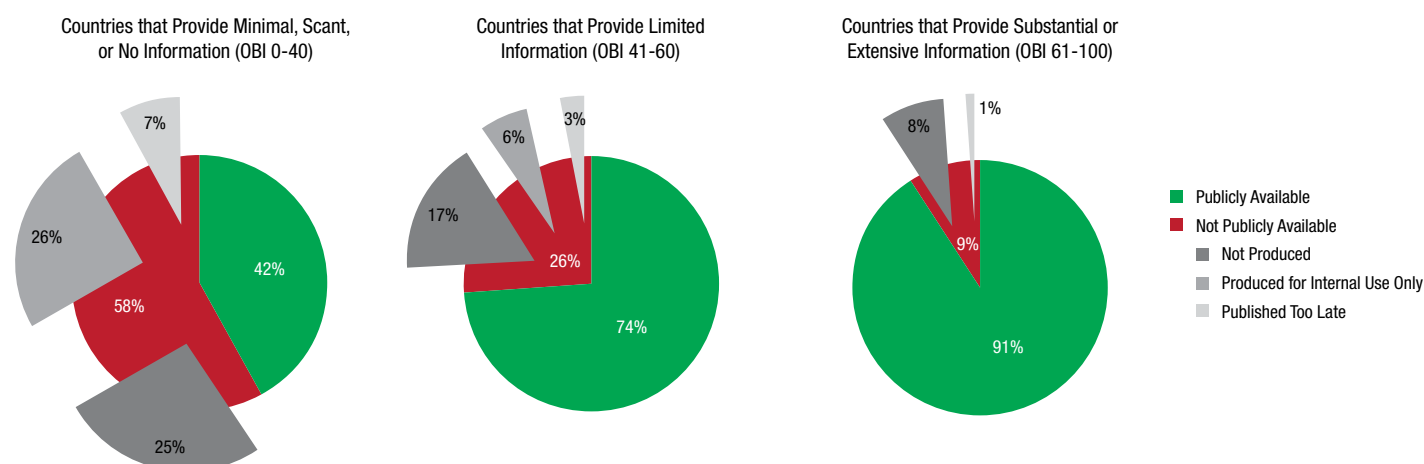
Stage in the Budget Cycle	Budget Documents	Number of documents published in OBS 2015
Formulation	<b>Pre-Budget Statement:</b> discloses the broad parameters of a country's fiscal policies in advance of the Executive's Budget Proposal. It outlines the government's economic forecast, as well as anticipated revenue, expenditures, and debt.	55
	<b>Executive's Budget Proposal:</b> the document or documents that the executive submits to the legislature for approval. It details the sources of revenue, the allocations to be made to all ministries, proposed policy changes, as well as other information important for understanding a country's fiscal situation.	86
Approval	<b>Enacted Budget:</b> the budget that has been approved by the legislature.	97
Execution	<b>In-Year Reports:</b> include information on actual revenues collected, actual expenditures made, and debt incurred at different intervals in the fiscal year. These reports may be issued on a quarterly or monthly basis.	82
	<b>Mid-Year Review:</b> contains a comprehensive update on the implementation of the budget as of the middle of the fiscal year, including a review of economic assumptions underlying the budget, and an updated forecast of the budget outcome for the fiscal year.	35
	<b>Year-End Report:</b> shows the situation of the government's accounts at the end of the fiscal year and ideally includes an evaluation of the progress made toward achieving the budget's policy goals.	73
Oversight	<b>Audit Report:</b> issued by the country's supreme audit institution and examines the soundness and completeness of the government's year-end accounts.	67
All Stages	<b>Citizens Budget:</b> a simpler and less technical version of the government's budget, specifically designed to convey key information to the public. Citizens versions of other documents are also desirable.	54

means they they are either not produced, produced for internal use only, or published too late to be useful. As illustrated in Figure 2.3, patterns in the publication status of documents tend to vary according to the level of transparency in a country. For example, among the weaker performers (countries scoring 40 or below) a clear majority of budget documents are not publicly available. In comparison, about a quarter of documents are not publicly available among countries in the middle tier, while this figure drops to 9 percent for countries in the top tier.

Among the documents not considered publicly available, more than half are not produced at all. This means that the government itself is lacking the crucial information and analysis contained in these documents. Venezuela, for example, does not produce In-Year Reports on spending and debt, a Mid-Year Review, or an Audit Report. This constrains the



FIGURE 2.3: THE PUBLIC AVAILABILITY OF BUDGET DOCUMENTS ACCORDING TO PERFORMANCE ON THE OPEN BUDGET INDEX 2015



government's ability to track spending and borrowing during the budget year and leaves the government and the public uncertain as to whether its data are reliable or comply with existing laws.

Of the 267 documents that governments fail to publish, one in three are produced but not made available to the public. Among weak performing countries specifically, nearly 45

*"Among the documents not considered publicly available, more than half are not produced at all. This means that the government itself is lacking the crucial information and analysis contained in these documents."*

percent of unpublished documents are nevertheless produced for internal use. In comparison,

governments that score above 60 on the OBI publish all of the documents that they produce.

In fact, just 13 countries are responsible for nearly 60 percent of the documents that are produced for internal use only. These countries, all categorized as weak performers on the OBI, are: Angola, Cameroon, Chad, Equatorial Guinea, Fiji, Iraq, Myanmar, Niger, Qatar, São Tomé e Príncipe, Saudi Arabia, Sudan, and Venezuela. Each of these countries could significantly increase budget transparency at little or no cost by simply publishing documents that the government already produces.

Finally, 34 documents are published too late to be considered useful to civil society and the public. Cambodia, Guatemala, India, Liberia, Nigeria, Senegal, and Zambia each failed to publish two documents within the timeframe when such information would be useful. These governments could significantly increase transparency by taking steps to publish these documents within the timeframe recommended by international good practice.<sup>13</sup>

## The Information Contained in Budget Documents

The Survey results indicate that even when documents are published, they often lack important details that are necessary for meaningful analysis. Rwanda is a particularly striking example in this regard: despite publishing all eight budget documents, its OBI score is only 36 because the level of detail and variety of information contained in its budget documents are limited.

Failing to provide all of the information recommended by good practice presents an incomplete picture of national budget policies and significantly impacts budget transparency in a country. Figure 2.4 shows the subscores for the comprehensiveness and accessibility of the Executive's Budget Proposal for all countries that publish it.

Among countries considered to be weak performers, there is a tendency for certain published budget documents to lack essential information – on average the Executive's Budget Proposal, for example, contains only 39 percent of the information that it should according to international good practice. But with these performers it is the paucity of documents, not the usefulness of

*"... even when documents are published, they often lack important details that are necessary for meaningful analysis."*

the documents themselves, which tends to drive their especially low transparency scores. On average, weak performers publish only three of the eight key budget documents.

Insufficient or missing details in published documents explain the lower scores seen in the limited performers, as compared to countries in the top tier. Limited performers publish an average of six of the eight key documents, compared to

13. IBP (2010). "Guide to Transparency in Government Budget Reports: Why are Budget Reports Important, and What Should They Include?" IBP: Washington, D.C..  
<http://internationalbudget.org/publications/guide-to-transparency-in-government-budget-reports-why-are-budget-reports-important-and-what-should-they-include/>

seven among the top tier. However, the usefulness of the information disclosed by limited performers is significantly lower. As shown in Figure 2.4, the average score for the Executive's Budget Proposal for limited performers is just 55 – much lower than the average score of 74 for countries in the top tier.

While limited performers – and even some weak performers when they publish a document – tend to provide fairly detailed information on revenue and expenditures, they typically fail to provide four critical types of information.

First, they often provide significantly less information on the amount and composition of debt. Information on the maturity profile of debt, the interest rate on the debt, or whether debt is domestic or external is often either incomplete or missing from the Executive's Budget Proposal. Disclosing such information provides the public with a sense of how much a country owes to its creditors and the degree of risk the country is exposed to.

Second, limited performers often fail to provide comprehensive information on the macroeconomic assumptions that underlie the budget projections. This includes real GDP growth, the inflation rate, and interest rates. Nor do they typically provide an analysis showing how sensitive

budget projections are to possible changes in macroeconomic assumptions, which may help to indicate the possible impact of evolving economic conditions on the budget. The dramatic drop in oil prices since mid-2014 is a reminder of the severe toll volatile oil prices can take on hydrocarbon revenue-dependent economies and ultimately their citizens. Without information on macroeconomic assumptions and a sensitivity analysis, civil society and other actors are kept in the dark as to how a decrease in the price of oil might impact revenues, and to what extent deviations between budget estimates and actual outcomes can be attributed to fluctuations in the price of oil.

Third, many governments engage in budgetary practices or take on obligations that can distort the picture of public finances, unless disclosed appropriately in relevant budget documents. Examples include the use of extra-budgetary funds, engaging in quasi-fiscal activities, extending tax concessions, or incurring contingent liabilities. Yet few governments among limited performers provide detailed information on these activities, potentially hiding substantial proportions of current or future public spending. An absence of information on these activities can raise doubts about a country's fiscal position and create opportunities for corruption or the mismanagement of public funds. Also, such information is of particular interest to investors, who consider

#### BOX 2.1: THE TREATMENT OF REVENUES IN THE OPEN BUDGET INDEX

International public finance discourse has recently become especially focused on revenue issues in general, and domestic revenue capacity in particular.

Results from the 2015 Survey show that, on average, governments that publish budget documents tend to provide information on the individual sources of revenue throughout the budget cycle. This is the case for countries with low, middle, and high OBI scores. In certain respects, information on revenues tends to be more complete than information on expenditures. These positive results for revenue reporting are likely a function of the fact that there are far fewer individual sources of revenue than individual expenditure programs – indeed in most countries there can be hundreds of expenditure programs while only a few dozen sources of revenue.

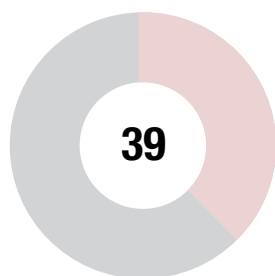
In other respects, however, revenue transparency remains deficient among survey countries. For instance, only about one-quarter of the countries that publish the

Executive's Budget Proposal provide adequate information about tax expenditures, which are subsidies provided in the form of credits, deductions, or preferences that reduce the amount of taxes paid. Failure to provide this information can mean that potentially large tax concessions for corporate and individual taxpayers are hidden from the public.

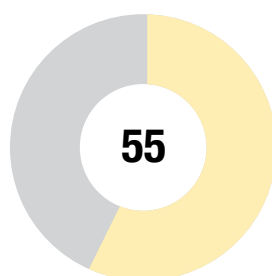
There is also critical information concerning revenues that the Survey does not assess, which advocates and analysts believe is routinely missing from budget documents. For instance, the Survey does not ask about information on tax incidence or burden, which can facilitate an assessment of the fairness of a country's tax policies. Nor does the Survey ask detailed questions about revenues from extractive industries, including how comprehensively the government reports revenues collected by public oil companies or any off-budget oil fund that is established by the government.

FIGURE 2.4: COMPREHENSIVENESS OF THE EXECUTIVE'S BUDGET PROPOSAL, BY COUNTRY PERFORMANCE ON OPEN BUDGET INDEX 2015

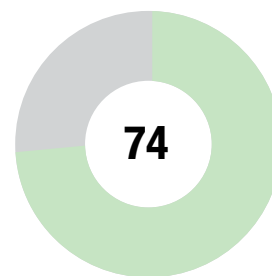
Average Score for Countries that Provide Minimal, Scant, or No Information (0-40)



Average Score for Countries that Provide Limited Information (41-60)



Average Score for Countries that Provide Substantial or Extensive Information (61-100)



it important for assessing the risk of investing in a country.<sup>14</sup>

Finally, in addition to knowing how much governments are spending and raising, understanding how the government's policy goals are guiding budget allocations, and whether government programs and activities are meeting stated goals, are critical to civil society's ability to influence and monitor the impact of government spending. However, information linking a government's policy goals with budgeted expenditures is often missing or lacking in important details. Similarly, limited performers typically fall short of reporting expenditure data for all government programs, as well as providing detailed nonfinancial data on the results and performance targets for all programs. Without this, civil society and others lack much of the information they will need to

hold governments to account for commitments made under global agreements such as the UN Sustainable Development Goals and those to address climate change, making it less likely that the ambitious goals set will be achieved.

## Lessons from the Findings

The extensive information provided by the 109 questions that make up the OBI highlights its usefulness as a guide to the current state of budget transparency in the world. It also provides a road map for reform. The OBI provides information on what documents need to be published by the countries surveyed, and how the documents themselves can be improved. This chapter also demonstrates that there are clear patterns of governance and other characteristics in countries

### BOX 2.2: EVOLVING METHODS FOR DISSEMINATING BUDGET INFORMATION

Since the Survey began in 2006, there has been a movement towards governments disseminating budget information to the public over the Internet. In 2006, nearly 20 percent of published documents were released in hard copy only and not posted on government websites. In the most recent round of the Survey, this figure has shrunk to a mere 4 percent. This represents substantial progress in the availability of these documents.

Posting a document online is the easiest and most cost-effective way to put information into the public domain. The vast majority of countries surveyed publish at least one document online, including those that publish at least one other document in hard copy only.

While IBP currently considers documents that are only available in hard copy (at no or a minimal cost) to be publicly available, we expect to modify our standards

in future rounds of the Survey to consider only those documents posted online as publicly available. Publishing documents in hard copy still makes sense in certain contexts, especially where Internet access is limited, such as in remote or poor areas. However, at a minimum, governments should release documents into the public domain by posting them online.

Publishing a budget document online also allows governments to make documents available in machine-readable formats, such as a spreadsheet. Information presented in machine-readable formats increases the ease with which analysts and advocates can extract and manipulate relevant data. Yet, according to Survey findings, only about 17 percent of published documents present data in this way. Governments should make an effort to make the relevant portions of all budget documents available in a machine-readable format.

14. In December 2014, IBP, in collaboration with the Emerging Markets Investors Alliance (the Alliance), conducted a survey of 10 of the Alliance's member analysts from different investment houses to better understand the private sector's interest in fiscal transparency.

that score well, and those that score poorly, on the OBI. But there are also exceptions to almost every rule. These patterns are worthy of further research and exploration, as they can shed light on what broad characteristics drive or impede open government. The patterns also immediately suggest reform guidelines, such as the need for weak-performing countries to publish the budget documents that they are already producing, and the need for countries in the middle to improve the comprehensiveness and accessibility of the documents they publish. The final chapter of this report explores the lessons to be drawn from these patterns in greater depth.



# Chapter 3



# Significant Progress in Transparency, Especially Among Weak Performers

The 2015 Survey marks the fifth round of the Open Budget Survey, with previous rounds completed in 2006, 2008, 2010, and 2012. After conducting the Survey for a period spanning nearly a decade, IBP has amassed a wealth of data on how budget transparency has evolved over time and across countries. This chapter and the next explore these trends and their causes. This chapter finds that the trends have generally been positive, particularly among some of the least transparent countries. It also finds that the improvements in transparency, while welcome and significant, are often not enough to allow full and informed public engagement in the budget process.

## Changes from 2012 to 2015

The 2015 Survey finds that, on average, governments are not providing sufficient information to allow for meaningful understanding and analysis of the budget. However, these latest results reveal that budget transparency has improved between 2012 and 2015, with considerable advances in a number of previously low-performing countries, continuing patterns found over the past decade.

Between 2012 and 2015, governments increased the amount of budget information available to the public. This is reflected

*“Between 2012 and 2015, governments increased the amount of budget information available to the public.”*

in a three point increase in the average OBI score from 43 to 46 among

the 100 countries for which there are comparable data.<sup>15</sup>

Moreover, as explained in Annex B, the average improvement in OBI scores would have been modestly larger if the Survey had not been modified.

Further, the global average masks significant progress among those countries that were least transparent in 2012. Specifically:

- Among the 41 countries considered weak performers in 2012 (with OBI scores of 40 or less), the average transpar-

ency score increased 10 points by 2015.

- Eleven of these countries increased their OBI scores by 20 points or more. These countries are Benin, Burkina Faso, Cameroon, Democratic Republic of Congo, Dominican Republic, Kyrgyz Republic, Rwanda, Senegal, Tunisia, Yemen, and Zambia.
- The weakest performers – those with the lowest initial scores – showed the greatest gains. Countries providing scant or no information in 2012 (with OBI scores of 20 or less) increased their scores by an average of 14 points.

These findings confirm that, if the political will exists, not only are improvements in budget transparency possible but substantial advances can be implemented over a relatively short period of time. This is not so surprising: as discussed in Chapter 2, weak performers can achieve significant gains in transparency simply by publishing additional documents, many of which are already produced for internal use.

Most regions in the world experienced progress in transparency. There was a particularly large jump among the 27 countries surveyed in sub-Saharan Africa, where the average OBI score increased by nine points. Much of this change has been driven by improvements in the eight Francophone African countries covered by the Survey. In contrast, the average score among the six countries surveyed in South Asia fell by 13 points. The especially large increase in sub-Saharan Africa and the drop in South Asia will be discussed later in this chapter and the next, respectively.

## Improvements Since the Start of the Survey

The overall progress from 2012 to 2015 should be viewed in combination with the progress found in previous Surveys. Such progress, especially among countries that started out as weak performers, is impressive.

Progress has been most pronounced by far among those countries that were least transparent to begin with, and the

15. As noted in Chapter 2, the average OBI score for all 102 countries in the Survey in 2015 is 45. That is, the two countries added to the Survey in 2015 (Hungary and Sudan) brought the average score down from 46 to 45 (or, more precisely, from 45.7 to 45.4).

trend among countries in the middle of the transparency spectrum (those that provided limited information at the start) has been more positive than among those that already provided significant or extensive information. This can be illustrated by examining the progress of the 40 countries that were part of the first Survey nearly a decade ago, and for which comparable data are available.<sup>16</sup> On average, those that had OBI scores of 40 or less in 2006 increased their scores by

*“Countries that start off with the lowest OBI scores have tended to make the most progress.”*

17 points by 2015; among those with OBI scores between 41 and 60, the increase

was seven points; for those scoring above 60, the increase was two points. (Again, the increases would have been modestly larger if the Survey had not changed in 2015.) This pattern has been repeated in subsequent Surveys: countries that start off with the lowest OBI scores have tended to make the most progress.

Overall trends are also encouraging. Countries have seen their scores increase by an average of 10 points from the first year they were surveyed – or, in some cases, from the earliest year for which there are comparable data – through to 2015. However, the average increase obscures considerable variation among countries. While the majority of countries have experienced increases of more than five points since first surveyed (or for when comparable data first became available), scores have stayed largely the same in nearly a third of the countries surveyed. In a dozen countries, scores have declined by more than five points. So, while the evidence of overall progress toward greater transparency worldwide is heartening, much remains to be accomplished. These points will be discussed further in Chapter 4.

## Positive Change in the Publication of Documents

A key driver behind improvements in the average level of budget transparency worldwide between 2012 and 2015, is an increase in the number of documents that have been made available to the public in a timely fashion. In the 100 countries for which comparable data are available, the net number of documents published on time increased by 51 documents from 2012 to 2015 (a ten percent increase). There has been a net positive change in the publication status of six of the eight key budget documents; the two exceptions are Year-End Reports, which on a net basis declined by one, and Audit Reports, which on a net basis declined by two.<sup>17</sup>

Promisingly, the publications gap has closed significantly for certain documents. The number of governments publishing a Citizens Budget (a document IBP helped advance), for example, has more than doubled: the 2015 Survey reports that 54 governments now publish a Citizens Budget compared to only 26 in 2012, which itself was far higher than in previous rounds of the Survey. Three of those countries (Sweden, South Korea, and Mexico) published “citizens” versions of budget documents during each of the four stages of the budget cycle.

The net increase in the number of Executive’s Budget Proposals published was six, while the net increase in Pre-Budget Statements was eight. In combination, this means that countries have significantly increased the amount of information available to the public during the formulation stage of the budget. While this is a positive step, information on governments’ plans and priorities should be accompanied by information on actual spending and results during the budget implementation stage. This information is critically important for civil society and other interested actors to be able to monitor and hold governments to account for their commitments, whether those be domestic policy promises or commitments to global initiatives like the Sustainable Development Goals and agreements on combating climate change.

**TABLE 3.1: NUMBER OF BUDGET DOCUMENTS PUBLISHED (2012 AND 2015)**

	2012	2015	Change
Pre-Budget Statement	47	55	+8
Executive’s Budget Proposal	79	85	+6
Enacted Budget	92	95	+3
Citizens Budget	26	54	+28
In-Year Reports	78	81	+3
Mid-Year Review	29	35	+6
Year-End Report	72	71	-1
Audit Report	68	66	-2
<b>Total</b>	<b>491</b>	<b>542</b>	<b>+51</b>

Note: Based on the 100 countries that were surveyed in both 2012 and 2015.

Previous rounds of the Survey also recorded increases in the number of documents published. The cumulative effect is substantial. Altogether, since the 2006 inception of IBP’s efforts to assess budget transparency worldwide, 112 net additional budget documents have been published in the countries surveyed.

Despite overall progress, one-third of the key budget docu-

16. For a minority of countries, the Survey data from the year they first joined the Survey are not comparable to the data collected in later years. In those cases, changes over time discussed in this study start from the earliest year for which comparable data are available instead of from the year a country was first surveyed.

17. For the 2015 Survey, IBP revised the accepted timeframe for the public availability of both the Year-End Report and the Audit Report, which could explain some of the lack of progress found regarding their publication. Previously, both documents were considered publicly available if they were published within 24 months of the end of the fiscal year which the report refers to. According to the revised standards, the Year-End Report and Audit Report should be published within 12 months and 18 months of the end of the fiscal year, respectively.



ments assessed in the Survey are still not available to the public. Further, at the current pace, it would take around a decade for citizens in all survey countries to have access to each of the eight key budget documents on a timely basis.

*“Despite overall progress, a third of the key budget documents assessed in the Survey are still not available to the public.”*

## Case Studies on Increases in Transparency

To shed light on the causes behind the improvements in transparency, we conducted case studies of the one region and the two countries that had the greatest advances in 2015. These case studies are based on conversations between IBP and country experts who have closely followed these developments.

### Case Study 3.1: Francophone Africa

Countries in Francophone Africa have continued to make considerable improvements in budget transparency over the past three years, an acceleration of a trend first observed and described in the Open Budget Survey 2012.

From 2012 to 2015:

- The average OBI score for the eight countries surveyed in Francophone Africa increased by just over 20 points, from 14 to 35. Gains were substantial in every Francophone country surveyed, with the exception of Chad.
- The greatest improvements were observed in Benin, where the government has made impressive progress on budget transparency. Benin published five of the eight key budget documents, including the Executive’s Budget Proposal and the Citizens Budget for the first time, resulting in a 44-point increase in the country’s OBI score.
- Significant improvements were also observed in Burkina Faso, Cameroon, Democratic Republic of Congo, and Senegal, where a total of seven budget documents that were previously not available to the public are now published in a timely manner. The OBI score for each country increased by 20 points or more.
- Further, the governments of Niger and Mali have each published additional documents previously not available to the public. Niger now publishes the Executive’s Budget Proposal and the Pre-Budget Statement, and Mali publishes the Pre-Budget Statement.

The progress observed in Francophone Africa highlights the role that regional bodies can play in supporting improvements in budget transparency. In 2009 and 2011, the West African Economic and Monetary Union and the Central African Economic and Monetary Community, respectively, adopted Directives on Public Financial Management.<sup>18, 19</sup> These new directives take into account international standards on public financial management and promote a rigorous, efficient, and transparent management of public finances. As such, many of the principles align with the standards reflected in the Survey. The gradual implementation of the directives in recent years stands out as one of the key drivers behind the observed gains in transparency in the region. Indeed, many countries in the region have already translated the provisions of the directives into their national legislation.<sup>20</sup> This has included strengthening parliaments through annual pre-budget debates and increasing the powers of supreme audit institutions. And, as reflected in their OBI scores, the countries began to put the laws on the books into practice.

In addition to the role of the regional bodies, events at the country level have also played a role in the movement toward greater transparency. Civil society organizations in the region have played a significant role in pushing governments to publish more budget information. For instance, in Niger, the advocacy activities of Alternatives Espace Citoyens helped lead to the publication of the 2014 Executive’s Budget Proposal for the first time since 2008. Additionally, the Senegalese government was in part motivated to undertake reforms to improve transparency by Mali’s moderately strong performance on earlier rounds of the Survey. Finally, donors such as the European Union have been active in promoting transparency in the region.

### Case Study 3.2: Tunisia

Tunisia first participated in the Open Budget Survey in 2012, scoring just 11 on the Open Budget Index (OBI). Since then, budget transparency in the country has improved markedly: between 2012 and 2015, Tunisia’s OBI score almost quadrupled, increasing from 11 to 42. The improvement in Tunisia’s OBI score is in large part attributable to the publication of the Executive’s Budget Proposal, which was previously produced for internal use only. Tunisia also published a Citizens Budget for the first time in 2014.

Following the January 2011 revolution, increased space for civil society activity, coupled with opportunities to engage

18. See Union Economique Et Monetaire Ouest Africaine (West African Economic and Monetary Union) Directive N°01/2009/Cm/Uemoa Portant Code De Transparence Dans La Gestion Des Finances Publiques Au Sein De L’uemoa [http://www.uemoa.int/Documents/Actes/directive\\_01\\_2009\\_CM\\_UEMOA.pdf](http://www.uemoa.int/Documents/Actes/directive_01_2009_CM_UEMOA.pdf) (French)

19. See Communauté Economique Et Monetaire De L’Afrique Centrale (Central African Economic and Monetary Community) Directive No. 01/11-UEAC-190-CM-22 [http://www.cemac.int/sites/default/files/documents/files/DIR01\\_2011.pdf](http://www.cemac.int/sites/default/files/documents/files/DIR01_2011.pdf) (French)

20. Sarr, B. (2014). “Are New PFM Reforms in the WAEMU and the CEMAC Working? Lessons from the Open Budget Survey.” IBP: Washington, D.C. <http://internationalbudget.org/publications/are-new-pfm-reforms-in-the-waemu-and-the-cemac-working-lessons-from-the-open-budget-survey/>



with reform-minded officials, opened up a channel for a core group of civil society organizations to encourage the government to pursue reforms to increase budget transparency. One example was the creation of a joint commission in March 2013 to discuss budget transparency and accountability reforms. The commission was composed of officials from the finance ministry and civil society organizations.

International financial institutions and multistakeholder efforts also played a role in improvements to budget transparency. The World Bank, for example, highlighted publication of the Executive's Budget Proposal and the Citizens Budget as priority reforms for the new government.<sup>21</sup> Further, in December 2013 the Tunisian government submitted its letter of intent to join the Open Government Partnership (OGP) and later committed to publishing all eight key budget documents in its OGP National Action Plan.<sup>22</sup> This is just one example of how the eligibility criteria for the OGP, which include fiscal transparency indicators drawn from the Open Budget Survey, are promoting budget transparency.

### ***Case Study 3.3: Kyrgyz Republic***

In previous rounds of the Survey, the Government of the Kyrgyz Republic provided very little budget information

to the public. As a result, from 2008 to 2012 the country languished in the bottom category of the OBI rankings. In 2012, the government published four documents. The 2015 Survey found that the finance ministry now publishes all eight key budget documents, demonstrating that significant changes in budget transparency can take place in a short period of time. The government's strong commitment to fighting corruption following a period of political instability contributed to this positive trajectory.

In 2010, opposition protests swept through the Kyrgyz Republic resulting in the ousting of then-President Kurmanbek Bakiyev and the establishment of a new constitution, which reduced the powers of the presidency and transformed the Kyrgyz Republic into a parliamentary republic. Following parliamentary and presidential elections in 2010 and 2011, respectively, the new government, committed to demonstrating a break with the past, announced a series of reforms to reduce corruption and improve governance. The newly elected president, for example, announced anti-corruption as one of his top two priorities during his inaugural speech in 2011.

As a sign of its commitment to fight corruption and promote improvements in budget transparency and accountability,

#### **BOX 3.1: WHY DO IMPROVEMENTS IN BUDGET TRANSPARENCY OCCUR?**

The relatively large number of countries that have achieved dramatic gains in transparency in short periods of time raises important questions about how and why improvements in transparency come about. It is beyond the scope of this analysis to systematically dig into the causes of the changes from 2012 to 2015. However, in 2013 IBP staff contributed to an in-depth examination of these questions by some of the best researchers in the field. The resulting book identified four main triggers for improvements in government disclosure practices.\*

1. **Political change:** Political transitions that result in authoritarian governments being replaced by systems that are characterized by political contestation through elections and greater voice among opposition parties, or by new parties assuming power. Such transitions are more likely to have an impact on budget transparency when complemented by the presence of reform-minded politicians and technocrats, capable civil society organizations interested in engaging the government on the budget, and/or oversight bodies, such as legislatures, that are empowered vis-à-vis the executive.
2. **Economic crisis:** Fiscal and economic crises that prompt governments to put in place mechanisms and incentives, including independent scrutiny, to restore fiscal discipline and economic confidence.
3. **Corruption scandals:** Widely publicized cases of corruption that lead reform-oriented actors to react strongly and compel governments to open up access to fiscal information.
4. **External influence:** External influences that promote global norms to empower domestic reform processes and civil society actors, including multistakeholder initiatives such as the Open Government Partnership, that prioritize transparency and accountability, as well as the push for increased transparency and accountability from international donors.

\*Khagram, S., Fung, A., de Renzio, P. (2013) "Open Budgets: The Political Economy of Transparency, Participation, and Accountability" Brookings: Washington, D.C..

21. See the World Bank's program document for proposed loan to Tunisia

[http://www-wds.worldbank.org/external/default/WDSP/IB/2012/11/07/000350881\\_20121107110443/Rendered/PDF/717990PGD0P1280107012005IMULT0DISCL.pdf](http://www-wds.worldbank.org/external/default/WDSP/IB/2012/11/07/000350881_20121107110443/Rendered/PDF/717990PGD0P1280107012005IMULT0DISCL.pdf)

22. See the Open Government Partnership's country page for Tunisia <http://www.opengovpartnership.org/country/tunisia>

the Kyrgyz Republic hosted the regional launch of the Open Budget Survey 2012, with the finance minister personally in attendance. Additionally, an individual was identified within the finance ministry to help oversee reforms intended to increase the Kyrgyz Republic's OBI score. The combined engagement of the finance minister and staff within the finance ministry was important to supporting improvements in budget transparency.

Since the 2012 regional launch, the Kyrgyz Republic has made significant progress on budget transparency. First and foremost, the government began to publish on time the four documents that were previously not available to the public. Additionally, the government increased the level and variety of detail presented in the Executive's Budget Proposal. As a result, the Kyrgyz Republic jumped up into the middle tier of countries, with its OBI score nearly tripling from 20 in 2012 to 54 in 2015.

## Moving Toward Sufficient Information

While it is important to recognize gains made in budget transparency, it is also noteworthy that even countries that have achieved progress often fall short of providing an adequate level of information to the public.

*"Only 24 of the 102 countries covered in the 2015 Survey meet the goal of providing sufficient budget information to allow for the discussion and moderation of budget decisions."*

The challenge is not only for countries to increase the amount of information available to the public, but also to boost transparency enough so that sufficient information is available to engage in all aspects of the budget process.

Only 24 of the 102 countries covered in the 2015 Survey meet the goal of providing sufficient budget information to allow for the discussion and monitoring of budget decisions (as indicated by an OBI score of above 60). Most of these countries scored highly when they first joined the Survey (or since comparable data are available). Only nine of these countries have increased the provision of budget information such that they went from providing insufficient information (OBI scores of 60 or lower) to providing sufficient information. Four countries (Georgia, Italy, Malawi, and the Philippines) crossed the threshold of providing sufficient budget information for the first time in 2015.

This indicates that relatively few countries have been able to increase the availability of budget information to the point

where it meets international standards. Many more countries have shown notable progress and are now providing moderate (but still insufficient) amounts of budget information compared to the scant levels that they provided when first surveyed. For instance, of the 44 countries that score between 41 and 60 in 2015, roughly half were among the weakest countries (with OBI scores of 40 or below) when first surveyed.

Indeed, impressive progress has been made by countries that are still considered quite weak. Consider, for instance, the Democratic Republic of Congo, which has increased its OBI score from 1 when it joined the Survey in 2008 to 39 in 2015. Other countries, such as Liberia and Rwanda, have seen similar large improvements; yet, progress notwithstanding, they still provide far less information than the public needs to be fully informed on the budgets of their countries.

This reality underscores the importance of consistent internal and external pressure for greater budget transparency. Even in many countries that have achieved notable gains, governments are still not providing sufficient information to enable civil society, oversight institutions, and members of the public to participate effectively in budget processes and hold governments accountable for how they

*"A key challenge is to move countries up to the next level – from providing insufficient information to providing sufficient information to the public."*

use public money. In many cases, meaningful improvements in transparency require more than publishing new documents, they entail enhancing the level and variety of detail included in published documents. Domestic actors should continue to demand greater transparency from their governments even after some progress on budget transparency has been achieved. External actors should explore what types of assistance governments might need to support further improvements in transparency, and coordinate with domestic actors to provide the necessary financial and technical resources to support further advances.

Thus a key challenge is to move countries up to the next level – from providing insufficient information to providing sufficient information to the public. A related challenge is to maintain the gains a country makes in the availability of budget information, so they serve as a foundation for further progress. As discussed in the next chapter, the Survey finds that many countries have difficulty holding on to gains that have been made, or are failing to make the type of progress most other countries surveyed are able to.

# Chapter 4

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# Many Countries Are not Progressing, Some Are Regressing

The significant progress that has been made in transparency over the past decade, including during the most recent Survey period, is welcome and encouraging. However, as this chapter explores, not all trends in transparency are so positive. First, OBI scores in some countries have diminished significantly. Second, a deeper dive into both OBI scores and the publication status of budget documents indicates that many countries have remained more or less stuck at inadequate levels of transparency. Finally, and relatedly, some countries have experienced substantial volatility in the availability of budget documents, resulting in inconsistent transparency practices over time.

## The Problem of Regression

Findings from the 2015 Survey suggest that more countries experienced regressions in budget transparency - releasing less information than they had in the past - between the 2010 and 2015 rounds of the Survey than between the 2006 and 2010 rounds.

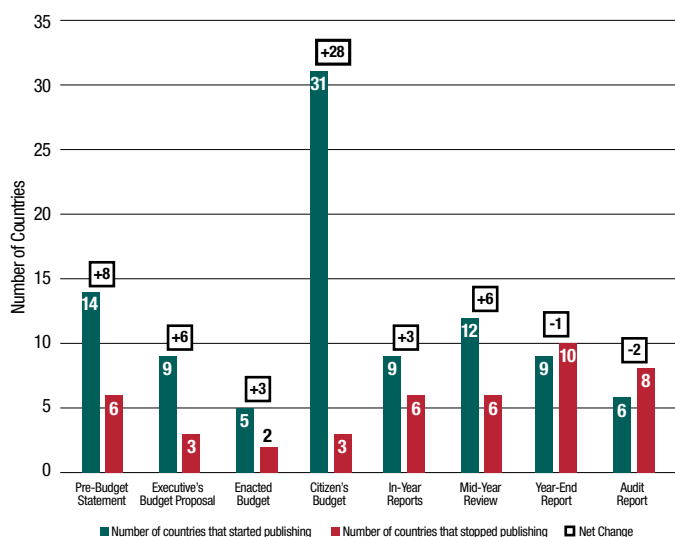
Of the 100 countries surveyed in 2012, seven saw a sharp decline in their OBI scores in 2015 (falls of more than 10 points). Similarly, seven of the 93 countries surveyed in 2010 experienced large declines in their OBI 2012 scores. In contrast, the proportion of countries experiencing a large drop in transparency in the 2008 and 2010 rounds of the Survey was much lower. No country surveyed in 2006 experienced a significant decline in budget transparency when it was reexamined in 2008; only two countries experienced such declines between 2008 and 2010.

Significant declines in OBI scores are often driven by a reversal in document publication. All too often governments suspend publication of documents, delay publication beyond acceptable limits, or stop production of a document entirely. In 2015 there was a net increase in the number of budget documents published. However, as Figure 4.1 illustrates, this positive net change masks a surprisingly large number of countries that stopped publishing documents that they had previously published. For example, 14 countries published Pre-Budget Statements in 2015 that had not done so in 2012. However, six countries failed to publish a Pre-Budget Statement in 2015 after doing so in 2012. (See Table 4.2 for the list of countries that have started or stopped publishing each budget document between 2012 and 2015.)

Of the 491 budget documents published according to the 2012 Survey, 44 were not published in 2015. That is, 1 in 11 documents that were published by governments in the last assessment period were not published in this assessment period. Altogether, one-third of countries surveyed (35) stopped publishing one or more documents in the 2015 Survey.

The Survey reveals that regression is not limited to governments ceasing to make information publicly available. Governments have also stopped producing budget documents altogether that, in previous years, they had produced for internal purposes. While changes in the production of

**FIGURE 4.1: STARTS AND STOPS IN DOCUMENT PUBLICATION (2012 AND 2015)**





budget documents intended for internal use do not alter the amount of information available to the public, they can compromise the public financial management system of a country, and constrain the ability of government institutions to manage public funds efficiently and effectively. For example, when a government fails to produce In-Year Reports, Mid-Year Reviews, or Year-End Reports, it is unable to monitor or assess key aspects of how the budget is being implemented.

## Countries that Fail to Progress

The significant erosion in transparency that occurs in some countries from one Survey to another is a cause for concern. Another more common problem is that many countries remain stuck at insufficient levels of transparency.

This includes, for instance, countries that continue to exhibit low levels of transparency year after year. Algeria, Bolivia, Cambodia, Chad, China, Equatorial Guinea, Fiji, Iraq, Myanmar, Qatar, Saudi Arabia, and Vietnam have each been among the least transparent countries (with OBI scores of 20 or less) every single year they have been in the Survey (though some have displayed modest progress).

A significant number of countries that started out in the middle, scoring between 41 and 60 when first surveyed, are similarly prone to getting stuck. While these countries provide some information to the public, it is not enough to ensure adequate understanding or debate. Of the 25 coun-

tries whose scores placed them in the limited category when first surveyed, 19 either remain there or have fallen into lower categories in 2015.<sup>23</sup>

## Volatility in the Publication of Documents

FIGURE 4.2: VOLATILITY IN DOCUMENT PUBLICATION IN GHANA (2006 TO 2015)

Document	2006	2008	2010	2012	2015
Pre-Budget Statement					
Executive's Budget Proposal					
Enacted Budget					
Citizens Budget					
In-Year Reports					
Mid-Year Review					
Year-End Report					
Audit Report					

The transparency paths countries take are frequently not linear. Countries can make substantial gains only to later regress. Countries that regress can later return to more transparent practices. For instance, of the seven countries that saw a sharp decline in their scores between 2010 and 2012, three had reversed direction by 2015, with scores equal to or above their previous levels. Further, in some countries a failure to progress over time reflects essentially unchanging

TABLE 4.1: STARTS AND STOPS IN DOCUMENT PUBLICATION (2012 AND 2015)

Document	Countries that started publishing	Countries that stopped publishing	Net change
Pre-Budget Statement	Argentina, Benin, Democratic Republic of Congo, El Salvador, Kyrgyz Republic, Mali, Niger, Peru, Philippines, Rwanda, Spain, Tajikistan, Thailand, Zambia	Ecuador, Guatemala, Indonesia, Liberia, Nigeria, Slovenia	8
Executive's Budget Proposal	Benin, Cameroon, Niger, Rwanda, Senegal, Tajikistan, Tunisia, Yemen, Zambia	Lebanon, Nepal, Venezuela	6
Enacted Budget	China, Equatorial Guinea, Myanmar, Papua New Guinea, Senegal	Niger, Zimbabwe	3
Citizens Budget	Angola, Azerbaijan, Bangladesh, Benin, Bulgaria, Colombia, Costa Rica, Croatia, Czech Republic, Democratic Republic of Congo, Dominican Republic, Georgia, Ghana, Jordan, Kyrgyz Republic, Mongolia, Mozambique, Namibia, Nigeria, Peru, Philippines, Portugal, Russia, Rwanda, São Tomé e Príncipe, Senegal, Sierra Leone, Tajikistan, Timor-Leste, Tunisia, Vietnam	Guatemala, Kazakhstan, Uganda	28
In-Year Reports	Algeria, Benin, Burkina Faso, Costa Rica, Georgia, Indonesia, Namibia, Rwanda, Venezuela	Angola, Cambodia, Cameroon, Lebanon, Nigeria, São Tomé e Príncipe	3
Mid-Year Review	Benin, Brazil, Burkina Faso, Egypt, Kazakhstan, Kyrgyz Republic, Philippines, Russia, Rwanda, Sweden, Turkey, Zimbabwe	Azerbaijan, Ghana, India, Malawi, Mozambique, Serbia	6
Year-End Report	Bangladesh, Cameroon, Fiji, Georgia, Ghana, Kenya, Malawi, Philippines, Zambia	Angola, Burkina Faso, Cambodia, India, Iraq, Liberia, Mozambique, Pakistan, Tajikistan, Venezuela	-1
Audit Report	Afghanistan, Burkina Faso, El Salvador, Kyrgyz Republic, Rwanda, Timor-Leste	Cameroon, Malawi, Papua New Guinea, Spain, Sri Lanka, Tunisia, Venezuela, Vietnam	-2
Net total			51

23. For a minority of countries, the Survey data from the year they first joined the Survey are not comparable to the data collected in later years. In those cases, changes over time discussed in this study start from the earliest year for which comparable data are available instead of from the year a country was first surveyed.

practices; in other countries, however, a score that appears to be relatively stable may in fact mask significant volatility in the publication of documents.

This phenomenon of volatility can be illustrated by examining the changes in budget documents published among select countries. Figure 4.2 presents Ghana as an example, showing the publication status of its budget documents over time. The publication status of the Citizens Budget and Year-End Report in Ghana have each changed four times over five rounds of the Survey. For the Year-End Report, it was not published in 2006; was prepared for internal use in 2008; was publicly available in 2010; was not published in 2012; and

*“Many countries remain stuck at insufficient levels of transparency.”*

was published in 2015. The In-Year Reports and Mid-Year

Review also changed status multiple times. Yet Ghana’s OBI score did not change markedly between the 2008 and 2015 Surveys, ranging between 50 and 54, as the benefits of newly published documents were offset by documents where publication stopped.

Similar volatility in the publication status of documents has also been observed in other countries. Altogether, two or more documents have changed status at least three times over multiple rounds of the Survey in these 10 countries: Angola, Cameroon, Egypt, El Salvador, Ghana, Liberia, Nigeria, Rwanda, São Tomé e Príncipe, and Yemen.

This volatility in the publishing of budget documents creates a special set of challenges. For instance, it requires domestic and external actors to devote time advocating for governments to reinstate the publication of documents, rather than using information in the public domain to conduct budget analysis and oversight, and building the necessary skills to do so. Further, if the availability of budget information is not sustained over time, it dilutes the incentives for citizens, civil society, and the media to cultivate an awareness of the budget and to develop the know-how to effectively engage government on budget issues.

## Case Studies of Regression and Volatility in Budget Transparency

To arrive at a deeper understanding of why regression in transparency takes place, it is useful to examine one country (Honduras) and one region (South Asia) where budget transparency has diminished significantly in 2015. Even if these

regressions turn out to be temporary, they ultimately reflect a pattern of volatility. Each of the case studies below are based on conversations between IBP and country experts.

### Case study 4.1: Honduras

Following a political crisis in 2009, donors suspended aid to the Honduran government. In an effort to resume the flow of aid, the government began to focus on improving its budget transparency practices, an emphasis of donors at the time. For example, in early 2011, the U.S. Millennium Challenge Corporation and the government developed a Policy Improvement Plan that included a focus on fiscal transparency. Improvements in fiscal transparency were measured using indicators from the Open Budget Survey and the Public Expenditure and Financial Accountability framework. Strong political will, coupled with technical assistance from IBP, helped support a series of reforms that ultimately contributed to a 42 point increase in Honduras’ OBI score between 2010 and 2012.

Between 2012 and 2015, however, Honduras’ score on the OBI declined by 10 points. This was in large part driven by a substantial reduction in the comprehensiveness of the Executive’s Budget Proposal. While it is unclear why the government chose to provide less budget information, it is worth noting that the change coincided with national elections. However, the government’s change in practice appears to have been temporary. In the very next budget cycle (which occurred after the cycle assessed by the 2015 Survey), the government appears to have returned to its previous practice of publishing the complete Executive’s Budget Proposal package.

### Case study 4.2: South Asia

South Asia, historically a strong regional performer on the OBI, suffered a widespread decline in budget transparency in 2015. In 2012, the average OBI score for the six countries in South Asia was 55, second only to the regional average of Western Europe and the United States. India, with an OBI score of 68 in 2012, stood out as a particularly strong performer both within the region and globally. Afghanistan, Bangladesh, Nepal, Pakistan, and Sri Lanka – the remaining five countries in the region – all scored from 41 to 60, placing them in the middle tier of the OBI rankings. Further, government efforts in Afghanistan and Pakistan improved the state of budget transparency in those countries between 2010 and 2012.

Between 2012 and 2015, however, the average OBI score for the region declined by 14 points. India and Nepal registered the steepest drops, with their OBI scores falling by 22 and 20 points, respectively; Afghanistan's score declined by 17 points, Pakistan's by 15 points, and Sri Lanka's by seven points.

A common factor behind the decline in South Asia has been the failure to publish documents in a timely manner – documents that had, in the past, been published on time. In some cases, the failure reflected publishing delays that resulted in the documents being considered not publicly available according to the Survey criteria, which requires documents to be available for timely use in budget discussions. India delayed the publication of its Mid-Year Review and the Year-End Report; Nepal failed to publish the Executive's Budget Proposal on time; Pakistan was late in publishing the Year-End Report; and Sri Lanka was late with its Audit Report.

The decline observed in Afghanistan's OBI score is different. It reflects a deterioration in the variety and level of detail presented in the Executive's Budget Proposal, as opposed to a reversal in the publication status of documents.

A full analysis of the reasons for declines in transparency in South Asia lie beyond the scope of this report, but in Nepal it is evident that changing political circumstances was a critical factor. In particular, the legislature was dissolved in May 2012 and was only reinstated after elections in November 2013. In

the absence of a legislature during this interim period, the executive did not publish the Executive's Budget Proposal prior to implementing it.

The reasons behind the observed regressions in Afghanistan, India, Pakistan, and Sri Lanka are less clear. Discussions with researchers and other country experts suggest factors that include staffing changes, bureaucratic stress, and, in one case, a formal inquiry into the misconduct of a senior official.

The anecdotal evidence above, coupled with some additional investigation, suggests that South Asia's regression in the 2015 Survey might be temporary in nature rather than a systemic decline in transparency practices. Since the end of the 2015 Survey period, India, Nepal, Pakistan, and Sri Lanka have all published documents on time that were not publicly available during the Survey period. While it is encouraging to see transparency rebound, regression – even when temporary – is still a cause for concern and highlights what can easily occur when the mechanics of publishing documents on time are not sufficiently institutionalized.

## Causes of Regression and Volatility

Regressions in budget transparency, even if only temporary, impede the continued progress toward expanding the availability of budget information worldwide. While hardly definitive, this report presents initial hypotheses on some of the causes underlying these challenges (in part based on the

### BOX 4.1: THE OPEN BUDGET SURVEY TRACKER

Recognizing the value of more frequent updates on the publication status of the eight key budget documents – including the ability to more carefully track countries that may be regressing – IBP developed the Open Budget Survey Tracker (OBS Tracker). The OBS Tracker is an online database that provides monthly updates on whether governments are releasing the eight key budget documents on schedule. Thus it provides more timely information than the Open Budget Survey, which typically is released on a biennial basis. However, the OBS Tracker provides significantly less information than the Open Budget Survey: it only monitors whether a government has released a budget document to the public in a timely manner and does not assess the level of detail provided

in these documents. The OBS Tracker is being piloted from September 2014 to November 2015 in 30 countries, including four countries that do not participate in the Open Budget Survey.\*

Data from the OBS Tracker confirm the volatility of government budget practices. While 15 documents that were not publicly available during the Survey research period were published between July 2014 and May 2015, the net increase in the number of publicly available documents was only two. This is because over the same period 13 documents that the OBS 2015 recognizes as publicly available were not subsequently published.

\*Countries assessed in both the Open Budget Survey and the Open Budget Survey Tracker include Bolivia, Dominican Republic, Democratic Republic of Congo, Ecuador, Egypt, El Salvador, Fiji, Georgia, Ghana, Hungary, Iraq, Kenya, Kyrgyz Republic, Macedonia, Mali, Myanmar, Nicaragua, Niger, Nigeria, Philippines, Senegal, Sierra Leone, Tanzania, Timor-Leste, Tunisia, and Vietnam. The four countries included in the Tracker but not the Open Budget Survey are Armenia, Cote d'Ivoire, Greece, and Palestine.

research cited in Box 3.1 concerning what conditions lead to increases in transparency) and, in doing so, some initial thinking on the appropriate responses. We emphasize our theories on regression and volatility because they have received less attention in previous reports.

The causes underlying regressions are sometimes obvious but are sometimes more nuanced. The separate causes speculated upon below can also be interconnected.

### ***Changing Political Circumstances, Including Political Instability***

Under fluid political circumstances, the publication of documents may be interrupted due to the priorities of new leadership or a reshuffling within ministries responsible for producing and publishing documents. Regressions in budget transparency observed in Egypt and Yemen in 2012, for example, were likely driven by the prevailing political circumstances in those countries. More recently, as discussed above, the Nepalese government failed to publish its Executive's Budget Proposal when the legislature was dissolved.

### ***Changing Bureaucratic Practices***

Transparency practices can be controlled by bureaucrats who are either subject to little internal or external pressure or are somewhat impervious to it. Insufficient pressure for budget information, or in some cases pressure from the executive to withhold it, coupled with a weak institutional or legal framework for the publication of documents (including a public timetable for production and publication), may result in government officials simply suspending the production of budget documents. Government officials might also lack the technical skills or resources to publish the full range of budget documents on a sustained basis.

### ***Easing of Scrutiny or Incentives from International Donors***

Shifting priorities among international donors may contribute to less technical or financial resources to support the production and publication of documents, resulting in insufficient implementation capacity. In addition, a decline in the amount of aid that is conditional upon making or sustaining improvements in budget transparency may weaken the incentives to sustain gains and reduce the political will for such reforms.

### ***Easing of Scrutiny from Civil Society and the Public***

Once budget processes become more transparent, pressure from civil society can ease as the transparency agenda is considered accomplished. Facing less pressure, some countries may revert to less transparent practices, in part due to the bureaucratic discretion mentioned above. Also, if civil society and citizens fail to use or pay attention to the budget information provided, perhaps lacking the skills to do so, broad-based pressure to keep up the publication may be weak.

### ***Responses to Regression and Volatility***

One way to limit bureaucratic discretion, and to diminish the role of the inevitable waxing and waning of political pressure, is to enshrine budget transparency practices into law. A recent IBP paper investigates whether legal provisions on budget transparency lead to greater budget transparency practices.<sup>24</sup> While the findings are not entirely conclusive, they do show that the introduction of strong legal transparency provisions are associated with improvements in budget transparency in a number of countries (albeit with a delay in some cases). For example, Liberia's OBI score increased by 40 points between the 2008 and 2012 rounds of the Survey following the passage of the Public Finance Management Regulations for Public Finance Management Act in 2009.

Most encouragingly the paper shows that when laws specify which documents should be published, the likelihood of a country publishing those documents increases. Brazil, for example, publishes seven documents, five of which are mandated by law. Thus legal transparency provisions that are specific and provide detailed information on which documents should be published and when can play a role in institutionalizing transparency reforms.

When it comes to countries stuck at the very bottom of the OBI, the limited civic space typically permitted in these countries also suggests that external actors may be in the best position to encourage reforms. However, external actors may be least influential in some of these countries, especially those with oil resource revenues that act as a buffer against donor pressure.

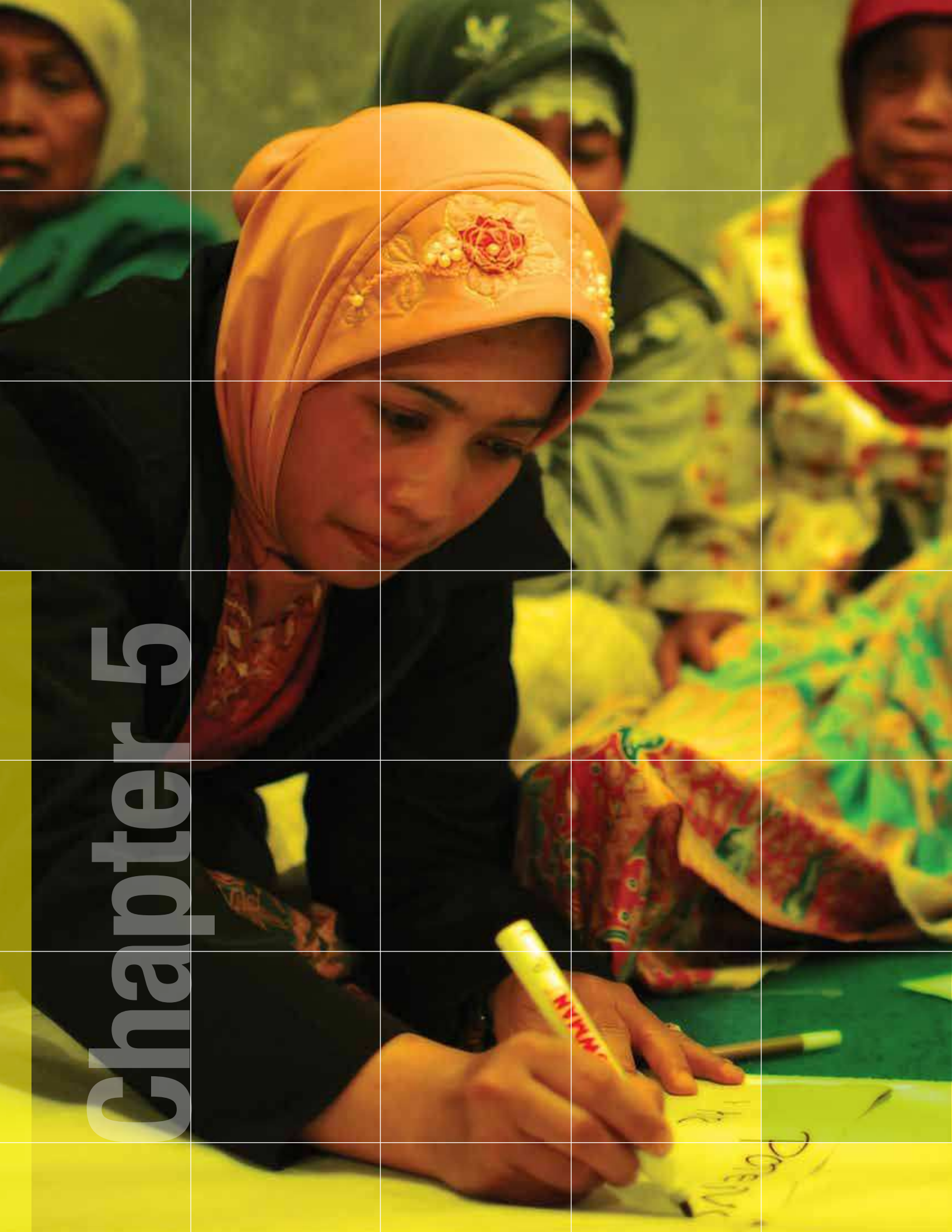
In the future, IBP plans to devote more resources and attention to the questions of how improvements in budget

24. de Renzio, P. & Mills, L. (2011). "Transparency and Participation in Public Financial Management: What Do Budget Laws Say?" IBP: Washington, D.C.. <http://internationalbudget.org/publications/ibp-research-note-no-1-transparency-and-participation-in-public-financial-management-what-do-budget-laws-say-2/>

transparency can be sustained, and how to trigger action in countries that have remained at more or less the same inadequate levels of transparency over the course of many years. What appears to be necessary, however, is constant vigilance by domestic and external actors to ensure that governments do not regress in their commitment to transparency or, preferably, to ensure that they take the necessary steps to provide enough information to enable a full budget discussion.



# Chapter 5



# Public Participation: Growing Support, but Lagging Implementation

Creating the conditions under which governments are consistently held accountable for managing public funds entails more than establishing transparent budget systems. Government must also provide meaningful opportunities for citizens and civil society to participate in the budget process and establish and maintain strong formal oversight institutions. Budget transparency, public participation in the budget process, and effective formal oversight represent the three pillars of a robust budget accountability ecosystem. The Open Budget Survey therefore assesses each of these pillars.

This chapter examines public participation in the budget process. It proceeds from the belief that broad and effective participation in the budget process by the public exposes decision makers to a diversity of views and helps to ensure that budget decisions reflect national priorities.

## Global Support for Public Participation

Prior to 2012, few international standard setters acknowledged participation as a key component of a well-functioning budget system and none provided standards or guidelines on what constituted good practice in public participation in national budget systems. The Survey questions put forth by IBP in the Open Budget Survey 2012 were therefore the first attempt to articulate a set of guidelines on how participation in the budget process at the national level ought to be structured.

Concurrent with IBP's work on the 2012 Survey, the Global Initiative for Fiscal Transparency (GIFT), a multistakeholder initiative of which IBP is a founding member, issued 10 high-level principles on fiscal transparency, including one that enshrines citizens' rights to have constructive opportunities to participate in budget policymaking. These principles were subsequently endorsed in a resolution adopted by the United Nations General Assembly in December 2012.<sup>25</sup>

Encouraged in part by IBP and GIFT's work, a growing consen-

sus has emerged that public participation is an essential component of a well-functioning, accountable budget system. International standard-setting bodies, such as the International Monetary Fund (IMF) and the Organisation for Economic Co-operation and Development (OECD), have strengthened their support of participation in the budget process as complements to their transparency standards. The OECD issued its "Principles on Budgetary Governance," which includes specific language on the need for budget debates to be "inclusive,

participative,  
and realistic."<sup>26</sup>

Additionally, in its 2014 Fiscal Transparency Code, the

*"A growing consensus has emerged that public participation is an essential component of a well-functioning, accountable budget system."*

IMF encourages "government [to] provide...citizens with an accessible summary of the implications of budget policies and an opportunity to participate in budget deliberations."<sup>27</sup> The language in both documents regarding participation is new.

At the same time, GIFT has expanded its work program on participation and begun to document practical and meaningful examples of public participation from around the world. GIFT intends to use these case studies to develop guidelines for public participation and a menu of good practices for participation in the budget process.<sup>28</sup> GIFT's work aims to help the international community understand questions such as who should participate in the budget process, how should participatory mechanisms be structured, and how should public participation fit into the overall accountability framework.

## Measuring Opportunities for Public Participation

In the context of developing knowledge and norms on good public participation practices, it is important to understand what is, and is not, measured in the Survey when it refers to public participation.

25. See GIFT's High Principles on Fiscal Transparency <http://www.fiscaltransparency.net/eng/principles.php>

26. See OECD's Principles of Budgetary Governance <http://www.oecd.org/gov/budgeting/principles-budgetary-governance.htm>

27. See IMF's Fiscal Transparency Code <http://www.imf.org/external/np/fad/trans/>

28. See GIFT's Case Studies on Participation in the Budget Process <http://www.fiscaltransparency.net/resources-all/>

There are 16 Survey indicators on public participation. These primarily assess whether governments are creating the necessary conditions that allow for structured, direct engagement between the public and the government (including the executive, the legislature, and the supreme audit institution) during the formal national budget process.

The Survey indicators examining participation are subject to certain limitations. They do not, for example, measure the quality of public participation or its impact on the budget process. Thus findings from the Survey do not assess whether budget outcomes have improved as a result of the implementation of particular public participation mechanisms. Further, the Survey does not distinguish between elite and mass-based participation.

As a result, the Survey recognizes two types of participation mechanisms: those that rely on the involvement of policy experts but do not create space for broader public input, such as advisory councils; and those that are designed to harness feedback from the public more directly. Finally, the Survey only assesses direct, formal participation mechanisms. It does not therefore examine the extent to which citizens and civil society can affect budgets through advocacy campaigns and other initiatives undertaken outside the formal budget process, even though such informal engagement may, at times, have more influence than formal engagement.

An understanding of how to measure the extent and the quality of public participation in the budget process is still at an early stage. The Survey’s indicators are thus helping to inform the more detailed set of guidelines and principles for good practice that GIFT is developing. As a more nuanced understanding of what effective participation in the budget process looks like emerges, the Survey indicators on public participation are likely to be refined accordingly.

## Findings for Public Participation

Despite growing consensus on the potential for public participation to contribute to effective government spending, findings from the Open Budget Survey 2015 show that opportunities for public participation remain inadequate. In some cases, opportunities are completely absent. On average, countries assessed on the 16 indicators that cover public participation score a mere 25 out of 100. Disappointingly, 82 countries, or about 80 percent of those surveyed, score 40 or below on public participation, meaning they at best provide minimal opportunities for the public to engage in the budget

process. Thus, in the vast majority of survey countries, citizens have little or no say in the budget process.

FIGURE 5.1: PERFORMANCE ACROSS TRANSPARENCY AND PARTICIPATION DIMENSIONS IN 2015

	Participation		
	Weak (0-40)	Limited (41-60)	Adequate (61-100)
Transparency	Provides minimal, scant, or no information (OBI 0-40)	33 countries	0 countries
	Provides limited information (OBI 41-60)	41 countries	3 countries
	Provides substantial or extensive information (OBI 61-100)	8 countries	9 countries

Further, while participation is a necessary complement to budget transparency to bring about greater government accountability, the results from the 2015 Survey indicate that greater disclosure of budget information is typically not accompanied by meaningful opportunities to participate in the budget process. Of the 24 countries who provide sufficient budget information (OBI scores above 60), only seven score adequately on providing opportunities for public participation. For example, Sweden and Germany score 87 and 71 on the OBI, respectively, but score just 48 and 23 for public participation.

A lack of formal opportunities for the public to participate in the budget process threatens to undermine the positive effects of greater transparency. If the public has greater access to information but no formal opportunities to use it to influence policy, its ability to hold government to account is significantly diminished. The public may also be less inclined to push for

transparency if it lacks opportunities to use the information to influence decisions. In some cases, informal opportunities to participate may, to some degree, fill in for formal opportunities. But these informal opportunities can also be taken away arbitrarily (decision makers can simply decide not to engage in informal discussions, for instance). As a result, formal and informal opportunities to participate should be viewed as complementary and synergistic, not as substitutes for each other.

*“Of the 24 countries who provide sufficient budget information, only seven score adequately on providing opportunities for public participation.”*

# Opportunities for Public Participation with Different Government Actors

The 2015 Survey finds that participation is insufficient in all stages of the budget process. It is more likely to occur during the approval stage with the legislature than during the implementation and audit stages. Even when legislatures, executives, and supreme audit institutions have established programs to engage the public in the budget process, their approaches often fall short of good practice. Without participation mechanisms that span the entire budget process and truly give citizens a voice, governments will remain unable to fully harness the positive impact public participation can have on budget decisions.

## Participation and the Legislature

The Survey results show that the most common way for governments to open up the budget process to public

*“Public hearings all too often create the appearance of public participation without actually giving citizens a formal voice.”*

participation is through legislative hearings. These include hearings on

the macroeconomic and fiscal framework presented in the budget and on the individual budgets of central government ministries, departments, and agencies. Still, in about 40 percent of the countries surveyed, legislatures do not hold hearings on the budget that are open to the public.

Further, these public hearings all too often create the appearance of public participation without actually giving citizens a formal voice. The public can testify at hearings on the macroeconomic framework in less than a third of cases; the proportion is even lower when it comes to hearings on

the individual budgets of administrative units. The public testifies in both types of legislative hearings in only 19 of the 102 countries surveyed. There is limited value in allowing the public to listen to legislative debates without providing them an opportunity to speak.

Public participation can augment legislative oversight by bringing new knowledge and information into budget deliberations. The United States Congress, for example, routinely hears testimony from public witnesses on budget matters. Testimony and analysis from economists, labor unions, and civil society, among others, can supplement budget analysis conducted by the legislature and its supporting institutions; if multiple perspectives were taken into account, legislative decision making could be strengthened.

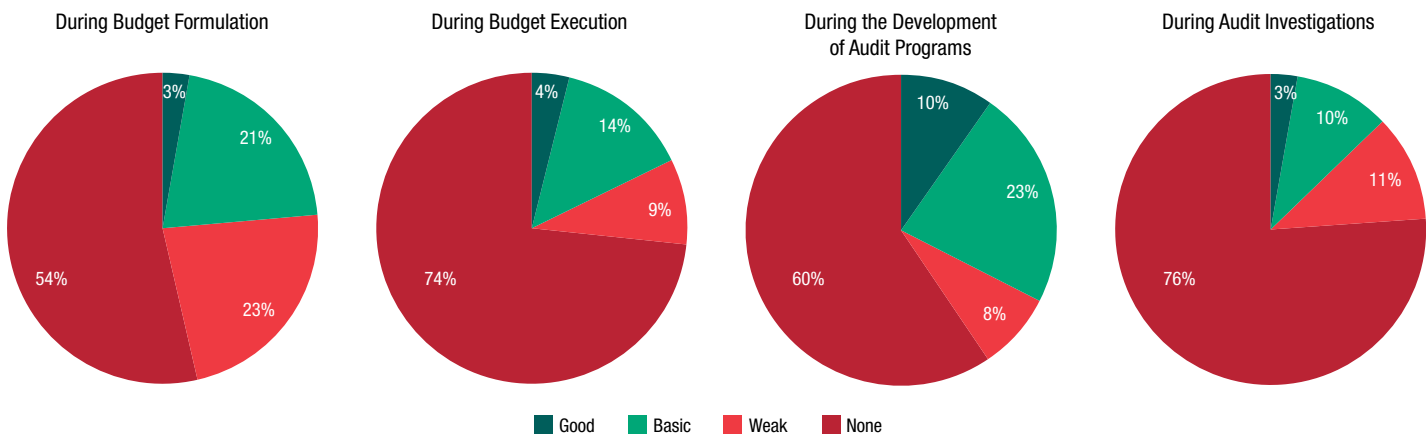
## Participation and the Executive

In less than half of the countries surveyed, the executive has established some mechanism to identify the public’s perspectives on budget priorities so that they can be taken into account while formulating the Executive’s Budget Proposal. This falls to one-third when it comes to seeking public input on the implementation of the budget.

Many of these mechanisms to engage the public are not widely used or accessible. Creating an environment where the public is provided with accessible opportunities to participate, and its feedback is reflected in government decisions, remain objectives that most executive branches fail to accomplish.

In the few countries where the executive has taken steps to establish meaningful mechanisms in the budget formulation and execution stages, experience has shown that a variety

FIGURE 5.2: OPPORTUNITIES FOR PUBLIC PARTICIPATION





of approaches, tailored to the countries themselves, can be implemented to harness citizen input.

Examples include:

- In Brazil the government has instituted Public Policy Management Councils, which operate within specific policy arenas (such as health and education) at the municipal, state, and national levels. The councils are composed of elected members representing citizens, union officials, and civil society organizations. At each level of government, these representatives discuss and approve the relevant agency's annual budget and year-end report.<sup>29</sup>
- In New Zealand individual government departments and agencies use client surveys to obtain public input on various aspects of budget implementation and service delivery.
- In India the government has adopted social audits as a means to assess the implementation of the National Rural Employment Guarantee program in certain states. Social audits, broadly, are participatory processes through which local communities review government records and evaluate the implementation of programs under audit. These processes include public hearings that are typically attended by public officials, local representatives, the media, and residents of the area. Those testifying have uncovered corruption and inefficiency in the utilization of public funds, as well as poor planning within public agencies.

## ***Participation and the Supreme Audit Institution***

While supreme audit institutions have created some space for public participation, many seem to favor arms-length participation mechanisms and avoid dialogue or face-to-face interaction with the public. Results from the Survey show that supreme audit institutions are far more likely to establish mechanisms through which the public can submit complaints or provide suggestions to inform the audit program (31 countries have mostly or fully done so) than to develop mechanisms that allow the public to participate as respondents or witnesses in audit investigations once they have begun. For example, fraud hotlines have been set up by the Government Accountability Office in the United States and the National Audit Office in the United Kingdom, while the Board of Audit and Inspection in South Korea has established a Citizen Audit Request System that allows the public to request special investigations by the national audit office.

Whereas collecting feedback from the public on which agen-

cies, programs, and projects should be audited can often be achieved through online tools, facilitating citizen engagement in audit investigations may require more direct participation with the public. Only 13 countries have mostly or fully established such mechanisms. Supreme audit institutions should not shy away from engaging members of the public in their investigations as respondents or witnesses, and move beyond their typical practice of restricting discussions to the officials responsible for administering programs.

Public participation in the audit process can enhance the capacity of supreme audit institutions. The wider public can extend the auditor's geographic scope to remote areas that may be more costly or difficult to travel to, and can expose cases of corruption when vested interests in government are reluctant to do so. In the Philippines, for example, the Commission on Audit has established a program called the Citizen's Participatory Audit, which invites the public to be involved in the audit process. Under this program, the commission partners with civil society organizations to form special audit teams and conduct value-for-money audits of selected government projects.

## **Case Studies on Public Participation**

There are not many examples of strong public participation mechanisms. However, a few countries stand out for establishing innovative programs to incorporate the public into the national budget process. GIFT has commissioned a series of case studies to document novel practices in public participation implemented in a number of countries. Case studies for the Philippines, South Korean, and Kenya are summarized below, with some expanded points based on discussions with the authors and information collected through the Open Budget Survey questionnaire.

### ***Case study 5.1: The Philippines<sup>30</sup>***

A central question around the design of any participation mechanism is who – the general public, civil society, policy experts – provides input into the budget process? The Philippine government has instituted a mixed approach to public engagement in the budget process, which includes both a mass-based mechanism, known as Grassroots Participatory Budgeting, and consultations at the national level with civil society organizations facilitated by Budget Partnership Agreements. These approaches allow the government to collect broad-based feedback directly from citizens, as well as conduct targeted consultations with civil society organizations that can bring more technical knowledge to policy discussions.

29. GIFT (2015). "The Time is Now: Advancing Public Participation in Government Fiscal Policy and Budget-Making." GIFT: Washington, D.C..

[http://www.fiscaltransparency.net/eng/resource\\_open\\_public.php?IdToOpen=20150729123](http://www.fiscaltransparency.net/eng/resource_open_public.php?IdToOpen=20150729123)

30. For full report, see Magno, F. (2015). "Public Participation and Fiscal Transparency in the Philippines." GIFT: Washington, D.C.. <http://www.fiscaltransparency.net/resourcesfiles/files/20150706115.pdf>



Grassroots Participatory Budgeting is a bottom-up approach led by the national government. It involves the creation of Local Poverty Reduction Action Teams, which are composed of an equal number of government and nongovernment representatives. These teams conduct consultations to identify what public goods and social services are needed by local residents. The priorities identified by these consultations then help inform the budget of the relevant national agency. During the preparation of the 2014 budget, Grassroots Participatory Budgeting covered just over 1,200 cities and municipalities, 12 national government agencies, and one government corporation, with at least three civil society organizations per city/municipality participating. For the 2015 budget, the government made it compulsory for all local government units to participate in Grassroots Participatory Budgeting. Projects worth a total of 20.8 billion Philippine pesos (around 460 million U.S. dollars) were identified through the Grassroots Participatory Budgeting process and included in the 2015 budget.

The government complements Grassroots Participatory Budgeting with Budget Partnership Agreements. Through these agreements, national government agencies invite civil society organizations with technical knowledge to participate in the preparation of the agencies' budget proposals and to help decide on budget priorities. For example, in 2011 a network of civil society organizations entered into a Budget Partnership Agreement with the National Housing Authority. Having identified a number of sites for the resettlement of poor people, the network used the agreement to successfully push for an increase of 1.26 billion Philippine pesos (around 28 million U.S. dollars) in the 2012 budget of the National Housing Authority to support resettlement projects. As of April 2014, 15 agencies had entered into Budget Partnership Agreements with civil society organizations, and three agencies have completed consultations without a formal partnership.

### ***Case study 5.2: South Korea***<sup>31</sup>

The South Korean government has established two innovative mechanisms for civil society and the public to provide input on the performance of government programs.

First, the government has established a two-step process to monitor and evaluate government programs. In the first stage, line ministries work with a committee of policy experts and members of civil society organizations to conduct an assessment of the ministry's programs and identify any

instances of wasteful spending. In the second stage, the Ministry of Strategy and Finance reviews the line ministries' reports. Programs that receive poor ratings can face cuts in their budget.

Second, to gather more broad-based public feedback, the Ministry of Strategy and Finance has established a website to collect public input on wasteful spending and budget misappropriations. The public is financially rewarded for their input: as of 2015, an individual may be paid up to 39 million won (around 34,000 U.S. dollars) if the information provided results in revenue increases or expenditure savings. Between 1998 and 2013, citizens and civil servants reported 1,922 cases of wasteful spending or misappropriation, resulting in revenue increases of 13.5 trillion won (around 11 billion U.S. dollars) and expenditure savings of 2.3 trillion won (around 2 billion U.S. dollars). In return, the government has paid out roughly 35 billion won (around 31 million U.S. dollars) in rewards.

### ***Case study 5.3: Kenya***<sup>32</sup>

In Kenya, the constitution and other statutory laws have formally established participation mechanisms during both budget formulation and approval (with the executive and legislature, respectively). These mechanisms offer citizens and civil society two broad opportunities to influence the policies and priorities that will be reflected in the approved national budget.

First, during the early stages of budget formulation, these laws have established a mechanism for the public to participate in the development of the Pre-Budget Statement (called the Budget Policy Statement in Kenya). The finance ministry organizes public hearings, mainly at the national level, on sectors such as health, education, public safety, and agriculture. Citizens have the opportunity – albeit limited – to offer input on the content of the Budget Policy Statement before it is presented to the legislature. During these sector hearings, civil society and citizens are invited to ask questions and make suggestions and recommendations on the content of the Budget Policy Statement. In this way, citizens have an opportunity to influence budget policies and priorities before the finance ministry develops the draft budget.

Some civil society organizations have developed innovative ways to leverage this opportunity to influence revenue and expenditure priorities. The Institute of Economic Affairs, for example, undertakes public consultations across the country

31. For full report, see Lee, W. (2015). "New Challenges and Ambiguous Responses: An update on Korea." GIFT: Washington, D.C.. <http://www.fiscaltransparency.net/resources/files/20150727121.pdf>

32. For full report, see Oyugi, J. (2015) "Comparative Case Study Research on Public Participation in National-Level Government Fiscal Policy and Budget Processes: Kenya" GIFT: Washington, D.C. <http://www.fiscaltransparency.net/resources-all/>

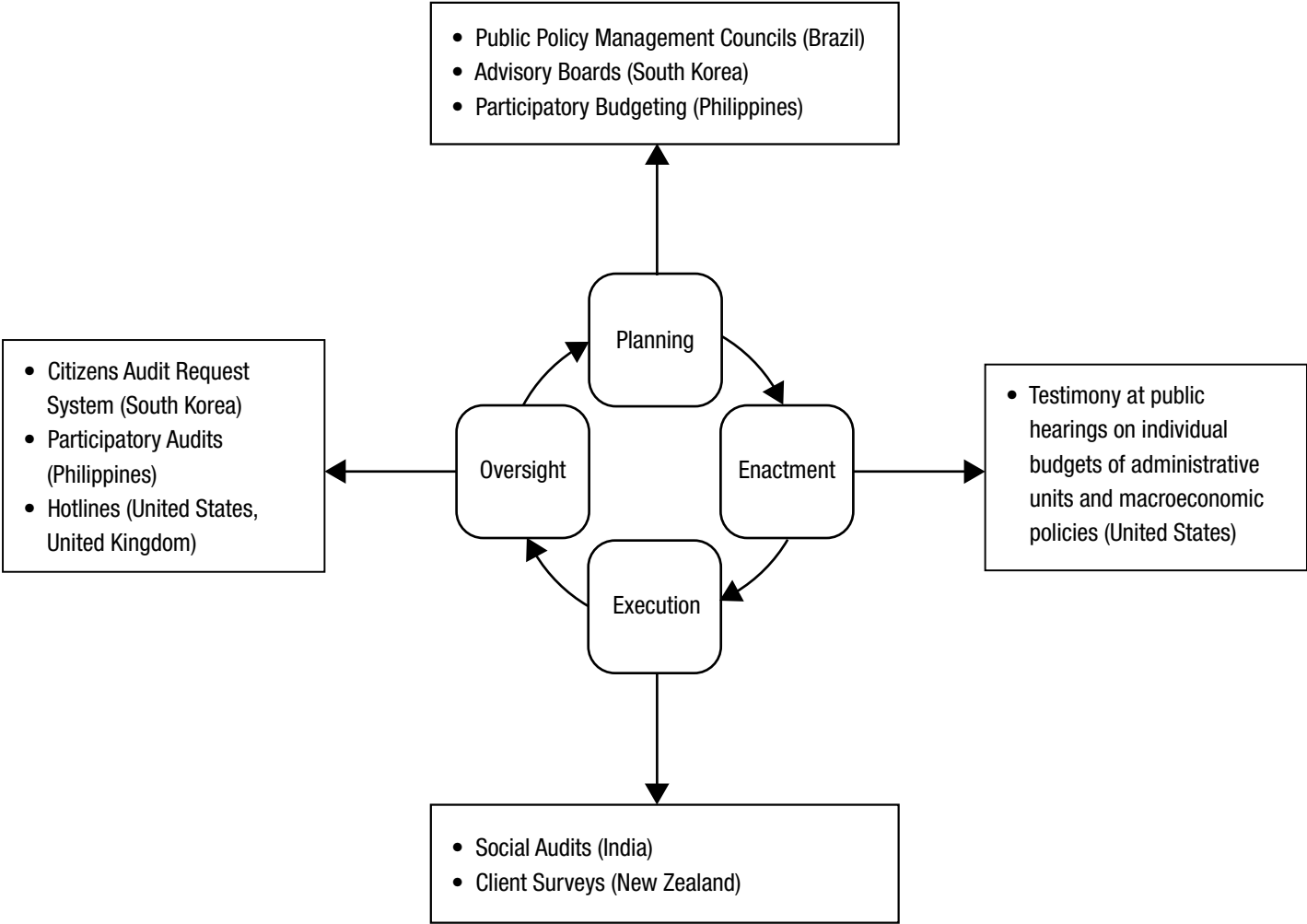
and prepares a Citizen’s Alternative Budget. This is then presented at the public hearings to inform the preparation of the Budget Policy Statement.

The second opportunity for civil society and citizens to influence budget policies and allocations occurs when the legislature’s Budget and Appropriations Committee considers the Executive’s Budget Proposal. The two-month period during which the legislature debates and amends the draft budget proposal is an opportunity for the public to influence the content of the budget. During this period, civil society can make submissions to the committee at public hearings in Nairobi, through memoranda, email, or presentations.

## Improving Public Participation

The results from the Survey reveal that most countries fall considerably short of providing meaningful opportunities for the public to engage in the budget process. However, the case studies described above illustrate that some governments have implemented effective mechanisms to facilitate the public’s input on the budget. While any participation mechanism will need to be tailored to the specific country context, these case studies serve as innovative examples of how mechanisms can be structured. Ultimately, implementing such mechanisms has the potential to improve the efficiency and effectiveness of budgets.

FIGURE 5.3: EXAMPLES OF PARTICIPATION MECHANISMS AT EACH STAGE OF THE BUDGET PROCESS



# Chapter 6



# The Role of Oversight Institutions

The executive, the legislature, and the supreme audit institution all play essential roles in a well-functioning budget system. While the executive takes the lead in formulating and implementing the budget, the legislature can play a significant role in amending the Executive's Budget Proposal, and the legislature and the supreme audit institution can both provide sustained and systematic oversight to ensure funds are spent as intended and meet national priorities. Civil society plays an important role as an independent watchdog, but cannot replace the fundamental role of formal oversight institutions in the budget process. In fact, to a significant extent, effective civil society engagement depends on effective oversight institutions.

## Oversight and the Legislature

Legislatures play an essential role in ensuring public funds are collected and spent in a manner that reflects national priorities, a role that is often enshrined in a nation's constitution. While the extent of the legislature's involvement in the budget process varies across countries, they can potentially play a significant role during all four stages of the budget cycle. In most countries, legislatures are responsible for approving the budget proposed by the executive and holding the government to account for its performance in executing the budget. In some countries, legislatures also play a role in the budget process prior to the submission of the Executive's Budget Proposal – in Brazil, for example, the legislature approves the Pre-Budget Statement. Further, legislatures also typically have a role to play toward the end of the budget cycle, scrutinizing audit reports and assessing whether the executive has complied with the supreme audit institution's recommendations.

The balance of power between the executive and the legislature with respect to influence over the budget varies from country to country, depending on national laws, customs, and other factors. The Open Budget Survey includes 11 questions to assess the strength of the legislature throughout the budget process. The Survey measures legislative strength based on the legislature's access to research and analytic capacity; its involvement in the budget process prior to the submission of the Executive's Budget Proposal; its scope to amend the Executive's Budget Proposal; and the extent to which the executive can circumvent the legislature in making

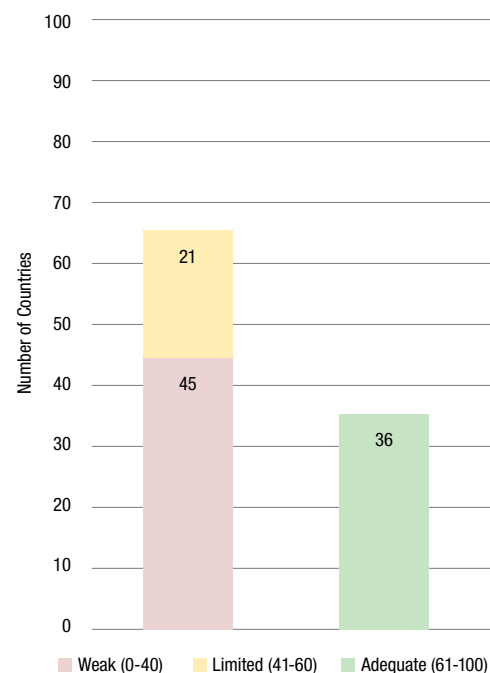
changes to the Enacted Budget during budget implementation. The greater the strength of the legislature as measured by these indicators, the more likely it is that it will be in a position to play an influential – and ideally constructive – role in the budget process.

In the 2015 Survey, the average score for legislative strength is 48 out of 100. This indicates that, on average, the strength of legislatures in survey countries is limited. Almost two-thirds of the countries surveyed have legislatures with weak or limited powers to actively engage in the budget process and fulfill their oversight responsibilities. Specifically:

- Only 36 countries – about one-third of the countries surveyed – are considered to have legislatures that have adequate strength or better, scoring 61 or more.
- Twenty-one countries have legislatures with limited strength, scoring between 41 and 60.
- Forty-five countries have weak legislatures, scoring 40 or less.

Thus, in 66 survey countries, legislatures face serious deficiencies in their ability to oversee the budget. This weakens the entire budget accountability system in these countries.

FIGURE 6.1: COUNTRIES GROUPED BY LEGISLATIVE STRENGTH





The influence of legislatures over the budget varies across the budget cycle, even among countries where the legislature is considered to have adequate powers. The Survey finds that legislative powers are strongest during the approval stage. This is unsurprising: in many countries the legislature's responsibility to approve the national budget is enshrined in law and seen as a core responsibility of the institution. Still, legislatures in far too many countries lack sufficient time to thoroughly review and analyze the draft budget. For example, legislatures in 31 countries have less than six weeks to assess and debate the Executive's Budget Proposal. In seven of these countries, the legislature does not receive the draft budget until after the start of the budget year, if at all.

The role of the legislature is comparably weaker during the other parts of the budget cycle. In 65 of the countries surveyed, the legislature has little opportunity to shape budget priorities prior to the budget being tabled in parliament. In these countries, consultations on budget priorities between the executive and legislature during the formulation of the budget are either nonexistent or restricted to a limited number of legislators, and debates on budget policy prior to the tabling of the Executive's Budget Proposal are not part of the budget process. In countries where the legislature lacks the authority to amend the Executive's Budget Proposal or such authority is severely constrained, including by a lack of time to review the proposal, the formulation stage is effectively the legislature's only meaningful opportunity to influence the budget.

Further, those legislatures with limited or weak powers often face significant constraints on their ability to perform adequate oversight during budget implementation. In these countries, the executive can arbitrarily change the budget approved by the legislature without consulting or seeking the legislature's approval. Therefore, actual spending can deviate from the spending plan authorized by the legislature. In a large majority of survey countries, the executive can circumvent the Enacted Budget by redistributing funds between ministries, spending excess revenues, or spending amounts set aside in contingency funds, all without first seeking legislative approval or input.

Finally, legislatures also need sufficient access to research and analytical capacity to engage with the budget in a meaningful and effective way. Yet in more than half the countries surveyed, the legislature does not have a specialized budget office to conduct budget analyses, and instead it either has to rely on external researchers or has no access to research capacity at all. The combination of inadequate access to

research capacity and insufficient time or authority to examine the budget can disempower legislatures relative to the executive. This increases the likelihood that they are merely rubber stamping the budget during the approval stage.

#### BOX 6.1: FACTORS THAT DIMINISH LEGISLATIVE STRENGTH

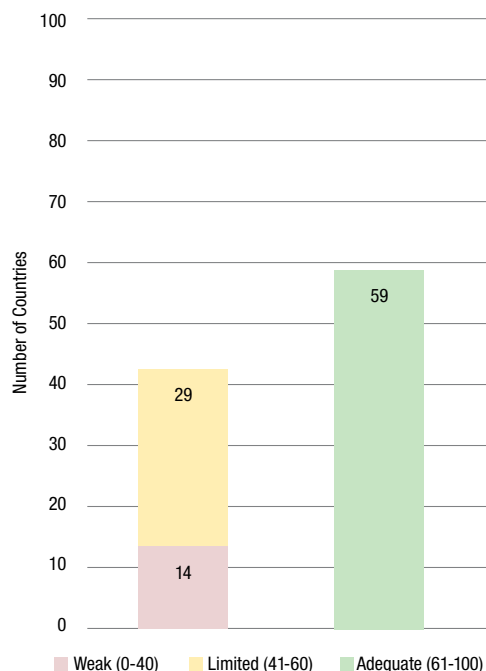
- The legislature has less than six weeks to examine the proposed budget in 31 countries.
- The legislature has little or no power to amend the budget in 31 countries.
- The executive can shift funds between administrative units without legislative approval or input in 59 countries.
- The executive can spend excess revenue without legislative approval or input in 48 countries.
- The executive can spend contingency funds without legislative approval or input in 76 countries.
- The legislature has no internal research capacity in 55 countries.

## Oversight and the Supreme Audit Institution

A country's national audit office, or supreme audit institution, is responsible for ensuring that the national budget is implemented in accordance with existing laws and regulations. Budget decisions that are proposed by the executive and enacted by the legislature are only meaningful if the money is actually spent as intended. This is more likely to happen when countries establish and empower an independent body to provide assurance that the executive has implemented the budget according to the law. The supreme audit institution's role therefore is to scrutinize the use of public funds, diagnose potential problems, and propose solutions. Legislatures, in turn, play an important role in using audit recommendations and analyses to hold the executive to account.

The Survey uses four indicators to measure the strength of supreme audit institutions, thus considering whether the conditions necessary for effective oversight are present. The first two indicators consider independence from the executive based on factors such as who has the power to remove the head of the supreme audit institution and determine its budget, as well as the level of discretion provided to the supreme audit institution under the law to audit whatever it wishes. The Survey also examines whether supreme audit institutions have established an independent quality control system to assess the quality of their Audit Reports. Finally, the

**FIGURE 6.2: COUNTRIES GROUPED BY SUPREME AUDIT INSTITUTION STRENGTH**



Survey considers whether the supreme audit institution has adequate resources to fulfill its mandate.

The Open Budget Survey 2015 finds that the average strength of supreme audit institutions in survey countries is 65 out of 100. Specifically:

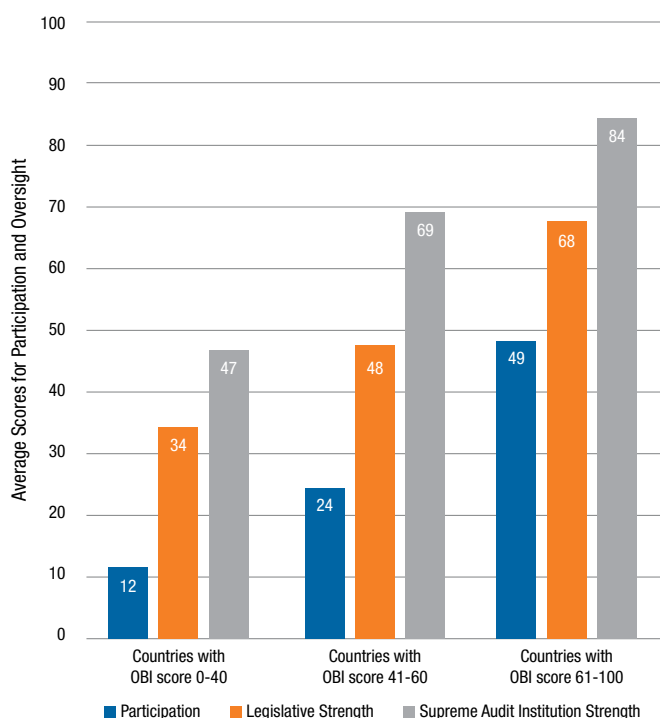
- Fifty-nine countries scored 61 or more, placing them in the “adequate” category. While supreme audit institutions in these countries generally enjoy independence from the executive and have access to adequate resources to carry out their work, improving their quality assurance systems could further bolster the reliability of the reports they produce.
- Twenty-nine countries score between 41 and 60, placing them in the “limited” category. The vast majority of these supreme audit institutions have not established an independent quality assurance system, or their systems have serious drawbacks that undermine their effectiveness. Further, supreme audit institutions in these countries often lack sufficient funding to enable them to meaningfully exercise their mandate.
- Fourteen countries surveyed scored 40 or less, placing them in the “weak” category. In these countries, important conditions for effective oversight are typically missing. They often lack full independence from the executive and sufficient funding, and have failed to establish systems to ensure the quality of audits. Unsurprisingly, other aspects of the accountability framework, including transparency,

the extent of public participation in the budget process, and the strength of the legislature, are also typically deficient in these countries.

## The Accountability Ecosystem

A consistent theme of this report is that efficient, effective, and accountable budget systems rest on three pillars: budget transparency, public participation, and strong formal oversight institutions. The absence of any one of these pillars weakens the rest of the system. The Survey results show that very few countries perform well on all three components.

**FIGURE 6.3: PERFORMANCE ACROSS THE BUDGET ACCOUNTABILITY ECOSYSTEM: TRANSPARENCY, PARTICIPATION, AND OVERSIGHT IN 2015**



Specifically:

- Of the 24 countries that provide substantial or extensive budget information, just four (Brazil, Norway, South Africa, and the United States) score above 60 for public participation, oversight by legislature, and oversight by the supreme audit institution.
- Almost one-third of survey countries (32) fail to meet the Survey’s standard of adequacy (scores above 60) on any of the measures.
- Twelve countries fall into the weak performing category (with scores of 40 or less) across all measures. That is, these countries perform weakly on the transparency pillar, the participation pillar, and the two scores that make up

the oversight pillar. In these countries, the entire budget accountability ecosystem is deficient, creating opportunities for mismanagement of funds and corruption. This group consists of Algeria, Angola, Equatorial Guinea, Fiji, Liberia, Morocco, Myanmar, Qatar, Saudi Arabia, Sudan, Yemen, and Zimbabwe.

An overlapping finding is that the level of transparency in a country appears to be generally associated with the strength of the other aspects of a well-functioning budget accountability system. In countries where budget transparency is robust, formal oversight institutions are relatively strong and

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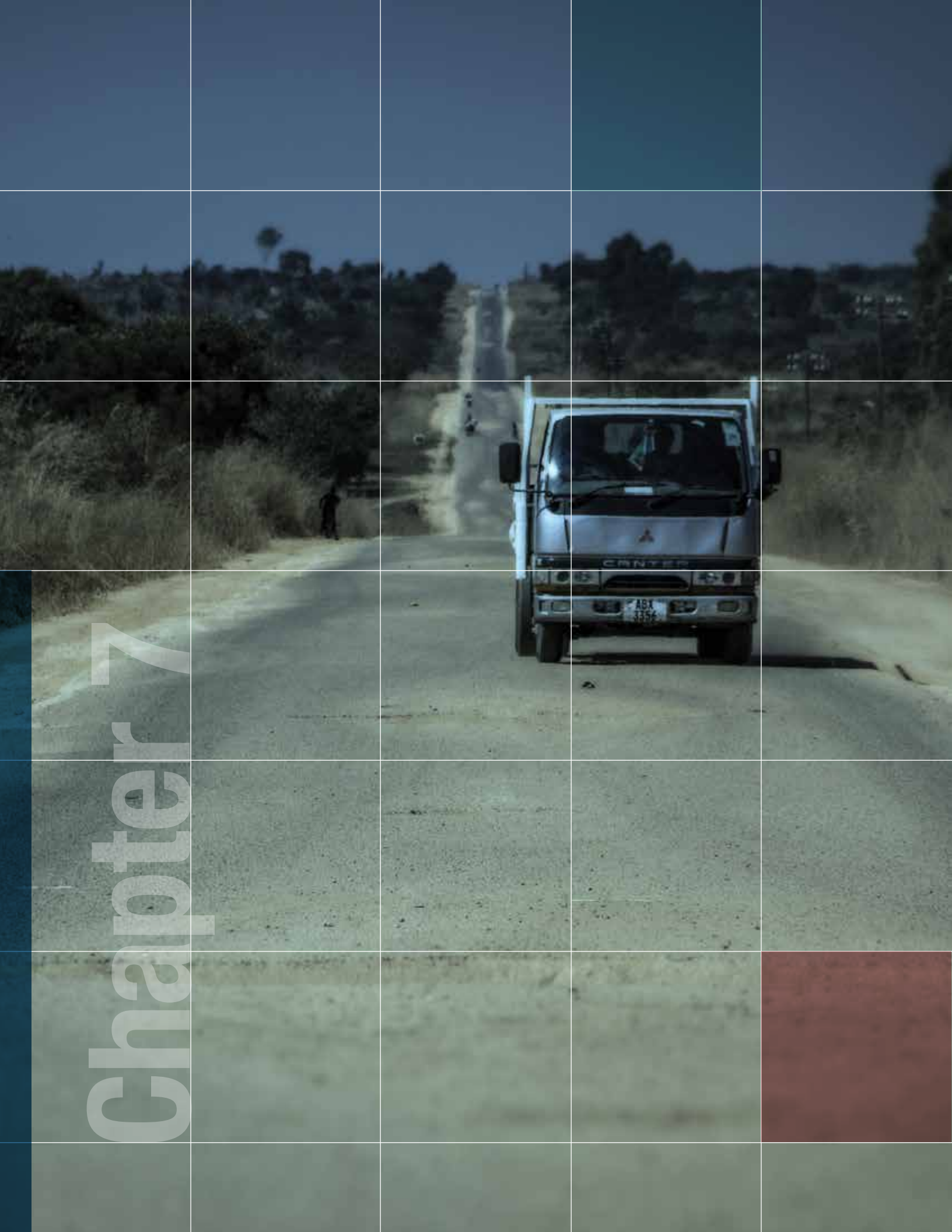
*“Countries with the highest scores for transparency also have the best average scores on participation, legislative strength, and supreme audit institution strength.”*

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there are more opportunities for the public to participate in the budget process, although typically there is still

considerable room for improvement in public participation. While only four countries scored above 60 in every dimension, countries with the highest scores for transparency also have the best average scores on participation, legislative strength, and supreme audit institution strength. This suggests that gains in budget transparency may initiate a virtuous circle in which all pillars are strengthened.

# Chapter 7





# Conclusions and Recommendations

Budget issues will be front and center when, in the next few months, nations gather to reach global agreements regarding new development goals and possibly the first legally binding agreement to combat climate change. The commitments to tackle poverty and transition to low-carbon economies that may be made under these international pacts will undoubtedly be expensive to implement; successful implementation will thus hinge upon securing adequate financing and ensuring that dedicated domestic and external resources are spent as intended. With much of the financing likely to flow through national budgets, goals and commitments are more likely to be realized if countries establish strong national budget accountability ecosystems. Such systems empower civil society and other interested actors to monitor the financing of commitments and hold governments to account for the results of programs and initiatives implemented under the auspices of these agreements.

The Open Budget Survey assesses the three core pillars of a well-functioning budget accountability ecosystem: transparency, participation, and oversight. At least one of these pillars was found to be deficient in all but four of the 102 countries surveyed. Further, the transparency pillar, the participation pillar, and the two scores that make up the oversight pillar, were all found to be deficient in almost one-third of countries surveyed (32 countries scoring below 60). While the 2015 Survey results reveal wide variation in policies and practices, there are steps that nearly every country surveyed can take to strengthen their budget systems.

Unleashing a virtuous cycle, whereby each pillar serves to strengthen the others, ultimately requires governments to act. Fostering the political will to spur governments into action, however, depends on the engagement of a wide range of actors both within and outside government. International institutions, donors, the private sector, and civil society can each play positive roles in encouraging and shaping reform.

The right package of reforms for any country depends on the specific deficiencies present in its budget system. Accordingly, IBP has published individual country summaries

that include tailored recommendations for each country surveyed.<sup>33</sup> But the findings of this report also lead to some general recommendations that apply to different categories of countries and to actors engaged in more than one country. This chapter lays out those broad lessons.

## Transparency

The general trend over the past decade has been toward a broad conceptual embrace of transparency accompanied, in many countries, by concrete steps toward greater transparency. Encouragingly, this has continued into 2015. Despite progress, however, the vast majority of the world's population live in countries where governments still fail to provide enough budget information for the public to fully understand or monitor how public funds are raised or spent.

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*"The vast majority of the world's population live in countries where governments still fail to provide enough budget information for the public to fully understand or monitor how public funds are raised or spent."*

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Among the 102 countries surveyed, only 24 provide sufficient information to sustain budget monitoring and discussion. The remaining 78 countries fall into two groups:

- Thirty-four countries are considered weak performers, with OBI scores of 40 or less. The paucity of published budget documents in these countries means the public is largely left in the dark about budget policies, despite their importance to national wellbeing.
- Forty-four countries publish a limited amount of budget information, with OBI scores between 41 and 60. In these countries, the lack of detail in published budget documents constrains the ability of civil society and the public to assess the overall fiscal health of a country and evaluate the effectiveness of government policies.

The potential for gains in budget transparency to be reversed is a further issue of concern. For example, nearly 1 in 11 documents that were published by governments during the

33. Open Budget Survey Country Summaries for all 102 countries surveyed are available at [www.openbudgetsurvey.org](http://www.openbudgetsurvey.org)

assessment period for the 2012 Survey were not published in the 2015 assessment period. Understanding how to better hold on to gains in transparency could meaningfully accelerate the pace of progress.

### ***Recommendation 1: Publish More Information***

In determining the actions that governments need to take to increase budget transparency, it is useful to distinguish between the two groups of underperforming countries. Among weak performers (with OBI scores of 40 or below), there is an urgent need to increase the number of budget documents that are published in a timely manner. Governments should prioritize the publication of documents that are currently being produced for internal use, which can be made available to the public at little to no cost. Further, all countries should publish the Executive's Budget Proposal, a nation's most important policy document. Despite progress, 16 countries still fail to do so.

Among countries that are publishing a limited amount of budget information (with OBI scores between 41 and 60), there is a need to enhance the level and variety of detail included in budget documents. Typically these countries could improve transparency by providing more information on the composition of debt; the government's macroeconomic assumptions for the budget year; expenditure data for all government programs; nonfinancial data on program performance; tax expenditures; and detailed information on off-budget activities such as extra-budgetary funds and quasi-fiscal activities. Such information is important for a fuller understanding of the effectiveness of government policies and the state of public finances.

Many governments produce some of this information already, so improving transparency is just a matter of making it available to the public. In other cases, governments may not be generating the information even for their own use. Far too few governments, for instance, produce information on program performance or off-budget activities.

Some governments may prefer to defer publishing additional information until they are comfortable with the quality of the data; however, IBP believes that governments should publish all of the data they use to make decisions.<sup>34</sup>

As with governments, donor action to advance budget transparency will differ according to the level of transparency in

the country of interest. In weak performing countries, where governments are often already producing budget documents for their internal use, donors should encourage governments to publish what they produce. This can typically be achieved in very little time and at minimal cost.

In countries publishing a limited amount budget information, donors should provide the necessary financial and technical resources to help increase the comprehensiveness of published documents, taking care to ensure that guidance for generating new information is harmonized with international good practice.

Civil society should collaborate across sectors and with other relevant actors to demand greater transparency from their governments. Moreover, even after governments have published key documents, civil society should continue to assert the public's right to greater transparency and encourage governments to enhance the comprehensiveness of the documents.

Investors are particularly well positioned to motivate governments to present more information in budget documents, as the absence of some data may be perceived as a sign of undisclosed fiscal weakness and therefore discourage investment.

### ***Recommendation 2: Institutionalize Gains in Transparency***

All actors should ensure gains in transparency – whether publishing previously undisclosed documents or improving the content of budget documents – are not reversed. Preserving these gains could ensure that budget transparency remains on a positive trajectory and improves incrementally.

All countries, including those that score above 60 on the Open Budget Index, should take care to ensure that good transparency practices are institutionalized by, for example, embedding transparency practices into laws, rules, and procedures.

Donors and civil society should remain vigilant in their efforts to ensure that governments do not waver in their commitment to more transparent and accountable budget systems, lest important gains in transparency and accountability be reversed. Further, to demonstrate a sustained demand for budget information, civil society should use available information to analyze and influence government budgets.

34. Countries should, of course, strive to improve data quality, but they should not use concerns about the quality of data they are nonetheless using for decision making as an excuse not to publish this information. In these situations, countries should still publish the data, but could also include an explanation of the data's possible shortcomings.

## Participation

Greater budget transparency is essential for holding governments to account for how they raise and spend public funds, but transparency is just one element of a robust budget accountability ecosystem. Formal spaces for public participation in the budget process are also essential for accountable budget systems.

The Survey results show that nearly all countries fall short when it comes to providing opportunities for public participation. Legislatures, the executive branch, and supreme audit institutions have either failed to establish mechanisms for public participation altogether, or the mechanisms they have established do not meet the standard of good practice. Without formal opportunities to participate in the budget process, the potential impact of greater transparency is weakened: to hold governments to account, the public needs both information and opportunities to participate.

### ***Recommendation 3: Provide More Opportunities for Public Participation***

All actors should encourage the establishment of formal mechanisms for the public to participate in the budget process and create ways to integrate such input into budget decisions. While any mechanism will need to be adapted to the country context, the innovative approaches documented by the Global Initiative for Fiscal Transparency and summarized in Chapter 5 provide governments with concrete examples of how budget participation can work. In particular:

- The executive branch should develop mechanisms such as participatory budgeting and social audits to obtain public inputs during the formulation and implementation of the budget.
- Legislatures should establish open hearings on the budget during which the public is permitted to testify.
- Supreme audit institutions should establish fraud hotlines and citizen audit request systems to make their audit functions more relevant to citizens.

## Oversight Institutions

The Survey results show that oversight institutions, relative to citizens and civil society, tend to have greater scope and authority to carry out their role of holding government to account and protecting public resources. Still, formal oversight institutions face severe limitations in many countries.

Legislatures, for example, typically lack adequate access to research and analytical capacity to engage meaningfully with the budget. This increases the likelihood that the legislature is merely rubber stamping the budget during the approval stage. Further, while the large majority of supreme audit institutions are assured of their independence from the executive, most have not established procedures to evaluate and increase the quality of their audit reports.

### ***Recommendation 4: Empower Oversight Institutions***

All actors should seek to improve legislative capacity to engage with the budget in a meaningful way through better access to research and analytical capacity, including through the establishment of a specialized budget office.

Securing the independence of the supreme audit institution, including through adequate funding, should be a top priority. In addition, supreme audit institutions should be supported in establishing procedures to monitor audit processes and evaluate individual audits with the goal of increasing the quality and reliability of the reports they produce.

## The Accountability Ecosystem

In addition to the strength of the three pillars, the nature and quality of the interaction between them is important to the effectiveness of a budget accountability ecosystem. For example, while the supreme audit institution's Audit Report assesses the accuracy of the annual accounts, accountability will most likely be advanced if the legislature uses public hearings to scrutinize the steps the executive has taken to address the audit findings. While the focus of the Survey is largely on the strength of the individual elements of the budget accountability system, rather than their interaction, in instances where the Survey does look at such interaction it appears to be deficient. For example, in nearly half the countries surveyed, a legislative committee does not hold public hearings to review and scrutinize Audit Reports.

### ***Recommendation 5: Promote the Development of Integrated and Accountable Budget Ecosystems***

Actors both within and outside government should promote the development of well-integrated budget accountability ecosystems. As governments and others work to strengthen the three pillars in line with the recommendations above, it is important to also be mindful of how the various components

are engaging with one another. For its part, IBP plans to devote more resources to better understanding the types of interactions between the components of the budget ecosystem that support greater accountability.

Further, no one should be satisfied if a country has one strong pillar, or even two. Appropriate checks and balances in the budget process depend on all three pillars functioning well.

## Looking Forward

The challenge for all actors – domestic and external, government and nongovernment – is to translate the global discourse, which now almost universally endorses the essential role of accountable budget systems, into real and sustained improvements at the national level. Strong and coordinated efforts to implement the recommendations outlined above could rapidly lead to the establishment of many more fully transparent and accountable budget systems. Such systems, in turn, would improve the collection and allocation of scarce national resources, and are critical to ensuring the success of global initiatives – including those that aim to reduce poverty and respond to the grave dangers of climate change.

# Annex A: Open Budget Survey 2015 Methodology

## Implementing the Open Budget Survey 2015 and Calculating the Open Budget Index and other Scores

The Open Budget Survey assesses the three components of a budget accountability system: public availability of budget information; opportunities for the public to participate in the budget process; and the strength of formal oversight institutions, including the legislature and the national audit office (referred to here as the supreme audit institution). The majority of the Survey questions assess what occurs in practice, rather than what is required by law.

The Survey assesses the public availability of budget information by considering the timely release and contents 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.<sup>A1</sup> 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 Public Expenditure and Finance Accountability initiative (whose secretariat is hosted by the World Bank), the Organisation for Economic Co-operation and Development's (OECD) *Best Practices for Fiscal Transparency*, and the International Organisation of Supreme Audit Institutions' *Lima Declaration of Guidelines of Supreme Audit Precepts*. The strength of such guidelines lies in their universal applicability to different budget systems around the world, including countries with different income levels.

The Open Budget Survey 2015 is a collaborative research process in which IBP worked with civil society partners in 102 countries over the past 18 months. The 102 countries cover all regions of the world and all income levels.

The Open Budget Survey 2015 is the fifth round; earlier rounds were completed in 2006, 2008, 2010, and 2012. The Survey is typically conducted biennially. However, IBP delayed the most recent round by one year in order to undertake a series of improvements to the Survey questions and to deploy a new online platform to collect Survey results. The

changes to the Survey and their implications are discussed in Annex B.

## The Open Budget Questionnaire

The results for each country in the 2015 Survey are based on a questionnaire, comprising 140 questions, that is completed by researchers typically based in the country surveyed. Almost all of the researchers responsible for completing the questionnaire are from academic institutions or civil society organizations. Although 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 Survey questions require researchers to choose from five responses. Responses "a" or "b" describe best or good practice, with "a" indicating that the full standard is met or exceeded, and "b" indicating the basic elements of the standard have been met. Response "c" corresponds to minimal efforts to attain the relevant standard, while "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. Certain other questions, however, have only three possible responses: "a" (standard met), "b" (standard not met), or "c" (not applicable).

Once completed, the questionnaire responses are quantified. For the questions with five response options: "a" receives a score of 100, "b" receives 67, "c" receives 33, and "d" receives 0. Questions receiving "e" are not included in the country's aggregated scores. For the questions with three response options: "a" receives 100, "b" receives 0, and "c" responses are not included in the aggregated score.

## The Research Process

For the 2015 Survey, researchers began collecting data for the Survey in May 2014 and completed the questionnaire for their country by the end of June 2014. The Open Budget Survey

A1. The Open Budget Survey considers a document to be "publicly available" if it is: 1) published by the institution or agency responsible for producing it within a given timeframe; and 2) available at minimal cost to any person who wants the document (i.e., the government must not make documents available selectively).



2015 thus assesses only events, activities, or developments that occurred up to 30 June 2014; any actions occurring after this date are not accounted for in the 2015 Survey results.

All responses to the Survey questions are supported by evidence. This includes 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 assisted the researchers in following the Survey methodology, particularly the guidelines for answering Survey questions.<sup>A2</sup>

Upon completion, IBP staff members analyzed and discussed each questionnaire with the individual researchers over a three- to six-month period. IBP sought to ensure that all questions were answered in a manner that was internally consistent within each country, and consistent across all survey 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.

Each questionnaire was then reviewed by an anonymous peer reviewer who has 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 professional contacts and variety of other channels.

IBP also invited the governments of nearly all survey coun-

tries 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. 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 98 governments that IBP contacted, 53 commented on the Survey results for their country. These comments can be seen in their entirety in the relevant questionnaires at [www.openbudgetsurvey.org](http://www.openbudgetsurvey.org).

IBP 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 referred any conflicting answers in order to ensure consistency across countries in selecting answers.

## 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 109 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.

**TABLE A.1: MEASURING THE TIMELY RELEASE OF INFORMATION TO THE PUBLIC THROUGHOUT THE BUDGET PROCESS**

Budget Document	Release Deadlines for "Publicly Available" Documents	2015 Survey Questions*	Number of Questions per Document
Pre-Budget Statement	Must be released at least one month before the Executive's Budget Proposal is submitted to the legislature for consideration.	54-58, Table 3-pbs	6
Executive's Budget Proposal and supporting documents	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."	1-53, Table 3-ebp	54
Enacted Budget	Must be released no later than three months after the budget is approved by the legislature.	59-63, Table 3-eb	6
Citizens Budget	Must be published within the same timeframe as the underlying document. For example, a Citizens Budget for the Executive's Budget Proposal must be released while the legislature is still considering the Executive's Budget Proposal and before it is approved.	64-67	4
In-Year Reports	Must be released no later than three months after the reporting period ends.	68-75, Table 3-iyrr	9
Mid-Year Review	Must be released no later than three months after the reporting period ends.	76-83, Table 3-myr	9
Year-End Report	Must be released no later than 12 months after the end of the fiscal year (the reporting period).	84-96, Table 3-yr	14
Audit Report	Must be released no later than 18 months after the end of the fiscal year (the reporting period).	97-102, Table 3-ar	7

\* Along with the 102 numbered questions used to assess the eight key budget documents, Table 3 of the Survey questionnaire also contains questions on seven of the eight documents. These are denoted by the acronym for the document. For example, Table 3-pbs refers to the question from Table 3 pertaining to the Pre-Budget Statement.

A2. See the 2015 Guide to the Open Budget Questionnaire <http://internationalbudget.org/opening-budgets/open-budget-initiative/open-budget-survey/research-resources/guides-questionnaires/>

## Measures for Oversight Institutions and Public Participation

The 31 Survey questions that are not used to calculate the OBI assess the opportunities for public engagement during the budget process and the oversight capacity of legislatures and supreme audit institutions. To measure the extent to which governments provide opportunities for public participation in budget decision making and monitoring, as well as the strength of the legislature and the supreme audit institution to conduct oversight, the responses to the questions pertaining to each area are averaged. Thus each area - public participation, legislatures, and supreme audit institutions - is given a separate score.

Compared to the OBI, these measures are less comprehensive (with many fewer questions in each area) and thus provide more of an indication of the state of public participation, legislatures, and supreme audit institutions than a detailed assessment.

This implicit weighing is justified. 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. It typically provides details on government fiscal policies not available in any other document. Access to this information is critical for civil society to understand and influence the budget prior its approval, and to have as a resource throughout the year. That said, as discussed in Annex B, one of the changes IBP introduced to the questionnaire was to increase the emphasis on the other seven budget documents, reflecting their role in ensuring sufficient information is provided throughout the entire budget cycle.

## Further Information

This annex presents a basic description of the methodology used in producing the Open Budget Survey 2015. For further information about the Open Budget Survey and its methodology, contact IBP at [info@internationalbudget.org](mailto:info@internationalbudget.org).

TABLE A.2: EVALUATING OVERSIGHT ACTORS AND PRACTICES

Indicator Measured	2015 Survey Question Numbers	Number of Questions per Indicator
Public Engagement in the Budget Process	114, 119-133	16
Strength of the Legislature	103-113	11
Strength of the Supreme Audit Institution	115-118	4

## Weighting the Relative Importance of Key Budget Documents and Implications on Scores

As mentioned above, each country's OBI 2015 score is calculated from a subset of 109 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 109 questions which had responses a, b, c, or d. In calculating the OBI scores, no method of explicit weighting was used.

Though using a simple average is clear, it implicitly gives more weight to certain budget documents than others. In particular, 54 of the 109 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 Citizens Budget and the Enacted Budget are the focus of only four and six questions, respectively.

# Annex B: Technical Note on Changes in the Open Budget Index and its Comparability Over Time

## What Has Changed in the Open Budget Survey in 2015

The Open Budget Survey is the only independent, comparative, and regular measure of budget transparency, participation, and oversight worldwide. The Survey assesses the public availability and comprehensiveness of the eight key budget documents that all governments should publish according to international standards; the opportunities for the public to engage with government throughout the four stages of the budget cycle; and the strength of a government's formal oversight institutions. Survey data on the public availability and comprehensiveness of budget information are used to calculate the Open Budget Index (OBI), which measures each country's level of budget transparency with a score from 0 to 100.

The OBI is intended to be an instrument that measures fiscal transparency across countries and over time. The questions that make up the OBI draw from internationally accepted criteria developed by international standard setters, such as the International Monetary Fund (IMF), the Organisation for Economic Co-operation and Development (OECD), the Public Expenditure and Financial Accountability (PEFA) program (whose secretariat is hosted by the World Bank), and the International Organisation of Supreme Audit Institutions (INTOSAI).

Following the release of the 2012 Survey, IBP began an intensive review of the Survey methodology and questionnaire. At roughly the same time, the international standard setters in the fiscal arena initiated reviews of their existing criteria in an effort to recognize the developments in accepted good practice as well as to harmonize the various standards and assessment tools. Each organization followed its own internal review process, but there were efforts to align these processes. IBP shared drafts of its proposals, and commented on the drafts of other proposals. In some cases, the Global

Initiative for Fiscal Transparency, a multistakeholder forum of which IBP is a lead steward, provided an opportunity to share ideas and discuss potential changes to the different assessment tools. Following these review processes, the IMF released a revised version of its Fiscal Transparency Code<sup>B1</sup>; PEFA updated its public financial management performance measurement framework (PEFA Framework)<sup>B2</sup>; the OECD recommended 10 principles for budgetary governance<sup>B3</sup>; and the INTOSAI Development Initiative released a pilot version of the SAI (Supreme Audit Institution) Performance Measurement Framework.<sup>B4</sup>

IBP, in turn, updated the Open Budget Survey. The main focus of this update was on the questions that measure transparency and comprise the OBI. The basic methodology that IBP uses, however, remains unchanged. The Survey continues to rely on nongovernmental researchers to respond to specific questions about the availability and content of the eight key budget documents, opportunities for civil society engagement in the budget process, and the strength of oversight institutions (see Annex A for more details).

IBP made three types of changes to strengthen the questionnaire:

- i. New questions were added to both further align the Survey with other fiscal transparency instruments (including recent revisions) and to modestly increase the emphasis on the seven key budget documents other than the Executive's Budget Proposal.
- ii. Questions were excluded where it was determined that the evidence base for the responses was weak or subjective.
- iii. The language and structure of questions were improved to increase their objectivity and reliability, based on insights that IBP had collected over several rounds of conducting the Survey.

B1. See the IMF's Fiscal Transparency Code <http://blog-pfm.imf.org/files/ft-code.pdf>

B2. See PEFA's Public Financial Management Performance Measurement Framework <https://www.pefa.org/sites/pefa.org/files/PMF%20Upgrade%20-%20Testing%20Version%202026-01-15.pdf>

B3. See the OECD's Principles of Budgetary Governance <http://www.oecd.org/gov/budgeting/principles-budgetary-governance.htm>

B4. See INTOSAI's SAI Performance Measurement Framework <http://www.idi.no/artikkel.aspx?Mid1=102&AId=704>

Specifically, the OBI for 2012 was composed of 95 questions, while the OBI for 2015 is composed of 109 questions. Eleven of the questions used in 2012 and previous rounds were dropped in 2015. These included questions, for instance, about amounts budgeted for secret items and the usefulness of certain performance information, where responses were often hard to verify. Further, some of the remaining 2012 questions were split into two questions, and some questions were combined. In total, 87 questions in the 2015 OBI cover the same content that was covered in 84 questions in 2012. In most cases, the questions are identical or reflect only modest changes to their wording or structure.

The OBI 2015 also includes 22 new questions. The additional questions continue to assess the eight key budget documents. They were added to collect, for instance, certain information on expenditure, revenue, and debt more consistently across different documents or information, such as the availability of financial statements, to better align with other fiscal transparency tools. While these new questions do not take the OBI in a new direction, they do modestly shift the emphasis the OBI places on each document. While the 2015 measure continues to place the greatest weight on the Executive’s Budget Proposal, thereby continuing to recognize the document’s unique importance in the budget process, it increases the relative importance of the seven other budget documents to reflect a greater appreciation of their role in ensuring adequate information is provided at all stages of the budget cycle. In 2015 about 50 percent of the questions relate to these other seven documents, whereas in prior years about 40 percent of the questions applied to these documents.

### Alternative Data Series Analysis

One of the strengths of the OBI is that it allows for comparisons of budget transparency over time. Notwithstanding any modifications to the questionnaire, it is important to ensure that complete and reliable time series data continue to exist from 2006 to today. So IBP conducted a number of statistical tests using an alternative data series to assess whether it is sound to compare the OBI 2015 data (with the adjustments in its questions) to previous OBI data, or if a different approach should be used. IBP concluded that the best approach is to present the OBI 2015 – the metric that is now the single best measure of budget transparency in a country, based on the revised questionnaire – alongside the historical OBI data, based on the old questionnaire.

The alternative data series was constructed using 84 questions from the 2012 Survey (the original 95 questions excluding the 11 that were dropped in 2015). We produced alternative scores for 2015 and previous years using only these questions. For 2015, determining a response to the questions as they were asked in 2012 required us to apply the information learned from the responses to the questions that comprise the OBI 2015 to the parallel questions in the alternative series. In most cases this mapping was a precise exercise, as the questions were identical or very similar. But in some cases it involved making educated judgments or undertaking further research. By comparing the results of the alternative series to the results of the “official” OBI series we could see if the changes in the questionnaire led to any significant distortion in comparisons over time. This led to two main findings, which are discussed below.

**Finding 1: Statistical tests indicate that the overall results for both 2012 and 2015 are largely the same whether measured by the OBI series or the alternative data series.**

From a statistical standpoint, we found that the two series are highly correlated; that is, the relationship between the results found using the different approaches is very stable. As shown in Table B1, the correlations of the scores between the OBI and the alternative series for 2012 and 2015 are 0.999 and 0.989, respectively – both close to a perfect correlation of 1 and statistically significant. Similar results are shown for the correlation of the rankings, indicating that the two different measures have little impact on the transparency rankings of the countries.

TABLE B1: COMPARISON OF OBI AND ALTERNATIVE DATA SERIES CORRELATIONS OF SCORES AND RANKINGS	
Correlations of Scores	
Correlation between scores of OBI 2012 and the alternative series for 2012	.999
Correlation between scores of OBI 2015 and the alternative series for 2015	.989
Correlations of Rankings	
Correlation of rankings between OBI 2012 and the alternative series for 2012	.997
Correlation of rankings between OBI 2015 and the alternative series for 2015	.981

Note: All of the correlation coefficients are statistically significant at  $p < .0001$ .

The global average for the OBI 2012 is 42.7, versus 42.8 for the alternative series for 2012; the global average for the OBI 2015 is 45.4, versus 48.0 for the alternative series for 2015.<sup>B5</sup> Thus, both series show a moderate overall increase in transparency

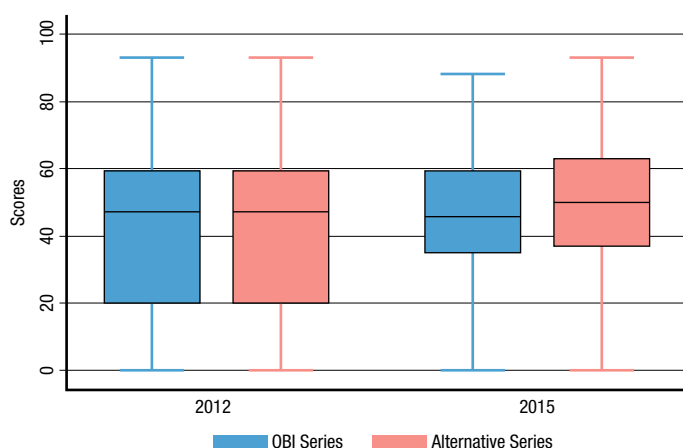
B5. The 2015 data here are for all 102 countries surveyed. If the countries are limited to the 100 countries that were surveyed in both 2012 and 2015, the 2015 OBI score would be 45.7 and the 2015 alternative series score would be 48.3.



from 2012 to 2015. (The comparisons do indicate, however, that the alternative data series shows, on average, a larger improvement in transparency between 2012 and 2015 than the OBI series.)

Further, the boxplots – a standard way to compare different data sets in a graphical manner – shown in Figure B1 also reveal striking similarities in the distribution of scores among the OBIs and the alternative series in both 2012 and 2015 as well as the trends between 2012 and 2015.

FIGURE B1: DISTRIBUTIONS OF OBI AND ALTERNATIVE DATA SERIES



## ***Finding 2: A more detailed examination of the country-by-country trends depicted by the different series finds they produce very similar findings in the large majority of countries.***

OBI scores for the large majority of countries are essentially the same under both data series. That is, countries score similarly irrespective of whether the OBI or alternative series are used to calculate their budget transparency score.

Importantly, use of the OBI series typically does not distort the assessment of trends between 2015 and previous years for individual countries. In no country does use of the OBI series or the alternative series yield outright contradictory results when comparing 2012 and 2015 scores. That is, in no country did the score go up significantly under one measure (defined at the country level as increasing by more than five points), but go down by a significant amount (declining by more than five points) under the other measure.<sup>B6</sup>

There are 25 countries where the differences between their 2012 and 2015 scores as measured by the OBI series and the alternative series are significant – that is, the results yielded

by the two measures differ by more than five points (positive or negative). These fall into three categories:

- For 11 countries, the direction of the change is the same using both the OBI series and the alternative series. For instance, between 2012 and 2015, Senegal's OBI score increased by 33 points, and under the alternative series it increased by 39 points. Thus both measures show a significant increase in Senegal's transparency score.
- For 10 countries, one measure was essentially flat (a change of five points or less), but the other measure found a clear increase or decrease. For instance, between 2012 and 2015, Portugal's OBI score increased by two (effectively no change), but under the alternative series it increased by eight. Thus, for countries like Portugal, the trends under the two measures are dissimilar, but not contradictory.
- For the remaining four countries, both measures effectively show no change, but the difference between the two measures exceeds five points because the changes are in a different direction. For instance, between 2012 and 2015, Uganda's OBI score declined by three points, but under the alternative series it increased by three points. As IBP does not view either change as significant (both are less than five points), we find that both measures show budget transparency remaining largely the same in 2015 as compared to 2012.

In all but one of these 25 cases where the difference between the 2012 and 2015 scores under the two measures are significant, the score using the alternative measure is higher than the OBI 2015 score. This indicates that the addition of the new questions in 2015 – and therefore the increased emphasis on the seven key budget documents apart from the Executive Budget Proposal – as well as the refinements to the questions, led to somewhat lower scores in these countries than if the Survey had remain unchanged.

## **Comparing the 2015 OBI to Previous OBI Rounds is the Best Approach**

Our analysis of the alternative data series and the various statistical tests thus indicates that comparisons of OBI scores from previous rounds with the OBI 2015 should be considered fundamentally sound. To be careful, in the global report, we only discuss particular countries if developments in those countries as determined by comparisons based on the OBI were also confirmed by comparisons based on the alternative series. In the individual country summaries, when somewhat

B6. This five-point threshold reflects IBP's judgment that smaller changes in an individual country's OBI score tend not to reflect meaningful changes in its transparency practices. In contrast, smaller changes in the global OBI score, which reflects the average score for 100 countries, can be meaningful because of the dramatically larger number of data points that comprise the global average.

different results are found using the different series, we note how changes in the Survey questions may have affected the comparisons over time.

There is also another important reason to focus on the OBI scores for comparisons over time. Using the OBI 2015 results is the clearest way of communicating the messages from the 2015 round of the Survey without compromising the integrity of the key findings. Using data other than the OBI, such as the alternative series, to conduct analyses of changes over time would inevitably involve presenting two measures of budget transparency for any given year. Under the approach we have selected, users of the Survey are only presented with one overall data set per country, including the historical data that users are familiar with. As a result, there are fewer opportunities for confusion over which data are the most appropriate measure of transparency in a country, and fewer opportunities to manipulate the data to select the most or least favorable assessment.

Further, especially for 2015, the OBI provides the best and most complete measure of budget transparency. The alternative series represents only a subset of the previously used OBI questions and excludes the new questions added to the OBI 2015, as well as the improved wording and structuring of other questions.

While IBP will present time series comparisons of budget transparency using the OBI series without adjustment, we recognize that some in the research and academic community, among others, may also want to see the results according to the alternative series. IBP has thus made the alternative series available on its website.<sup>87</sup>

87. The alternative data series is available at [www.openbudgetsurvey.org](http://www.openbudgetsurvey.org)

# Annex C: The Public Availability of Budget Documents, Open Budget Survey 2015

Country	Pre-Budget Statement	Executive's Budget Proposal	Enacted Budget	Citizens Budget	In-Year Reports	Mid-Year Review	Year-End Reports	Audit Report
Afghanistan	●	●	●	●	●	●	●	●
Albania	●	●	●	●	●	●	●	●
Algeria	●	●	●	●	●	●	●	●
Angola	●	●	●	●	●	●	●	●
Argentina	●	●	●	●	●	●	●	●
Azerbaijan	●	●	●	●	●	●	●	●
Bangladesh	●	●	●	●	●	●	●	●
Benin	●	●	●	●	●	●	●	●
Bolivia	●	●	●	●	●	●	●	●
Bosnia and Herzegovina	●	●	●	●	●	●	●	●
Botswana	●	●	●	●	●	●	●	●
Brazil	●	●	●	●	●	●	●	●
Bulgaria	●	●	●	●	●	●	●	●
Burkina Faso	●	●	●	●	●	●	●	●
Cambodia	●	●	●	●	●	●	●	●
Cameroon	●	●	●	●	●	●	●	●
Chad	●	●	●	●	●	●	●	●
Chile	●	●	●	●	●	●	●	●
China	●	●	●	●	●	●	●	●
Colombia	●	●	●	●	●	●	●	●
Costa Rica	●	●	●	●	●	●	●	●
Croatia	●	●	●	●	●	●	●	●
Czech Republic	●	●	●	●	●	●	●	●
Dem. Rep. of Congo	●	●	●	●	●	●	●	●
Dominican Republic	●	●	●	●	●	●	●	●
Ecuador	●	●	●	●	●	●	●	●
Egypt	●	●	●	●	●	●	●	●
El Salvador	●	●	●	●	●	●	●	●
Equatorial Guinea	●	●	●	●	●	●	●	●
Fiji	●	●	●	●	●	●	●	●
France	●	●	●	●	●	●	●	●
Georgia	●	●	●	●	●	●	●	●
Germany	●	●	●	●	●	●	●	●
Ghana	●	●	●	●	●	●	●	●
Guatemala	●	●	●	●	●	●	●	●
Honduras	●	●	●	●	●	●	●	●
Hungary	●	●	●	●	●	●	●	●
India	●	●	●	●	●	●	●	●
Indonesia	●	●	●	●	●	●	●	●
Iraq	●	●	●	●	●	●	●	●
Italy	●	●	●	●	●	●	●	●
Jordan	●	●	●	●	●	●	●	●
Kazakhstan	●	●	●	●	●	●	●	●
Kenya	●	●	●	●	●	●	●	●
Kyrgyz Republic	●	●	●	●	●	●	●	●
Lebanon	●	●	●	●	●	●	●	●
Liberia	●	●	●	●	●	●	●	●
Macedonia	●	●	●	●	●	●	●	●
Malawi	●	●	●	●	●	●	●	●
Malaysia	●	●	●	●	●	●	●	●
Mali	●	●	●	●	●	●	●	●

● Available To The Public ● Published Late ● Available for Internal Use ● Not Produced

Country	Pre-Budget Statement	Executive's Budget Proposal	Enacted Budget	Citizens Budget	In-Year Reports	Mid-Year Review	Year-End Reports	Audit Report
Mexico	●	●	●	●	●	●	●	●
Mongolia	●	●	●	●	●	●	●	●
Morocco	●	●	●	●	●	●	●	●
Mozambique	●	●	●	●	●	●	●	●
Myanmar	●	●	●	●	●	●	●	●
Namibia	●	●	●	●	●	●	●	●
Nepal	●	●	●	●	●	●	●	●
New Zealand	●	●	●	●	●	●	●	●
Nicaragua	●	●	●	●	●	●	●	●
Niger	●	●	●	●	●	●	●	●
Nigeria	●	●	●	●	●	●	●	●
Norway	●	●	●	●	●	●	●	●
Pakistan	●	●	●	●	●	●	●	●
Papua New Guinea	●	●	●	●	●	●	●	●
Peru	●	●	●	●	●	●	●	●
Philippines	●	●	●	●	●	●	●	●
Poland	●	●	●	●	●	●	●	●
Portugal	●	●	●	●	●	●	●	●
Qatar	●	●	●	●	●	●	●	●
Romania	●	●	●	●	●	●	●	●
Russia	●	●	●	●	●	●	●	●
Rwanda	●	●	●	●	●	●	●	●
São Tomé e Príncipe	●	●	●	●	●	●	●	●
Saudi Arabia	●	●	●	●	●	●	●	●
Senegal	●	●	●	●	●	●	●	●
Serbia	●	●	●	●	●	●	●	●
Sierra Leone	●	●	●	●	●	●	●	●
Slovakia	●	●	●	●	●	●	●	●
Slovenia	●	●	●	●	●	●	●	●
South Africa	●	●	●	●	●	●	●	●
South Korea	●	●	●	●	●	●	●	●
Spain	●	●	●	●	●	●	●	●
Sri Lanka	●	●	●	●	●	●	●	●
Sudan	●	●	●	●	●	●	●	●
Sweden	●	●	●	●	●	●	●	●
Tajikistan	●	●	●	●	●	●	●	●
Tanzania	●	●	●	●	●	●	●	●
Thailand	●	●	●	●	●	●	●	●
Timor-Leste	●	●	●	●	●	●	●	●
Trinidad and Tobago	●	●	●	●	●	●	●	●
Tunisia	●	●	●	●	●	●	●	●
Turkey	●	●	●	●	●	●	●	●
Uganda	●	●	●	●	●	●	●	●
Ukraine	●	●	●	●	●	●	●	●
United Kingdom	●	●	●	●	●	●	●	●
United States	●	●	●	●	●	●	●	●
Venezuela	●	●	●	●	●	●	●	●
Vietnam	●	●	●	●	●	●	●	●
Yemen	●	●	●	●	●	●	●	●
Zambia	●	●	●	●	●	●	●	●
Zimbabwe	●	●	●	●	●	●	●	●



## Annex D: Open Budget Survey 2015: Transparency, Public Participation, and The Strength of Oversight Institutions

Country	Transparency (Open Budget Index)	Public Participation	Oversight by Legislature	Oversight by Supreme Audit Institution
Afghanistan	42	27	36	50
Albania	38	15	49	92
Algeria	19	0	36	34
Angola	26	12	20	33
Argentina	59	27	30	92
Azerbaijan	51	19	37	50
Bangladesh	56	23	49	75
Benin	45	17	27	42
Bolivia	17	0	58	58
Bosnia and Herzegovina	43	23	37	83
Botswana	47	19	70	100
Brazil	77	71	80	75
Bulgaria	65	38	39	84
Burkina Faso	43	10	39	50
Cambodia	8	8	43	58
Cameroon	44	29	24	33
Chad	4	2	52	67
Chile	58	23	67	100
China	14	6	3	50
Colombia	57	46	83	92
Costa Rica	54	27	73	92
Croatia	53	38	27	92
Czech Republic	69	42	82	83
Dem. Rep. of Congo	39	13	39	50
Dominican Republic	51	23	70	58
Ecuador	50	27	21	75
Egypt	16	8	0	42
El Salvador	53	17	79	92
Equatorial Guinea	4	2	24	0
Fiji	15	10	0	25
France	76	40	91	75
Georgia	66	46	73	100
Germany	71	23	88	75
Ghana	51	29	54	67
Guatemala	46	10	58	83
Honduras	43	31	70	50
Hungary	49	31	58	83
India	46	19	39	75
Indonesia	59	35	82	75
Iraq	3	4	27	50
Italy	73	35	79	67
Jordan	55	27	45	42
Kazakhstan	51	27	70	59
Kenya	48	33	49	67
Kyrgyz Republic	54	52	70	42
Lebanon	2	6	17	42
Liberia	38	21	33	33
Macedonia	35	6	42	100
Malawi	65	44	67	42
Malaysia	46	12	15	67
Mali	46	4	70	50

Country	Transparency (Open Budget Index)	Public Participation	Oversight by Legislature	Oversight by Supreme Audit Institution
Mexico	66	44	45	92
Mongolia	51	19	70	92
Morocco	38	2	21	17
Mozambique	38	2	33	42
Myanmar	2	6	27	25
Namibia	46	15	17	75
Nepal	24	19	18	75
New Zealand	88	65	45	92
Nicaragua	46	6	61	42
Niger	17	4	73	50
Nigeria	24	25	67	50
Norway	84	75	94	92
Pakistan	43	10	27	67
Papua New Guinea	55	23	36	50
Peru	75	40	67	83
Philippines	64	67	36	92
Poland	64	44	52	92
Portugal	64	25	70	67
Qatar	0	0	0	0
Romania	75	42	54	100
Russia	74	25	79	100
Rwanda	36	25	52	25
São Tomé e Príncipe	29	4	40	56
Saudi Arabia	0	0	0	34
Senegal	43	13	67	58
Serbia	47	21	42	67
Sierra Leone	52	31	36	67
Slovakia	57	25	33	67
Slovenia	68	56	67	83
South Africa	86	65	85	100
South Korea	65	83	73	50
Spain	58	17	43	67
Sri Lanka	39	15	37	67
Sudan	10	0	24	17
Sweden	87	48	85	100
Tajikistan	25	19	70	75
Tanzania	46	33	39	50
Thailand	42	42	30	75
Timor-Leste	41	10	45	83
Trinidad and Tobago	34	27	67	75
Tunisia	42	21	33	50
Turkey	44	21	17	92
Uganda	62	23	55	75
Ukraine	46	23	79	83
United Kingdom	75	58	45	92
United States	81	69	85	100
Venezuela	8	23	39	67
Vietnam	18	42	61	75
Yemen	34	10	27	33
Zambia	39	40	27	58
Zimbabwe	35	15	21	33

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