



OPEN  
GOVERNMENT  
GUIDE

## Budgets

Customised Report

[www.opengovguide.com](http://www.opengovguide.com)




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# Introduction

At the heart of open government are the ideas of transparency, participation and accountability. As a working definition;


- **Transparency** means the public understands the workings of their government
- **Participation** means public can influence the workings of government by engaging with public policy processes and public service providers
- **Accountability** means the public can hold the government to account for its policy and service delivery performance

 More about definitions can be found at [www.opengovguide.com/glossary](http://www.opengovguide.com/glossary)





The Guide has been developed by the Transparency and Accountability Initiative (T/AI). It aims to support governments and civil society organisations to advance transparency, accountability and participation particularly as part of the Open Government Partnership. It highlights practical, measurable, specific and actionable steps that governments can, and are taking to advance open government.

The full guide covers a broad range of topics, and more are being developed.




Cross cutting topics	Focused topics
<a href="#">Assets disclosure and conflicts of interest</a>	<a href="#">Aid</a>
<a href="#">Budgets</a>	<a href="#">Construction</a>
<a href="#">Citizen engagement</a>	<a href="#">Elections</a>
<a href="#">Open government data</a>	<a href="#">Environment</a>
<a href="#">Public contracting</a>	<a href="#">Extractive industry</a>
<a href="#">Public services</a>	<a href="#">Fisheries</a>
<a href="#">Records management</a>	<a href="#">Land</a>
<a href="#">Right to information</a>	<a href="#">Parliaments</a>
<a href="#">Whistleblower protection</a>	<a href="#">Police and public security</a>
	<a href="#">Tax and Illicit flows</a>

 A full index can be found at [www.opengovguide.com/topics](http://www.opengovguide.com/topics)

Each Topic has been developed by an expert organisation and offers a flexible menu of 'illustrative commitments' which governments could adopt.

-  **Initial steps** – actions that a country can take starting from a relatively low baseline
-  **Intermediate steps** – actions that countries can take once they have already made moderate progress
-  **Advanced steps** – established best practice demonstrated by the most advance performers
-  **Innovative steps** – new approaches which countries are trying out

For each step the Guide lists.

-  **Recommendations** – detailed guidance from expert networks
-  **Standards and guidance** – key principles, guidance, reports, rankings and tools
-  **Country examples** – examples in practice from around the world

The levels of ambition do not imply that countries must work through the steps one by one, or that the country examples given in relation to a particular action implies an overall rating of national progress. Rather, it seeks to offer a flexible framework to support national dialogues about reforms in support of progress towards greater openness.

This document is a customised extract from the full online guide, which is a work in progress. [Opengovguide.com](http://Opengovguide.com) is not just a static website. We hope that it will continue to grow with new case examples, resources and ideas. Contact [info@opengovguide.com](mailto:info@opengovguide.com) with comments and suggestions.

## About T/AI


T/AI is a donor collaborative that aims to seize momentum and expand the impact breadth and coordination of funding and activity in the transparency and accountability field as well as to explore applications of this work in new areas. The collaborative includes the Ford Foundation, Hivos, the International Budget Partnership, the Omidyar Network, the Open Society Foundations (OSF), the Revenue Watch Institute, the UK Department for International Development and the William and Flora Hewett Foundation

The contents of The Guide are attributable to the contributors for each Topic. The Transparency and Accountability Initiative members do not necessarily endorse the recommendations mentioned in the publication and website.

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# Budgets

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## Introduction

Every year, governments collect and spend billions of dollars in taxpayer funds and citizens have a right to know how their governments are collecting and spending their money.

Governments implement policies through ministries, departments and agencies at central and local levels. These public bodies, and their executives, are accountable to the political leadership. Politicians, in turn, are accountable to their citizens for the implementation of national policies, in health care and education for example. Budgets are the link between policies and their implementation, between political visions or programmes and their delivery: they allocate resources to plans in terms of money and time.

As part of the management of the budget, governments produce a series of reports at various points in the annual budget cycle. These include Pre-Budget Statement, Executive's Budget Proposal, Enacted Budget, Citizens' Budget, In-Year Reports, Mid-Year Review, Year-End Report and Audit Report.

In order for citizens to be able to know how their governments are collecting and spending their monies, they need access to these budget reports. Fiscal transparency allows for better-informed debate by both policymakers and the public about the design and results of fiscal policy, and establishes accountability for its implementation.

Many budget reports are already being produced by governments for their internal use and these reports can be made available on government websites at almost no cost. Further, legislative discussions on the budget happen in almost every country and it is not an expensive exercise to make these discussions public by allowing the media to cover these discussions. Fiscal transparency is often pushed forward as part of political transitions, or in response to financial crisis or corruption. External influences that promote global norms and empower domestic reformers and civil society actors can also play a key role (Khagram et al, 2013).

Recent research studies show that transparency can enable governments to raise credit from the international markets at cheaper rates (Hameed, 2011). It can also help shine a light on the efficiency of public expenditures. Further, transparency can help foster equity by matching national resources with national priorities. Transparency and public participation can enable governments to build trust and give citizens voice and dignity (IBP, 2013). Opacity on fiscal issues on the other hand can undermine fiscal discipline and as illustrated in a recent IMF publication it can lead to large unexpected debt (Cottarelli, 2012).

### References

Cottarelli, 2012, 'Fiscal Transparency, Accountability, and Risk, IMF Fiscal Affairs Department  
<http://www.imf.org/external/np/pp/eng/2012/080712.pdf>

Hameed, 2011, 'Budget Transparency and Financial Markets, OGP Working Paper 1, Open Budget Partnership'.  
<http://internationalbudget.org/wp-content/uploads/IBP-Working-Paper-1-Budget-Transparency-and-Financial-Markets.pdf>

IBP, 2013 Learning Program: Case Examples, [http://internationalbudget.org/ibp\\_publication\\_categories/learning-program/](http://internationalbudget.org/ibp_publication_categories/learning-program/)

Khagram, S., A. Fung and P. De Renzio, 2013, *Open Budgets: The Political Economy of Transparency, Participation, and Accountability*, Washington DC: Brookings Institute.

## Expert Organisations

International Budget Partnership <http://www.internationalbudget.org>

Global Initiative for Fiscal Transparency <http://fiscaltransparency.net/>

Global Movement for Budget Transparency, Accountability, and Participation (BTAP) <http://www.globalbtap.org/>

Organization for Economic Cooperation and Development <http://www.oecd.org/gov/budgeting/>

International Monetary Fund <http://www.imf.org/external/np/fad/tran>

Public Expenditure and Financial Accountability Program <http://www.pefa.org/>

Collaborative Africa Budget Reform Initiative <http://www.cabri-sbo.org/>

OGP Working Group: Fiscal Openness <http://fiscaltransparency.net/category/ogp-gift-fowg/>

## Summary of illustrative commitments

### Initial

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- Allow public access to budget hearings in the legislature
- Publish a Citizens' Budget
- Publish Executive's Budget Proposal and Audit Reports
- Publish the four core budget documents

### Intermediate

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- Consult with the public on budget preparation
- Enable effective oversight by legislatures and supreme audit institutions
- Publish all budget reports as open data
- Publish all eight key budget reports

### Advanced

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- Enable citizen participation in budgeting
- Publish information on resources received by service delivery units
- Publish off budget financial information

### Innovative

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- Fully implement the GIFT Principles on fiscal transparency

## Detailed Recommendations

### Initial Step: Allow public access to budget hearings in the legislature

#### Justification

Legislative discussions on the budget happen in almost every country. It is not an expensive exercise to make these discussions public by allowing public access and media broadcasting of these discussions.


#### Recommendations

- The national legislature should organize public hearings when it discusses the budget presented to it by the executive prior to approving the budget.
- The media should be allowed to broadcast these hearings so that these hearings are accessible to a larger audience.
- Reports on the outcomes of these public hearings should be published.

#### Standards & Guidance

- IBP open budget survey <http://internationalbudget.org/what-we-do/open-budget-survey/full-report/>

#### Country Examples

 Increasing numbers of countries permit some form of public hearings during budget discussions in the legislature

According to the 2012 survey by the International Budget Partnership 67 countries out of 100 surveyed hold some form of public hearings on the macroeconomic and fiscal framework presented in the budget in which testimony from the executive branch (and in some cases the public) is heard.

- <http://internationalbudget.org/wp-content/uploads/OBI2012-Report-English.pdf>

### Initial Step: Publish a Citizens' Budget

#### Justification

Government budgets are filled with so many numbers and so much technical jargon that the ordinary readers cannot easily understand what they mean. People need information in an accessible, understandable form to enable them to understand what government is doing with their money and allow them to participate in governmental affairs.

The International Monetary Fund in its Manual on Fiscal Transparency states that "A clear and simple summary guide to the budget should be widely distributed at the time of the annual budget."

Such a '*Citizens' Budget*' serves the public, but can also serve the government by enhancing public knowledge about the



budget and the reasoning behind the choices made in putting it together.

Citizens' Budgets tend to present an accessible version of either the Budget Proposal or the Enacted Budget. But producing a Citizens' Budget can help a government to develop its capacity to make technical information more accessible, more broadly.

## Recommendations

- Develop a strategy for producing a Citizens Budget, defining the goals and objectives, and the plan for production.
- Ensure that the ministry responsible has the structure, resources, and capacities to properly develop and disseminate a Citizens Budget.
- Hold a consultation with potential users to understand their interests and needs.
- Design and write the Citizens' Budget to meet users needs and include important basic information about the budget, including assumptions, the budget process, revenue collection, priorities in allocations and spending, sector-specific information and information about targeted programs and contact information for follow up by citizens.
- Present it in languages and through media (such as newspapers, radio, and video) to make it accessible, as well as publishing it on the web and in hard copy.
- Publish the Citizens Budget within a timeframe that makes it available at the same time as the technical document.
- Disseminate it widely
- Evaluate the process and planning for the next year's Citizens Budget.

## Standards & Guidance

- The Power Of Making It Simple: A Government Guide To Developing Citizens Budgets  
<http://internationalbudget.org/publications/the-power-of-making-it-simple-a-government-guide-to-developing-citizens-budgets/>

## Country Examples

### Brazil provides citizens education on public budgets

Brazil publishes an annual Citizen's Budget. However it also backs this up with several other innovative communication streams.

To better explain to citizens what the budget is, its importance and other aspects of the subject, a radio program titled Moment Budget is produced to provide information to the listener in a simple and direct language.

The Virtual School of the Federal Budget Secretariat (SOF) was created in 2008 by the Ministry of Planning, Budget and Management. It provides online courses on the understanding public budgets. Courses are aimed at both government employees and members of the public, and civil society. By 2011 the Virtual School graduated approximately 2000 citizens.

The government also created a specific Public Budget Primer for children, available as a booklet and a website. In the form of a comic, the booklet provides an introduction to the idea of the Public Budget in relation to children and their concerns.

- <http://www.orcamentofederal.gov.br/educacao-orcamentaria>
- <http://fiscaltransparency.net/wp-content/uploads/2013/11/Brazil-Experience-Public-Participation.ppt>

### Guatemala developed a Citizens' Budget

In 2010 the Ministry of Finance in Guatemala decided to produce its first Citizens Budget in order to comply with laws that require it to make information available. The Ministry's initiative was aided by the support of the country's President, who was committed to budget transparency. His endorsement was very important because the initiative faced some considerable opposition from within the ministry itself.

The ministry also received an offer of cooperation and assistance from civil society groups, most particularly the Centro Internacional para Investigaciones en Derechos Humanos and the International Budget Partnership to help with translating the technical aspects of the budget into accessible language. It also consulted with media and other stakeholders. Publication of the Citizens Budget was supported by the German aid agency, GIZ.

The document was launched with a public event and with media attention. It was published in English Spanish and four Mayan language. However maintaining the sustainability of this approach has proved to be a challenge.

- [http://www.opengovguide.com/wp-content/uploads/2013/09/citizen\\_budget11.pdf](http://www.opengovguide.com/wp-content/uploads/2013/09/citizen_budget11.pdf)
- <http://www.opengovpartnership.org/calendar/webinar-citizen's-budget-dialogue-citizens>
- <http://www.youtube.com/watch?v=bNdGjsysHrM>

### Kazakhstan's Citizen's Budget is mandated by legislation

In 2011, the government of Kazakhstan passed into law the Citizen's Budget Law, which covers the development of Citizens Budgets at both the central and local levels. What is unique about the Kazakh legislation is that Citizens Budgets will not only be published when the government publishes the Executive's Budget Proposal but also after the formulation, approval, implementation, and evaluation stages of the budget process. Relevant chapters of the Law are available on official websites of state agencies, including that of the Ministry of Finance, as well as local governments.

- <http://internationalbudget.org/wp-content/uploads/Citizen-Budget-Guide.pdf>

### Mexico has established a budget transparency portal

In Mexico the Ministry of Finance has historically published information on public finance. Some of this information was published as part of its regulatory obligations. However, information such as monthly data on of the revenue, expenditure, debt, transfers to local government, etc. was also published by the Executive initiative, as "Public Finance Statistics".

In 2012 the Government decided to create a website with useful information on how resources are spent. The aims were to provide:

- Greater transparency in public-resource management
- Fiscal transparency in citizen language
- Thematic transparency, with particular attention to citizens interests

The portal's design serves to gathered budget information in one place and present it in plain language and open

formats. It was developed through dialogue with social organisations and members of academia, and provides a front-end designed for easy user access and a back-end data warehouse to integrate budget information from the information systems of the Ministry, in real time, as it is updated internally. The data can be found in open file format “Excel” or “CSV” that let the users analyse and play with the information.

The portal seeks to link all stages of the budget process: planning, programming, budgeting, exercise and control, monitoring, evaluation and accountability. It includes government finance statistics, resources transferred to local governments, quarterly reports in open formats, year-end report, citizens budget and year end report as well as details of investment projects, indicators, goals and external evaluations.

Social media and a short ‘magazine’ style presentation of the highlights of the citizen’s budget have been used to increase accessibility

- <http://fiscaltransparency.net/wp-content/uploads/2013/11/Mexico-Presentation.pptx>
- <http://www.transparenciapresupuestaria.gob.mx/>
- <http://www.opengovpartnership.org/country/mexico/case-study/inspiring-story-budget-transparency-portal>

### Rwanda started publishing a Citizen’s Guide to the Budget in 2009

Rwanda’s Ministry of Finance first published a Citizen’s Guide to the Budget in June 2009. The first edition was quite dense and not tailored to non-specialist readers. However in 2010 they produced a more user-friendly guide, using less technical language and including cartoons. It was produced in French, English, and Kinyarwanda and more than 10,000 copies were distributed. It also highlighted how citizens can get involved in developing and monitoring the national budget.

- [http://www.opengovguide.com/wp-content/uploads/2013/09/Rwanda\\_2011-12.pdf](http://www.opengovguide.com/wp-content/uploads/2013/09/Rwanda_2011-12.pdf)
- [http://www.opengovguide.com/wp-content/uploads/2013/09/Rwanda\\_transparency\\_and\\_citizens\\_guide.pdf](http://www.opengovguide.com/wp-content/uploads/2013/09/Rwanda_transparency_and_citizens_guide.pdf)

### The Philippines has developed a Citizen’s Budget Portal

As part of its first OGP Action Plan the Government of the Philippines committed to develop and launch a website, which will serve as an interactive platform for citizens to learn about and find information on the National Budget. The website [budgetngbayan.com](http://budgetngbayan.com) includes a section called Budget 101 which explains the budget cycle in plain language. Budgets are available to download as pdf or Excel files, along with a ‘People’s Budget’ which provides explanation. Users of the site can comment and ask questions using Facebook. ‘Faith’ a Foreign Aid Transparency Hub is also under development.

The 2012 National Budget contains a general provision (Section 91) that requires agencies to disclose information on their mandates and the functions and designations of their key officials; their approved budgets and corresponding targets; funding, key beneficiaries and status of programs and projects; and annual accomplishment and accountability reports, among others. The 2012 Budget also contains special provisions that require the disclosure of additional information.

The Independent Review of the Philippines OGP progress found that Stakeholders, particularly those involved in budget transparency work, found the website useful as a research tool. Citizens who posted queries on the website received feedback from the site administrator and recommended making the website even more interactive.

- <http://budgetngbayan.com/>

- <http://www.opengovpartnership.org/country/philippines/commitment/technology-and-innovation>
- <http://www.opengovpartnership.org/blog/blog-editor/2013/10/09/irm-releases-philippine-report-public-comment>

## Initial Step: Publish Executive's Budget Proposal and Audit Reports

### Justification

The timely publication of essential budget documents forms the basic building blocks of budget accountability and an open budget system. The publication of the Executive's Budget Proposal and Audit Reports is recommended in the IMF's fiscal transparency code and the OECD's best practice guidelines on budget transparency. INTOSAI (the global association of supreme audit institutions) recommends the publication of audit reports. Further, the IBP's Open Budget Index evaluates these reports.


### Recommendations

- The executive, led by the Ministry of Finance, should publish the Executive's Budget Proposal, ideally three months before the start of the year. This report presents the government's detailed plans, in terms of policy priorities and budgets for each ministry and agency, for the coming budget year.
- The supreme audit institution should publish an Audit Report, ideally within six months to a year after the end of the relevant budget year. This is an agency that is independent of the executive and has the mandate to review through audit the financial performance of the government in the previous budget year; audits can also cover specific agencies and non-financial aspects of the executive's performance.

### Standards & Guidance

- IBP open budget survey <http://internationalbudget.org/what-we-do/open-budget-survey/full-report/>
- IMF fiscal transparency code <http://www.imf.org/external/np/fad/trans/code.htm>
- INTOSAI Basic Principles in Government Auditing [http://www.issai.org/media/12943/issai\\_100\\_e.pdf](http://www.issai.org/media/12943/issai_100_e.pdf)
- OECD best practice guidelines on budget transparency <http://www.oecd.org/gov/budgeting/best-practices-budget-transparency.htm>
- OGP Eligibility Criteria: Fiscal Transparency <http://www.opengovpartnership.org/eligibility>
- OGP Eligibility Criteria: Fiscal Transparency <http://www.opengovpartnership.org/how-it-works/how-join/eligibility-criteria>

### Country Examples

 Afghanistan has established a roadmap to improve public financial management

In 2010 the Afghanistan government drafted a Public Financial Management (PFM) Roadmap focused on "strengthening the budget in driving effective delivery of key priority [development] outcomes; improving budget execution; and increasing accountability and transparency.

Key factors were the political will of the leadership of the Ministry of Finance, as well as the government's desire to

improve its international image. Donor organizations and international financial institutions also increasingly focused their attention on fiscal transparency as a means to reduce corruption in the country. Their pressure, coupled with technical assistance provided to the Ministry of Finance, facilitated quick improvements. The pre-budget statement and executive's budget proposal were previously produced for internal use but withheld from the public, so making them publicly available was a quick and easy step toward substantial improvement.

As part and parcel of these developments, civil society organizations and researchers have started engaging with the government, primarily through the Ministry of Finance, on budget-related issues, publishing budget analyses and organizing public awareness campaigns through the media, and conducting meetings and workshops to highlight the importance of budget transparency for citizen monitoring and government accountability.

- <http://internationalbudget.org/wp-content/uploads/OBI2012-Report-English.pdf>

### Many countries publish the Executive's Budget Proposal and Audit Report

According to the 2012 survey by the International Budget Partnership 62 countries out of 100 surveyed publish both the Executive's Budget Proposal and the Audit Reports.

- <http://survey.internationalbudget.org/#availability>

### Mexico has established a budget transparency portal

In Mexico the Ministry of Finance has historically published information on public finance. Some of this information was published as part of its regulatory obligations. However, information such as monthly data on of the revenue, expenditure, debt, transfers to local government, etc. was also published by the Executive initiative, as "Public Finance Statistics".

In 2012 the Government decided to create a website with useful information on how resources are spent. The aims were to provide:

- Greater transparency in public-resource management
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The portal's design serves to gathered budget information in one place and present it in plain language and open formats. It was developed through dialogue with social organisations and members of academia, and provides a front-end designed for easy user access and a back-end data warehouse to integrate budget information from the information systems of the Ministry, in real time, as it is updated internally. The data can be found in open file format "Excel" or "CSV" that let the users analyse and play with the information.

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Social media and a short 'magazine' style presentation of the highlights of the citizen's budget have been used to increase accessibility

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- <http://www.opengovpartnership.org/country/mexico/case-study/inspiring-story-budget-transparency-portal>

## The Philippines has developed a Citizen's Budget Portal

As part of its first OGP Action Plan the Government of the Philippines committed to develop and launch a website, which will serve as an interactive platform for citizens to learn about and find information on the National Budget. The website [budgetngbayan.com](http://budgetngbayan.com) includes a section called Budget 101 which explains the budget cycle in plain language. Budgets are available to download as pdf or Excel files, along with a 'People's Budget' which provides explanation. Users of the site can comment and ask questions using Facebook. 'Faith' a Foreign Aid Transparency Hub is also under development.

The 2012 National Budget contains a general provision (Section 91) that requires agencies to disclose information on their mandates and the functions and designations of their key officials; their approved budgets and corresponding targets; funding, key beneficiaries and status of programs and projects; and annual accomplishment and accountability reports, among others. The 2012 Budget also contains special provisions that require the disclosure of additional information.

The Independent Review of the Philippines OGP progress found that Stakeholders, particularly those involved in budget transparency work, found the website useful as a research tool. Citizens who posted queries on the website received feedback from the site administrator and recommended making the website even more interactive.

- <http://budgetngbayan.com/>
- <http://www.opengovpartnership.org/country/philippines/commitment/technology-and-innovation>
- <http://www.opengovpartnership.org/blog/blog-editor/2013/10/09/irm-releases-philippine-report-public-comment>

## Initial Step: Publish the four core budget documents

### Justification

Governments that currently produce, but do not publish their core budget documents could publish them immediately at little cost. The four most important documents are:

- **The Executive's Budget Proposal** which outlines the government's revenue and expenditure plans. Timely publication of this document is essential for the public to be able to engage in the debate over the government's proposals.
- **The Enacted Budget** which is the result of legislative consideration of the executive's proposal. Because this report documents the commitments that have been approved, it will form the basis of any monitoring of government execution.
- **Audit Reports** which contain the audit institution's formal, independent evaluation of whether the government has collected and spent public funds as set out in the Enacted Budget, and has done so in accordance with the law. Citizens must have access to this document to be able to gauge the government's performance.
- **A Citizens' Budget** which provides a non-technical presentation of the budget (either the Executive's Budget Proposal

or the Enacted Budget) that is widely accessible to all citizens.

These form the most basic building blocks of budget accountability, thus publishing them is the minimum requirement for an open budget system.

## Recommendations

- To increase the public's access to these reports, and avoid unequal access, budget reports should at a minimum be posted on the government's website. Where internet access is limited, governments could make hard copies of their budgets widely available via public libraries and information desks throughout the country.
- In multilingual countries, budget reports should be published in multiple official languages.
- Each document should be made available according to a timetable and without delay. Late publication of these reports denies the public the ability to use the information to engage in decision-making processes.

## Standards & Guidance

- IBP guide to transparency in government budget reports [http://internationalbudget.org/wp-content/uploads/Government\\_Transparency\\_Guide1.pdf](http://internationalbudget.org/wp-content/uploads/Government_Transparency_Guide1.pdf)
- IBP open budget survey <http://internationalbudget.org/what-we-do/open-budget-survey/full-report/>
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- OGP Eligibility Criteria: Fiscal Transparency <http://www.opengovpartnership.org/how-it-works/how-join/eligibility-criteria>

## Country Examples

### Increasing numbers of countries publish the Executive Budget, Enacted Budget, Audit Report and Citizen's Budget

According to the 2012 survey by the International Budget Partnership, 22 countries out of 100 surveyed publish all four documents.

- <http://survey.internationalbudget.org/#availability>

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- <http://budgetngebayan.com/>
- <http://www.opengovpartnership.org/country/philippines/commitment/technology-and-innovation>
- <http://www.opengovpartnership.org/blog/blog-editor/2013/10/09/irm-releases-philippine-report-public-comment>



## Intermediate Step: Consult with the public on budget preparation

### Justification

Although they are responsible for taking key decisions about how best to address their country's needs and prospects for development, governments often lack important information and have limited research capacity and analytical resources for making choices about how to raise and spend funds. By increasing the opportunities for the public and civil society organisations to directly engage in and influence these process governments can benefit from their knowledge.

### Recommendations

Establish sector and ministry level consultation meetings with the public on overall budget priorities, as well as macroeconomic policy and inter-sectoral resource allocation issues and provide detailed feedback to the public on how its inputs have been used.

### Standards & Guidance

- GIFT High Level Principles on Financial Transparency <http://fiscaltransparency.net/wp-content/uploads/2012/09/GIFT-High-Level-Principles-2012-08-ENG.pdf>
- IBP open budget survey <http://internationalbudget.org/what-we-do/open-budget-survey/full-report/>

### Country Examples

#### New Zealand uses a wide range of mechanisms to seek public input

New Zealand has adopted a number of mechanisms to seek public input on various aspects of budget implementation and service delivery. Individual government departments and agencies collect information from client surveys, hold public consultations before the government publishes statements and rulings, and maintain hot links on the Inland Revenue website for public consultation, feedback, 'report tax evasion or fraud anonymously', and complaints.

- <http://internationalbudget.org/wp-content/uploads/OBI2012-Report-English.pdf>

## Intermediate Step: Enable effective oversight by legislatures and supreme audit institutions

### Justification

The legislature and Supreme Audit Institution (SAI) play key roles in holding the executive to account for the conduct of fiscal policy. The legislature requires clear authority, together with sufficient time, information, and financial and non financial resources. If the legislature is to enjoy public confidence trust and legitimacy, it must also operate in a transparent, participatory and accountable manner.

In many countries the executive holds very limited consultations or no consultation at all with the legislature during the formulation of the budget, with legislatures in some countries receiving the Executive's Budget Proposal less than six weeks

before the beginning of the budget year, and sometimes after the start of the fiscal year, or not at all.

In many countries legislators have to rely on either understaffed research offices or external researchers to inform their deliberations and some have no access to any research capacity whatsoever.

An adequately resourced and independent supreme audit institution is also crucial. Supreme Audit Institutions (SAIs) provide assurance of the integrity of financial information, and of compliance with budgetary rules. SAIs can also play a role in performance auditing; monitoring and assessing both financial and non-financial information in the budget cycle.

## Recommendations

- The executive and/or the legislature (as appropriate in the country) should facilitate the creation of an independent research office that can assist the legislature in analysing the budget presented to the legislature by the executive.
- Even after the budget is approved by the legislature, their approval should be sought before the executive spends any new revenues or contingency funds.
- Supreme audit institutions need adequate resources to be able to implement their audit mandates effectively. They also need to be made independent of the executive (for example the executive should not be able to remove the head of the supreme audit institution without advance approval from the legislature or judiciary).

## Standards & Guidance


- IBP open budget survey <http://internationalbudget.org/what-we-do/open-budget-survey/full-report/>
- INTOSAI Basic Principles in Government Auditing [http://www.issai.org/media/12943/issai\\_100\\_e.pdf](http://www.issai.org/media/12943/issai_100_e.pdf)
- INTOSAI's Lima and Mexico Declarations on Supreme Audit Institutions independence <http://www.intosai.org/issai-executive-summaries/view/article/issai-10-the-mexico-declaration-on-sai-independence-eger.html>

## Country Examples

 In 2011, the Parliamentary Budget Office was established in Kenya


Kenya's Parliamentary Budget Office, established by the 2009 Fiscal Management Act, is a non-partisan office of the Kenya National Assembly. Its primary function is to provide timely and objective information and analysis concerning the national budget and economy.

- <http://www.marsgroupkenya.org/pdfs/2012/11/Kenya%20MPs%20Budget%20Watch%20September%202012.pdf>

 In many countries, fiscal councils are providing independent analysis of government budgets and policies

Fiscal councils are independent bodies set up by governments to evaluate fiscal policy and provide advice. As such, they can be seen as fiscal watchdogs. In the last few years, five countries (Sweden, Canada, Hungary, Slovenia, and the United Kingdom) have established fiscal councils, and the United States and Netherlands have had such institutions in place for longer than that.

- <http://www.voxeu.org/article/what-are-fiscal-councils-and-what-do-they-do>

 The Congressional Budget Office in the United States offers credible and impartial support to legislators across party lines

The US Congressional Budget Office, established in 1974, produces independent analyses of budgetary and economic issues to support the Congressional budget process. The agency is strictly non-partisan and conducts objective, impartial analysis.

- <http://www.cbo.gov/>

## Intermediate Step: Publish all budget reports as open data

### Justification

National budget reports typically include thousands of revenue and expenditure items. In order for these numbers to be properly understood, citizens and researchers need to analyse and manipulate the data in budget reports. Modern technology allows data to be relayed in formats that can be easily manipulated. In order to facilitate the use of budget data, governments should publish the data in machine-readable formats that can easily be retrieved, downloaded, indexed, and searched by all commonly used Web search applications.

Open formats, for example nonproprietary CSV files, are ones where the specification for the format is available to anyone for free, thereby allowing the data contained in a file to be opened by different software programmes.

### Recommendations


Publish all budget reports on the internet in machine-readable formats,

1. A first step would be to publish budget documents as Excel spreadsheets.
2. In the longer term relevant budget data should be published directly from Financial Management Information System (FMIS) and comply with open data standards.

### Standards & Guidance

- Open Data Index <http://https://index.okfn.org/>
- World Bank: Financial Management Information Systems and Open Budget Data <http://www.worldbank.org/publicfinance/FMIS>

### Country Examples

 The Brazilian ministry of finance publishes large amount of budget data in machine-readable formats

Brazil has developed a number of instruments for fiscal transparency. The most well known initiative perhaps is the transparency portal [www.portaltransparencia.gov.br/](http://www.portaltransparencia.gov.br/), which was started in 2004 and which draws together information from across the federal government. The portal includes information on public revenues, budgets and spending as well as income and assets of public servants and information on procurement. It is updated daily and provides searchable, open access to the data, as well as offering specific sections focused on areas of particular interest such as the World

## Cup and the Olympics.

The portal aims to provide information which can be easily accessed and used. For example budget lines are tagged with popular names (for example 'bolsa familia' as well as the official title 'Transferência de renda e apoio à família no acesso à saúde e a à educação'). The information in the budget portal is provided in the form of open, machine readable data, so that it can be used and reused by civil society, media and other organisations to create analysis, visualisations and tools to navigate the information.

As the practice of transparency has developed, so too has the legal framework. In 2012 Brazil established a new Transparency Law obliging all Brazilian public entities (executive, judiciary and legislative bodies at the federal, state and municipality levels, as well as in the federal district) to publish detailed budget data online in real time. The transparency initiative is led by the Office of the Comptroller General. Significant effort has been put into education and dialogue, both within and outside of government, to understand user information needs, to support users to use the data and to generate high quality information flows.

As part of its first OGP Action Plan Brazil has been providing more budget information on its transparency portal, improving data on social benefits and on contracts. In its second Action Plan there is a plan to rebuild the Transparency Portal completely, based on learning from the first ten years, to improve quality and usability and to connect budget information to datasets on actions. The federal government is now working to encourage states and municipalities to develop their own portals.

[Source: Based on a webinar presentation by Otavio Castro Neves, July 30 2013]

- <http://www.opengovpartnership.org/webinar-introducing-fiscal-openness-working-group>

## Intermediate Step: Publish all eight key budget reports

### Justification

Internationally accepted good practices require governments to publish at least eight key budget reports at various points in the budget year:

- **The Pre-Budget Statement** presents the broad parameters and macroeconomic assumptions of the Executive's Budget Proposal.
- **The Executive's Budget Proposal** which outlines the government's revenue and expenditure plans.
- **The Enacted Budget** which is the result of legislative consideration of the executive's proposal.
- **Audit Reports** which contain the audit institution's formal, independent evaluation of whether the government has collected and spent public funds as set out in the Enacted Budget, and has done so in accordance with the law. Citizens must have access to this document to be able to gauge the government's performance.
- **A Citizens' Budget** which provides a non-technical presentation of the budget (either the Executive's Budget Proposal or the Enacted Budget) that is widely accessible to all citizens.
- **Execution reports (In-Year Reports and Mid-Year Review)** provide timely feedback on the progress of budget execution, thus allowing for mid-course corrections, reallocations or supplemental allocations, where necessary.
- **Year-End Reports** allow for a comparison between planned and actual spending, increasing accountability and informing decisions for the coming budget year.

In order for these reports to be useful, they need to provide adequate details that will enable citizens to get a comprehensive picture of how their governments are collecting and spending their monies. This means that budget reports should provide information on both the flows (expenditure, revenues, balance) as well as stocks (government debt, financial and non-financial assets and liabilities). Budget reports should also include performance information (objectives, outputs and outcomes) of key programs. This information should be supplemented by statements of fiscal strategy and reports on how they are being met. Finally, governments should report on how it is managing fiscal risks, such as government guarantees, macroeconomic shocks, and financial sector exposure.

The publication of key reports during budget planning, implementation and evaluation is recommended in the IMF's fiscal transparency code, the OECD's best practice guidelines on budget transparency, and the IBP's Open Budget Survey, which describe the information that should be provided in these key budget reports. The IMF offer periodic assessments of fiscal transparency through their fiscal transparency ROSCs. The [OECD](#) and the IBP evaluate budget transparency through their respective surveys. The World Bank-led PEFA framework also assesses some of these issues. Good practices on the timeliness and comprehensiveness of published budget reports are provided by the IBP in its Open Budget Survey, the IMF in its fiscal transparency Code, and the OECD in its best practice guidelines on budget transparency.


## Recommendations

1. Publish a comprehensive Pre-Budget Statement at least one month before the publication of the Executive's Budget Proposal.
2. Publish a comprehensive Executive's Budget Proposal, ideally three months before the start of the budget year.
3. Publish a comprehensive Enacted Budget, ideally as soon as the budget is approved by the legislature.
4. Publish a comprehensive Citizens Budget, ideally alongside the Executive's Budget Proposal or Enacted Budget
5. Publish comprehensive monthly or quarterly In-Year Reports on revenues collected, expenditures made, and debt incurred, ideally within 30 days or six weeks after the end of the relevant reporting period.
6. Publish a comprehensive Mid-Year Review, ideally within 30 days or six weeks after the mid-point of the budget year.
7. Publish a comprehensive Year-End report, ideally within six months to a year after the end of the budget year.
8. Publish comprehensive Audit Reports, ideally within six months to a year after the end of the budget year. In addition to Audit Reports, government should also publish reports on steps taken to address audit recommendations.

## Standards & Guidance

- IBP guide to transparency in government budget reports [http://internationalbudget.org/wp-content/uploads/Government\\_Transparency\\_Guide1.pdf](http://internationalbudget.org/wp-content/uploads/Government_Transparency_Guide1.pdf)
- IBP open budget survey <http://internationalbudget.org/what-we-do/open-budget-survey/full-report/>
- IMF fiscal transparency code <http://www.imf.org/external/np/fad/trans/code.htm>
- OECD best practice guidelines on budget transparency <http://www.oecd.org/gov/budgeting/best-practices-budget-transparency.htm>

## Country Examples

 A few countries publish all eight key budget documents

France, Honduras, Italy, New Zealand, the UK, Uganda, Slovakia and South Africa are among the countries that publish all eight key budget documents. The Executive Budget Proposals in countries New Zealand, South Africa, and the United Kingdom also meet international best practice criteria.

- <http://survey.internationalbudget.org/#availability>

### Honduras publishes all eight key budget documents

Until recently the Honduran government produced most of the budget documents for internal use, but only made limited information public.

After a political crisis in 2009, the new Honduran government began to focus on improving its financial management practices, including making the budget more transparent. It undertook these efforts in order to establish legitimacy with the international community, secure foreign assistance, reduce the fiscal deficit, and tackle development problems more effectively.

An interagency commission was set up under the coordination of the President's office to draw up a plan to improve fiscal transparency and management and requested technical assistance from the International Budget Partnership. This included bringing government and local civil society organisations together to discuss budget transparency issues.

- [http:// http://internationalbudget.org/wp-content/uploads/OBI2012-Report-English.pdf](http://http://internationalbudget.org/wp-content/uploads/OBI2012-Report-English.pdf)
- <http://www.opengovpartnership.org/country/honduras/action-plan>

### Mexico has established a budget transparency portal

In Mexico the Ministry of Finance has historically published information on public finance. Some of this information was published as part of its regulatory obligations. However, information such as monthly data on of the revenue, expenditure, debt, transfers to local government, etc. was also published by the Executive initiative, as "Public Finance Statistics".

In 2012 the Government decided to create a website with useful information on how resources are spent. The aims were to provide:

- Greater transparency in public-resource management
- Fiscal transparency in citizen language
- Thematic transparency, with particular attention to citizens interests

The portal's design serves to gathered budget information in one place and present it in plain language and open formats. It was developed through dialogue with social organisations and members of academia, and provides a front-end designed for easy user access and a back-end data warehouse to integrate budget information from the information systems of the Ministry, in real time, as it is updated internally. The data can be found in open file format "Excel" or "CSV" that let the users analyse and play with the information.

The portal seeks to link all stages of the budget process: planning, programming, budgeting, exercise and control, monitoring, evaluation and accountability. It includes government finance statistics, resources transferred to local governments, quarterly reports in open formats, year-end report, citizens budget and year end report as well as details of investment projects, indicators, goals and external evaluations.

Social media and a short 'magazine' style presentation of the highlights of the citizen's budget have been used to increase accessibility

- <http://fiscaltransparency.net/wp-content/uploads/2013/11/Mexico-Presentation.pptx>

- <http://www.transparenciapresupuestaria.gob.mx/>
- <http://www.opengovpartnership.org/country/mexico/case-study/inspiring-story-budget-transparency-portal>

## Advanced Step: Enable citizen participation in budgeting

### Justification

Citizen participation in budgeting is a relatively new concept in public financial management.

Citizen engagement in the budget process is important for a number of reasons. An OECD publication (Tanaka,2007) identifies several such important reasons for public engagement in budgeting.

- Budget decisions have a significant impact on the lives of the public, and therefore should be informed by the views and values of citizens.
- Engaging citizens in the budget process increases the information available to decision makers concerning the likely effects of their decisions in communities, and can help to guard against unintended consequences.
- The scrutiny of citizens can help to ensure that decision makers are diligent in the decisions they make, improving the efficiency, responsiveness and accountability of government, and guarding against corruption.
- Through engaging citizens in the budget process, they can address the same trade-offs that decision makers are forced to make, and generate a more fruitful discussion between citizens and government.
- Engaging citizens in fundamental decisions, such as budget decisions, can help to overcome public distrust and cynicism, and increase the legitimacy of government.
- Citizen engagement can help to ensure that government is responsive to the needs, views and values of citizens.

### Recommendations

Develop citizen audit request system, social audit mechanisms, and participatory budgeting systems.

Below, we identify some principles that could guide governments as they develop mechanisms for public engagement in budgeting. These principles have been used in indicators on public engagement in the Open Budget Survey, and are the responsibility of the finance ministry:

1. Take responsibility for developing and implementing a strategy of citizen engagement in the budget process.
2. Identify examples of international, national and local good practice.
3. Define a clear purpose or set of purposes for engaging citizens in the budget process, and define clearly the scope of their involvement.
4. Identify institutional and cultural barriers to engaging citizens in the budget process, and consider ways in which they could be overcome
5. Carefully consider who it should engage in the budget process, and how they can be best involved and at which stage of the process.
6. Develop a range of opportunities for citizens, civil society, and other interested parties to engage in the budget process.

7. Ensure that all engagement with the budget process is open and transparent to allow for effective scrutiny.
8. Report back to participants on the results and impacts of consultation and publish the results for wider scrutiny.

## Standards & Guidance

- IBP guide to participatory budgeting <http://internationalbudget.org/wp-content/uploads/A-Guide-to-Participatory-Budgeting.pdf>
- IBP open budget survey <http://internationalbudget.org/what-we-do/open-budget-survey/full-report/>
- World Bank participatory budgeting book <http://siteresources.worldbank.org/PSGLP/Resources/ParticipatoryBudgeting.pdf>

## Country Examples

### Botswana has developed a “budget pitso” forum

Botswana has introduced a promising initiative that uses an innovative “budget pitso” (or consultation forum) system to enable the public to be part of budget formulation. This “pitso” has its origins in the community participation “kgotla” system, which is one of the oldest forms of public participation in governance in the world.

- <http://internationalbudget.org/wp-content/uploads/OBI2012-Report-English.pdf>

### Citizens in South Korea can submit requests for audits of programs or agencies

The Board of Audit and Inspection (BAI) in South Korea has introduced various arrangements that help to incorporate citizen opinions and input into its audit activities. One such arrangement is the Citizens’ Audit Request System, which was introduced in 2001 to promote timely and efficient audits and trust in the national audit agency. Citizens may request audits related to public sector organizations in which the violation of laws or corruption could seriously undermine the public interest. A Citizens Audit Request Screening Committee, established within the BAI, decides for or against a request. For those requests that are approved, the BAI conducts audits and notifies the requesting parties of the results. The system has become widely known among the general public, and the number of audit requests is increasing.

- <http://www.intosajournal.org/technicalarticles/technicalapr06.html>

### Germany invites economists, business and trade unions to give testimony to budget hearings

In Germany the parliament’s budget committee holds public hearings in which testimony from economists, trade associations, labor unions, employer federations, and civil service employee associations, among others, is heard. The budget committee determines the focus of these talks.

*[NB: this example is drawn from the information collected in the Open Budget Survey. While the Survey references these examples, it does not assess the quality of public engagement as a result of these mechanisms. The Global Initiative for Fiscal Transparency (GIFT) has recently commissioned case studies to assess the quality of public participation in budget decision-making in a number of countries. This guide will be updated with information from these case studies when the case studies are published.]*



- <http://internationalbudget.org/wp-content/uploads/OBI2012-Report-English.pdf>

### South Africa invites interested parties to present on budget proposals

The South African Money Bill Amendment Procedure and Related Matters Act requires parliament to hold public hearings on the fiscal framework and revenue proposals. Interested parties are invited to make oral presentations during the hearings.

*[NB: this example is drawn from the information collected in the Open Budget Survey. While the Survey references these examples, it does not assess the quality of public engagement as a result of these mechanisms. The Global Initiative for Fiscal Transparency (GIFT) has recently commissioned case studies to assess the quality of public participation in budget decision-making in a number of countries. This guide will be updated with information from these case studies when the case studies are published.]*

- <http://internationalbudget.org/wp-content/uploads/OBI2012-Report-English.pdf>

### South Korea has systems to enable citizens to participate in budget decisions

In South Korea the Budget Office introduced significant public financial management (PFM) reforms in 2003, including a medium term expenditure framework, performance based budgeting and integrated financial management system. This improved the budget process but posed a potential problem. Without credible mechanisms for setting multi-year budget ceilings and sticking to them they could easily be undermined. . In order to help make the budget ceilings effective the authorities developed a process of participation in the budget formulation process . This allows the government to assert that a realistic expenditure ceiling has been established, and the government's hands are tied in any attempt to renegotiate the ceiling. Citizen's involvement has also been encouraged to improve the execution of the budget and to enhance fiscal transparency between national and local government.

There are six main mechanisms for participation, formalised Open Discussions, field trips for central government officials to meet local government officials, a fiscal policy advisory council made up of civil society representatives and officials from national and local government, an assembly of experts, a budget waste report centre and public participation in audit. These processes are integrated into the annual budget formulation cycle.

Through the Budget Waste Report Center citizens can report any suspected cases of budget waste using an online form or a telephone hotline. Citizens can suggest creative ways to save budget resources. Retired Budget Officials manage the hotline, sending cases to relevant departments. Advertising has been used to increase awareness and encourage participation. Public participation in auditing takes place in three ways. Citizens are encourage to suggest what public entity should be audited. They can request the audit board examines any reports of impropriety and can gather to collectively request audits, not only on budget waste, but also on delays in program implementation and completion and unreasonable public policy. In 2012 the budget office launched its first contest to gather creative ideas from the public on new fiscal projects. A total of 866 ideas were submitted and 12 suggestions were reflected in the budget.

[Source: World Bank, PREM Notes]

- <http://internationalbudget.org/wp-content/uploads/OBI2012-Report-English.pdf>
- <http://internationalbudget.org/wp-content/uploads/Kang-and-Min-Public-Participation-in-the-Budget-Process-in-ROK.pdf>
- <http://fiscaltransparency.net/wp-content/uploads/2013/11/Korea-Public-Participation-Case.pptx>

- <http://blogs.worldbank.org/governance/public-participation-budget-process-republic-korea>

### State governments in India use social audit techniques to monitor government programs

In the Indian state of Andhra Pradesh, social audits techniques are being used to hold government accountable. Social audits, apart from including audit of expenses or decisions, also cover issues of equity and quality in programme implementation, and are conducted jointly by government and civil society. The social audit process used here includes public vigilance and verification at the various stages of project implementation. Social audit forums, or public hearings, are also organised as part of the process. In these forums information is read out publicly and people are given the opportunity to question officials, seek and obtain information, verify financial expenditure, examine the provision of entitlements, discuss the priorities reflected in choices made, and critically evaluate the quality of works as well as the functioning of the programme staff.

- <http://125.22.8.66/SocialAudit/>

### Trinidad and Tobago uses stakeholder forums and Facebook to gather budget input

In Trinidad and Tobago the Ministry of Finance holds “post-budget forums” to gather input from and respond to the public. Key groups such as agriculture, youths, etc. are invited to give their perspectives on the budget. All members of the public are invited to call or send text messages to the Minister of Finance; and make comments publicly through Facebook and the ministry’s website.

- <http://internationalbudget.org/wp-content/uploads/OBI2012-Report-English.pdf>

## Advanced Step: Publish information on resources received by service delivery units

### Justification

Problems frequently arise in front-line service delivery units providing services at the community level (such as schools and health clinics) in obtaining resources that were intended for their use, whether in terms of cash transfers, distribution of materials in kind (e.g. drugs and school books) or provision of centrally recruited and paid personnel. The intended resource provision may not be explicit in budget documentation, but is likely to form part of line ministries internal budget estimates preparation. Front line service delivery units, being furthest in the resource allocation chain, may be the ones to suffer most when overall resources fall short of budget estimates, or when higher level organisational units decide to re-direct resources to other (e.g. administrative) purposes. There may be significant delays in transfers of resources to the unit whether in cash or in kind. Tracking of such information is crucial in order to determine, if the PFM systems effectively support front-line service delivery.

### Recommendations

Publish data on resources (cash and in-kind) received by service delivery units (such as, primary schools & primary health

clinics)

## Standards & Guidance

- Public Expenditure and Financial Accountability Field Guide  
<http://siteresources.worldbank.org/PEFA/Resources/PEFAFieldguide.pdf>

## Advanced Step: Publish off budget financial information

### Justification

Governments often implement financial activities outside of the national budget, for example through pension or social security funds, state-owned enterprises and banks, Public resources from natural resource extraction, foreign aid, debt cancellation and proceeds from privatization operations may also not show up in national budgets.

In recent years there has been an increased emphasis on governments having a balanced budget and low levels of debt. Such prescriptions may increase incentives for governments to use quasi-fiscal activities that mask the true cost of their policies.

Quasi-fiscal activities are subsidies and deficits which don't show up on government financial accounts, such as subsidised bank loans provided by the central bank noncommercial public services provided by state-owned enterprises or multiple currency exchange rates used for different transactions.

Tax expenditures are another financial measure that is generally less well understood and often hidden from public scrutiny. Tax expenditures are usually defined as a government's estimated revenue loss that results from giving tax concessions or preferences to a particular class of taxpayer or activity. The revenue loss, or "expenditure," is calculated as the difference between whatever tax would have been paid under a defined benchmark tax law (which identifies what tax structure should normally apply to taxpayers) and the lower amount that was actually paid after the tax break.

All these issues should be adequately disclosed so that they receive the same level of oversight that the national budget receives.

### Recommendations

1. Publish timely, regular, comprehensive, accessible, and accurate information on financial activities that go beyond the routine items in a national budget including extra-budgetary funds, tax expenditures and quasi fiscal activities.
2. Budget documentation should include statements on the purpose, duration, and intended beneficiaries of each quasi-fiscal activity, based on information provided by those agencies that undertake these activities, whether state-owned enterprises or the central bank.
3. Public corporations should include in their reports specific information on, for example, noncommercial services that the government requires them to provide or lending to other government-owned agencies, while central banks should report on any non-monetary policy activities that they conduct on behalf of the government.

## Standards & Guidance

- IBP Looking beyond the budget <http://internationalbudget.org/wp-content/uploads/Looking-Beyond-the-Budget.pdf>


- IMF fiscal transparency code <http://www.imf.org/external/np/fad/trans/code.htm>
- OECD Guidelines on Corporate Governance of State-owned Enterprises <http://www.oecd.org/daf/ca/corporategovernanceofstate-ownedenterprises/34803211.pdf>

## Country Examples

 In Azerbaijan, fuel subsidies provided by the national oil company were put on the budget

In Azerbaijan, fuel subsidies provided by the national oil company, SOCAR, were put on budget by recognizing the amount of the subsidy in the budget and granting SOCAR tax credits for the same amount.

- <http://internationalbudget.org/wp-content/uploads/Looking-Beyond-the-Budget-3-Quasi-Fiscal-Activities.pdf>

 In South Africa information on quasi-fiscal activities is provided in the main budget or the budgets of the relevant agencies

In South Africa all quasi-fiscal activities are included either in the main budget or in the budgets of the relevant extra-budgetary agencies. In terms of accounting for extra-budgetary funds, the South African executive's budget and supporting documentation present extensive information on extra-budgetary funds, including both a narrative discussion and quantitative estimates of such funds. The bulk of extra-budgetary funds in South Africa are composed of social security funds, such as the Road Accident Fund, the Unemployment Insurance Fund, and the Compensation Funds. The money for these items is not included in the budget, but information on their payments and receipts is included in the accompanying document, the Budget Review. The Office of the Auditor General of South Africa publicises its reports of audits of all extra-budgetary funds. The reports include all charges against the Revenue Fund, including extra-budgetary funds.

- <http://internationalbudget.org/wp-content/uploads/Looking-Beyond-the-Budget.pdf>

## Innovative Step: Fully implement the GIFT Principles on fiscal transparency

### Justification

The Global Initiative for Fiscal Transparency (GIFT) is a multi-stakeholder action network working to advance and institutionalise global norms and significant, continuous improvements on fiscal transparency, participation, and accountability in countries around the world. High Level Principles on Fiscal Transparency, Accountability and Participation represent an attempt to distil a set of broad principles from across the body of existing standards and norms. They are intended to guide policy makers and all other stakeholders in fiscal policy in their efforts to improve fiscal transparency, participation and accountability.

In December 2012, the UN General Assembly adopted a resolution titled 'Promoting transparency, participation and accountability in fiscal policies' endorsing the GIFT High Level Principles on fiscal transparency and participation, and encouraging Member States to intensify efforts to enhance transparency, participation and accountability in fiscal policies.

### Recommendations

Implement the 10 High Level Principles on fiscal transparency, participation, and accountability developed by GIFT, which are summarised below:

1. Establish a clear presumption in favour of the public availability of fiscal information without discrimination
2. Publish clear and measurable objectives for aggregate fiscal policy, regularly report progress against them, and explain deviations
3. Present high quality financial and nonfinancial information on past, present, and forecast fiscal activities, performance, fiscal risks, and public assets
4. Communicate the objectives being pursued and the outputs produced and endeavour to disclose the anticipated and actual social, economic and environmental outcomes
5. Ensure that all financial transactions of the public sector have their basis in law. Laws, regulations and administrative procedures should be available to the public, and their implementation should be subject to independent review
6. Government financial relationships with the private sector should be disclosed, conducted in an open manner, and follow clear rules
7. Assign clear roles and responsibilities for raising revenues, incurring liabilities, consuming resources, investing, and managing public resources
8. No government revenue should be raised or expenditure incurred or committed without the approval of the legislature through the budget or other legislation
9. The Supreme Audit Institution should have statutory independence, the mandate to access information, and appropriate resources to audit and report publicly
10. Citizens should have the right and they, and all non state actors, should have effective opportunities to participate directly in public debate on budgets

## Standards & Guidance

- GIFT High Level Principles on Financial Transparency <http://fiscaltransparency.net/wp-content/uploads/2012/09/GIFT-High-Level-Principles-2012-08-ENG.pdf>
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# Annex: Standards and Guidance

## Budgets

### GIFT High Level Principles on Financial Transparency

MULTI-STAKEHOLDER PRINCIPLES

The GIFT High Level Principles on Financial Transparency is a set of principles and global norms on fiscal transparency formulated in 2012 by the multi-stakeholder action network. The Principles are intended to guide policy makers and all other stakeholders in fiscal policy in their efforts to improve fiscal transparency, participation and accountability, and to help promote improvements in the coverage, consistency and coherence of the existing standards and norms for fiscal transparency. An [Expanded Version of the High-Level Principles](#) explains each of the ten Principles in more detail, and provides additional information and sources of guidance for those applying the Principles in practice.

<http://fiscaltransparency.net/wp-content/uploads/2012/09/GIFT-High-Level-Principles-2012-08-ENG.pdf>

### IBP guide to participatory budgeting

CIVIL SOCIETY GENERAL REFERENCE

The Guide to Participatory Budgeting from 2000 examines Brazilian participatory budgeting programmes designed to incorporate citizens into the policy making process, spur administrative reform, and distribute public resources to low income neighbourhoods. The paper explores the mechanisms of participatory budgeting, the results of this approach, and its potential applicability elsewhere.

<http://internationalbudget.org/wp-content/uploads/A-Guide-to-Participatory-Budgeting.pdf>

### IBP guide to transparency in government budget reports

EXPERT / OTHER DETAILED GUIDANCE

The Guide to Transparency in Government Budget Reports was designed to support governments in their efforts to meet international good practice standards on budget transparency. It provides guidance on what reports and documents governments should be producing and making available throughout the budget process, what information should be in those reports, and links to model documents from other countries.

[http://internationalbudget.org/wp-content/uploads/Government\\_Transparency\\_Guide1.pdf](http://internationalbudget.org/wp-content/uploads/Government_Transparency_Guide1.pdf)

### IBP Looking beyond the budget

CIVIL SOCIETY GENERAL REFERENCE

Moving beyond the eight key budget documents on which budget transparency is measured, this document deals with five areas of public finance that are less well understood and especially vulnerable to efforts to shield them from public scrutiny. The five areas are: extra-budgetary funds, tax expenditures, quasi-fiscal activities, contingent liabilities, and future liabilities.

<http://internationalbudget.org/wp-content/uploads/Looking-Beyond-the-Budget.pdf>

## IBP open budget survey

EXPERT / OTHER RATING

The Open Budget Survey measures the state of budget transparency, participation, and oversight in countries around the world and is completed by independent researchers in the countries assessed. The Open Budget Index assigns countries covered by the Survey a transparency score on a 100-point scale based on whether the government provides the public with timely access to comprehensive information contained in eight key budget documents.

<http://internationalbudget.org/what-we-do/open-budget-survey/full-report/>

## IMF fiscal transparency code

INTER-GOVERNMENT PRINCIPLES

The IMF Code of Good Practices on Fiscal Transparency was developed in 1998 and updated in 2007. It identifies a set of principles and practices to help governments provide a clear picture of the structure and finances of government.

The IMF is updating its code in 2013 through a process of public consultation that will be finalized in 2014.

The structure and content of the revised *Fiscal Transparency Code* differ from the 2007 version in a number of important respects. In particular:

- Greater focus on the quality of fiscal reports.
- Updated fiscal transparency principles.
- Graduated practices: basic, good and advanced  
Quantitative fiscal transparency indicators
- Coverage and complementarity with Public Expenditure and Financial Accountability (PEFA) assessment framework.

In addition to providing an updated standard for fiscal disclosure, the revised *Code*, once finalized, also provides the basis for a new Fiscal Transparency Assessment (FTA). These assessments are being piloted in a number of low-income, emerging and advanced countries.

<http://www.imf.org/external/np/fad/trans/code.htm>

## INTOSAI Basic Principles in Government Auditing

EXPERT / OTHER PRINCIPLES

The International Organization of Supreme Audit Institutions (INTOSAI) Basic Principles in Government Auditing provide a framework for the establishment of procedures and practices to be followed in the conduct of an audit. The purpose of the Principles is to help developing auditing standards and serve the auditors in forming their opinion and reports, particularly in cases where no specific standards apply.

[http://www.issai.org/media/12943/issai\\_100\\_e.pdf](http://www.issai.org/media/12943/issai_100_e.pdf)

## INTOSAI's Lima and Mexico Declarations on Supreme Audit Institutions independence

EXPERT / OTHER PRINCIPLES

The [Lima Declaration](#) from 1977 points out the necessary aspects of audits and audit institutions for achieving independent and objective results. The chief aim of the declaration is to call for independent government auditing. A Supreme Audit Institution which cannot live up to this demand does not come up to standard. The [Mexico Declaration](#) from 2007 sets up eight core principles on Supreme Audit Institution Independence, which flow from the Lima Declaration.

<http://www.intosai.org/issai-executive-summaries/view/article/issai-10-the-mexico-declaration-on-sai-independence-eger.html>

## OECD best practice guidelines on budget transparency

INTER-GOVERNMENT DETAILED GUIDANCE

The OECD Best Practices for Budget Transparency from 2002 are designed as a reference tool for governments to use in order to increase the degree of budget transparency in their respective countries. The Best Practices are based on different OECD Member countries' experiences and are not meant to constitute a formal standard for budget transparency.

<http://www.oecd.org/gov/budgeting/best-practices-budget-transparency.htm>

## OECD Guidelines on Corporate Governance of State-owned Enterprises

INTER-GOVERNMENT PRINCIPLES

Non-binding guidelines and best practices developed by the OECD Working Group on Privatisation and Corporate Governance of State-Owned Assets. The Guidelines are intended to provide general advice that will assist governments in improving the performance of State-owned enterprises. The Guidelines are also supported by more detailed guidance; [OECD: Accountability and transparency - A Guide for State Ownership](#).

<http://www.oecd.org/daf/ca/corporategovernanceofstate-ownedenterprises/34803211.pdf>

## OGP Eligibility Criteria: Fiscal Transparency



MULTI-STAKEHOLDER RATING

In order to participate in the Open Government Partnership (OGP), governments must exhibit a demonstrated commitment to open government in four key areas, as measured by objective indicators and validated by independent experts.

Countries can earn a total of 16 points. In order to participate in OGP, countries must score at least 75% of the total possible points available to them.

The fiscal transparency indicator is based on the 2012 Open Budget Index, conducted by the International Budget Partnership, which covers 100 countries (countries that are not included in the Index are not assessed on this measure)

Two points are awarded for publication of each of two essential documents:

- Executive's Budget Proposal
- Audit Report

<http://www.opengovpartnership.org/eligibility>

## OGP Eligibility Criteria: Fiscal Transparency

OGPELIGIBILITY CRITERIA RATING

In order to participate in OGP, governments must exhibit a demonstrated commitment to open government in four key areas, as measured by objective indicators and validated by independent experts. Any government that achieves a score of at least 75% of the total possible points available to them can join OGP at any time once they have demonstrated that they meet these minimum criteria.

Fiscal transparency is one of the four eligibility criteria. Two points are awarded for publication of each of two essential documents the Executive's Budget Proposal and Audit Report.

This is assessed using a sub-set indicators from the 2012 Open Budget Index, conducted by the International Budget Partnership, which covers 100 countries. As the Open Budget Index covers only 100 countries, some countries are not assessed on this criteria.

<http://www.opengovpartnership.org/how-it-works/how-join/eligibility-criteria>

## Open Data Index

CIVIL SOCIETY RATING

The Open Data Index was developed in 2013 to provide a global reference for the state of open data release by national governments. It provides an independent peer-reviewed assessment of openness in a range of key areas, reflecting the realities of public information release and practice in over 60 countries. 80 datasets are assessed, covering ten areas including transport, government budgets and spending, election results, company registers, national maps and statistics, legislation, postcodes and pollutant emissions.

<https://index.okfn.org/>

## Public Expenditure and Financial Accountability Field Guide

EXPERT / OTHER   DETAILED GUIDANCE   COMMUNITY OF PRACTICE

The PEFA 'Fieldguide' from 2012 is the result of the compilation of all existing and updated guidance and technical notes produced by the PEFA Secretariat. The field guide aims to support the technical work of the assessors in the field.

<http://siteresources.worldbank.org/PEFA/Resources/PEFAFieldguide.pdf>

## The Power Of Making It Simple: A Government Guide To Developing Citizens Budgets

CIVIL SOCIETY   DETAILED GUIDANCE

The International Budget Partnership's (IBP) report 'The Power of Making It Simple' draws on the experiences of governments that have produced Citizens Budgets, as well as on the IBP's experience of mentoring governments. It provides step-by-step guidance to governments on producing a Citizens Budget and includes suggestions on how to meet challenges that often arise in the process.

<http://internationalbudget.org/publications/the-power-of-making-it-simple-a-government-guide-to-developing-citizens-budgets/>

## World Bank participatory budgeting book

INTER-GOVERNMENT   GENERAL REFERENCE

Participatory Budgeting is a book published in the World Bank's Public Sector Governance and Accountability Series in 2007. It provides an overview of the principles underlying participatory budgeting and analyses the merits and demerits of participatory budgeting practices around the world with a view to guiding policy makers and practitioners on improving such practices in the interest of inclusive governance.

<http://siteresources.worldbank.org/PSGLP/Resources/ParticipatoryBudgeting.pdf>

## World Bank: Financial Management Information Systems and Open Budget Data

INTER-GOVERNMENT   PRINCIPLES   GENERAL REFERENCE

A study of presenting open budget data from public Financial Management Information Systems. This study summarises around 100 cases from various government web sites in 53 countries and draws out good practices and lessons learned. The study outlines seven guiding principles to publish open budget data through FMIS platforms:

1. Availability of timely and comprehensive budget information
2. Disclosure of details about underlying information systems
3. Availability of user defined (dynamic) query and reporting capabilities
4. Publishing reliable and interlinked open budget data

5. Authentication of the sources of public finance data
6. Improving the quality of presentation
7. Promoting the effective use of open budget data

<http://www.worldbank.org/publicfinance/FMIS>

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# Annex: Acknowledgements

## Topic Contributors

### Budgets

This topic has been developed by the [International Budget Partnership](#) with contributions from Vivek Ramkumar and Warren Krafchik (IBP), Jay Kruuse, [Public Service Accountability Monitor, South Africa](#); Claire Schouten, [Integrity Action](#); Rocio Moreno, Global Movement for Budget Transparency Accountability and Participation (BTAP); Katarina Ott, [Institute of Public Finance, Croatia](#); Nicola Smithers and others, the World Bank; and Jason Haris, the International Monetary Fund (IMF).

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