

Assessing Sector Budget Transparency

Results from a Pilot Assessment of Budget Transparency in Health and Education

Sally Torbert | April 29, 2019

KEY POINTS

- Civil society groups look to government budget documents for specific information about budget policies, allocations, spending, and performance in social sectors, such as health and education, and often need detailed information that goes beyond the core requirements of the international standards that are assessed in the Open Budget Survey.
- As part of the research during the Open Budget Survey (OBS) 2019, the International Budget Partnership (IBP) piloted a new module with civil society research partners in 28 countries to assess the availability of specific and detailed information on health and education budgets in central government budgets.
- The new pilot assessment relies on both existing indicators in the Open Budget Survey and new indicators focused on budget information relevant to the sectors.
- Our findings suggest that sector budget transparency is correlated with overall performance on the Open Budget Survey measurement of budget transparency in each country; however, all countries can provide more relevant data to the public about public spending on health, education, and other key sectors.
- The results also suggest that countries are lagging in providing the types of information needed to assess service delivery in sectors, especially when it comes to data on budget implementation, linking expenditure to performance targets, and reporting on transfers to other entities.
- Based on these findings, we recommend that governments strengthen areas where transparency is weak by providing more detailed, disaggregated information in budget documents and data; expanding the public availability of information and data on budget execution in sectors; and clearly explaining the links between sector policies, budgets, and performance.
- While the assessment of budget transparency in sectors was based on information available prior to the current COVID-19 pandemic, the findings speak directly to the importance of more detailed sector-level budget information in a crisis like this one. Both existing and new financing for health and other sectors, and the links between spending and performance, are critical in light of this public health and fiscal crisis.

ASSESSING SECTOR BUDGET TRANSPARENCY

This brief presents the results of a pilot assessment of budget transparency in the health and education sectors, which was implemented alongside the Open Budget Survey 2019.¹ Inspired by the work of civil society groups that analyze and monitor budget documents to find information on sector spending, this assessment digs deeper into what information is available, and what is missing, in government budget documents related to these key social sectors. While this assessment focuses on education and health, the trends and gaps in transparency are also likely relevant to most, if not all, sectors supported by public spending.

WHY IS SECTOR BUDGET TRANSPARENCY IMPORTANT?

Government budget allocations and spending on social sectors, such as health and education, are of critical concern to the public. Civil society groups, international organizations, and donors around the world have for many years looked at sector-specific information when reviewing government budget proposals and tracking implementation. This work is more important than ever, as governments have taken rapid, dramatic action to curb the spread of COVID-19, and address its impact, resulting in shifts in resource allocation. In many countries, health spending related to the pandemic is being increased, but other types of health spending may be reduced, such as capital spending. The education sector may also be impacted as social distancing has required some governments to shut schools and expand remote learning tools, and longer-term austerity measures may lead to spending cuts for teachers or investments in school construction.

The information contained in government budget documents is central for understanding these policy changes and the impact they will have on people's lives and societies. Governments may not produce documents with this goal in mind, however. For some government officials, budgets are seen mainly as management and control documents. For these purposes, budgets need only forecast available revenue sources and set limits on spending by government departments, provide estimated funding to turn policies into action, and account for this spending at the end of the year. For civil society and the public, however, these documents should also provide deeper insight into how public money is being raised and distributed to

¹ The approach and methodology for the Sector Budget Transparency Module ('Sector Module') were co-designed by Jason Lakin, María José Eva Parada, and Sally Torbert.

competing priorities, and more details about how funds ultimately deliver critical services. For this reason, even budget documents that meet basic standards of transparency often fall short of what civic actors need.

METHODOLOGY FOR A PILOT ASSESSMENT OF SECTOR BUDGET TRANSPARENCY

During the research for the Open Budget Survey 2019, the International Budget Partnership piloted a new approach to assess budget transparency for specific sectors. Building on preliminary research done during OBS 2017,² the research approach for the pilot was informed by discussions with civil society organizations and international organizations that already conduct research and analysis on education and health budgets, and a review of existing analyses. This informed the selection of the key topics and information in budget documents that are most needed by civil society to understand sector spending.

Much of the information civil society identified as important is assessed through existing OBS indicators, which examine the core elements of budget information (for example, revenue, expenditure, debt), and are based on international standards. At the same time, civil society groups that closely monitor sector spending often look for details beyond the core budget information to understand issues such as funding sources for the sector, the geographic distribution of services, and detailed disaggregated information on projects, programs, or services. The pilot, therefore, identified ten key topics that can be answered with information from 23 OBS indicators that were particularly relevant and added 20 new indicators to assess the greater level of sector detail needed by civil society throughout the budget process.

The ten key topics selected to be assessed during this pilot are:

1. Sector budget allocation by function and ministry: The amount of funding the government plans to spend in each sector shows the relative priorities of different sectors. Budget documents show this through two expenditure classifications: an *administrative classification*, which shows funding by ministry or department, and a *functional classification*, which presents expenditure in each sector across multiple ministries and departments.
2. Sector budget execution by function and ministry: The execution of the budget in each sector shows whether funding is being spent as planned. Previous IBP research has shown that underspending is a

² See Box 2.2 of the Open Budget Survey 2017 Global Report: <https://www.internationalbudget.org/wp-content/uploads/open-budget-survey-2017-report-english.pdf>

critical concern, especially developing countries, for sector spending.³ Budget execution documents, especially the year-end report, should show actual spending as compared to the budget for functional and administrative classifications, and with consistent classifications across budget documents.

3. Presentation of information that allows for international comparisons: Information on sector allocations and spending that are comparable across countries provides a benchmark for the level of spending in each country. The information needed for these comparisons includes the use of a functional classification structure that is comparable across countries,⁴ and nominal GDP projections to calculate the share of spending as compared to the overall size of the economy.
4. Revenue sources for the sector: Total government revenues, along with the amount of dedicated revenue from earmarked revenues and donor funding, show how the government is mobilizing resources for spending in sectors.
5. Changes in sector allocations over time: Trends in sector funding, both in previous years and projected allocations for future years, show whether funding is increasing, decreasing, or remaining the same over time.
6. Funding for specific programs and activities: Disaggregated expenditure information is needed to track the specific activities and programs in each sector. Budget documents can show breakdowns within the administrative classification about how funding is allocated to different programs or departments, and also to the level of sub-program and activity. Similarly, the functional classification can be broken down into sub-functions, such as education spending that goes to primary, secondary, or tertiary levels. Budget documents can also show an economic classification for each sector, which shows whether sector funding goes to salaries, goods and services, and capital spending, such as the construction of buildings.
7. Transfers of sector funding to other entities: Funding for education and health may be allocated as transfers to extra-budgetary funds, such as health insurance funds, and public corporations, such as hospitals or universities, and subnational governments. Budget documents should show allocations for these transfers and actual amounts transferred.

³ Paolo de Renzio, Jason Lakin, and Chloe Cho, “Budget Credibility Across Countries: How Deviations Are Affecting Spending on Social Priorities” (Washington, D.C., 2019), <http://internationalbudget.org/wp-content/uploads/Budget-Credibility-Across-Countries.pdf>.

⁴ See OECD’s Classification of the Functions of Government (COFOG): <https://www.oecd.org/gov/48250728.pdf>.

8. Objectives and results of sector spending: Budgets should connect how sector policies translate into funding allocations, and how the funding translates into outcomes and results. Budgets can adopt a program budget structure, where funding is allocated and spent based on objectives.⁵
9. Details on how and where sector funding is distributed: The distribution of funding between regions and to front-line service delivery units, such as schools and clinics, is important to understand the equity of funding distribution.
10. Subnational budget information: Many countries fund sector spending both from central and subnational government revenues. Central government budget documents can help the public understand the full picture of public spending in the sector by collecting and sharing information on subnational budgets.

The 43 indicators assessed in the pilot are combined to produce the results of a ‘Sector Module’ on budget transparency in a specific sector. Each new indicator is scored based on a multiple-choice response on a scale of 0 to 100, where the highest responses are associated with good practices, and the lowest responses indicate minimal or no information. The overall scores for the Sector Module are the average of the scores for the responses to the 20 new indicators and the 23 existing OBS indicators (see Annex for the table of indicators used in the assessment).

This new research methodology was piloted in 28 countries⁶ during the research period for OBS 2019. Countries that joined the pilot were selected based on the interest of OBS civil society partner and the availability of three basic budget documents - the Executive’s Budget Proposal, Enacted Budget, and Year-End Report – as defined by the OBS 2019. Research partners had the choice to review either education or health budgets, with 11 partners choosing to assess education and 17 choosing health. The new module indicators were assessed through the same rigorous methodology as the overall OBS questionnaire, including the peer review and government review, based on budget information that was available up until December 31, 2018.⁷

⁵ Program budgets, as defined in the Sector Module, have a narrower definition than the OBS questions. In the OBS, a program can be any level of disaggregation below a ministry or department. In the Sector Module, program budgets are defined specifically as budgets structured around objectives or goals.

⁶ The 28 pilot countries assessed by the Sector Module are Argentina, Australia, Azerbaijan, Benin, Botswana, Brazil, Chile, Croatia, Czech Republic, Dominican Republic, Ghana, Guatemala, India, Kenya, Kyrgyz Republic, Macedonia, Moldova, Mozambique, Nicaragua, Nigeria, Paraguay, Peru, Russia, Slovakia, South Africa, Sri Lanka, Uganda, Zimbabwe.

⁷ For more on the OBS methodology, see Annex A of the Open Budget Survey 2019 Global Report: <https://www.internationalbudget.org/wp-content/uploads/Open-Budget-Survey-Report-2019.pdf>.

OVERALL RESULTS: SECTOR BUDGET TRANSPARENCY IS CLOSELY LINKED TO OVERALL BUDGET TRANSPARENCY

The average scores for the 43 indicators included in the Sector Module are closely linked to overall levels of budget transparency, in that countries with greater overall budget transparency also present more information on sector allocations and spending. The average OBS transparency score for the pilot group of countries is 56 out of a total possible score of 100, while the average score on all sector module indicators was 54 out of 100 (Table 1). In general, as a result of the country selection process and the requirement that countries have three basic documents publicly available to be assessed in the pilot, the 28 countries assessed in the Sector Module pilot on average have higher OBS budget transparency scores than the overall global average score in the OBS 2019, which is 45 out of 100 for the 117 countries assessed. Average scores for sector budget transparency for the countries that assessed education and health are largely the same. As a result, in this brief, the joint results for both education and health are presented together as sector budget transparency results.

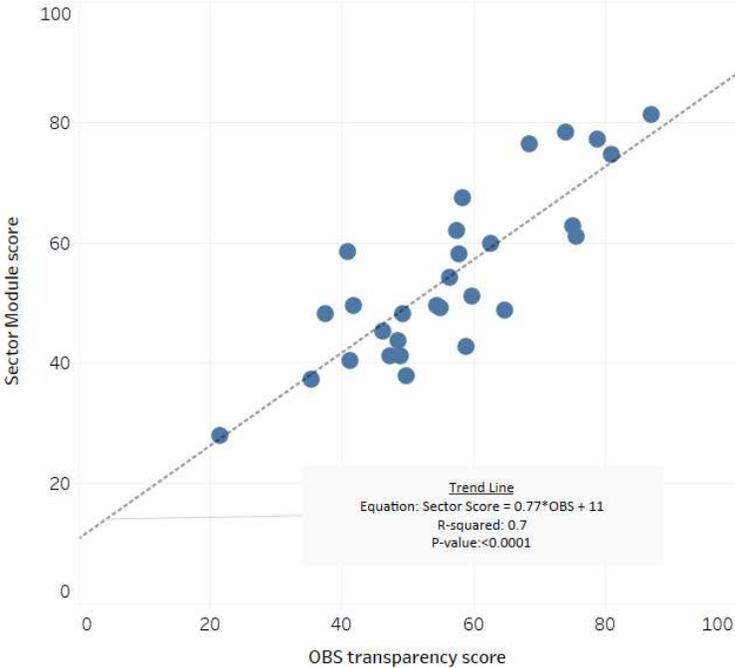
TABLE 1. AVERAGE SCORES FOR SECTOR BUDGET TRANSPARENCY ARE LOWER THAN THE OVERALL OBS TRANSPARENCY SCORE

Sector	Number of countries	Average OBS transparency score (109 indicators)	Average Sector Module score (43 indicators)	Average of new sector questions (20 indicators)
Education	11	56	55	41
Health	17	57	54	42
Overall	28	56	54	42

The scores on the Sector Module indicators are slightly lower than the overall OBS budget transparency scores. Only in 10 of the 28 countries is the average score on the Sector Module indicators greater than the country's OBS transparency score. However, most countries performed worse on the 20 new indicators added to the Sector Module, which look for more detailed information about sector funding in budget documents, confirming that the amount of information at detailed, disaggregated levels is less prevalent than aggregate information. For example, the only country out of the 28 assessed countries that scored higher on the 20 new Sector Module indicators as compared to the 23 related OBS indicators is Macedonia. The average score for the 20 new indicators added for the Sector Module is 42 out of 100.

The Sector Module results show that countries that have better performance on overall budget transparency also provide more information about sector budgets. Figure 1 compares the OBS 2019 budget transparency scores as compared to the Sector Module results in the 28 pilot countries and finds that OBS budget transparency scores are strongly correlated with the results of the Sector Module assessment. While this is to be expected, as 23 indicators are included in both the Sector Module and the OBS results. However, the average results for the 20 new Sector Module indicators also tend to increase as the OBS score increases.⁸

FIGURE 1. COUNTRIES WITH HIGHER OBS TRANSPARENCY SCORES ALSO HAVE HIGHER SECTOR MODULE RESULTS



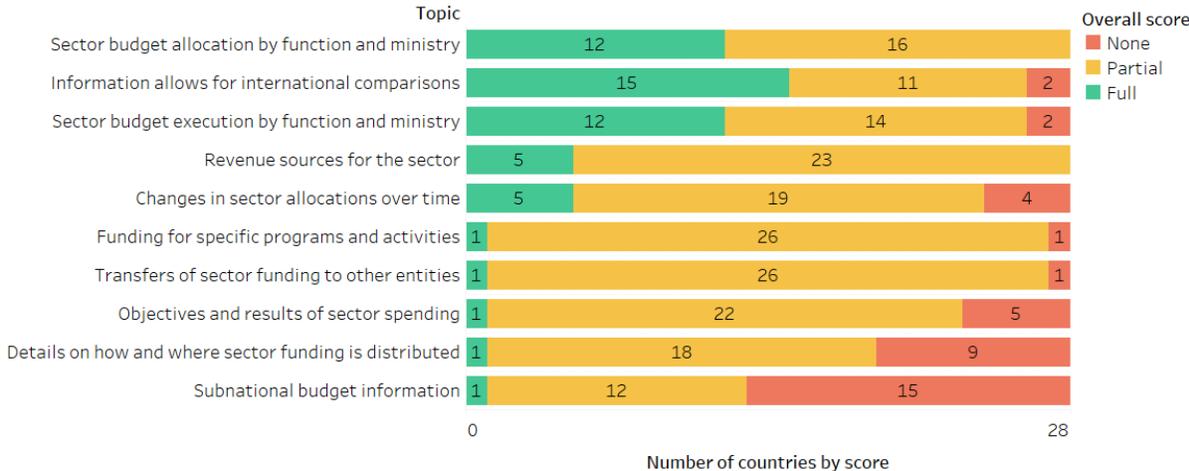
To help clarify the Sector Module results, the 43 indicators are grouped into the 10 topics that correspond to key areas that are of interest to civil society when analyzing budget documents (see Methodology section above, and Annex below). Aggregate scores for each topic are based on the results of the grouped indicators: if all information is available, then a country scores “Full” for that topic; if only some information is available, then the country scores at “Partial”; while if no indicators have even minimum levels of information, the topic

⁸ The linear relationship between the 20 new Sector Module indicators and the OBS transparency score has a coefficient of 0.71, an R-squared value of 0.37, and a p-value of 0.0005.

is scored as “None”. Details on this methodology are presented in the Annex. This presentation shows that most countries provide some, but not all, information related to the 10 different topics of interest to civil society and the public and that the coverage of information also varies by topic.

Many countries provide aggregate levels of sector spending in many budget documents, as well as information that allows comparisons of sector spending across countries. However, very few countries provide comprehensive information on other topics, such as the details of sector activities and programs, or how and where sector funding is spent (Figure 2).

FIGURE 2. BUDGETS ARE LESS TRANSPARENT ABOUT DETAILED SECTOR SPENDING, TRANSFERS, AND PERFORMANCE



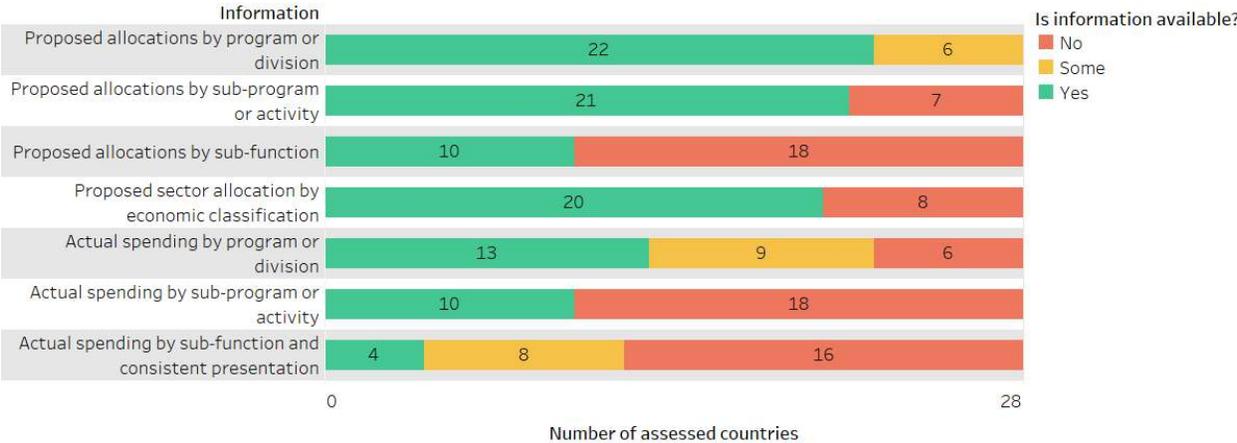
Countries vary in terms of areas where they present more information, and where they present less. Below, we describe three key findings that highlight areas where the limited information provided undermines the public’s ability to see how public resources translate into service delivery — a problem that applies in most countries. We also present an unexpected positive finding on the availability of subnational information in central government budget documents and websites. This information will become increasingly important in relation to the emergency funding during the COVID-19 pandemic, as the public looks to monitor not only central but also subnational emergency spending.

FEW COUNTRIES PROVIDE DETAILED INFORMATION ABOUT HOW AND WHERE SECTOR FUNDING IS ALLOCATED

Budget documents tend to provide some level of detail and disaggregation to explain how much government funding is allocated to different sectors or ministries, however, fewer governments provide details about how funding is distributed to programs or types of activities *within* each sector. All the countries assessed in the Sector Module provide high-level information about allocations by either an administrative classification (ministries or departments) or a functional classification (by sector). Fewer budget documents provide detailed disaggregated information within those classifications or provide analysis of how sector funding is distributed to different activities or regions.

The results of the Sector Module show that many countries do not provide the level of detail needed to understand the distribution of funding within a sector (Figure 3). For example, while 22 governments present a functional classification, which consolidates spending in each sector across different ministries or departments, only 10 countries provide a sub-functional classification, which provides greater detail on how funding is allocated within the sector, for example in education between primary or secondary levels. Similarly, while most countries show details about their administrative classifications, which is spending by ministries, departments, and agencies, and many also show proposed allocations by program or division, only 21 countries show details at the level of sub-program or activity, and only 10 countries report actual expenditures with that level of detail.

FIGURE 3. BUDGETS PROVIDE LESS DETAIL ABOUT FUNDING AT THE SUB-PROGRAM AND SUB-FUNCTIONAL LEVEL

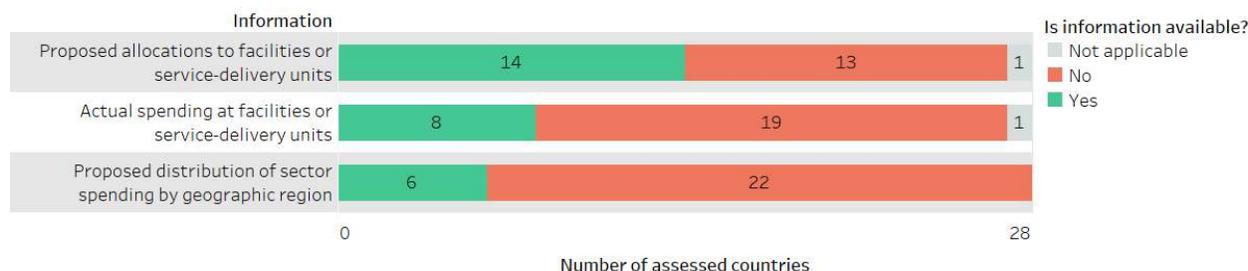


The distribution of spending within these sectors has an important link to equity. Research from the IMF shows that public spending in education, for example, is often not progressive and can benefit the wealthy

more than poor individuals or communities. However, governments that invest in expanding access to primary education see more equity in education outcomes and lower levels of income inequality.⁹ Many in civil society, therefore, want to see more than the overall sector spending, including the details of where the spending goes and who benefits.

However, many countries assessed are missing information about the distribution of funding to different regions and service delivery units, such as schools and clinics (Figure 4). Half of the pilot countries - 14 of the 28 - show information presented at the service-delivery unit level, such as hospitals or schools, and seven countries report actual spending. The geographic distribution of sector funding is shown in only six countries, five of which are in Latin America, which can help civil society identify potential inequalities in public spending between regions – a growing concern for many countries.¹⁰ For example, the budget proposal in Peru shows spending on education by regions, including spending by regional and local governments, and in Chile, budget documents show territorial spending on health at primary, secondary, and tertiary levels.

FIGURE 4. FEW COUNTRIES PROVIDE INFORMATION THAT SHOWS WHERE SECTOR FUNDING IS DISTRIBUTED



**Note: Some indicators are scored as 'not applicable' based on the public finance system in a country. For example, in Australia funding for service delivery units in the health sector is entirely allocated by subnational governments, and not central government, therefore the related indicators are excluded from the assessment for that country.*

⁹ International Monetary Fund, "IMF Fiscal Monitor: Tackling Inequality," World Economic and Financial Surveys (Washington, D.C., 2017), <https://www.imf.org/~media/Files/Publications/fiscal-monitor/2017/October/pdf/fm1702.ashx?la=en>.

¹⁰ William Gbohoui, W Raphael Lam, and Victor Lledo, "The Great Divide: Regional Inequality and Fiscal Policy," IMF Working Paper WP/19/88 (2019), <https://www.imf.org/~media/Files/Publications/WP/2019/WPIEA2019088.ashx>.

LOWER TRANSPARENCY ABOUT BUDGET EXECUTION IN SECTORS RAISES CONCERNS FOR BUDGET CREDIBILITY

A common finding across multiple OBS assessments is that countries tend to provide more information during budget formulation and approval than during budget execution. This trend appears in the Sector Module results as well.

The lack of information on budget execution is especially worrying for those sectors that are the most impacted by chronic underspending. In Nigeria, IBP's research on budget credibility uncovered that on average between 2012 and 2015 the government spent only half of its budget allocation on health.¹¹ Nigeria's results on the Sector Module also show that programs and projects are presented in Nigeria's budget proposal, but details about execution at the program level are missing from year-end reporting, nor are there explanations about how this underspending impacts service delivery in health.

Similar trends are seen in nearly all types of budget information, but the lack of year-end reporting is particularly pronounced on details of sector spending that goes through transfers to other entities, including extra-budgetary funds (such as health insurance funds, or scholarship funds), public corporations (such as incorporated public hospitals and universities), and subnational governments. Significant amounts of funding can be channeled through such transfers, which often directly funds service delivery activities. However, while planned transfers are more often reported in budget documents, fewer countries report on actual transferred amounts at the end of the year (Table 2). For example, nearly all countries provide some information about proposed intergovernmental transfers, but fewer than half of countries report at the end of the year on whether these transfers, in their full proposed amounts, were delivered to subnational governments.

¹¹ Samuel Atiku and Jason Lakin, "That's Incredible! The Contours of Budget Credibility in Nigeria" (Washington D.C., 2019), <http://internationalbudget.org/wp-content/uploads/the-contours-of-budget-credibility-in-nigeria-ibp-2019.pdf>.

TABLE 2. MANY COUNTRIES ARE NOT REPORTING ON THE ACTUAL AMOUNT OF TRANSFERS TO FUND SECTOR SERVICES

Type of budget information	Share of assessed countries reporting information in the:	
	Executive's Budget Proposal	Year-End Report
Intergovernmental transfers	93%	48%
Extra-budgetary funds	78%	44%
Public corporations	90%	19%

**Note: Table shows the share of countries that provide complete or partial information on each topic in the Executive's Budget Proposal and Year-End Report, excluding countries that score 'Not Applicable' on these indicators: Paraguay is excluded for extra-budgetary funds indicators; the Czech Republic is excluded for inter-governmental transfer indicators, and seven countries – Australia, Chile, Croatia, Kyrgyz Republic, Macedonia, Paraguay, and Peru – are excluded from the public corporation indicators.*

Tracking actual spending on sector activities is made even more difficult when, in addition to the lack of disclosure, government reporting on budgets uses inconsistent classifications across documents. In some cases, this occurs when the government's budget classification structure is not aligned to the government's chart of accounts - the classification system used by government accountants. Table 3 shows that fewer than half of countries present a functional classification consistently across all documents, which would allow sector budget analysts to reliably compare proposed, approved, and actual expenditures.

TABLE 3. INCONSISTENCY IN REPORTING ON EXPENDITURE CLASSIFICATIONS ACROSS BUDGET DOCUMENTS

Expenditure Classification	Executive's Budget Proposal	Enacted Budget	Year-End Report	Consistent presentation in all three documents
Administrative	27	27	25	19
Functional	22	15	25	14

**Note: Consistently in the presentation of expenditure classifications in the Executive's Budget Proposal, Enacted Budget, and Year-End Report is assessed by S7 for the administrative classification and S4 for the functional classification. The presentations of expenditure classifications in other documents are assessed by OBS questions on the Executive's Budget Proposal in q1 for administrative and q2 for functional, q59 for classifications in the Enacted Budget, and q85 for classifications in the Year-End Report.*

Comparability issues are found even in countries that otherwise present detailed information in their budget documents. South Africa's Year-End Report presents a functional classification that is different from the one presented in both their budget proposal and enacted budget. In Ghana, the functional classification shown in their Year-End Report is internationally comparable, but a different presentation of functions in their

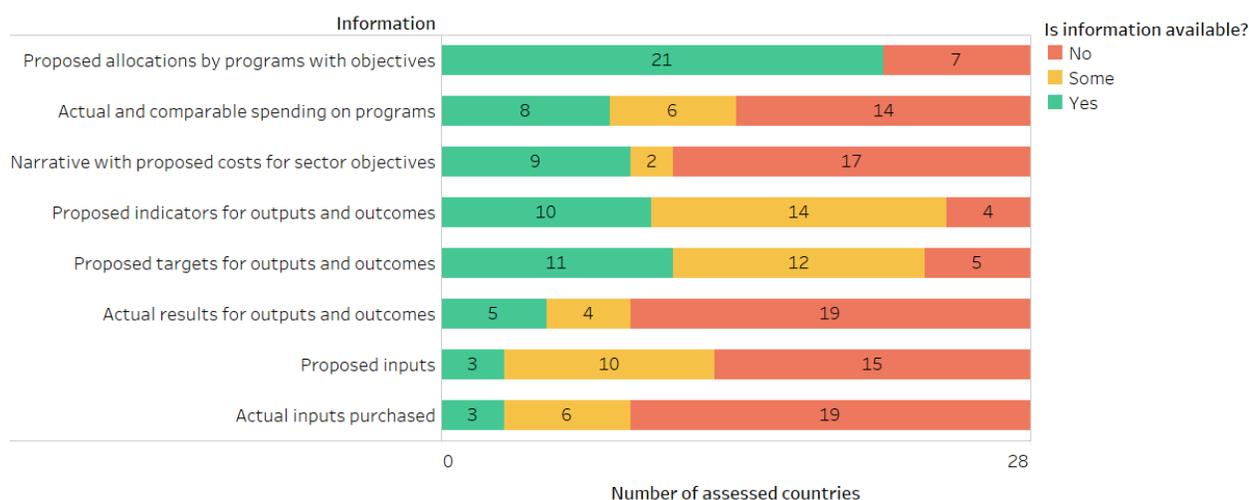
Executive’s Budget Proposal is not. This lack of consistency in the information presented undermines the usability of this expenditure information for sector advocates.

LINKS BETWEEN BUDGETS AND SECTOR POLICY, OBJECTIVES, AND PERFORMANCE, ARE WEAK

Sector advocates are interested in more than just money for the sector – they also want to know what that money achieves. In recent years, program budgeting, where budgets are restructured to allocate and spend around objectives, has seen a resurgence as one approach to better link budgets and outcomes.¹²

Of the 21 countries in the Sector Module that have adopted a program budget structure, however, most have weak links to sector policy and limited information about performance (Figure 5). Only nine of the 21 countries with program budgets include a narrative with clear explanations of sector policies and how the budget will achieve those policies. Performance information is also often missing from program budgets: only 11 countries assign indicators and performance targets to all or most of their program budgets.

FIGURE 5. GAPS IN POLICY AND PERFORMANCE INFORMATION IN SECTOR BUDGETS



Overall, only one country assessed in the Sector Module had program budgets that concretely linked budgets,

¹² Jason Lakin, Sally Torbert, and Suad Hasan, “Program Budget Structure in the Health Sector” (Washington, D.C., 2018), <http://internationalbudget.org/wp-content/uploads/program-budget-structure-in-the-health-sector-ibp-2018.pdf>.

policies, and performance information during budget formulation and implementation: Australia. Other countries may have additional information available – such as performance frameworks for government activities – however many of these documents are not referenced in budget documents, and therefore do not make an explicit link between budget decisions and the performance of spending in the sector. For the public to fully understand what they are getting for the resources spent in the sector, budget documents should provide a narrative and connection between policies, budget allocations and spending, and performance.

CENTRAL GOVERNMENT REPORTING ON SUBNATIONAL BUDGETS

In many countries, the central government funds only a portion of total public spending on health and education, with the remaining funding coming from subnational governments. In Australia, for example, the health system is funded primarily by state and territory governments, while the central Commonwealth Government only co-finances health spending through transfers. In other cases, transfers to subnational governments are not tied to specific sectors, and the amount of subnational spending for the sector is only reporting in the subnational budget documents and data. In such cases, the details about public sector health spending may never appear in central government budgets, and sector advocates must seek out individual budgets for each subnational government to have access to data on sector spending. Given the importance of subnational budget information to understand sector spending in many countries, the sector module also asked preliminary questions about whether central governments collect and share subnational budget information in central government documents or web portals.

FIGURE 6. SOME CENTRAL GOVERNMENTS ARE RELEASING SUBNATIONAL BUDGET INFORMATION



The results shown in Figure 6 show that almost half of the countries assessed are proactively working to share some amount of subnational budget information, with central governments in eight countries providing subnational information in central government budget documents, and ten countries sharing subnational budget documents in a central government website. Overall, 13 of the 28 central governments provide at

least some form of subnational budget information. For example, web portals in Peru¹³ and Moldova¹⁴ consolidate and publish subnational budget information for multiple levels of government, including sector spending. Other central governments can emulate these practices make subnational budget information more accessible and useful for the public.

RECOMMENDATIONS

When governments prepare their budget documents, they have an opportunity to communicate to the public how they are raising and using public resources to improve people's lives. This communication is most effective when governments consider the types of information that the public wants to see when reviewing these documents. For civil society, budget documents and data also are central in their critical role of providing monitoring and oversight of government service delivery in sectors. A lack of budget data undermines their ability to assess whether governments are investing sufficiently in health and education, in line with public needs, and to effectively engage with their governments on these priorities.

The results of the Sector Module show that current government budget transparency practices are not providing information on core topics of interest to the public. Governments are falling short in providing detailed information that links funding to service delivery, budget execution information that shows whether budgets are being spent as planned, and performance information that shows whether how budgets translate into outcomes. Based on these gaps in transparency, these are three areas where budget documents and data can be strengthened:

1. **Provide more detailed, disaggregated information in budget documents and data:** Budget officials should recognize that the public is often interested in specific programs and activities that are publicly funded, and budget documents should contain as much detail as possible within both the administrative and functional classifications. Governments can use websites and portals to share this information in machine-readable, open data formats that facilitate uptake and use by civil society.
2. **Expand the public availability of information and data on budget execution in sectors:** Reporting should be strengthened during budget execution. Information should show proposed,

¹³ <https://www.mef.gob.pe/es/seguimiento-de-la-ejecucion-presupuestal-consulta-amigable>

¹⁴ <https://monitor.statnipokladna.cz/2018/>

approved, and actual spending using consistent formats that allow the comparison of expenditures across the budget cycle. Information on all aspects of sector spending – including transfers to extra-budgetary funds, public corporations, and subnational governments – should be included in reporting on actual spending, including any explanations of deviations between approved and executed amounts.

3. **Clearly explain the links between sector policies, budgets, and performance:** Government budgets do not yet show the links between policies, funding, and performance. Even as program budgets are becoming a common approach for linking spending and objectives, few governments provide strong performance frameworks with indicators, targets, and outcomes, linked to public spending. Some countries may have separate policy documents or performance frameworks related to public spending in sectors, in which case, these documents should be referenced in budget documents with clear explanations of the link between policies and funding, and then funding and results.

Alongside the release of the Open Budget Survey 2019 results, including the results of the Sector Module, IBP is joining with civil society groups and international organizations around the world in a Call to Action on Open Budgets.¹⁵ The findings from the Sector Module reinforce the need for governments to address transparency gaps related to sector budgets. To do so, governments should expand consultation with civil society groups and the public about the types of information that should be included in budget documents. By approaching budget information and data with a focus on the needs and interests of citizens, governments can improve overall budget transparency and strengthen public engagement around the trade-offs inherent in budget decisions about sector funding. Greater information about budget execution can also strengthen the monitoring and oversight of budget implementation, ensuring budgets are spent as planned on necessary services and outputs.

As governments are responding to the COVID-19 crisis, the gaps identified in this pilot assessment also highlight areas where governments should improve transparency and reporting to strengthen the accountability of the emergency response. As governments are rapidly approving large sums of money for health, and re-prioritizing funds from other sectors to compensate, the oversight of the approval of these

¹⁵ See: <https://www.internationalbudget.org/open-budget-survey/call-open-budgets>

funds may be expedited and abbreviated.¹⁶ This raises a challenge for the accountability of the implementation of emergency spending measures – given that we already see from these results that information on budget execution tends to be lower than formulation and approval. However, governments also have an opportunity to strengthen their reporting during this crisis and release online, real-time budget data about budget execution and COVID-19 spending. Governments can also expand public engagement to better identify public needs for budget information during the crisis. Such actions will show commitment to responsive and accountable government and build public trust in the government’s decisions around emergency spending, including spending in sectors.

¹⁶ International Monetary Fund, “Keeping the Receipts: Transparency, Accountability, and Legitimacy in Emergency Responses” (Washington, D.C., 2020), <https://www.imf.org/~media/Files/Publications/covid19-special-notes/en-special-series-on-covid-19-keeping-the-receipts.ashx?la=en>.

ANNEX: METHODOLOGY FOR THE PRESENTATION OF THE SECTOR MODULE RESULTS

The findings of the Sector Module are presented using a methodology that assesses whether 10 topics of interest to civil society can be analyzed using available central government budget information. The score for each topic is calculated as an aggregation of the specific indicators related to each topic. The table below shows the indicators associated with each topic in the Sector Module results.

TABLE 4. SECTOR MODULE TOPICS AND ASSESSMENT INDICATORS

Assessment Topics	Information Assessed	OBS and Sector Indicators*
Sector budget allocation	Proposed allocation by ministry or department	q1
	Proposed allocation by function	q2
	Enacted allocation by ministry or department	q59b (administrative)
	Enacted allocation by function	q59b (functional)
Sector budget execution	Actual spending by ministry or department	q85b (administrative)
	Actual spending by function	q85b (functional)
	Comparisons between allocations and actual spending for ministries and departments	s7
	Comparisons between allocations and actual spending by function	s4
Alignment with international standards	Compare spending to other countries	q3
	Compare spending to the overall economy	q15b (nominal GDP)
Changes in sector spending over time	Future two years by ministry or department	q7 (administrative)
	Future two years by function	q7 (functional)
	Past two years by ministry or department	q22b (administrative)
	Past two years by function	q22b (functional)
Revenue sources	Projected revenues	q9, q10
	Actual revenues	q88, q89
	Projected earmarked revenue for the sector	s1
	Actual earmarked revenue for the sector	s2
	Donor funding for the sector	s3
Funding for specific programs and activities	Proposed allocations by sub-function	s5
	Consistent presentation by sub-function	s6
	Proposed allocations by program or division	q6
	Actual spending by program or division	q86
	Proposed allocations by sub-program or activity	s10
	Actual spending by sub-program or activity	s11
Details on how and where sector funding is spent	Economic classification for the sector	s12
	Allocations to facilities or service-delivery units	s15
	Spending at facilities or service-delivery units	s16

Assessment Topics	Information Assessed	OBS and Sector Indicators*
	Distribution of sector spending by geographic region	s13
Sector funding transferred to other entities	Allocations for extra-budgetary funds	q33
	Actual spending for extra-budgetary funds	q95
	Allocations for public corporations	q37
	Actual transfers to public corporations	s17
	Allocations for intergovernmental transfers	q35
	Actual intergovernmental transfers	s14
Objectives and results of sector spending	Allocations by programs with objectives	s8
	Comparison of allocation and spending on programs	s9
	Narrative and costs for sector objectives	s18
	Proposed inputs	q49
	Actual inputs purchased	q92
	Proposed indicators for outputs and outcomes	q50
	Targets for outputs and outcomes	q51
	Actual results for outputs and outcomes	q93
Subnational budget information	Subnational budget information in central budget documents	s19
	Subnational budget documents on a central government website	s20

* Indicator numbers that start with 's' are new Sector Module indicators assessed only in the 28 pilot questions, while indicator numbers that start with 'q' are existing OBS indicators.¹⁷

This Sector Module methodology assigns each indicator a simple response of “Yes”, “Partial” or “No”, based on the amount of information that is available for it. Indicators are generally assessed with the same rubric: A scores represent full information, B or C scores are partial information, and D scores show no information. There are a few exceptions: the OBS indicators used for two topics – revenue sources and transfers to other entities - both count A and B scores as full information, as A responses require information beyond the core for these questions that may not be necessary to answer the essential topic posed by sector civil society groups. The aggregated score for each topic is also a simple calculation, where if all responses are “Yes”, this shows “Full” information is available for the topic; at least one “Yes” on one information element scores as “Partial”, and no “Yes” responses for any information elements in the topic results in a “None.” The exception to this rule is the score for subnational information presented in central budget documents, which has a

¹⁷ For a description of the Open Budget Survey 2019 questions, see the Guide to the 2019 Open Budget Questionnaire: https://www.internationalbudget.org/sites/default/files/2020-04/2019_Guide_and_Questionnaire_EN.pdf. For a description of the new Sector Module questions, see the Guide to the Sector Budget Transparency Module: <https://www.internationalbudget.org/wp-content/uploads/guide-to-sector-budget-transparency-module-April-2020.pdf>.

slightly lower bar and allows one “Partial” response on an information element to score “Partial” for the overall topic.

Due to the differences of information in relation to the sector as compared to the overall budget documents, in some cases, the scores for the Sector Module indicators differ from the results of the main OBS questionnaire. For example, in cases where there are no public corporations that provide services in the assessed sector, both indicator s17 and q37 would score as ‘E’, or not applicable, in the Sector Module results. But in the main OBS results, 37 may score differently if there are public corporations in other sectors.