



INTERNATIONAL BUDGET PARTNERSHIP
Open Budgets. Transform Lives.

The Open Budget Survey 2008



What is the Open Budget Survey 2008?

- A comprehensive survey and analysis that evaluates whether national governments provide the public access to budget information and opportunities to participate in the budget process, and the strength of formal oversight institutions such as legislatures and auditors
- It is independent and non-partisan; managed by the IBP and implemented by civil society organizations and researchers with budget expertise in 85 countries around the world
- This release follows the 2006 results (covering 59 countries) and will be repeated every two years to track performance over time.
- The Open Budget Index focuses on a subset of questions that ask about government efforts to make publicly available the 8 key budget documents required by international good practices. It provides an easily understandable and comparable measure of budget transparency.



Why focus on transparency and government budgets?

- Transparency and public engagement are the cornerstones of accountable and responsive government. Without access to timely, comprehensive information the public (and media, legislatures and Supreme Audit Institutions) cannot effectively participate in decision- making nor hold government accountable for the allocation and use of public resources.
- In turn, transparency, public engagement, and accountability in the budget process improve the credibility of policy choices and the effectiveness of government poverty interventions. Lack of transparency encourages inappropriate policy choices and wasteful and corrupt practices/spending – which reduces the impact of anti-poverty programs. (See impact stories in materials folder)
- Addressing transparency and accountability will become even more urgent in the next few years. The global financial crisis will ensure that governments around the world will have less revenues at their disposal. Therefore the credibility and efficiency in the use of scarce public resources is even more important



Key Finding #1: Public Shut out of Budget Process in 80% of the Countries in the OBS

- Only five countries provide **extensive information** on budgets to the public (France, New Zealand, South Africa, UK, and the US)
- 41 of 85 countries provide only **minimal, scant, or no information** (e.g., DRC, Nicaragua, Kyrgyz Republic, China, Nigeria, and Saudi Arabia). In 23 of 85 countries the public does not see the budget before it is approved by the legislature
- The Legislature stage is relatively open; access to information during formulation, execution and audit stages is uneven, but relatively closed to public participation.
- Low scoring countries often share similar characteristics (region, oil and gas or foreign aid dependency, and weak democratic institutions). But, for every generalization, there are exceptions (Jordan in ME; SA and Botswana in Africa; Uganda and Kenya for aid dependent).
- **IMPLICATIONS:** Lack of transparency will encourage inappropriate, wasteful, and corrupt spending and reduce the legitimacy and impact of anti-poverty programs. Geography, poverty or dependence on natural resource exports are not sufficient excuses for a lack of transparency



Open Budget Index 2008

At a glance



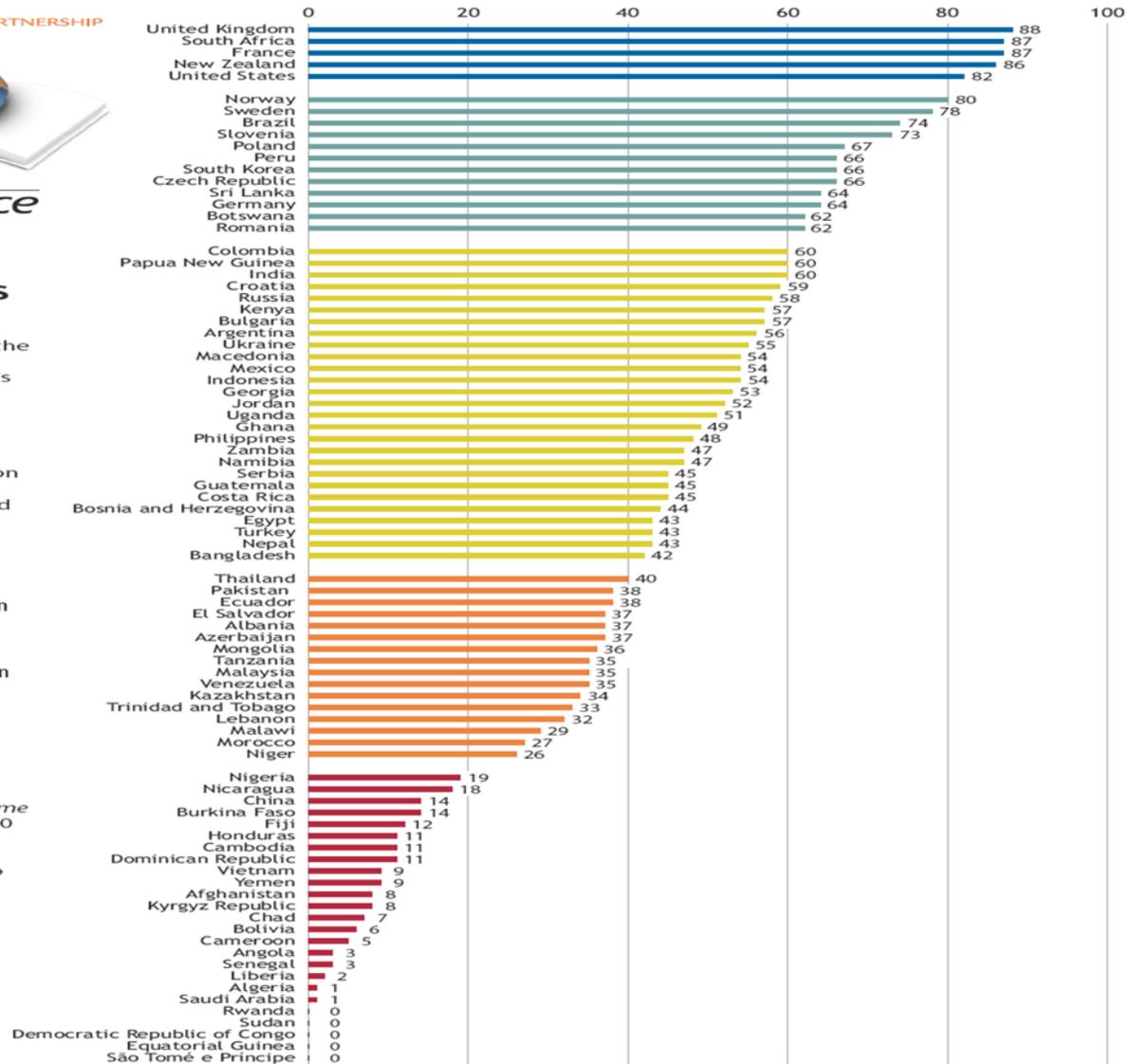
What Countries Open Their Books to Citizens?

The Open Budget Index evaluates the quantity and type of information available to the public in a country's budget documents. A country's placement within a performance category was determined by averaging the response to 91 questions on the Open Budget Questionnaire related to information contained in the eight key budget documents that all countries should make available to the public.

Key

- Provides **Extensive** Information
- Provides **Significant** Information
- Provides **Some** Information
- Provides **Minimal** Information
- Provides **Scant or No** Information

The countries that scored between 81-100 percent were placed in the performance category *Provides Extensive Information*, those with scores 61-80 percent in *Provides Significant Information*, those with scores 41-60 percent in *Provides Some Information*, those with scores 21-40 percent in *Provides Minimal Information*, and those with scores 0-20 percent in *Provides Scant or No Information*. All Open Budget Questionnaires used to calculate these scores may be seen at www.openbudgetindex.org.



Key Finding #2: Lack of Transparency is Compounded by Weak Oversight Institutions

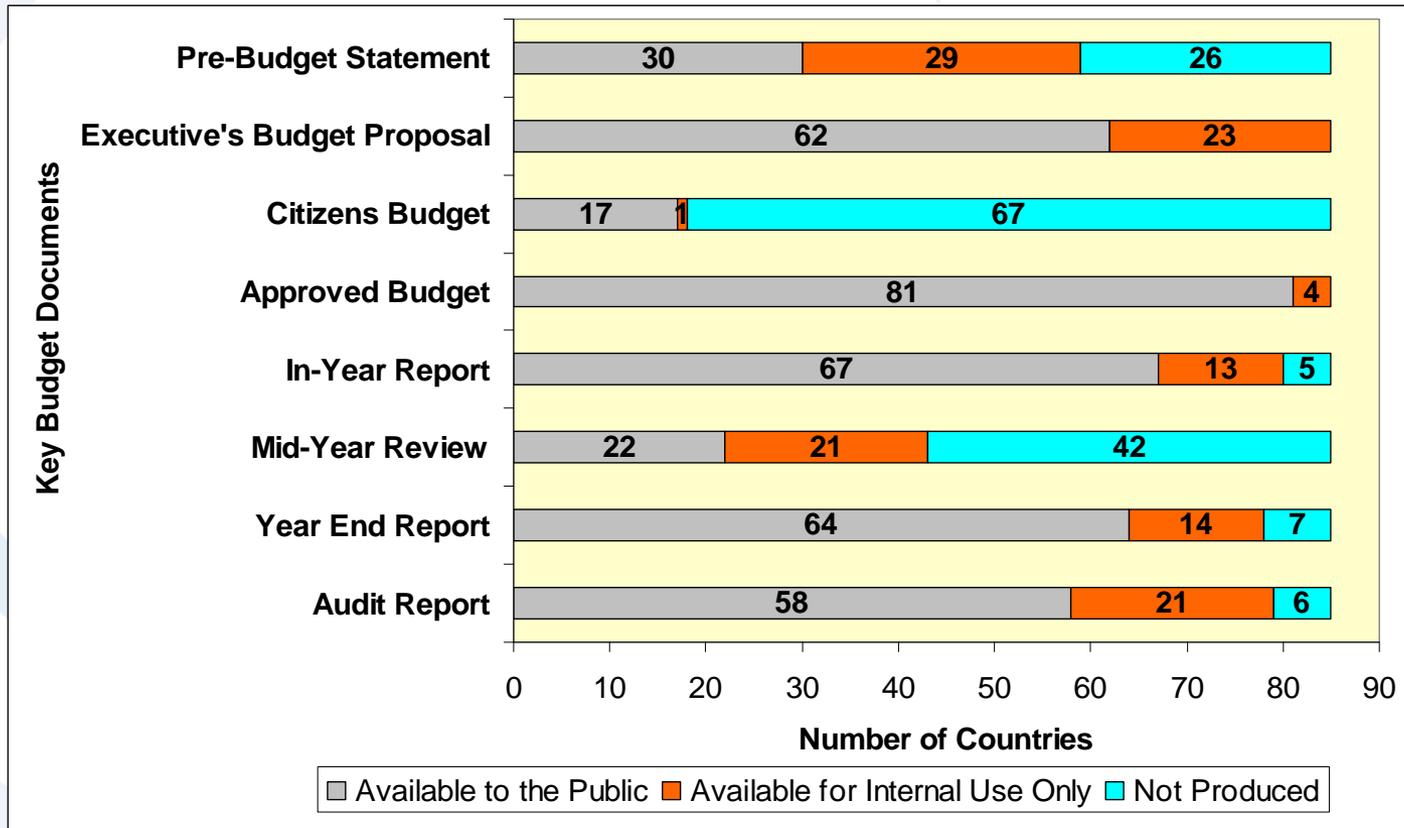
- Legislatures are frequently undermined by insufficient legal powers, time, and analytical capacity to review budget and monitor implementation
 - **E.G: In 53 countries legislatures receive the proposed budget less than three months before approval is required; in 17 countries legislatures have less than six weeks to conduct a thorough review of the budget**
- Auditors often lack sufficient independence and funding to fulfill mandate
- In many countries, there is no pressure to correct PFM problems. In 64 out of 85 countries the Leg, SAI, and Executive do not report to the public on actions taken by the Executive to address audit recommendations
- Countries that score poorly on the OBI are largely the same countries that have weak legislatures and SAIs
- **IMPLICATION:** Public budget oversight is frustrated by both limited access to information and weak formal oversight institutions. The public cannot participate either directly or indirectly in the budget process.

Key Finding #3: Budget Transparency can be Improved Quickly and at Little Cost, with sufficient political will

- Overall score - 8 countries have made significant progress on budget transparency since 2006 (e.g., Croatia, Sri Lanka, Kenya, Papua New Guinea, and Egypt). Several other countries have made smaller, but notable improvements (Ghana, El Salvador, Uganda, Vietnam).
- Many more countries could make similar progress immediately -- 51 of 85 countries already produce at least one and often several key budget documents that they do not make available to the public. These documents are produced for internal or donor purposes. Great strides in transparency and accountability could be made immediately and at very little cost if these documents were made available on the internet
- (e.g. Afghanistan: 8/100 – already produces pre-budget statement, EBP, Audit report. Sudan: 0/100: budget produces 7/8 documents although comprehensiveness is an issue.
- Transparency is a question of political will – not capacity.



Availability of Key Budget Documents



Recommendations

- **Immediate:** Make publicly available documents that governments already produce. Donors and civil society each have important roles here to encourage and monitor government transparency. ...In short:
- **Governments:** The country summaries available on the internet provide a set of specific, detailed set of recommendations for each on how to bring transparency and accountability in line with good practices.
- **Donors:** Beyond encouraging country governments, donors can research the impact that donor aid has on budget transparency and how to maximize positive impact. Also, where-ever possible, directly can increase transparency of aid funding and avoid off-budget funding. The latter only serves to stretch mgmt capacity in recipients.
- **CSOs:** Tool for CSOs - Use OBI for advocacy and additional research; support and build “oversight coalition” with media, leg and SAIs; work to establish and enforce Freedom of Information legislation.

- This is the development challenge: will need max internal and external pressure, as well as buy in of government.

Conclusion

- Government budget have an impact on the lives of all people living in a country and particularly poor and vulnerable communities.
- Budget transparency and participation will determine whether residents of a country are able to contribute to and monitor government decisions and implementation of this budget.
- The current state of budget transparency around the world is deplorable. A situation aggravated by weak oversight institutions. This is particularly concerning as public revenues decrease with the global crisis.
- However, the situation can be improved immediately. We call on governments, donors and civil society organizations to ensure that these improvements take place.



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Key Finding #2: Public Shut out of Most Phases of the Budget Cycle

- The legislature phase of the budget process is most open - 81 of 85 countries make the budget available once it has been approved by the legislature (The exceptions are China, Equatorial Guinea, Saudi Arabia, and Sudan)
- In contrast, the formulation, execution and audit phases of the budget process are relatively closed in most countries
 - 62 countries publish the Executive's Budget Proposal with only limited or no supporting information
 - Only 20 countries publish all three relevant execution reports while 25 publish only one or none; the comprehensiveness of these reports varies widely
 - 6 countries don't even produce Audit Reports, 27 don't make Audit Reports public, and 48 don't publish Audit Reports within the recommended timeframe
- **IMPLICATION:** This undermines civil society's contribution to enhancing the priorities, allocations, and value received from public spending, as well identifying dishonest practices



Four Phases of the Budget Process

