

OPEN BUDGET INDEX 2006

KEY FINDINGS

The past two decades have seen growing interest in promoting public access to government budget information. This interest reflects the understanding that access to information on government budgets and financial activities is essential to ensuring that governments are accountable to their citizens. Timely access to such information enables citizens to participate in, and understand, policy decisions that have profound impacts on their daily lives.

This interest also reflects broad global developments. The wave of democratic openings in many countries during the 1990s focused attention on issues such as combating corruption, ensuring effective public service delivery, and community-led development. In addition, a series of wrenching financial crises during the 1990s drew the attention of the international community to the implications of the lack of government transparency and financial accountability in the affected countries.

Against this background, the International Budget Project (IBP) began to develop the survey instrument that forms the basis of the current study in 2002. For the past two years, the IBP has worked with civil society and academic partners in 59 countries to collect comparative information to implement the survey and analyze its results. The survey method is outlined in the box below. The full reports for all 59 countries are available at www.openbudgetindex.org.

The survey, consisting of 122 multiple-choice questions, is the first to offer an independent, non-governmental view of central government budget transparency. It examines the quantity of publicly available budget information in the seven key budget documents governments should issue during the course of the budget year.

Many of the survey's questions are similar to — and in some cases are drawn from — guidelines developed by multilateral organizations. The survey, however, goes further than these guidelines to include questions on the performance and design of the legislature and the external auditing body.

This research is intended to assist a wide-ranging audience — civil society organizations, journalists, researchers, policymakers, and economic development specialists — interested in identifying and advocating for stronger public sector financial accountability and better deployment of society's resources. It is also intended to provide government officials in the countries surveyed with practical measures to improve their budget's performance.

Key Findings on the Availability of Budget Information

Accurate, timely, and comprehensive information during each stage of the budget cycle is required to ensure the accountability of government to citizens. The *Open Budget Index*'s results suggest that 90 percent of the countries covered do not meet this standard.

Just a handful of governments scored particularly well on the survey. Only six of the 59 countries surveyed — France, New Zealand, Slovenia, South Africa, the United Kingdom, and the United States — provide “extensive” budget information in their budget documents.

In 30 of the countries, the government provides “significant” or “some” budget information to citizens. Botswana is one example of a country that falls into the “significant” information category. Its performance could be enhanced simply by publishing a pre-budget statement well prior to the legislative hearings. Similarly, Sweden’s performance could be improved by publishing a comprehensive mid-year review.

The performance of countries providing only “some” information is typically undermined by more systematic shortcomings in the information provided to the legislature and public. Jordan, Kazakhstan, and Kenya fall into this category.

The most serious cause for concern is that 23 countries (39 percent of all countries surveyed) provide either “minimal” or “scant or no” information to citizens on their country’s budget. Countries in these two categories fall far short of the most basic requirements of budgetary openness.

Ten countries fall into the bottom category — Angola, Bolivia, Burkina Faso, Chad, Egypt, Mongolia, Morocco, Nicaragua, Nigeria and Vietnam. Six of these countries do not make their executive’s budget proposal available to the public at all prior to legislative approval, indicating the closed nature of their budget processes and a fundamental lack of accountability to the public. Two of the countries, Nicaragua and Bolivia, do make their proposal available to the public prior to its adoption but provide only very scant information.

The index shows that strong transparency practices are possible in both developed and developing countries. Both Slovenia and South Africa, for example, are characterized by very dramatic improvements in budget transparency that took place over a relatively short period of time.

Nevertheless, the survey’s key finding that the majority of countries perform very poorly in terms of budget transparency is deeply troubling. More than a third of the countries provide minimal or no budget information to citizens. This list of poor performers includes a diverse group of low-income and middle-income countries from Africa, Asia, Latin America, and the Middle-East.

What is clear is that the level of budget transparency in a country is strongly influenced by the willingness of the government to be accountable to its citizenry, and that lack of capacity to produce information is not an overriding constraint. In other words, the countries that have performed the most poorly on the *Open Budget Index* cannot take refuge in capacity constraints — sharp improvements in transparency are possible in short periods with modest resources.

Budget Systems Often Lack Appropriate Checks and Balances

Also of concern are the survey findings related to the governmental accountability mechanisms built into the budget process. The responses to the survey suggest that in many countries, neither the executive nor the legislature appears committed to making full use of opportunities to engage and inform the public of the proposed budget. A large number of countries fail to hold hearings on the budget. For example, 24 of the 59 countries surveyed did not hold public hearings on the budget's macroeconomic parameters, while a similar number (25) did not hold public hearings on the individual budgets of ministries or agencies.

The survey also finds substantial and widespread weaknesses in the independent external auditing institutions of the countries surveyed. There is no external check on the executive's financial management without a strong and independent supreme audit institution, known in some countries as the auditor general or the court of accounts. An alarmingly high number of countries (17) do not issue auditing reports at all to the public. A further 25 countries make available only partial information to the public. And in 16 countries, the executive can fire the head of the country's external auditing body without the consent of the legislature or judiciary. This failure to provide basic security of tenure to the chief of the national auditing agency indicates the lack of a fundamental safeguard to guarantee the office's independence from the executive.

Enhancing Citizens' Access to Information

In more than half (32) of the countries surveyed, the government does not make available to the public information it is already producing for its own internal use or for donors. Thus, many countries could sharply improve their transparency and accountability simply by providing information to the public they already produce. This further confirms that when governments do not provide information to the public, it is generally because they choose to withhold it, rather than because they cannot afford to or are incapable of producing it.

Many countries in the survey have adopted the desirable practice of using the Internet to make budget documents available to the public. The Internet offers advantages in providing a cost-effective method for a government to provide simultaneous disclosure of budget documents to all interested parties. But governments could be doing much more to disseminate budget information, especially to those who lack access to the Internet.

Civil society organizations in many low-income countries stress that a large percentage of the population in their country does not have access to the Internet. They urge governments to take other measures to inform the public about the budget, such as making available a citizens' budget that explains the budget in terms a non-expert can readily grasp. The study found that a surprisingly small number of countries provide such a document — only ten of the 59 countries studied.

Also of growing interest to civil society organizations around the world are "right to information" laws. Increased attention to improved delivery of services is spurring an interest in providing citizens with access to highly detailed information, such as on expenditures in their local school district or health clinic. This detailed information, however, is generally not included in a country's budget documents. The adoption of right to information laws is therefore an essential first step in many countries to strengthening the ability of citizens to obtain such information in practice.

The IBP plans to publish the index every two years to cover an expanding number of countries and to capture changes in government transparency performance over time.

The Open Budget Questionnaire

The *Open Budget Index* is calculated using the average of the responses to 91 of the questions on the *Open Budget Questionnaire*. These 91 questions cover the public availability of budget information in seven key budget documents. The questionnaire contains a further 31 questions intended to evaluate a range of practices governments might adopt to strengthen public accountability in their budgeting and financial management.



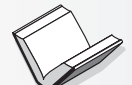


The research effort is intended to offer an independent, non-governmental view of the state of budget transparency in the countries studied. All of the researchers who completed the *Open Budget Questionnaire* are from academic or other non-governmental organizations. The questions evaluate publicly available information issued by the central government, and do not cover the availability of information at the subnational level.

All of the questions were constructed with the intention that they should capture easily observable phenomena about budget transparency practice, rather than legal provisions. The questions focusing on the contents and timeliness of the seven key budget documents use criteria based on generally accepted good practices related to public financial management. Many of these reflect or are drawn from criteria developed by multilateral organizations, such as the International Monetary Fund's *Code of Good Practices on Fiscal Transparency* and the *Lima Declaration of Guidelines on Auditing Precepts* issued by the United Nations International Organization of Supreme Auditing Institutions (INTOSAI).

The strength of guidelines such as the IMF *Fiscal Transparency Code* and the *Lima Declaration* lies in their universal applicability, making them appropriate to countries with differing types of budget systems and differing income levels. They do not, however, go far enough to ensure that budgeting is responsive and accountable to citizens. For this reason the *Open Budget Questionnaire* covers additional topics of importance to civil society. For example, the questionnaire examines whether or not the legislature holds public hearings as well as the performance and design of the government's auditing body.

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Which countries open their budget books to citizens?

Provides Extensive Information to Citizens 	France New Zealand Slovenia South Africa United Kingdom United States
Provides Significant Information to Citizens 	Botswana Brazil Czech Republic Norway Peru Poland Romania South Korea Sweden
Provides Some Information to Citizens 	Bulgaria Colombia Costa Rica Croatia Ghana Guatemala India Indonesia Jordan Kazakhstan Kenya Malawi Mexico Namibia Pakistan Papua New Guinea Philippines Russia Sri Lanka Tanzania Turkey
Provides Minimal Information to Citizens 	Albania Algeria Argentina Azerbaijan Bangladesh Cameroon Ecuador El Salvador Georgia Honduras Nepal Uganda Zambia
Provides Scant or No Information to Citizens 	Angola Bolivia Burkina Faso Chad Egypt Mongolia Morocco Nicaragua Nigeria Vietnam

A country's placement in a performance category was determined by averaging the responses to the 91 questions on the *Open Budget Questionnaire* related to information contained in the seven key budget documents that all countries should make available to the public. 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*.