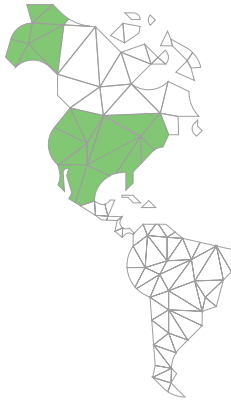


The end of progress toward greater budget transparency? Findings from the Open Budget Survey 2017

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Abstract

The International Budget Partnership's Open Budget Survey 2017 reveals stalling progress toward greater budget transparency globally. While European countries score above the global average, the same trend applies to the region. Less than half of European countries make the minimum information available to allow for meaningful public deliberation about the budget. This article synthesizes budget transparency, oversight and participation practices in the region and points to areas for improvement.

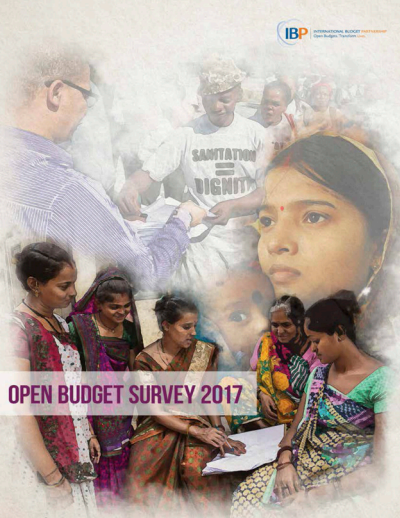


The Open Budget Survey 2017

Budgeting is at the heart of public administration. Choices about the allocation and use of public resources determine if and how public services function. Making choices about the budget is also at the core of representative democracy: it is where executives, legislatures, auditors, and citizens meet to discuss social priorities and to ensure that resources are used effectively to deliver these priorities. Understanding the degree of openness of government budget processes across countries is therefore a measure not only of good practices in public financial management, but also of the degree to which public services are governed in a democratic manner.

The Open Budget Survey (OBS) 2017 assesses government budget practices across 115 countries. The survey has been carried out roughly every two years by the International Budget Partnership (IBP) and a network of country-based partners since 2006. It is not an opinion survey; it is rather a factual assessment of budget documents and observable practices in each country. Responses are gathered from independent researchers and anonymously peer reviewed. Governments are also

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given a chance to review the survey before publication and provide comments. Responses, reviews, government comments, and IBP's final curated score for each question are all made available to the public.

The largest part of the OBS focuses on the transparency of eight key budget documents that inform the four stages of the budget cycle: formulation, approval, implementation, and audit/evaluation. The responses to these questions are used to generate the Open Budget Index (OBI), which scores country practices and allows for comparisons over time and across countries. The core of the index is public availability of documents: when a document is not made available to the public, it is given a score of zero on the OBI. Documents that are published are scored on the level of detail they provide.

The remaining parts of the survey assess oversight practices by legislatures and supreme audit institutions, and formal opportunities for public participation in the four stages of the budget process. In 2017, the questions on oversight were revised and the participation section of the survey was redesigned to incorporate evolving global norms. These changes make the OBS 2017 more robust, but scores on these parts of the survey are not comparable with previous rounds.

2017 Findings

The Open Budget Survey 2017 finds that, globally, progress toward greater transparency has stalled, declining

modestly for the first time in over a decade of measuring it. An important driver of this year's deceleration is the reversal of previous gains in Sub-Saharan Africa. Of the 27 countries in Sub-Saharan Africa in both the 2015 and 2017 surveys, 22 saw their transparency (OBI) scores fall in this round. With the exception of Asia, other regions saw slower growth or modest declines in their scores on the OBI this round compared to last.

Table 1 below shows changes in OBI scores between 2015 and 2017 for the 27 countries that IBP surveys in the European Union, and using a broader definition of Europe. On average, the EU shows a modest decline in transparency, while those countries outside of the EU show a modest increase. Major changes are those that are five points or more in either direction. By this standard, there was a fairly high degree of stability between rounds. Albania, Georgia, Turkey and Ukraine saw substantial gains in transparency during the period; Azerbaijan, Bosnia and Herzegovina, the Czech Republic and Poland saw substantial declines. (Moldova only entered the survey in 2017).

Globally, slowing progress in this round of the survey was driven mainly by a decline in the number of budget documents published, rather than the comprehensiveness of those documents. The comprehensiveness of published budget documents available in both 2015 and 2017 actually increased marginally, from a weighted average of 61 in 2015 to 62 in 2017. But, overall, the 102 countries assessed in both rounds of the survey (13 new countries were

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added in 2017) published 37 fewer budget documents. Sub-Saharan Africa accounted for 27 of these.

Table 1. Changes in Open Budget Index, 2015-2017: European Union and Beyond

Country	Transparency – Open Budget Index		
	2015	2017	Change
Bulgaria	65	66	0
Croatia	53	57	4
Czech Republic	69	61	-7
France	76	74	-2
Germany	71	69	-2
Hungary	49	46	-3
Italy	73	73	1
Poland	64	59	-5
Portugal	64	66	1
Romania	75	75	0
Slovakia	57	59	2
Slovenia	68	69	2
Spain	58	54	-4
Sweden	87	87	0
United Kingdom	75	74	-1
European Union Average	67	66	-1
Albania	38	50	11
Azerbaijan	51	34	-17
Bosnia and Herzegovina	43	35	-9
Georgia	66	82	15
Kazakhstan	51	53	2
Macedonia	35	37	2
Moldova	n/a	58	n/a
Norway	84	85	1
Russia	74	72	-2
Serbia	47	43	-4
Turkey	44	58	14
Ukraine	46	54	9
Beyond EU Average	53	55	2
Average for European Countries in Both Rounds	61	61	0

Countries in blue scored above 60 in 2017, the IBP cutoff for sufficient transparency.

The global stall in progress in 2017 is of particular concern in light of the overall low level of budget transparency around the world. With global average scores for the 102 countries surveyed in both rounds at just 43 out of 100, it is too early for progress to plateau. The picture is no more encouraging when we add back in the 13 new countries IBP surveyed in 2017: the global average is 42 for the full sample.

Only 26 of 115 countries surveyed score above a 60 out of 100 (“sufficient transparency”), which is considered the minimum score to permit meaningful deliberation about the budget between the executive, the legislature, supreme audit institutions and the public. The European countries highlighted in blue in Table 1 are those that score above a 60 on the OBS in 2017; just under half of the countries surveyed in the region meet the threshold for “sufficient” transparency.

Looking at the eight key budget documents, the first thing to note is that every country in Europe (both in and outside of the EU), publishes an Executive’s Budget Proposal, an Enacted Budget and an Audit Report. On the other hand, more than half of the countries surveyed in Europe (16 of 27) fail to publish a Mid-Year Review, and 12 do not publish a Pre-Budget Statement. Ten still do not publish a Citizens Budget either. Mid-Year Reviews are important because they ensure that changes to the budget during the year are properly scrutinized; both Pre-Budget Statements and Citizens Budgets open the budget process and can

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Guide to Transparency in Government Budget Reports:

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and What Should They Include?*

Edited by Vivek Ramkumar and Isaac Shapiro



help legislatures and citizens to engage with the big decisions in the budget.

Within the European Union, those countries that do publish key budget documents achieve sufficient transparency (above 60) on all documents other than the Citizens Budget. Outside of the EU, the Executive's Budget Proposal and the Citizens Budget both fall below this threshold. Unlike in other parts of the world, European countries do not uniformly score higher on formulation documents than implementation documents. But both within and outside of the EU, both Year-End Reports and Audit Reports fall below the 80 mark, and can be made more comprehensive.

The OBS 2017 also finds limited oversight around the world. The survey focuses on oversight practices, which are the precursors for meaningful accountability. For example, it looks at the extent to which legislatures amend the budget before approval, and review implementation and audit reports during and after budget execution. In the case of auditors, it looks at, among other things, the extent to which auditors are independent and free to audit whatever they wish. The 2017 survey also looks at "independent fiscal institutions" for the first time. OBS 2017 assesses whether such agencies (e.g., parliamentary budget offices, fiscal councils) exist, are independent, and whether they produce macroeconomic forecasts or policy costings.

Legislatures exercise more oversight during budget formulation and approval than they

do during implementation. For example, more than half of all legislatures surveyed used their amendment powers to modify the executive’s budget proposal. However, in more than half of countries surveyed, executives can move funds between administrative units without legislative approval. This kind of discretion during budget implementation can undermine the oversight provided by the legislature earlier in the budget process.

The overall score for audit oversight practices globally is significantly higher than for legislative oversight practices. Only 28 percent of the 115 countries surveyed have adequate legislative oversight practices (an average score above 60 on those measures), while 65 percent of countries surveyed have adequate audit oversight practices. In Europe, most countries follow the global pattern of scoring more highly on audit than legislative practice. This is true for both the European Union and non-EU countries on average, but it is not universally true, as can be seen in Table 2 below.

Globally, there are 28 countries with an independent fiscal institution, and 18 of these were considered to be fully independent and well-resourced. Half of these institutions are located in Europe, mainly within the European Union.

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Table 2. Oversight Practices in Europe, OBS 2017

Country	Legislature	SAI	Has IFI?
Bulgaria	53	72	Yes
Croatia	45	89	Yes
Czech Republic	81	83	No
France	89	78	Yes
Germany	86	95	Yes
Hungary	50	95	Yes
Italy	78	78	Yes
Poland	75	95	No
Portugal	72	72	Yes
Romania	58	72	Yes
Slovakia	47	72	Yes
Slovenia	78	83	No
Spain	47	72	Yes
Sweden	81	95	Yes
United Kingdom	50	89	Yes
European Union Average	66	83	
Albania	67	72	No
Azerbaijan	53	83	No
Bosnia and Herzegovina	50	95	No
Georgia	67	89	Yes
Kazakhstan	69	50	No
Macedonia	45	78	No
Moldova	47	83	No
Norway	92	89	No
Russia	75	83	No
Serbia	53	83	Yes
Turkey	50	78	No
Ukraine	86	78	No
Beyond EU Average	63	80	

The final part of the survey assesses opportunities for formal public participation in the budget process. The survey looks for participation by executives, legislatures and auditors throughout the budget process. For example, it asks whether executives consult with the public during formulation, but also whether the legislature engages with the public during its review of audit reports, and whether the auditor engages with the public around the audit agenda or during audit investigations.

Participation is important because transparency and oversight institutions are not sufficient to ensure robust democratic representation. Citizens have a right to know how their money is used, but also to give their views on how it should be used. Formal participation structures are necessary because informal participation does not ensure that the voices of marginalized groups will be heard.

The global score for public participation is extremely low: just 12 out of 100. No country scores above 60 on this measure, and only four countries score above 40: Australia, New Zealand, Philippines, and the United Kingdom. Outside of the UK, then, formal budget participation remains extremely low in Europe.

There are some good practices around the world in the realm of participation, however. Brazil has traditionally used national public policy councils to help citizens provide input into and oversight over sector budgets, giving them authority to approve budget proposals and in-year reports. In South Korea, there is a Waste

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2006

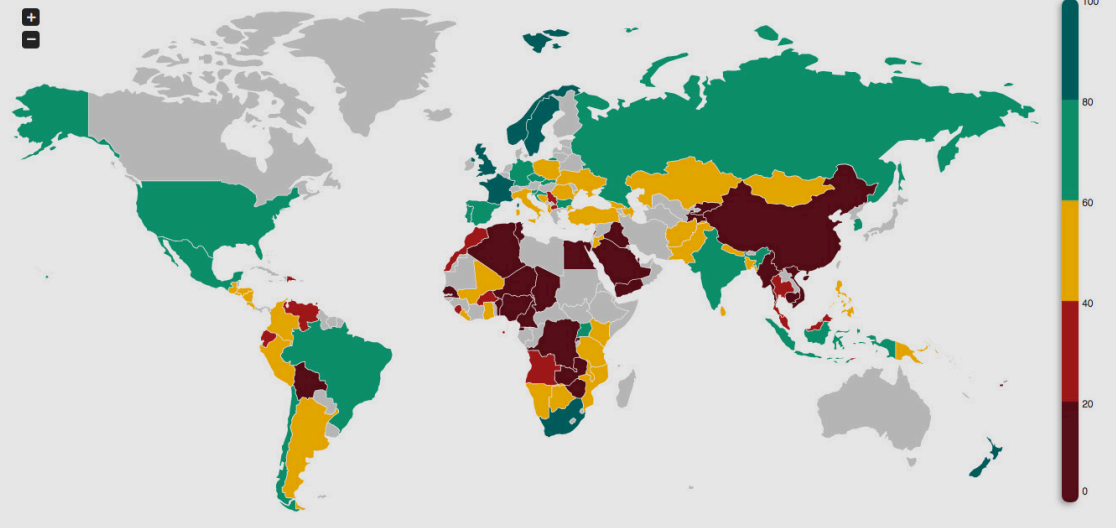
2008

2010

2012

2015

2017



In South Korea, there is a Waste Reporting Center that provides financial incentives to citizens who identify wasteful government spending. This kind of mechanisms allow people to get involved in various stages of the budget process and build bridges between citizens and government

Reporting Center that provides financial incentives to citizens who identify wasteful government spending. In Latin America, several countries provide opportunities for citizens to help determine the audit agenda of the Supreme Audit Institution. These mechanisms allow citizens to get involved in various stages of the budget process and build bridges between citizens and government.

Discussion

Why is progress toward greater budget transparency grinding to a halt at the global level? It is important to note that this decline is real, but not universal. Various countries, including a few mentioned earlier in this article (e.g., Georgia) have continued to make progress. Nevertheless, stalling global progress is consistent with other trends around the globe: democratic recession, declining adherence to rule of

law, attacks on media freedom and closing civic space. Declining OBS scores are to some extent part of this global trend away from open government.

If there is one takeaway from these findings, it is that various stakeholders – donors, civil society, government champions, private sector – interested in greater openness in public finances must work together toward institutionalizing that openness, and shy away from quick wins that can easily be reversed. Only deeper changes in budget practices and norms can survive the caprices of politics, changes in leadership, or “the slings and arrows of outrageous fortune.”

Beyond transparency, Europeans should reflect on the participation data in this round of the survey. This data suggests that most countries lack formal opportunities to participate that ensure that marginalized groups, often the most dependent on public services, are able to voice their concerns in the budget process. While many European democracies have rich histories of informal citizen engagement, recent events in Europe suggest that many feel excluded from democratic institutions that appear not to represent ordinary people as well as they once did. The lack of commitment to producing citizen-friendly budgets is also consistent with this perception. This may be an area where Europe has something to learn from other parts of the world that are experimenting with new ways of bringing the public into the budget process. ■

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