

GUIDE TO THE SECTOR BUDGET TRANSPARENCY MODULE OF THE OPEN BUDGET SURVEY 2019:

AN EXPLANATION OF THE QUESTIONS AND THE RESPONSE OPTIONS

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I. Introduction to the Sector Budget Transparency Module (Sector Module)

For civil society groups and citizens advocating for improvements in public service delivery, the transparency of government budgets is an important prerequisite to understand how the government is allocating public resources and to assess the performance of public spending.

The International Budget Partnership's Open Budget Survey (OBS) is an internationally comparable assessment of central governments' compliance with fiscal transparency standards, and is an important tool for assessing how much information governments make available throughout their annual budget cycle. The OBS was designed to cover a broad range of topics, of interest to a wide range of stakeholders, covering the core fiscal transparency standards of what governments should disclose in budget documents. These topics already cover many topics of interest to sector advocates when they are reviewing and analyzing budget documents. However, many civil society groups working on sectoral issues also look for greater detail and disaggregation in budget information than what is measured by the existing OBS questions.

As part of the Open Budget Survey 2019, a new pilot module has been developed to assess the availability of budget information needed by civil society groups and citizens when analyzing sector spending. The *Sector Budget Transparency Module (Sector Module)* has been developed to combine information from existing OBS survey questions with a set of 20 new questions, which will provide a detailed assessment on the availability of budget information for a specific sector. For the OBS 2019, researchers that participate in the Sector Module pilot can choose to complete the research for one of two sectors: education or health. This guideline has been developed to explain the purpose, research process and methodology for the Sector Module.

II. Research Process and Timeline

The Sector Module will be included as part of the OBS 2019 as a pilot with the goal of expanding OBS advocacy among sector advocates by connecting the survey indicators to the issues that they care about. To implement the Sector Module, IBP will work with a sub-set of OBS partners to: (i) complete the 20 additional Sector Module questions for either the education sector or health sector, along with additional details in the responses to nine OBS questions, (ii) develop and implement an OBS advocacy strategy that integrates the Sector Module results, and (iii) provide feedback on the usefulness of the Sector Module.

- *What additional research is required for the Sector Module pilot?*

The main research conducted for the Sector Module will be through 20 new indicators that are added to the end of the OBS questionnaire in the OBS research platform (<http://research.openbudgetsurvey.org/>). Researchers who participate in the pilot should select 'Yes' on Question S20 at the end of the OBS questionnaire to access the new Sector Module questions, and respond to these questions within the platform.

In addition to the 20 new indicators, OBS researchers participating in the Sector Module pilot will also provide additional information in responses for nine (9) main OBS questions. The nine OBS questions deal with: Extra-budgetary funds (Q33 and Q95), Public corporations (Q37), Intergovernmental transfers (Q35) and Performance indicators (Q49, Q50, Q51, Q92, Q93). For these questions, researchers will be asked to note in the comment box whether the information asked about in the question is available for the sector.

- *Which documents are being assessed by the new Sector Module questions?*

The Sector Module captures information from the planning, approval and execution phases of the budget cycle. The number of documents assessed in the module is limited, with the aim focusing on the documents that contain information that is most relevant to sectoral advocates. The new Sector Module questions therefore look at only four of the OBS key budget documents: Executive’s Budget Proposal (planning), Enacted Budget (approval) and the Year-End Report or the final In-Year Report (execution). The final In-Year Report refers to the document that contains the full budget execution for the fiscal year, such as the 12th monthly report or Quarter 4 report. For questions about budget execution, the primary document to be reviewed is the Year-End Report. In cases where either the Year-End Report is not available, or does not include the necessary information, information from the final In-Year Report can also be used to answer these questions.

Following OBS methodology, each key document should be assessed along with all supporting information or documents. For example, with the Executive’s Budget Proposal, supporting documents released at the same time should be assessed as part of the Executive’s Budget Proposal. In addition, any data or information that is released through a website, *and* which is referenced in a budget document, can be used to supplement the main budget document.

- *Which version of each budget document, from which fiscal year, should be assessed in the Sector Module?*

The general rule for researchers assessing the additional Sector Module questions is to use the same version of the budget document as is assessed by the OBS. Therefore, when selecting which version of the budget document, the version or fiscal year is determined by the research period for the OBS – which is, the most recent version of the document that is published as of December 31, 2018. Therefore, for Sector Module questions assessing information in the Executive’s Budget Proposal, the Enacted Budget and the Year-End Report or final In-Year Report, these questions should be assessed using the same documents as OBS 2019.

There is one exception to this general rule: the Sector Module includes four questions (S4, S6, S7 and S9) that assess consistency of budget information presented in different budget documents. In doing so, these Sector Module questions require each participating researcher to review budget documents from fiscal years prior to what is being assessed in the OBS. For example, a couple of consistency questions ask whether the Year-End Report presents budget information, such as budget classifications, that is consistent with the information presented in the Executive’s Budget Proposal or the Enacted Budget. Since the OBS 2019 will be assessing a Year-End Report from a past year (e.g., FY2017 in the case of countries with a fiscal year that mirrors the calendar year), it will be necessary that researchers review consistency with the EBP and the EB that correspond to that same FY2017, even though the EBP and EB that they are using for the OBS 2019 will likely be for FY2019.

- *Which sectors are being assessed in the Sector Module pilot?*

The Sector Module is being piloted in the education and health sectors. OBS partners that are participating in the Sector Module pilot will chose one of these sectors, based on their interest and advocacy strategy, and then answer all questions in relation to this chosen sector. For partners that wish to note differences in the availability of budget information between different sectors, this can be added as notes in the comment box. However, each question should be answered based on the information available only in the sector selected for the pilot.

- *Will the Sector Module questions be reviewed by the government and peer reviewers?*

As the Sector Module pilot is being conducted as part of the OBS 2019, the Sector Module questions will have the same review process as the main OBS 2019 questionnaire. All responses will be reviewed by IBP, the anonymous peer reviewer, and the government reviewer, if applicable. OBS researchers will also respond to questions or comments raised by these reviewers.

- *What information is not being assessed by the Sector Module pilot?*

The Sector Module is a pilot effort to expand the scope of the OBS to look for more detailed information in relation to a specific sector, however, the Sector Module still has limitations in what topics and information is assessed. IBP recognizes that civil society groups may look at information related to sector spending outside of the central government budget documents, including information within subnational budgets, budget portals, and reports released by line ministries outside of the budget process.

While all of these sources of information are important for sector advocates, they are not currently covered by the scope of the Sector Module pilot. Recognizing that subnational budget information is often critical to understanding sector spending within a given country context, two of the Sector Module questions assess the availability of subnational information as reported on central government websites and within central government budget documents. Furthermore, budget data released through open budget portals can also be assessed when it is referenced in relevant budget documents, consistent with the methodology used in the OBS. In discussions with participating researchers, IBP also hopes to capture feedback and suggestions on how this module could potentially be replicated and strengthened in future OBS rounds.

III. Guidelines for Assessing the New Sector Module Indicators

The following section provides detailed guidance on the questions and responses for the 20 new Sector Module questions being piloted as part of the OBS 2019. Each question should be responded to in relation to the sector that has been selected – either education or health.

S1. Does the Executive’s Budget Proposal present revenue earmarked for the sector and/or the sector’s expenditure associated with this earmarked revenue?

- a. Yes, the Executive’s Budget Proposal presents all individual sources of revenue earmarked for the sector **and** the specific sector’s expenditure associated with each source of earmarked revenue.
- b. Yes, the Executive’s Budget Proposal presents either all individual sources of revenue earmarked for the sector **or** the specific sector’s expenditure associated with each source of earmarked revenue.
- c. Yes, the Executive’s Budget Proposal presents *at least the total* amount of revenues earmarked for the sector **or** the total sector’s expenditure associated with the earmarked revenue.
- d. No, the Executive’s Budget Proposal does not present total revenues earmarked for the sector or the total sector’s expenditure associated with earmarked revenue.
- e. Not applicable, other, or not participating.

GUIDELINE

Question S1 asks about the presentation of earmarked revenues, which are revenues that may only be used for a specific purpose (for example, revenues from a sales tax that can only be used for funding school construction). This question asks both about sources of revenue that are earmarked for the sector, as well as the purpose of the earmark for sector expenditures. This information is important in determining which revenues are set aside to fund specific programs or services within the sector, and how much flexibility there is in the funding that is allocated to the sector. This question is related to OBS Q46, which asks about estimates of earmarked revenues for the government’s general expenditures, but does not examine sector-specific funding, or the reporting of the expenditure associated with each earmarked revenue.

To answer “a”, the Executive’s Budget Proposal should present for at least the budget year both estimates covering all individual sources of earmarked revenues and the specific expenditure associated with each revenue source. If each individual earmarked revenue source is not reported, but detailed health or education expenditures show the amount allocated to each program from earmarked revenue sources, then this would score a “b”. In this case, the information is incomplete because the allocations may not give a full picture of how much revenue is raised from these earmarked sources. Alternatively, if there are details on all the individual revenue sources earmarked to the sector, but it is not clear which programs or services will receive this funding, then this also would score a “b”. If budget documents report either the total amount of earmarked revenue that is allocated to the sector, or the total amount of expenditures that are funded from earmarked revenue sources, then this would score a “c”. If information is not provided on earmarked revenues, or there is insufficient information to

determine how much of earmarked revenues are allocated to the sector, then a “d” answer is appropriate. An “e” response only applies in countries where there is evidence that the government does not have any earmarked revenues that are allocated to the sector.

An example of how to answer this question is as follows: a country with two earmarked taxes that partially fund the health sector – a sugar tax and a tobacco tax – with a portion of each tax allocated to a nutrition program and primary health services. To score an “a”, the budget documents should include both estimates of revenues from both the sugar tax and the tobacco tax, individually, as well as the estimates of the expenditures in the nutrition program and primary health services that will come from these two revenue sources. If the country only reports the individual revenues from the sugar and tobacco tax but does not report how much of these revenues will be funding the nutrition program or primary health services, then a “b” answer is appropriate. Alternatively, if the details of health expenditures show how much of the estimated expenditures to the nutrition program and primary health services come from the sugar and tobacco taxes, but there are no revenue estimates presented for the total receipts from the sugar tax and the tobacco tax, then this also scores a “b”. If the budget documents present a total amount of earmarked revenues that will be allocated to the health sector, without details of either the individual sources or the amounts allocated to specific programs or services, then the answer should be “c”. If the documents do not present details on earmarked revenues, or it is not possible to determine whether funding from the sugar tax and tobacco tax is being allocated to the sector, then the answer should be “d”. If the country has either no earmarked revenues or is has a detailed presentation of earmarked revenues to other sectors but none of these revenues are allocated to the sector being evaluated in this module, then the answer should be “e”.

S2. Does the Year-End Report (or the final In-Year Report) present revenue earmarked for the sector and/or the sector’s expenditure associated with this earmarked revenue?

- a. Yes, the Year-End Report (or the final In-Year Report) presents all individual sources of revenue earmarked for the sector **and** the specific sector’s expenditure associated with each source of earmarked revenue.
- b. Yes, the Year-End Report (or the final In-Year Report) presents either all individual sources of revenue earmarked for the sector **or** the specific sector’s expenditure associated with each source of earmarked revenue.
- c. Yes, the Year-End Report (or the final In-Year Report) presents *at least the total* amount of revenues earmarked for the sector **or** the total sector’s expenditure associated with the earmarked revenue.
- d. No, the Year-End Report (or the final In-Year Report) does not present total revenues earmarked for the sector or the total sector’s expenditure associated with earmarked revenue.
- e. Not applicable, other, or not participating.

GUIDELINE

Question S2 asks about the presentation in the Year-End Report or the final In-Year Report of actual earmarked revenue, as well as the actual sector expenditures for the fiscal year which were financed from those earmarked revenues. This question follows the same structure as S1, assessing both information about funding

sources and the expenditure associated with the earmarked revenues, while Question S2 assesses actual earmarked revenues and actual associated expenditures in the sector for the full fiscal year as reported in the budget execution reports.

To answer “a”, the Year-End Report or the final In-Year Report should present for at least the reporting fiscal year both actual receipts from all individual sources of earmarked revenues and the specific actual expenditure associated with each revenue source. If actual receipts from each individual earmarked revenue source are not reported, but detailed health expenditures show the amount of revenue received from earmarked revenue sources, then this would score a “b”. Alternatively, if there are details on actual receipts from all the individual revenue sources earmarked to the sector, but no information on how this revenue was spent in the target programs or services is not presented, then this also would score a “b”. If budget documents report either the total amount of earmarked revenue that was collected, or the total amount of expenditures that were funded from earmarked revenue sources, then this would score a “c”. If information is not provided on earmarked revenues, or there is insufficient information to determine how much of the earmarked revenues was spent in the sector, then a “d” answer is appropriate. An “e” response only applies in countries where there is evidence that the government does not have any earmarked revenues that are allocated to the sector.

S3. Does the Executive’s Budget Proposal present donor assistance for the sector and/or the sector’s expenditure associated with this donor assistance?

- a. Yes, the Executive’s Budget Proposal presents all individual sources of donor assistance for the sector **and** the specific sector’s expenditure associated with each source of donor assistance.
- b. Yes, the Executive’s Budget Proposal presents either all individual sources of donor assistance for the sector **or** the specific sector’s expenditure associated with each source of donor assistance.
- c. Yes, the Executive’s Budget Proposal presents *at least the total* amount of donor assistance for the sector **or** the total sector’s expenditure associated with donor assistance.
- d. No, the Executive’s Budget Proposal does not present total donor assistance for the sector or the total sector’s expenditure associated with donor assistance.
- e. Not applicable, other, or not participating.

GUIDELINE

Question S3 asks about estimates of donor assistance, both financial and in-kind assistance, for the particular sector. This question is similar to Q44 of the OBS, which also asks about estimates of donor assistance. However, S3 requires more detail and the disaggregation of sources of donors and how that assistance is associated with the sector’s expenditure.

Donor assistance is considered non-tax revenue, and the sources of this assistance should be explicitly identified. In terms of in-kind assistance, the concern is primarily with the provision of goods (particularly those for which there is a market that would allow goods received as in-kind aid to be sold, thereby converting

them into cash) rather than with in-kind aid such as advisors from a donor country providing technical assistance. Donor assistance refers to both national and international sources.

The PEFA Framework 2016, includes reporting on donor assistance in its indicator PI-2, which refers to expenditure composition outturn (https://pefa.org/sites/default/files/PEFA%20Framework_English.pdf).

To answer “a,” the Executive’s Budget Proposal must present for at least the budget year all individual sources of donor assistance for the sector and show the specific expenditure in the sector funded by the aid. For example, an “a” answer would identify donations from countries X and Y, where both are destined for the health sector, and where the assistance from country X is allocated for expenditures on maternal mortality programs, while the assistance from Y is allocated for vaccine programs. If information is provided on either all the donor sources for the sector *or* on the specific expenditures targeted, but not for both of them, then a “b” answer is appropriate. A “c” response applies if the total donor assistance for the sector or the total sector expenditure associated with donor assistance is shown. Answer “d” applies if data on donor assistance connected to the specific sector is not presented. Select answer “e” if your country does not receive donor assistance.

S4. Does the Year-End Report (or the final In-Year Report) present expenditure by a functional classification (first-level functional) that is consistent with the first-level functional classification presented in the Executive’s Budget Proposal and/or the Enacted Budget?

- a. Yes, the Year-End Report (or the final In-Year Report) presents expenditure by a functional classification that is consistent with the classification presented in **both** the Executive’s Budget Proposal and the Enacted Budget.
- b. Yes, the Year-End Report (or the final In-Year Report) presents expenditure by a functional classification that is consistent with the classification presented in **either** the Executive’s Budget Proposal or the Enacted Budget. (Please add a comment for which document the functional classification is presented.)
- c. Yes, the Year-End Report (or the final In-Year Report) presents expenditure by a functional classification, but it is **not** consistent with the classification presented in either the Executive’s Budget Proposal or the Enacted Budget.
- d. No, the Year-End Report (or the final In-Year Report) does not present expenditure by a functional classification.
- e. Not applicable, other, or not participating.

GUIDELINE

Question S4 is a consistency question, e.g., it assesses whether the information in the execution document is presented in a manner that is consistent with the presentation in the planning and/or approval documents. When budget information is presented in a consistent way, it facilitates the comparison within the year and over time and makes the analysis of how the government is allocating and spending during the budget cycle more open and useful to civil society. For the presentation to be considered *consistent*, it needs to have exact alignment with the presentation in the other documents to which it is being compared.

Question S4 is connected to Q2 and Q3 of the OBS, which ask about the presentation of functional classification in the Executive’s Budget Proposal and its alignment with international standards. Question S6 assesses whether the presentation in the execution documents is aligned with the presentation in the planning document, the Executive’s Budget Proposal, and the enacted document, the Enacted Budget.

Note: This question requires respondents reviewing an Executive’s Budget Proposals and Enacted Budgets from a previous year prior to the documents assessed for the rest of the OBS. This is necessary to ensure that the same fiscal years are being compared. Hence, to compare the Year-End Report or the final In-Year Report being assessed in the OBS (which most probably corresponds to FY2017 or FY2016, in countries with fiscal years that follow the calendar year), one needs to review the corresponding Executive’s Budget Proposal and Enacted Budget.

To answer “a,” the Year-End Report or the final In-Year Report must present actual expenditures according to a functional classification that is consistent with *both* the Executive’s Budget Proposal *and* the Enacted Budget. If the functional classification is presented and is consistent with the presentation in *either* the Executive’s Budget Proposal *or* the Enacted Budget, then a “b” answer is appropriate. If answer “b” is selected, please specify which document presents the relevant information. A “c” response applies if the functional classification presented in the Year-End Report or the final In-Year Report is consistent neither with the Executive’s Budget Proposal nor the Enacted Budget. Answer “d” applies if no functional classification is presented in the Year-End report or the final In-Year Report, or if those documents are not available.

S5. Does the Executive’s Budget Proposal and/or the Enacted Budget present the sector’s expenditure by a subfunctional classification (second-level functional)?

- a. Yes, the Executive’s Budget Proposal and/or the Enacted Budget present(s) the sector’s expenditure by a subfunctional classification. (Please note in the comments box in which document(s) the second-level functional classification is presented.)
- b. No, neither the Executive’s Budget Proposal nor the Enacted Budget present the sector’s expenditure by a subfunctional classification.
- c. Not applicable, other, or not participating.

GUIDELINE

Question S5 assesses how the information, within the functional classification, is structured in the Executive’s Budget Proposal or the Enacted Budget. Its purpose is to dig deeper into what activities are being funded within the relevant function.

This question is connected to Q2 of the OBS, which asks whether expenditures are presented by functional classification, and Q3, which checks whether the functional classification is consistent with international standards. S5 goes one step further and asks whether, within the specific function of health or education (depending on the sector you are assessing), it is possible to see another level of the functional classification.

For example, within the education function, it is sometimes possible to see information disaggregated by primary education and secondary education. Similarly, it could be possible that a country that follows the first-level UN's Classification of the Functions of Government (COFOG), which contains 10 functions, also has details of information by the second-level COFOG classification.

The OECD provides the standards for the functional classification. The OECD Best Practices for Budget Transparency can be viewed at <http://www.oecd.org/gov/budgeting/Best%20Practices%20Budget%20Transparency%20-%20complete%20with%20cover%20page.pdf>.

To answer “a,” the Executive’s Budget Proposal and/or the Enacted Budget, must present expenditure by a subfunctional classification – that is, a classification below the first-level functional classification. For example, the document shows some kind of disaggregation below the function “health” or below the function “education”, depending on the sector being assessed. If answer “a” is selected, please specify which document presents the relevant information, and please copy the sub-functional classifications used for the sector into the comment box. If neither the Executive’s Budget Proposal nor the Enacted Budget present this information, then a “b” answer is appropriate.

S6. Does the Year-End Report (or the final In-Year Report) present the sector’s expenditure by a subfunctional classification (second-level functional) that is consistent with the subfunctional classification presented in the Executive’s Budget Proposal and/or the Enacted Budget?

- a. Yes, the Year-End Report (or the final In-Year Report) presents the sector’s expenditure by a subfunctional classification that is consistent with the classification presented in **both** the Executive’s Budget Proposal and the Enacted Budget.
- b. Yes, the Year-End Report (or the final In-Year Report) presents the sector’s expenditure by a subfunctional classification that is consistent with the classification presented in **either** the Executive’s Budget Proposal or the Enacted Budget. (Please note in the comments box
- c. in which document the subfunctional classification is presented.)
- d. Yes, the Year-End Report (or the final In-Year Report) presents the sector’s expenditure by a subfunctional classification, but it is **not** consistent with the classification presented in either the Executive’s Budget Proposal or the Enacted Budget.
- e. No, the Year-End Report (or the final In-Year Report) does not present the sector’s expenditure by a subfunctional classification.
- f. Not applicable, other, or not participating.

GUIDELINE

Question S6 is a consistency question, i.e., it assesses whether the information in the execution document is presented in a manner that is consistent with the presentation of the planning and/or approval documents. When budget information is presented in a consistent way, it facilitates comparisons within the year and over time, and makes the analysis of how the government is allocating and spending during the budget cycle more open and useful to civil society. For the presentation to be considered *consistent*, it needs to have exact alignment with the presentation in the other documents to which it is being compared.

Question S6 is connected to question S5, as it is assessing the consistency of the subfunctional classification presented in the Year-End report or the final In-Year Report, with the subfunctional classifications presented in the Executive’s Budget Proposal or the Enacted Budget.

Note: This question requires reviewing an Executive’s Budget Proposal and Enacted Budget from a previous year. This is necessary to ensure that the same fiscal years are being compared. Hence, to compare the Year-End Report or the final In-Year Report being assessed in the OBS (for example, FY2017 or FY2016, in countries with fiscal years that follow the calendar year), one needs to review the corresponding Executive’s Budget Proposal and Enacted Budget.

To answer “a,” the Year-End Report or the final In-Year Report must present actuals of the sub-functional classification that is consistent with the classification presented in *both* the Executive’s Budget Proposal *and* the Enacted Budget. If actuals of the sub-functional classification are presented and are consistent with the classification presented in *either* the Executive’s Budget Proposal *or* the Enacted Budget, then a “b” answer is appropriate. If answer “b” is selected, please specify which document presents the relevant information. A “c” response applies if the sub-functional presented in the Year-End Report of the final In-Year Report is consistent neither with the Executive’s Budget Proposal nor the Enacted Budget. Answer “d” applies if no sub-functional classification is presented in the Year-End report or the final In-Year Report are not publicly available, or if those documents are not available.

S7. Does the Year-End Report (or the final In-Year Report) present expenditure by an administrative classification that is consistent with the administrative classification presented in the Executive’s Budget Proposal and/or the Enacted Budget?

- a. Yes, the Year-End Report (or the final In-Year Report) presents expenditure by an administrative classification that is consistent with the administrative classification presented in **both** the Executive’s Budget Proposal and the Enacted Budget.
- b. Yes, the Year-End Report (or the final In-Year Report) presents expenditure by an administrative classification that is consistent with the classification presented in **either** the Executive’s Budget Proposal or the Enacted Budget. (Please note in the comments box in which document the administrative classification is presented.)
- c. Yes, the Year-End Report (or the final In-Year Report) presents expenditure by an administrative classification, but it is **not** consistent with the classification presented in either the Executive’s Budget Proposal or the Enacted Budget.
- d. No, the Year-End Report (or the final In-Year Report) does not present expenditure by an administrative classification.
- e. Not applicable, other, or not participating.

GUIDELINE

Question S7 is a consistency question, i.e., it assesses whether the information in the execution document is presented in a manner that is consistent with the presentation in the planning and/or approval documents. When budget information is presented in a consistent way, it facilitates comparisons within the year and over time, and makes the analysis of how the government is allocating and spending during the budget cycle more open and useful to civil society. For the presentation to be considered *consistent*, it needs to have exact alignment with the presentation of the other documents that is being compared to.

Question S7 looks at whether there is an administrative classification (e.g. ministries, departments or agencies) presented in the Year-End Report or the final In-Year Report and whether that presentation is exactly the same as the one shown in the Executive’s Budget Proposal and/or the Enacted Budget.

According to the OECD’s Best Practices for Budget Transparency

(<https://www.oecd.org/governance/budgeting/Best%20Practices%20Budget%20Transparency%20-%20complete%20with%20cover%20page.pdf>), which provide a comprehensive and clear description of each budget document and its contents, expenditures should be classified by major administrative units. This should be complemented with the IMF Fiscal Transparency Handbook, Dimension 1.3: “information in fiscal reports should be relevant, internationally comparable, and internally and historically consistent” (<https://www.elibrary.imf.org/view/IMF069/24788-9781484331859/24788-9781484331859/ch02.xml>).

Note: This question requires reviewing an Executive’s Budget Proposal and Enacted Budget from a previous year. This is necessary to ensure the same fiscal years are being compared. Hence, to compare the Year-End Report or the final In-Year Report assessed in the OBS (for example, FY2017 or FY2016, in countries with fiscal years that follow the calendar year), one needs to review the corresponding Executive’s Budget Proposal and Enacted Budget.

To answer “a,” the Year-End Report or the final In-Year Report must present actuals of expenditure by administrative classification that is consistent with the classification presented in *both* the Executive’s Budget Proposal *and* the Enacted Budget. If actuals are presented by an administrative classification that is consistent with the classification presented in either the Executive’s Budget Proposal or the Enacted Budget, then a “b” answer is appropriate. If answer “b” is selected, please specify which document presents the relevant information. A “c” response applies if the administrative classification presentation of the Year-End report of the final In-Year Report is consistent with neither the Executive’s Budget Proposal nor the Enacted Budget. Answer “d” applies if no administrative classification is presented in the Year-End report or the final In-Year Report; or if those documents are not available.

S8. Does the Executive’s Budget Proposal and/or the Enacted Budget present the sector’s expenditure by program?

- a. Yes, the Executive’s Budget Proposal and/or the Enacted Budget present(s) the sector’s expenditure by program. (Please note in the comments box in which document(s) programs are presented.)
- b. No, neither the Executive’s Budget Proposal nor the Enacted Budget present the sector’s expenditure by program.
- c. Not applicable, other, or not participating.

GUIDELINE

Question S8 asks whether Executive’s Budget Proposal and/or the Enacted Budget present sector expenditures by program, where a program is defined as an expenditure category with specific and identified objectives. This question uses a different definition of ‘program’ than that which is used in the OBS Q6 and other related questions, where programs are defined as any level of detail below an administrative unit. For the purposes of question S8 and S9, however, a program is defined according to the classification used for “in program budgeting”. Program budgeting helps increase the transparency of government spending by clearly linking costs and benefits of government services and programs. For example, programs for the health sector could include programs intended to reduce maternal mortality and in the education sector programs aimed at increasing literacy among children. Some countries may present expenditure information by program for planning purposes only, while other countries will make formally approved budget allocations based on a program budget classification. Program budgeting is considered an ‘advanced’ practice for Principle 1.3.1 on Classification of the IMF’s Fiscal Transparency Handbook (https://www.elibrary.imf.org/doc/IMF069/24788-9781484331859/24788-9781484331859/Other_formats/Source_PDF/24788-9781484348598.pdf), where

programs are defined as “information on the allocation of resources to assess the extent to which public spending achieves its various goals and objectives,” (p. 35).

To answer “a”, the Executive’s Budget Proposal or the Enacted Budget must present the sector’s expenditure by program, where the programs are described with an objective or goal. In cases where some, but not all, line items within the sector are programs, but others are administrative units or do not appear to be structured around an objective or goal, this will also score an “a”. In the comments box, please note whether the sector’s programs are presented in the Executive’s Budget Proposal, the Enacted Budget, or in both documents. If neither the Executive’s Budget Proposal nor the Enacted Budget have expenditures presented by programs, a “b” response applies. In cases where there are details below the administrative unit, but these expenditures are for sub-administrative units and not for programs, a “b” response also applies.

S9. Does the Year-End Report (or the final In-Year Report) present the sector’s expenditure by program consistent with sector programs presented in the Executive’s Budget Proposal and/or the Enacted Budget?

- a. Yes, the Year-End Report (or the final In-Year Report) presents the sector’s expenditure by program that is consistent with sector programs presented in **both** the Executive’s Budget Proposal and the Enacted Budget.
- b. Yes, the Year-End Report (or the final In-Year Report) presents the sector’s expenditure by program that is consistent with sector programs presented in **either** the Executive’s Budget Proposal or the Enacted Budget. (Please note in the comments box in which document programs are presented.)
- c. Yes, the Year-End Report (or the final In-Year Report) presents the sector’s expenditure by program, but it is **not** consistent with the programs presented in either the Executive’s Budget Proposal or the Enacted Budget.
- d. No, the Year-End Report (or the final In-Year Report) does not present the sector’s expenditure by program.
- e. Not applicable, other, or not participating.

GUIDELINE

Question S9 is a consistency questions, i.e., it assesses whether the Year-End Report or the final In-Year Report present expenditure in the sector by program, and whether the programs presented are consistent with those presented in the Executive’s Budget Proposal and the Enacted Budget (for the same fiscal year as the Year-End Report or final In-Year Report being assessed). Question S9 uses the same definition of ‘program’ as applied in question S8. The consistency of the program classification structure across budget documents within the same fiscal year is important because it allows for actual program expenditures to be compared to the initial proposed and enacted expenditure allocations. To assess this question, researchers should use to the Year-End Report or the final In-Year Report that is assessed in the OBS. Then, to compare program classifications across budget documents, researchers should refer to the relevant Executive’s Budget Proposal and Enacted Budget of the *same fiscal year* that is being reported in the Year-End Report or the final In-Year Report. This document may be from an earlier fiscal year than is assessed in OBS 2019.

To answer “a”, the Year-End Report or the final In-Year Report must present programs in the sector with the same classification structure as the programs presented in *both* the Executive’s Budget Proposal *and* the Enacted Budget from the same fiscal year. This also requires that both the Executive’s Budget

Proposal **and** the Enacted Budget are publicly available for the relevant fiscal year. To score “b”, either the Executive’s Budget Proposal or the Enacted Budget must be publicly available and present programs consistent with the Year-End Report or the final In-Year Report.

If the Year-End Report or final In-Year Report present programs, where the programs are defined by specific and identified objectives, but neither the Executive’s Budget Proposal nor the Enacted Budget present programs, or the programs are not consistent, or the Executive’s Budget Proposal and the Enacted Budget are not publicly available online, then the answer is “c”. Answer “d” applies if there are no programs presented in the Year-End Report or the final In-Year Report.

S10. Does the Executive’s Budget Proposal and/or the Enacted Budget present the sector’s expenditure by administrative or program classification, showing details for the second level of the classification’s hierarchy?

- a. Yes, the Executive’s Budget Proposal and/or the Enacted Budget present(s) the sector’s expenditure by administrative or program classification, showing details for the second level of the classification’s hierarchy. (Please note in the comments box the document and the type of classification).
- b. No, neither the Executive’s Budget Proposal nor the Enacted Budget presents this level of detail.
- c. Not applicable, other, or not participating.

GUIDELINE

Question S10 asks whether the Executive’s Budget Proposal and/or the Enacted Budget present expenditure information with detail going down to the second level detail below the main or primary hierarchy (or structure) within either the administrative classification or a program classification (used in program budgeting). For example, where a budget uses an administrative classification with ministries (primary level), directorates (first level below), and sub-directorates (second level below), this question is asking whether information at the sub-directorate level is presented. If the budget uses a program classification structure, with ministries (primary level), programs (first level below) and sub-programs (second level below), then this question is asking whether information at the sub-program level is presented.

The purpose of this question is to assess the level of disaggregation or detail that it is possible to see in the Executive’s Budget Proposal or the Enacted Budget, below the administrative classification or a program classification.

To answer “a,” the Executive’s Budget Proposal and/or the Enacted Budget, must present information under the administrative classification or the program classification two levels below the main classification (e.g., two levels under the ministry, or two levels under the program, depending on which classification the country uses). If answer “a” is selected, please specify in the comments box which document presents which kind of classification. If neither the Executive’s Budget Proposal nor the Enacted Budget present this information, then a “b” answer is appropriate.

S11. Does the Year-End Report (or the final In-Year Report) present the sector’s expenditure by administrative or program classification, showing details for the second level of the classification’s hierarchy?

- a. Yes, the Year-End Report (or the final In-Year Report) presents the sector’s expenditure by administrative or program classification, showing details for the second level of the classification’s hierarchy (Please note in the comments box the document and the type of classification.)
- b. No, the Year-End Report (or the final In-Year Report) does not present this level of detail.
- c. Not applicable, other, or not participating.

GUIDELINE

Question S11 asks whether the Year-End Report or the final In-Year Report presents the second level of detail below the administrative or program classification. This question is assessing the same level of detail for actual expenditures reported in budget execution documents as was assessed in S10 for the draft and approved budgets. For example, where budget information is organized an administrative classification with ministries (primary level), directorates (first level below), and sub-directorates (second level below), this question asks whether information at the sub-directorate level is presented. If the budget uses a program classification structure organized by ministries (primary level), programs (first level below) and activities (second level below), then this question asks whether information at the sub-program level is presented.

To answer “a,” the Year-End Report or the final In-Year Report must present at least two levels of detail below the primary administrative or program classification (in the examples above, either the sub-directorate or activity), based on the hierarchy or structure of the administrative units or programs. Answer “b” applies where there is not enough detail below the primary administrative or program classification to qualify for an “a” score, for example, if there is only one level of detail below the primary level.

S12. Does the Executive’s Budget Proposal present an economic classification for the sector’s expenditure (organized by functional, administrative, or program classification)?

- a. Yes, the Executive’s Budget Proposal presents an economic classification for the sector’s expenditure. (Please note in the comments box which classification presents the sector expenditure by the economic classification – functional, administrative or program.)
- b. No, the Executive’s Budget Proposal does not present an economic classification for the sector’s expenditure.
- c. Not applicable, other, or not participating.

GUIDELINE

Question S12 asks whether the Executive’s Budget Proposal presents the sector’s expenditure with details showing how the spending by an economic classification. This question is related to OBS Q4, which asks whether all expenditures are presented by an economic classification. Question S12, however, asks whether the presentation of the sector’s expenditure (either shown in a functional, administrative, or program classification) shows details below the sector level

by an economic classification. This information is important to be able to see the wage bill, capital spending, and other details on the type of spending within the sector. For example, if the budget shows health expenditures by functional classification, the functional classification for health would be further disaggregated by economic classification, so that it would have details that show how much health spending goes to wages and salaries, capital projects, and other economic classifications. An example of an economic classification provided for health expenditure can be seen in South Africa's 2016 proposed budget for the Health Vote, on page 5, which shows the Health Vote's expenditure by economic classification:

<http://www.treasury.gov.za/documents/national%20budget/2018/enebooklets/Vote%2016%20Health.pdf>.

To answer “a” for this question, the sector's expenditure shown at least through one budget classification such as functional, administrative, or program – should show details of how the sector spending is allocated according to an economic classification. In cases where an economic classification shows details of how much spending corresponds to each sector, this would also score “a”. Please note in the comments box what type of expenditure classification (functional, administrative, or program) shows the sector expenditure with details below that show an economic classification. Please also note whether the classifications show expenditure for the entire sector, or only part (for example, only one administrative unit when there are multiple administrative units in the sector). If the sector expenditure does not show an economic classification, or there isn't detail below the economic classification by sector, the appropriate answer is “b”.

S13. Does the Executive's Budget Proposal present a geographic distribution of the sector's expenditure (organized by functional classification, administrative classification, or program)? (For the purposes of this question, the sector's expenditure must include spending beyond just intergovernmental transfers.)

- a. Yes, the Executive's Budget Proposal presents a geographic distribution of the sector's expenditure.
(Please note in the comments box which classification presents the sector expenditure by the economic classification – functional, administrative or program.)
- b. No, the Executive's Budget Proposal does not present a geographic distribution of the sector's expenditure.
- c. Not applicable, other, or not participating.

GUIDELINE

Question S13 asks whether the Executive's Budget Proposal shows a geographic distribution of the sector's expenditure. This information is important to show how expenditure in the sector is distributed across areas or regions, which can highlight equity and access issues. A geographic presentation of expenditures is usually made in addition to the three standard budget classifications — administrative, functional, and economic classifications— to emphasize different aspects of expenditure policies and to show who benefits from these expenditures. A geographic distribution should be presented by the main administrative regions of the country, such as provinces, regions, states, municipalities, or districts.

This question focuses on central government expenditures across different regions or geographic units, rather than just on the distribution of intergovernmental transfers. Many central governments fund service delivery directly, without transferring resources to subnational governments. For example, the Ministry of Health (a central government unit) may fund the construction of hospitals and clinics in different regions directly from the Ministry's budget, and not through transfers to subnational governments. This question seeks information about the direct expenditure by the central government (e.g. units or departments of the

central government) in regions, provinces, municipalities or any other geographic system a country may have. Such displays may also include intergovernmental transfers, beyond central government direct expenditure in different geographic locations. (Note that intergovernmental transfers are to be assessed in Q35 of the OBS.)

This question is connected to Q36 of the OBS, which refers to “alternative displays” of expenditures that highlight the financial impact of policies on different groups of citizens, when the alternative display identified in Q36 is a geographic presentation.

Principle 2.3.3 of the IMF Fiscal Transparency Handbook (2018) ([https://www.elibrary.imf.org/view/IMF069/24788-9781484331859/24788-9781484331859.xml?redirect=true](https://www.elibrary.imf.org/view/IMF069/24788-9781484331859/24788-9781484331859/24788-9781484331859.xml?redirect=true)) states that an advanced practice in this area requires institutions to “make available targeted information on the possible impact of the budget on identifiable segments of the population” or demographic group, where demographic groups are understood as “including gender, age, socioeconomic status, educational attainment, ethnicity, and geographic location.”

To answer “a,” the Executive’s Budget Proposal must include a presentation that illustrates the distribution of resources to different regions, for example, to regions or municipalities. It is possible that geographic distribution is shown within another classification, if so, please indicate under which classification it is possible to find the geographic distribution of resources. Answer “b,” applies if the Executive’s Budget Proposal does not include a geographic presentation of the sector expenditure.

S14. Does the Year-End Report (or the final In-Year Report) present intergovernmental transfers to the sector?

- a. Yes, the Year-End Report (or the final In-Year Report) presents intergovernmental transfers to the sector, with detail showing all individual transfers to all units of subnational government across all levels of subnational government.
- b. Yes, the Year-End Report (or the final In-Year Report) presents intergovernmental transfers to the sector, with detail showing transfers to *at least all levels* of subnational government.
- c. Yes, the Year-End Report (or the final In-Year Report) presents *at least total* intergovernmental transfers to the sector.
- d. No, the Year-End Report (or the final In-Year Report) does not present total intergovernmental transfers to the sector.
- e. Not applicable, other, or not participating.

GUIDELINE

Question S14 asks about intergovernmental transfers, and how they are reported in the execution documents.

This question is connected to OBS Q35, which asks about estimates of intergovernmental transfers in the Executive’s Budget Proposal. However, question S14 looks at execution documents and it requires further details regarding how and where intergovernmental transfers take place. In many cases, the central government supports the provision of a good or service by a lower level of government through an intergovernmental transfer of funds. This is necessary because, independent from the level of administrative decentralization that exists in a given country, the capacity for revenue collection of a subnational unit is unlikely to be sufficient to pay for all its expenses. However, because the activity is not being undertaken by an administrative unit of the central government, it is unlikely to receive the same level of review in the budget.

The underlying question here is whether the Year-End Report (or final In-Year Report) shows how much the central government transfers to the subnational government for the latter to spend on health and/or education, and how disaggregated and detailed that information is.

To answer “a,” the Year-End Report or the final In-Year Report must present actual intergovernmental transfers made during the fiscal year to the sector for all units across all subnational levels. This includes details on each type of transfer (for example, transfers for individual programs or services) made to all subnational government units at each level of subnational government. For example, if a country is organized in regions and municipalities, with transfers to a primary health care program and a nutrition program, the government documents need to report the amount transferred for each program to each regional government and to each municipal government. If information showing actual transfers to the sector for all levels of subnational government is presented (e.g. the total transferred to each of these levels) but without details of the individual transfers to each subnational government, then a “b” answer is appropriate. A “c” response applies if the presentation includes total actual transfers to the sector, however, it is not possible to identify to which subnational level the transfers to the sector were made. Answer “d” applies if no actuals of intergovernmental transfers are presented in the Year-End Report or the final In-Year Report.

S15. Does the Executive Budget Proposal present expenditure for individual front-line service delivery units for the sector?

- a. Yes, the Executive Budget Proposal presents expenditure for individual front-line service delivery units for the sector. (Please note in the comments box the type of facilities, and whether they are primary, secondary or tertiary.)
- b. No, the Executive’s Budget Proposal does not present expenditure for individual front-line service delivery units for the sector.
- c. Not applicable, other, or not participating.

GUIDELINE

Question S15 asks whether the Executive’s Budget Proposal presents expenditure information for front-line service delivery units in each sector. Front-line service delivery units provide services directly to the public and include, for instance, hospitals and clinics in the health sector and universities and schools in the education sector.

This information is important to identify the specific allocation of sector funds, which can be used to assess value for money or the distribution of spending across the types of services and facilities. The IMF’s Fiscal Transparency Handbook ([https://www.elibrary.imf.org/view/IMF069/24788-9781484331859/24788-9781484331859.xml?redirect=true](https://www.elibrary.imf.org/view/IMF069/24788-9781484331859/24788-9781484331859/24788-9781484331859.xml?redirect=true)) guidance on Principle 1.3.1 on Classifications notes that reporting on administrative classification includes public service delivery units. Public Expenditure Financial Accountability (PEFA) assessments assess PI 8.3 on the resources received by front-line service delivery units (https://pefa.org/sites/default/files/PEFA%20Framework_English.pdf), with the standards including that the reports on this funding are produced annually. While not all countries have budget systems that include front-line service delivery units as budget entities, for countries that do have some portion of funding directly allocated to such service units, this information can be reported through annual budget documents.

To answer “a,” the Executive’s Budget Proposal must present information for at least one individual front-line service delivery unit. In cases where expenditures for front-line service delivery units are reported only as transfers to service units established as public corporations, this information would be assessed in S17 and OBS Q37, and not used as part of the scoring for this question. Please note in the comments box what kind of service delivery units are reported, including

the level of service provision (e.g., tertiary, secondary, primary) for education (as defined by [UNESCO](#)) or the type of health service provider (as defined by [OECD/WHO](#)). If no expenditure information for front-line service-delivery unit expenditures is reported, the answer is “b”.

S16. Does the Year-End Report (or the final In-Year Report) present expenditure for individual front-line service delivery units for the sector?

- a. Yes, the Year-End Report (or the final In-Year Report) presents expenditure for individual front-line service delivery units for the sector. (Please note in the comments the type of facilities, and whether they are primary, secondary or tertiary.)
- b. No, the Year-End Report (or the final In-Year Report) does not present expenditure for individual front-line service delivery units for the sector.
- c. Not applicable, other, or not participating.

GUIDELINE

Question S16 asks whether the Year-End Report or final In-Year Report presents expenditure actuals for individual front-line service delivery units for the sector. Front-line service delivery units are defined as the units delivering ‘front-line’ services to the public, such as hospitals, clinics, universities and schools. To answer “a”, the Year-End Report or the final In-Year Report must present information for at least one individual front-line service delivery unit. In cases where expenditures for front-line service delivery units are reported only as transfers to service units established as public corporations, this information would be assessed in S17 and OBS Q37, and not used as part of the scoring for this question. Please note in the comments box what kind of service delivery units are reported, including the level of service provision (tertiary, secondary, primary). If no expenditure information for front-line service-delivery unit expenditures is reported, the answer is “b”.

S17. Does the Year-End Report (or the final In-Year Report) present the differences between the original estimates of transfers to public corporations in the sector and the actual outcome?

- a. Yes, the Year-End Report (or the final In-Year Report) presents the differences between all of the original estimates of transfers to public corporations in the sector and the actual outcome, along with a narrative discussion.
- b. Yes, the Year-End Report (or the final In-Year Report) presents the differences between all of the original estimates of transfers to public corporations in the sector and the actual outcome, but a narrative discussion is not included.
- c. Yes, the Year-End Report (or the final In-Year Report) presents the differences between some, but not all, of the original estimates of transfers to public corporations in the sector and the actual outcome.
- d. No, the Year-End Report (or the final In-Year Report) does not present the differences between the original estimates of transfers to public corporations in the sector and the actual outcome.
- e. Not applicable, other, or not participating.

GUIDELINE

Question S17 asks about transfers to public corporations in the sector and the actual outcomes.

This question is connected to OBS Q37, which asks about estimates in the Executive’s Budget Proposal, however S17 asks about budget execution documents and information on public corporations related to the sector. It is often the case that governments have a stake in enterprises that manage resources that are particularly relevant for the public good (such as electricity, water, and education or health). While these public corporations can operate independently, in some cases the government will provide direct support by making transfers to these corporations, including to subsidize capital investment and operating expenses.

The PEFA 2016 Framework includes a dimension of monitoring public corporation that “assesses the extent to which information on the financial performance and associated fiscal risks of the central government’s public corporations is available through audited annual financial statements (and) the extent to which the central government publishes a consolidated report on the financial performance of the public corporation sector annually” (P-10)

(https://pefa.org/sites/default/files/PEFA%20Framework_English.pdf).

To answer “a,” the Year-End Report or the final In-Year Report must present the difference between all the estimates in the Executive’s Budget Proposal (or Enacted Budget) and actuals of transfers to public corporations in the sector, with a narrative discussion of the differences. If a narrative discussion is not included, but original estimates and actuals for all transfers to public corporations in the sector are presented, then a “b” answer is appropriate. A “c” response applies if the presentation includes original estimates and actuals covering only some, but not all, transfers to public corporations (regardless of whether it also includes a narrative discussion). Answer “c” also applies if estimates of transfers to public corporations in the sector are presented as a single line item. Answer “d” applies if no estimates and/or no actuals of transfers to public corporations in the sector are presented. Answer “e” applies if there are no transfers to public corporations in the sector because those corporations do not exist for the sector.

S18. Does the Executive’s Budget Proposal present a narrative explaining the objectives for the sector’s expenditure, and show the expenditure associated with achieving the objectives?

- a. Yes, the Executive’s Budget Proposal presents a narrative explaining the objectives for the sector’s expenditure and specifies the expenditure associated with achieving each objective.
- b. Yes, the Executive’s Budget Proposal presents a narrative explaining the objectives for the sector’s expenditure and broadly shows how expenditure is aligned with achieving these objectives.
- c. Yes, the Executive’s Budget Proposal presents a narrative explaining the objectives for the sector’s expenditure but does not show how expenditure is associated with achieving the objectives.
- d. No, the Executive’s Budget Proposal does not present a narrative explaining the objectives for the sector’s expenditure.
- e. Not applicable, other, or not participating.

GUIDELINE

Question S18 asks about the narrative that explains the sector’s objectives, and whether expenditures are presented that are explicitly linked to these objectives in the Executive’s Budget Proposal. This question is related to OBS Q47, which assesses whether the Executive’s Budget Proposal presents information on how the proposed budget is linked to policy goals for the fiscal year — that is, an explicit explanation of how the government’s policy goals are reflected in its budget allocations. This question asks a similar question, but specific to the sector’s expenditure. In other words, this question is assessing whether a narrative is presented on the *sector’s objectives* and whether this narrative is linked to the *sector’s expenditures*. This question also is related to S8, which asks about the presentation of programs structured around objectives in the Executive’s Budget Proposal. For budget documents that do present such a comprehensive program classification, along with a narrative of the sector’s objectives that is aligned with the objectives of the programs presented, they will likely score an “a” on this question as well.

To answer “a”, the Executive’s Budget Proposal must both present a narrative about the objectives of the sector’s expenditures and the expenditure associated with achieving all objectives specified in the narrative for at least the budget year. To answer “b”, the budget documents must present a narrative of the objectives of the sector, and show the expenditure for some, but not all, of the objectives in the narrative. To answer “c”, the budget documents contain a narrative explaining the objectives of the sector’s expenditures, but do not show how they are aligned with these objectives. Answer “d” applies where there is no narrative explaining the objectives for the sector’s expenditure.

S19. Is subnational expenditure in the sector (including expenditure financed from own-source revenues) reported in *central government budget formulation documents (Executive’s Budget Proposal or Enacted Budget) or budget execution documents (In-Year Reports or Year-End Report)*?

- a. Yes, the sector’s subnational expenditure for all levels of subnational government is included in at least one central government budget formulation document and at least one budget execution document.
- b. Yes, the sector’s subnational expenditure for some (but not all) levels of subnational government is included in at least one central government budget formulation document and at least one budget execution document.
- c. Yes, the sector’s subnational expenditure for some (but not all) levels of subnational government is included in at least one central government budget formulation or execution document.
- d. No, the sector’s subnational expenditure is not presented in any central government budget formulation or execution documents.
- e. Not applicable, other, or not participating.

GUIDELINE

Question S19 asks about the presentation of subnational budget information for the sector’s expenditures in central budget formulation documents (Executive’s Budget Proposal or Enacted Budget) or execution documents (In-Year Reports or Year-End Report), including information about expenditures from intergovernmental transfers to the subnational government as well as expenditures financed by the subnational government’s own-source revenues. Subnational

budget information is important to understand total public spending in the sector, a large portion of which can be financed by subnational governments. Central government budget documents can therefore present information on the general government budget, including subnational units, that provide a more complete picture of public expenditure in the sector. This transparency standard is also reflected in the IMF's Fiscal Transparency Handbook (<https://www.elibrary.imf.org/view/IMF069/24788-9781484331859/24788-9781484331859/24788-9781484331859.xml?redirect=true>) guidance on Principle 1.1.1 on Fiscal Reporting, that notes fiscal reports should cover all government entities at the central and subnational levels.

To answer “a”, the sector’s expenditure for all levels of subnational government must be reported in at least one budget formulation document (Executive’s Budget Proposal or Enacted Budget) and at least one budget execution document (In-Year Reports or Year-End Report). To answer “b”, the sector’s expenditure must be reported for at least one level of subnational government, but not all levels, in at least one budget formulation document and at least one budget execution document. To answer “c”, the sector’s expenditure must be reported for at least one level of subnational government, but not all levels, in either one budget formulation document or execution document (Executive’s Budget Proposal, Enacted Budget, In-Year Reports or Year-End Report). Answer “d” applies where there is no subnational expenditure presented (beyond intergovernmental transfers) in any budget formulation or execution document.

S20. Does the central government make publicly available on a website or portal at least one of the key budget documents (Executive’s Budget Proposal, Enacted Budget, In-Year Reports, or Year-End Report) prepared by subnational governments?

- a. Yes, the central government makes available at least one of the key budget documents from all units of subnational government across all levels of subnational government.
- b. Yes, the central government makes available at least one of the key budget documents from all units of subnational government across some (but not all) levels of subnational government.
- c. Yes, the central government makes available at least one of the key budget documents from some (but not all) units of subnational government.
- d. No, the central government does not make available any of the key budget documents prepared by subnational governments.
- e. Not applicable, other, or not participating.

GUIDELINE

Question S20 asks whether the central government makes budget documents prepared by subnational governments publicly available on a website. Subnational budgets often contain a significant share of the sector’s expenditure; therefore, access to subnational budget information is important for a comprehensive understanding of the sector’s expenditure. In some decentralized systems, subnational governments present their budget information using different formats and timelines than the central government, making it challenging for central governments to include this information in their budget documents (as assessed in S19). Central governments can, however, take a proactive role in collecting and disseminating budget information from subnational governments by providing access to subnational budget documents through a central government website. An example from South Africa is Municipal Money (<https://municipalmoney.gov.za>), a website developed by South Africa’s National Treasury to share data and budget documents from municipalities.

The four documents considered by this question are the Executive’s Budget Proposal, Enacted Budget, In-Year Reports or the Year-End Report. For all documents that are posted, there is a timeliness criterion of being posted on the central government website within one year of the end of the relevant reporting

period. For example, for an Enacted Budget, it must be posted online on a website within one year of the enactment of the budget by the relevant subnational government.

To answer “a”, the central government must have established a website or portal that includes subnational budget documents and include one of the four key budget documents assessed in this module (Executive’s Budget Proposal, Enacted Budget, In-Year Reports, or Year-End Report) for all government units in all levels of subnational government. To answer “b”, this website must provide at least one of the four key documents for all government units in at least one – but not all – levels of subnational government. To answer “c”, at least some budget documents from some subnational governments must be posted on a website, however not all units from any level of government are posted consistently. A “d” answer indicates that there are no subnational budget documents posted on the website.

For example, in a government system that only has district governments, and no other levels of government, a website with at least one budget documents from all districts would score an “a”. If, however, the government system has both districts and municipalities, but only includes on a website at least one budget document from all districts (and none from municipalities), this would score a “b”. If a government system with districts and municipalities only includes on a website at least one budget document from large districts and large municipalities, but not all government units in the country, this would score a “c”. If the government does not post any documents from subnational governments on their website, this would score a “d”.

Given that the Sector Module is a pilot during the OBS 2019, the information in this question is being collected mainly for informational purposes, as it does not relate specifically to the disclosure of subnational budget information on sectoral expenditure. However, as subnational expenditures can constitute a large portion of sector budgets, this question is being piloted to collect information on the current practices of central governments in collecting and disseminating information on subnational budgets across different governmental systems.