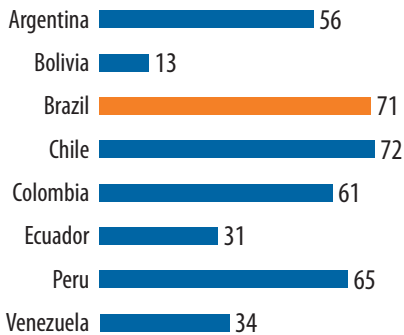


Overall score: 71 (Out of 100) Provides significant information to the public in its budget documents during the year.

How Does Brazil Compare to Its Neighbors?



Key Findings

The scores for 92 questions from the Open Budget Survey (see text box) are used to compile objective scores and rankings of the relative transparency of each country's budget process. These scores constitute the Open Budget Index (OBI).

Brazil's OBI 2010 score of 71 is the second highest in the South America region. It shows that the government provides the public with significant information on the central government's budget and financial activities during the course of the budget year. While some deficiencies remain, the amount of information published is generally sufficient for citizens to assess how their government is managing public funds.

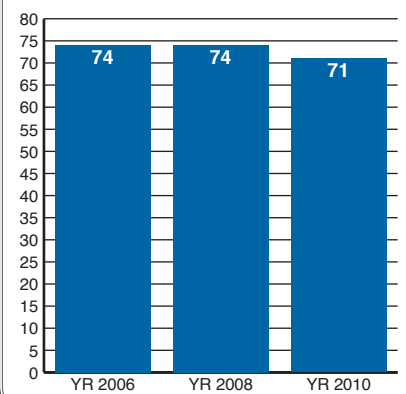
Brazil's score decreased slightly from 74 to 71 from 2008 to 2010. Brazil publishes a less comprehensive Executive's Budget Proposal and Year-End Report.

Information in Public Budget Documents

Adequacy & Availability of Eight Key Budget Documents

Document	Level of Information Grade*	Publication Status
Pre-Budget Statement	A	Published
Executive's Budget Proposal	B	Published
Enacted Budget	A	Published
Citizens Budget	E	Not Produced
In-Year Reports	A	Published
Mid-Year Review	E	Not Produced
Year-End Report	C	Published
Audit Report	C	Published

OBI Scores Over Three Surveys



* Grades for the comprehensiveness and accessibility of the information provided in each document are calculated from the average scores received on a subset of questions from the Open Budget Survey. An average score between 0-20 (scant information) is graded as E; 21-40 (minimal) is graded as D; 41-60 (some) is graded as C; 61-80 (significant) is graded as B; and 81-100 (extensive) is graded as A.

An **Executive's Budget Proposal** is the government's most important policy instrument. It presents the ways the government plans to raise revenues and where these funds are allocated, thus transforming policy goals into action. In Brazil, the budget proposal is fairly comprehensive, but it lacks information on certain fiscal activities that can have a major impact on the government's ability to meet its fiscal and policy goals, including information on extra-budgetary funds, quasi-fiscal activities, tax expenditures, contingent and future liabilities, and financial and other assets. Without this information, the public does not know the government's complete fiscal position.

A **Pre-Budget Statement** sets forth the broad parameters that will define the government's forthcoming budget. Brazil publishes a Pre-Budget Statement with comprehensive information.

An **Enacted Budget** becomes a country's law and provides the baseline information for all budget analyses conducted during the budget year. In general terms, the Enacted Budget should provide data the public can use to assess the government's stated policy priorities and hold it to account. Brazil publishes a comprehensive Enacted Budget.

A **Citizens Budget** is a nontechnical presentation of a government's budget that is intended to enable the public — including those who are not familiar with public finance — to understand a government's plans for raising revenues and spending public funds. Brazil does not produce a Citizens Budget.

In-Year Reports provide a snapshot of the budget's effects during the budget year. They allow for comparisons with the enacted budget figures and thus facilitate adjustments. Brazil publishes comprehensive In-Year Reports.

A **Mid-Year Review** provides an overview of the budget's effects at the midpoint of a budget year and discusses any changes in economic assumptions that affect approved budget policies. Information in this report allows a government's fiscal performance to be assessed against the plan laid out in the original budget. It allows the government, legislature, and the public to identify whether or not adjustments related to revenues, expenditures, or borrowing should be made during the last six months of the year. Brazil does not produce a Mid-Year Review.

A **Year-End Report** contains information comparing the actual budget execution to the Enacted Budget. The Year-End Report can inform policymakers' discussions on tax policies and debt requirements, as well as on major expenditure priorities for upcoming budget years. Further, information contained in this report can assist individual ministries and the public in identifying shortcomings in existing policies and programs, which can be used to influence future directions. Brazil's Year-End Report is not sufficiently comprehensive since it does not present such important details as the actual outcomes for extra budgetary funds.

An **Audit Report** is an independent evaluation of the government's accounts by the country's supreme audit institution (SAI). It reports whether the government has raised revenues and

OPEN BUDGET SURVEY 2010

Brazil

The International Budget Partnership's Open Budget Survey assesses the availability in each country assessed of eight key budget documents, as well as the comprehensiveness of the data contained in these documents. The Survey also examines the extent of effective oversight provided by legislatures and supreme audit institutions (SAI), as well as the opportunities available to the public to participate in national budget decision-making processes.

Research to complete this country's Open Budget Survey was undertaken by:

Astral Melo
João Roberto Lopes Pinto
Brazilian Institute of Social and Economic Analyses
Av. Rio Branco 124, 8.andar,
Rio de Janeiro
+5521-2178-9400
joao@ibase.br

spent monies in line with the authorized budget and whether the government's accounts of its revenues and expenses are accurate and can be relied upon to provide a reliable picture of the fiscal situation. The Audit Report also provides information on any problems identified by the auditors in the management of public funds during the budget year. Brazil's Audit Report is not sufficiently comprehensive since it does not include an audit of all annual expenditures.

Public Participation and Institutions of Accountability

Beyond improving the availability and comprehensiveness of key budget documents, there are other ways in which Brazil's budget process could be made more open. These include ensuring the existence of a strong legislature that provides effective budget oversight, as well as providing greater opportunities for the public to participate in the budget process.

Are oversight bodies effective in their budget role?

Oversight Institution	Strength**
Legislature	Moderate
SAI	Strong

** Legislature and SAI strengths are calculated from the average scores received for a subset of questions from the Open Budget Survey. An average score between 0-33 is graded as weak, 34-66 as moderate, and 67-100 as strong.

According to the Open Budget Survey, budget oversight provided by Brazil's legislature is inadequate because it does not:

1. have full powers to amend the Executive's Budget Proposal at the start of the year;
2. have full powers to approve any changes made to the budget over the course of the fiscal year; and
3. hold open budget discussions that allow the public to be present during legislative hearings at which the executive testifies on its proposed budget.

According to the Open Budget Survey, budget oversight provided by Brazil's SAI is generally strong, but it does not have extensive reporting on the follow-up steps taken by the executive to address audit recommendations for remedial action.

Recommendations

Brazil should:

- produce and publish a Citizens Budget and a Mid-Year Review;
- increase the comprehensiveness of the Year-End Report and the Audit Report;
- increase the powers of the legislature to provide more comprehensive oversight not only when the budget is being approved but also when it is being implemented; and
- provide opportunities for the public to testify at legislative hearings on the budget.