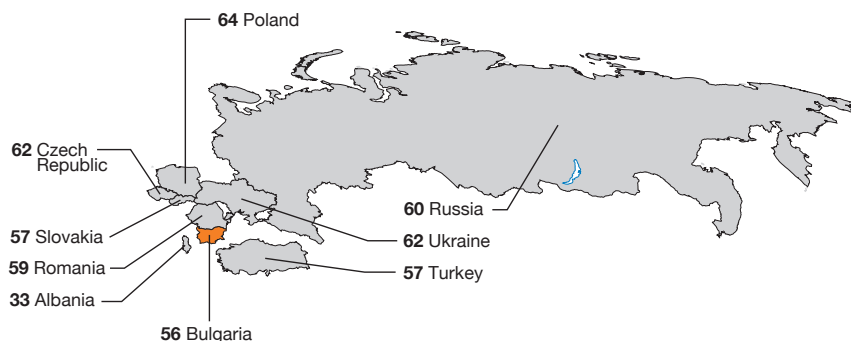
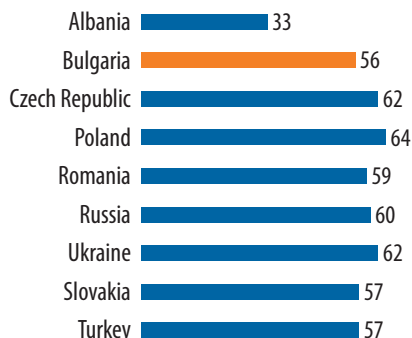




Overall score: 56 (Out of 100) Provides some information to the public in its budget documents during the year.

How Does Bulgaria 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 each country's relative transparency. These scores constitute the Open Budget Index.

Bulgaria's score is 56 out of 100, which is the same as the average score for other countries in Central and Eastern Europe. Bulgaria's score shows that the government provides the public with only some information on the central government's budget and financial activities during the course of the budget year. This makes it challenging for citizens to hold the government accountable for its management of the public's money.

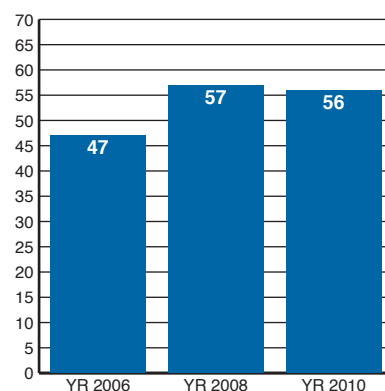
Bulgaria's score remained essentially the same from 2008 to 2010.

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	C	Published
Enacted Budget	B	Published
Citizens Budget	E	Not Produced
In-Year Reports	A	Published
Mid-Year Review	E	Produced, Not Published
Year-End Report	C	Published
Audit Report	E	Produced, Not 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.

The **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 will be allocated, thus transforming policy goals into action. In Bulgaria the budget proposal does not provide comprehensive details. Major gaps in information in the budget proposal are found in the following areas:

- 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 financial and other assets held by the government and information on tax expenditures. In addition, the proposal has insufficient information on transfers to public corporations, quasi-fiscal activities, expenditure arrears, and contingent and future liabilities. Absent this information, the public does not know the government's complete fiscal position.
- It lacks data on expenditures and revenues for multi-year periods, i.e., information on the prior year's budget and information on anticipated future year expenditures. Prior-year data are important because they provide a benchmark against which budget proposals can be assessed, while long-term spending projections can yield insights into the feasibility and sustainability of budget proposals.
- It does not present information on the impact of different macroeconomic assumptions on the budget.

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

The **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 the public with the data it can use to assess the government's stated policy priorities and hold it to account. Bulgaria publishes a comprehensive Enacted Budget, but it does not present the approved budget for all programs.

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. Bulgaria does not produce a Citizens Budget.

In-Year Reports provide a snapshot of the budget's effects during the budget year. They allow for comparison which allows for comparisons with the Enacted Budget figures and thus facilitate adjustments. Bulgaria publishes comprehensive In-Year Reports.

The **Mid-Year Review** provides a comprehensive 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 the government, legislature, and the public to identify whether or not adjustments related to revenues, expenditures, or borrowing should be made for the remainder of the budget year. Bulgaria prepares a Mid-Year Review but does not make it available to the public.

OPEN BUDGET SURVEY 2010

Bulgaria

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:

Latchezar Bogdanov & Georgi Angelov

Industry Watch Group

bogdanov@iwatchbulgaria.com,

George@osi.bg

The **Year-End Report** compares the actual budget execution to the Enacted Budget. Year-End Reports can inform policymakers on tax policies, debt requirements, and major expenditure priorities, facilitating modifications for upcoming budget years. Bulgaria publishes a Year-End Report, but it is not comprehensive. It does not, for example, include explanations for the difference between the original performance indicators and the actual outcome.

The **Audit Report** is an evaluation of the government's accounts by the country's supreme audit institution. It reports whether the government has raised revenues and spent public funds in line with the authorized budget, whether the government's bookkeeping is balanced and accurate, and whether there were problems in the management of public funds. Bulgaria prepares but does not publish an Audit Report.

Public Participation and Institutions of Accountability

Beyond improving the availability and comprehensiveness of key budget documents, there are other ways in which Bulgaria's budget process could be made more open. These include ensuring the existence of a strong legislature and supreme audit institution (SAI) that provide effective budget oversight and 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	Weak

** 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 Bulgaria's legislature is inadequate because it does not:

1. have full powers to approve any changes made to the budget over the course of the fiscal year.

According to the Open Budget Survey, budget oversight provided by Bulgaria's SAI is inadequate because it:

1. does not issue Audit Reports on the final expenditures of national departments;
2. has inadequate channels of communication with the public; and
3. does not issue reports on the follow-up steps taken by the executive to address audit recommendations.

Recommendations

Bulgaria should:

- publish the Mid-Year Review and Audit Report;
- produce and publish a Citizens Budget;
- increase the comprehensiveness of the Executive's Budget Proposal and Year-End Report;
- enable the legislature to provide more comprehensive oversight not only when the budget is being approved but also during the budget execution period; and
- empower the SAI to publish comprehensive Audit Reports.