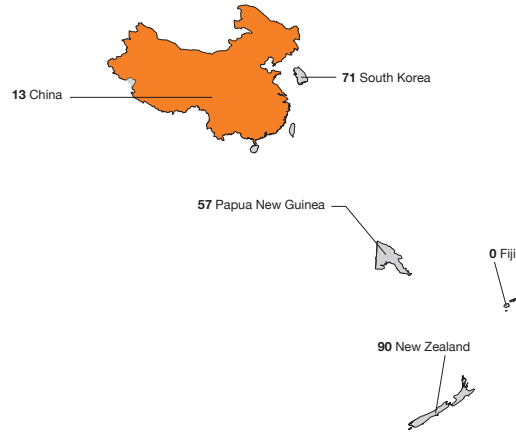
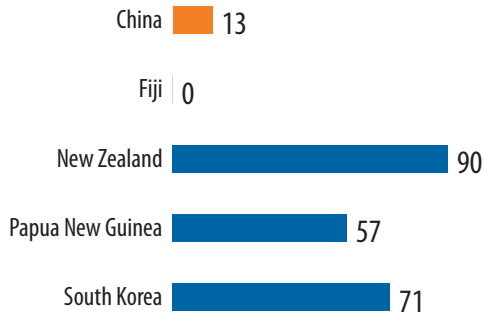


Overall score: **13**  
(Out of 100)

Provides scant information to the public in its budget documents during the year.

How Does China Compare to Its Neighbors?



Key Findings

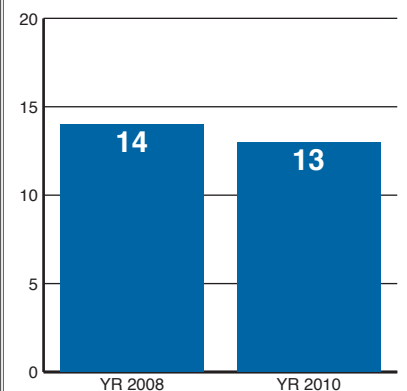
The scores for 92 questions from the Open Budget Survey (see text box) are used to compile objective scores and rankings of each country’s relative transparency. These scores constitute the Open Budget Index (OBI).

China’s OBI 2010 score is 13 out of 100, which is less than one third of the average score of 42 for the 94 countries surveyed. After Fiji, it scored the lowest in the region. South Korea, by contrast, achieved a score of 71.

China’s score shows that the government provides the public with scant information on the central government’s budget and financial activities during the course of the budget year. This makes it virtually impossible for citizens to hold the government accountable for its management of the public’s money.

China’ OBI score remained essentially the same from 2008 to 2010.

OBI Scores Over Two Surveys



**Adequacy & Availability of Eight Key Budget Documents**

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

\* Grades for the comprehensiveness of the information provided in each document and its accessibility are calculated from the average scores received on a subset of questions from the Open Budget Survey related to each document. 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 how the government plans to raise revenues and where these funds are allocated, thus transforming policy goals into action. In China the Executive's Budget Proposal is prepared for internal use but is not made public. The Budget Summary is accessible to the public, but it is not released before the budget is enacted.

A **Pre-Budget Statement** sets forth the broad parameters that define the government's forthcoming budget. China does not produce a 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. China's Enacted Budget is prepared for internal use but is not made public.

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. China 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 can facilitate adjustments. China's In-Year Reports consist of the first-quarter report on revenue and expenditure of 2009, the report on the tax revenue from 1 January to 31 March 2009, the report on the sale of national lottery of the first 5 months of 2009, the report on the economic performance of the national state-owned and state holding enterprises, and the report on revenue and expenditure of the first 5 months of 2009. These reports provide fairly comprehensive information.

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,

# OPEN BUDGET SURVEY 2010

## China

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:

Open Budget Initiative  
 International Budget Partnership  
 Center on Budget  
 and Policy Priorities  
 820 First Street NE, Suite 510  
 Washington, DC 20002  
 (202) 408-1080

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. China does not produce a Mid-Year Review.

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 adjustments for upcoming budget years. China's Year-End Report is far from comprehensive.

The **Audit Report** is an evaluation of the government's accounts by the country's supreme audit institution (SAI). It reports whether the government has raised revenues and spent national revenue in line with the authorized budget, whether the government's book keeping is balanced and accurate, and whether there were problems in the management of public funds. China publishes the Audit Report, but this document is only somewhat comprehensive since information regarding certain expenditures is missing.

### *Public Participation and Institutions of Accountability*

Beyond improving the availability and comprehensiveness of key budget documents, there are other ways in which China's budget process can be made more open. This includes ensuring the existence of a strong legislature and SAI that provide effective budget oversight, as well as providing greater opportunities for public engagement in the budget process.

#### **Are oversight bodies effective in their budget role?**

Oversight Institution	Strength**
Legislature	Weak
SAI	Moderate

\* \*Legislature and SAI strengths are calculated from the average scores received for a subset of questions from the Open Budget Survey related to each institution. 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 China's legislature is weak because it does not:

1. have sufficient powers to amend the Executive Budget Proposal at the start of the year;
2. have sufficient powers to approve any amendments made to the budget over the course of the fiscal year;
3. have sufficient time to discuss and approve a budget; and
4. hold open budget discussions to 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 China's SAI is inadequate due to the following reasons:

1. it is not fully independent from the executive; the executive can remove the head of the SAI without seeking final consent from the legislature or judiciary;
2. it does not have full discretion in law to select what it will audit;
3. it does not have adequate reporting on the follow-up steps taken by the executive to address audit recommendations for remedial action.

## Recommendations

### China should:

- make public on government websites the key budget documents – the Executives Budget Proposal and Enacted Budget -- it now provides for internal use only;
- produce and publish a Pre-Budget Statement, Mid-Year Review, and Citizens Budget;
- improve the comprehensiveness of the Year-End Report and the Audit Report;
- strengthen the budget oversight role of the legislature and the SAI; and
- provide opportunities for the public to attend legislative hearings on the budget.