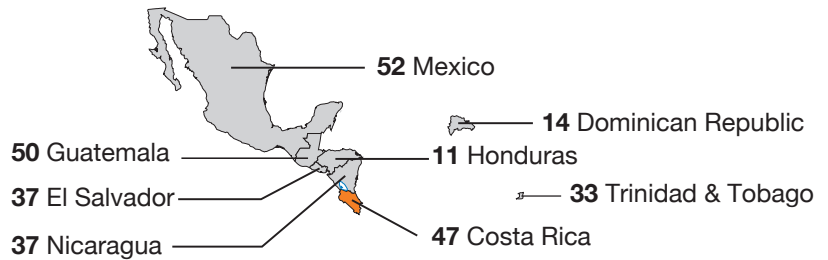
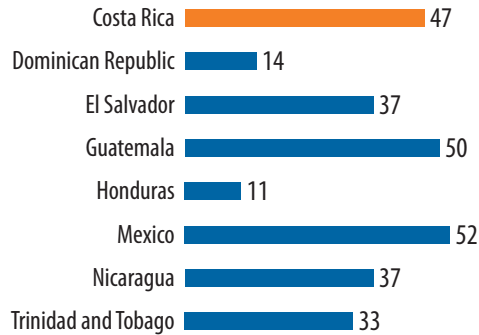


**Overall score: 47** (Out of 100) Provides some information to the public in its budget documents during the year.

### How Does Costa Rica 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).

Costa Rica's OBI 2010 score is 47 out of 100, which is higher than the average of 35 for the Central America and Caribbean region, but it is lower than that of Mexico and Guatemala. Costa Rica'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.

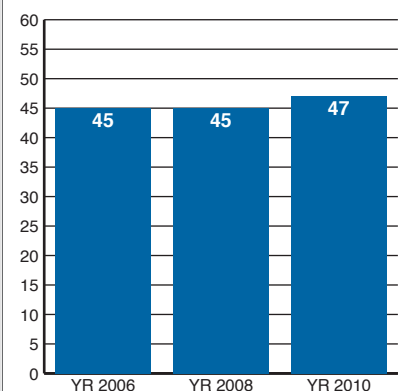
Costa Rica's score increased slightly from 45 to 47 from 2006 to 2010.

### Information in Public Budget Documents

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

Document	Level of Information Grade**	Publication Status
Pre-Budget Statement	E	Not Produced
Executive's Budget Proposal	C	Published
Enacted Budget	A	Published
Citizens Budget	E	Not Produced
In-Year Reports	E	Not Produced
Mid-Year Review	E	Published
Year-End Report	D	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 Costa Rica, the budget proposal is not sufficiently comprehensive. Major gaps in information in the budget proposal are found in the following areas:

- Information is lacking 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 budget has insufficient information on transfers to public corporations, quasi-fiscal activities, expenditure arrears, and contingent and future liabilities. Without this information, the public does not know the government's complete fiscal position.
- Information on outputs and outcomes is inadequate.
- Information on the impact of different macroeconomic assumptions on the budget is not presented.

A **Pre-Budget Statement** sets forth the broad parameters that will define the government's forthcoming budget. Costa Rica does not produce a Pre-Budget Statement.

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. Costa Rica 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. Costa Rica 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. Costa Rica does not produce In-Year Reports.

A **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. Costa Rica publishes a Mid-Year Review, but it has serious deficiencies because it does not incorporate the macroeconomic outlook, new expenditure estimations, or indicators of government spending.

A **Year-End Report** compares the actual budget execution to the Enacted Budget. The Year-End Report can inform policymakers on tax policies, debt requirements, and major expenditure priorities, thus facilitating modifications for upcoming budget years. Costa Rica publishes a Year-End Report, but it is far from comprehensive. It does not, for example, include

# OPEN BUDGET SURVEY 2010

## Costa Rica

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:

Enrique Augustin Gonzalez Roldan  
and Jorge Vargas Cullel  
Programa Estado de la Nación  
San José, Costa Rica  
(506) 2519-5845  
[jorgevargas@estadonacion.or.cr](mailto:jorgevargas@estadonacion.or.cr)

explanations for actual outcomes for extra-budgetary funds or the difference between the original macroeconomic forecast for the fiscal year and the actual outcome.

An **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 bookkeeping is balanced and accurate, and whether there were problems in the management of public funds. Costa Rica publishes an Audit Report, but it is not sufficiently comprehensive since it does not include the audit of all expenditures or audits of extra-budgetary funds.

### *Public Participation and Institutions of Accountability*

Beyond improving the availability and comprehensiveness of key budget documents, there are other ways in which Costa Rica'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 Costa Rica'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;
2. hold public hearings on budget discussions at which the public can testify; and
3. has only limited legislative scrutiny of audit reports

According to the Open Budget Survey, budget oversight provided by Costa Rica's SAI, while generally strong, is still deficient because it does not issue reports on the follow-up steps taken by the executive to address audit recommendations.

## **Recommendations**

#### **Costa Rica should:**

- produce and publish In-Year Reports, a Pre-Budget Statement, and a Citizens Budget;
- improve the comprehensiveness of the Executive's Budget Proposal;
- provide opportunities for the public to testify at legislative hearings on the budget;
- increase the powers of 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.