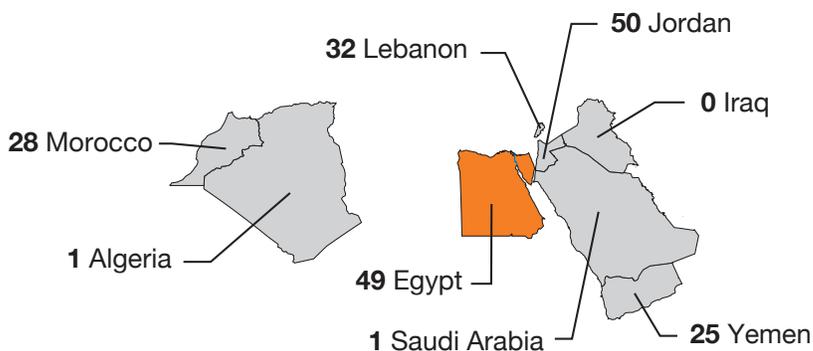




Overall score: **49** (Out of 100) Provides some information to the public in its budget documents during the year.

How Does Egypt Compare to Its Neighbors?



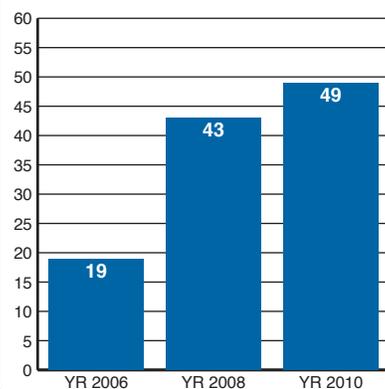
Key Findings

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).

Over the past four years, Egypt has provided dramatically more budget information to the public and is now essentially tied with Jordan as the country with the most transparent budget system in the Middle East and North Africa. Its score jumped from 19 in 2006 to 49 in 2010 because the government started releasing the Executive's Budget Proposal and publishing more comprehensive In-Year Reports and Year-End Report. Its score is much higher than the average score (19) for the other countries surveyed in the Middle East and North Africa region.

Still, Egypt's 2010 score indicates that the government provides the public with only some information on the central government's budget and financial activities assessed by the Survey. This makes it challenging for citizens to hold the government accountable for its management of the public's money. As presented below, there remains considerable room for improvement.

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

\* 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 Egypt the State Budget Proposal consists of the Analytical Statement and the Fiscal Statement. The following are some of the areas where the comprehensiveness of the State Budget Proposal could be improved:

- Detailed information is not presented on the impact of different macroeconomic assumptions on the budget.
- Only limited information is presented on certain fiscal activities that can have a major impact on the government's ability to meet its fiscal and policy goals. This includes information on quasi-fiscal activities, expenditure arrears, contingent and future liabilities, tax expenditures, earmarked revenues, and sources of donor assistance. Without this information, the public does not know the government's complete fiscal position. (Other budget documents issued during the course of the fiscal year do contain this information.)

A **Pre-Budget Statement** sets forth the broad parameters that will define the government's forthcoming budget. Egypt 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. Egypt publishes a fairly 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. Egypt 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. Egypt publishes comprehensive Financial Monthly Reports (In-Year Reports).

# OPEN BUDGET SURVEY 2010

## Egypt

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:

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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. Egypt publishes a Mid-Year Review, but it is not sufficiently comprehensive because, for instance, it does not present program-level details for expenditures.

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 adjustments for upcoming budget years. Egypt's Closing Accounts (Year-End Report) were not published in the period covered by the previous Open Budget Survey, but they are now published in a timely manner. The Closing Accounts, however, are not sufficiently comprehensive; they do not, for example, present the differences between the original macroeconomic forecast and the actual outcome and between the original performance indicators and actual outcomes.

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. Egypt produces an Audit Report but does not make it available to the public.

### *Public Participation and Institutions of Accountability*

An open budget system includes a strong legislature and supreme audit institution (SAI) that provide effective budget oversight, as well as opportunities for the public to participate in the budget process.

In Egypt, the legislature has made strides in its oversight of the budget process since the new amendments to the constitution took effect in 2007. Now the legislature has the authority to amend the Executive's Budget Proposal, which must be sent to the legislature three months before the start of fiscal year as compared to two months in the past. And the government is committed to receiving approval from the legislature before assigning any supplemental budgets during the fiscal year. However, no measures so far were adopted regarding the participation of the public in the budget process. These measures could include holding open budget discussions that allow members of the public to attend or testify during legislative hearings at which the executive testifies on its proposed budget.

Regarding the SAI's oversight of the budget process in Egypt, the Open Budget Survey finds that the SAI does not release the audit report to the public. To enhance budget transparency, these reports need to be published regularly.

## Recommendations

### **Egypt should:**

- make its Audit Report available to the public;
- improve the comprehensiveness of its Executive's Budget Proposal, Mid-Year Review, and Year-End Report;
- produce and publish a Citizens Budget and a Pre-Budget Statement;
- provide opportunities for the public to testify at legislative hearings on the budget; and
- according to the OBI researcher, complete stages of transition to a Performance-Based Budget (PBB) initiated by the government in the fiscal year 2010/2011.