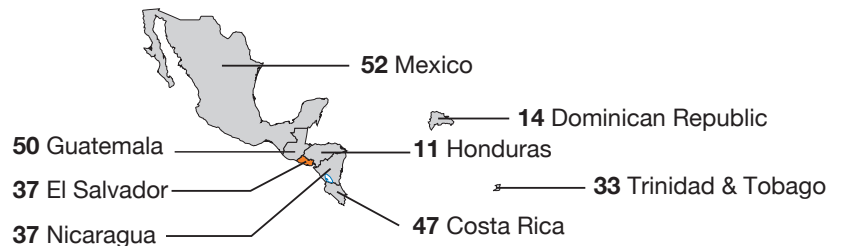
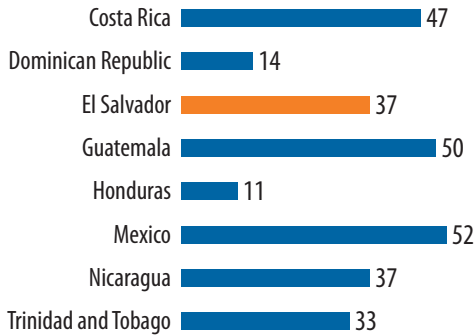




Overall score: 37 (Out of 100) Provides minimal information to the public in its budget documents during the year.

How Does El Salvador Compare to Its Neighbors?

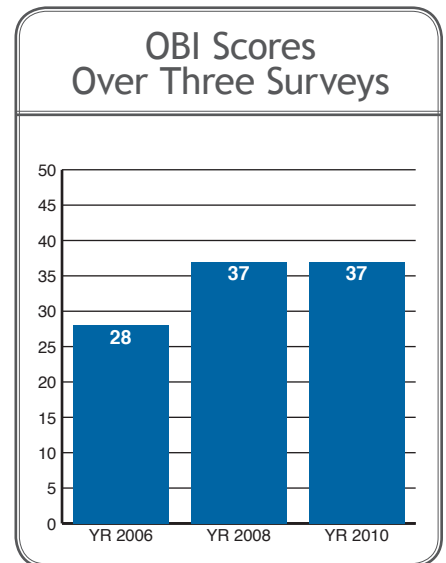


Key Findings

The scores for 92 questions from the Open Budget Survey 2010 (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).

El Salvador's OBI 2010 score is 37 out of 100, which is less than the average score (42) for the 94 countries surveyed. El Salvador's score indicates that the government provides the public with minimal information on the central government's budget and financial activities assessed by the Survey. This makes it extremely difficult for citizens to hold the government accountable for its management of the public's money.

El Salvador's OBI score increased from 2006 to 2008, but stayed constant between 2008 and 2010. It rose from 28 to 37 between 2006 and 2008 largely because the government began publishing a Pre-Budget Statement.



Adequacy & Availability of Eight Key Budget Documents

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

An **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 El Salvador, the budget proposal is published but is far from comprehensive. Major gaps in information in the budget proposal are found in the following areas:

- It lacks information on outputs and outcomes. This information is important for those who are interested in monitoring the budget's impact.
- It also lacks data on expenditures and revenues for multi-year periods, i.e., information on the prior year's budget (BY-1) and information on anticipated future year expenditures (BY+2). 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 future budget proposals.
- It lacks information that can help explain the relationship between the government's revenue and expenditure plans and its policy and macroeconomic goals. This information is important if the executive wishes to facilitate a broader debate about planned expenditures.
- 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. Absent this information, the public does not know the government's true fiscal position.

A **Pre-Budget Statement** sets forth the broad parameters that will define the government's forthcoming budget. In El Salvador, the Pre-Budget Statement is insufficiently comprehensive. For example, it does not describe the government's macroeconomic and fiscal framework.

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 the public with the data it can use to assess the government's stated policy priorities and hold it to account. El Salvador publishes a comprehensive Enacted Budget.

OPEN BUDGET SURVEY 2010

El Salvador

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 **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. El Salvador publishes a comprehensive 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. In El Salvador, the In-Year Reports are fairly comprehensive, but they lack certain important details. They do not, for example, compare actual year-to-date expenditure with either the original estimate for that period or the same period in the previous year.

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. El Salvador does not produce a Mid-Year Review.

A **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. In El Salvador, the Year-End Report is insufficiently comprehensive. It does not, for example, explain the difference between the original macroeconomic forecast, estimates of nonfinancial data, and performance indicators, and the actual outcomes for that year.

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. While El Salvador produces an Audit Report, it is not made public.

Public Participation and Institutions of Accountability

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

Are oversight bodies effective in their budget role?

Oversight Institution	Strength**
Legislature	Moderate
SAI	Moderate

** 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 2010, budget oversight provided by El Salvador'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; and
2. hold public hearings on budget discussions at which the public can testify.

According to the Open Budget Survey 2010, budget oversight provided by El Salvador's SAI is inadequate because it does not:

1. issue Audit Reports on the final expenditures of national departments;
2. have adequate channels of communication with the public; and
3. have adequate reporting on the follow-up steps taken by the executive to address audit recommendations for remedial action.

Recommendations

El Salvador should:

- increase the comprehensiveness of the Executive's Budget Proposal;
- publish the Audit Report on the government's website in a timely manner (this document is now produced for internal purposes only);
- produce and publish a Mid-Year Review;
- provide opportunities for the public to testify at legislative hearings on the budget; and
- enable the legislature and SAI to provide more comprehensive oversight of the execution of the budget.