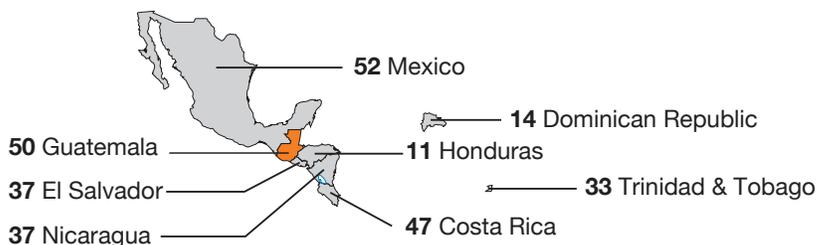
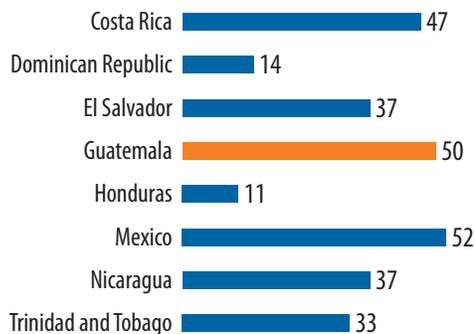




Overall score: 50 (Out of 100) Provides some information to the public in its budget documents during the year.

How Does Guatemala Compare to Its Neighbors?



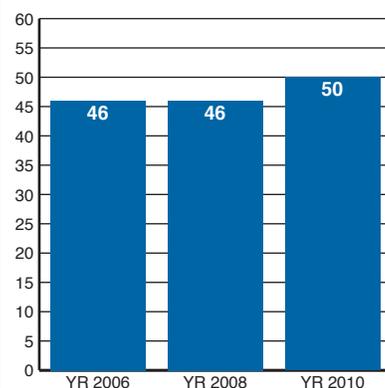
Key Findings

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).

Guatemala's OBI 2010 score is 50 out of 100, which is above the average for countries in Central America & Caribbean and the rest of the world. Still, Guatemala'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.

Guatemala's OBI score did increase somewhat from 2008 to 2010. It rose from 46 to 50 largely because the government now publishes a relatively comprehensive Executive's Budget Proposal.

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	A	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 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 Guatemala, the Budget of Revenue (budget proposal) is not sufficiently 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 impact of the budget.
- It lacks information that can help explain the relationship between the government's revenue and expenditure plans and its policy and macroeconomic goals.
- 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. Without this information, the public does not know the government's complete fiscal position.

A **Pre-Budget Statement** provides information that links government policies and budgets. This statement should be published before the Executive's Budget Proposal and typically sets forth the broad parameters that will define the government's forthcoming budget. Guatemala 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. Guatemala 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 for raising revenues and spending public funds. Guatemala does not produce a Citizens Budget.

OPEN BUDGET SURVEY 2010

Guatemala

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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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. Guatemala publishes fairly comprehensive In-Year Reports, but they lack information on the specific characteristics of external debt, such as maturity, interest rate, and currency denomination.

A **Mid-Year Review** provides an 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 a government's fiscal performance to be assessed against the plan laid out in the original budget. It allows the government, legislature, and the public to identify whether or not adjustments related to revenues, expenditures, or borrowing should be made during the last six months of the year. Guatemala does not produce a Mid-Year Review.

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. Guatemala publishes a Year-End Report, but it is far from comprehensive. It does not, for example, include explanations for the difference between the original performance indicators 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. Guatemala publishes an Audit Report, but it is not sufficiently comprehensive since, for example, it does not audit 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 Guatemala's budget process could 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 the public to participate 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, a key shortcoming of budget oversight provided by Guatemala's legislature is that it only holds limited budget discussions at which the public can testify.

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

1. have sufficient resources to meaningfully exercise its mandate; and
2. have adequate reporting on the follow-up steps taken by the executive to address audit recommendations for remedial action.

Recommendations

Guatemala should:

- produce and publish a Pre-Budget Statement, a Citizens Budget, and the Mid-Year Review;
- increase the comprehensiveness of the Executive's Budget Proposal, the Year-End Report, and the Audit Report;
- provide opportunities for the public to testify at legislative hearings on the budget; and
- strengthen the budget oversight role of the SAI.