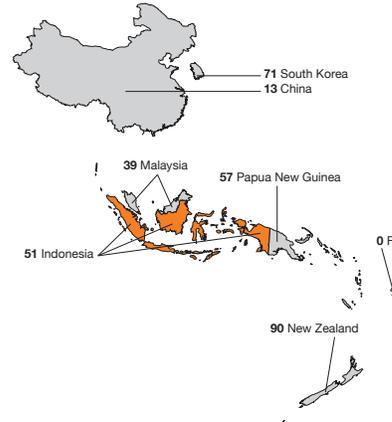
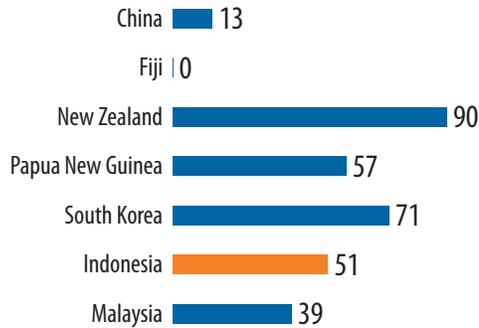




Overall score: 51 (Out of 100) Provides some information to the public in its budget documents during the year.

How Does Indonesia Compare to Its Neighbors?



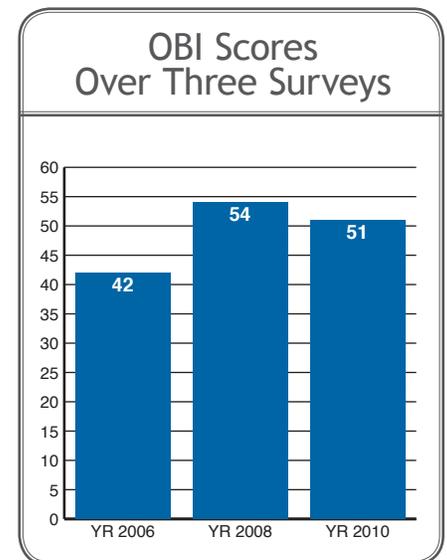
Key Findings

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.

Indonesia's score is 51 out of 100, which is higher than the average of 33 for the countries surveyed from the Southeast Asia region. In the region, Indonesia lags behind only the Philippines (which has a score of 55).

Indonesia'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.

Indonesia' score declined from 54 to 51 from 2008 to 2010.



Adequacy & Availability of Eight Key Budget Documents

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

- 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 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. Absent this information, the public does not know the government's complete fiscal position.
- It has inadequate information on outputs and outcomes.

A **Pre-Budget Statement** sets forth the broad parameters that will define the government's forthcoming budget. Indonesia publishes a fairly comprehensive 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. Indonesia 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. Indonesia 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. Indonesia produces In-Year Reports but does not make them available to the public.

OPEN BUDGET SURVEY 2010

Indonesia

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. Indonesia publishes a comprehensive 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. Indonesia produces but does not publish a Year-End Report.

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 book keeping is balanced and accurate, and whether there were problems in the management of public funds. Indonesia publishes a comprehensive Audit Report, but it does not include information on all expenditures.

Public Participation and Institutions of Accountability

Beyond improving the availability and comprehensiveness of key budget documents, there are other ways in which Indonesia's budget process could be made more open. These include 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, budget oversight provided by Indonesia's legislature is inadequate because it does not:

1. have full powers to amend the budget proposal presented to it at the start of the year before the budget is enacted; and
2. hold public hearings on budget discussions.

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

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

Recommendations

Indonesia should:

- publish In-Year Reports and a Year-End Report on the government's website (currently these are produced but not made public);
- produce and publish a Citizen's Budget;
- provide opportunities for the public to attend legislative hearings on the budget; and
- strengthen the budget oversight role of the legislature and the SAI.