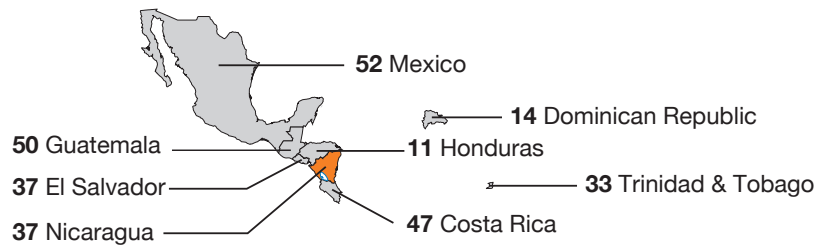
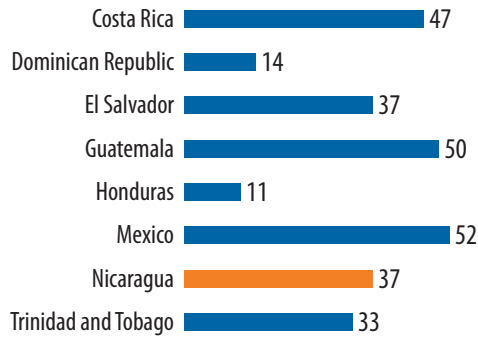


**Overall score: 37** (Out of 100) Provides minimal information to the public in its budget documents during the year.

### How Does Nicaragua 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).

Nicaragua's OBI 2010 score is 37 out of 100, which is somewhat less than the average score (42) for the 94 countries surveyed worldwide but slightly above the average score (35) of all the surveyed countries in the Central America & Caribbean region.

Nicaragua'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 quite difficult for citizens to hold the government accountable for its management of the public's money.

### 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	D	Published
Citizens Budget	E	Not Produced
In-Year Reports	B	Published
Mid-Year Review	E	Not Produced
Year-End Report	D	Published
Audit Report	D	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 2010. 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 Nicaragua, the budget proposal is published, but it is insufficiently 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 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.
- 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 outputs and outcomes.

A **Pre-Budget Statement** sets forth the broad parameters that will define the government's forthcoming budget. Nicaragua 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 the public with the data it can use to assess the government's stated policy priorities and hold it to account. Nicaragua publishes an Enacted Budget that is far from comprehensive.

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. Nicaragua 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. Nicaragua publishes In-Year Reports with fairly comprehensive information.

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. Nicaragua 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. Nicaragua publishes a Year-End Report that is far from comprehensive.

# OPEN BUDGET SURVEY 2010

## Nicaragua

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:

Open Budget Initiative  
International Budget Partnership  
Center on Budget and Policy  
Priorities  
820 First Street NE, Suite 510  
Washington, DC 20002

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. Nicaragua publishes an Audit Report that is far from comprehensive.

## *Public Participation and Institutions of Accountability*

Beyond improving the availability and comprehensiveness of key budget documents, there are other ways in which Nicaragua's budget process can be made more open. These include 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	Weak
SAI	Weak

\*\* Legislature and SAI strengths are calculated from the average scores received on a subset of questions from the Open Budget Survey 2010. 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 Nicaragua's legislature is weak because it does not:

1. have full powers to change the Executive Budget Proposal at the start of the year;
2. adequately scrutinize audit reports; and
3. hold public hearings on budget discussions.

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

1. have sufficient resources to meaningfully exercise its mandate;
2. have proper channels of communication with the public; and
3. issue reports on follow-up steps taken by the executive to address audit recommendations.

## **Recommendations**

### **Nicaragua should:**

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