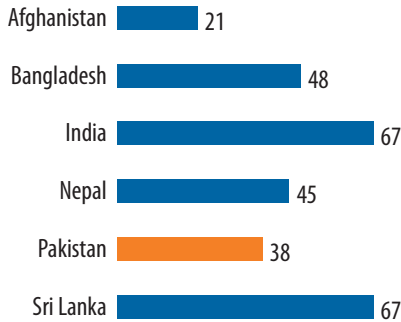




Overall score: 38 (Out of 100) Provides minimal information to the public in its budget documents during the year.

How Does Pakistan Compare to Its Neighbors?



Key Findings

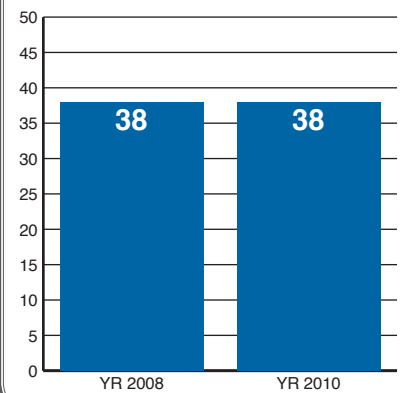
The scores for 92 questions from the Open Budget Survey (see text box) are used to compile objective scores and rankings of the relative transparency of each country's budget process. These scores constitute the Open Budget Index.

Pakistan's score is 38 out of 100, which is less than the average score (42) for the 94 countries surveyed. Its score is significantly below the average score (50) of the other countries from South Asia that were assessed.

Pakistan'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.

Pakistan's OBI score remained the same between 2008 and 2010.

OBI Scores Over Two 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	E	Not Produced
Mid-Year Review	E	Not Produced
Year-End Report	E	Not Produced
Audit Report	E	Not Produced

* 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 Pakistan the budget proposal is composed of the Budget in Brief 2009-10, the Finance Bill of 2009, Pakistan Economic Survey 2008-2009, Public Sector Development Programme-PSDF (White Book) 2009-10, Annual Plan 2009-10, and Details for Demand for Grants and Appropriations 2009-10, known as the "Pink Book." However, the budget proposal documents are not sufficiently comprehensive. Major gaps in information are found in the following areas:

- The documents lack detailed 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.
- The documents lack 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 true fiscal position.
- The documents lack information on outputs and outcomes.

A **Pre-Budget Statement** sets forth the broad parameters that will define the government's forthcoming budget. Pakistan 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. Pakistan 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. Pakistan does not produce a Citizens Budget.

OPEN BUDGET SURVEY 2010

Pakistan

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 can facilitate adjustments. Since the In-Year Reports in Pakistan are not released in a timely manner, they are considered as "Not Produced".

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. Pakistan 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 adjustments for upcoming budget years. Since the Year-End Report in Pakistan is not released in a timely manner, it is considered as "Not Produced".

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. Since the 2007-08 Audit Report was not released in a timely manner, it is considered as "Not Produced".

Public Participation and Institutions of Accountability

Beyond improving the availability and comprehensiveness of key budget documents, there are other ways in which Pakistan's budget process can 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 public engagement in the budget process.

Are oversight bodies effective in their budget role?

Oversight Institution	Strength**
Legislature	Weak
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 OBI researcher, each program included in the budget has to be discussed and approved by the legislature (Article 81 of 1973 Constitution), except charged expenditure. But the researcher observes that the legislature appears to show a lack of interest in pursuing its constitutional authority.

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

1. have full powers to approve any changes made to the budget over the course of the fiscal year;
2. have sufficient time to discuss and approve a budget; and
3. hold open budget discussions at which the public can testify.

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

1. have sufficient resources to meaningfully exercise its mandate;
2. issue timely Audit Reports on the final expenditures of national departments; and
3. have proper channels of communication with the public.

Recommendations

Pakistan should:

- publish in a timely manner the Audit Report, In-year Reports, and Year-End Report;
- produce and publish a Pre-Budget Statement, Citizens Budget, and Mid-Year Review;
- improve the comprehensiveness of the Executive's Budget Proposal;
- provide opportunities for the public to testify at legislative hearings on the budget;
- increase the ability of the legislature to provide more comprehensive oversight, not only when the budget is being approved, but also when the budget is being executed; and
- strengthen the budget oversight role of the SAI.