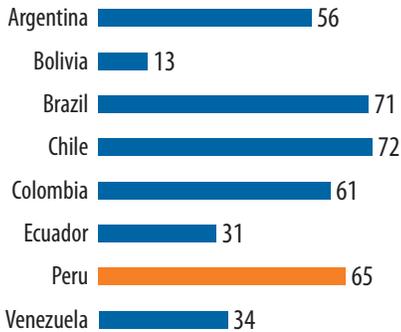




Overall score: **65** (Out of 100) Provides significant information to the public in its budget documents during the year.

How Does Peru 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).

Peru's OBI 2010 score indicates that the government provides the public with significant information on the central government's budget and financial activities during the course of the budget year. While some deficiencies remain, the amount of information published is generally sufficient for citizens to assess how their government is managing public funds.

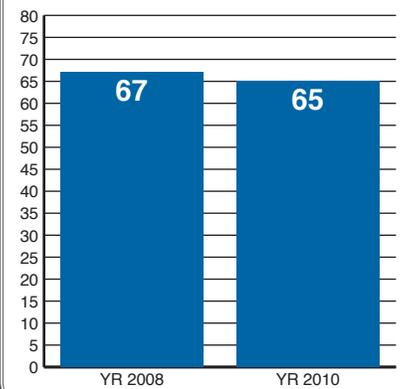
Peru's score decreased slightly from 67 in OBI 2008 to 65 in 2010 because it stopped publishing the Pre-Budget Statement. Its score is above the average OBI score of 50 for the South America region.

Information in Public Budget Documents

Adequacy & Availability of Eight Key Budget Documents

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

OBI Scores Over Two Surveys



* 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 Peru, the budget proposal is fairly comprehensive, but gaps in information are found in the following areas:

- It lacks sufficient information on outputs and outcomes. This information is important for those who are interested in monitoring the budget's impact.
- 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 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. Peru does not publish a timely Pre-Budget Statement (Marco Macroeconómico Multianual) before the Executive's Budget Proposal is sent to the legislature.

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. Peru 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. Peru 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. Peru publishes comprehensive In-Year Reports.

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. Peru publishes a Mid-Year Review that is not sufficiently comprehensive.

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 modifications for upcoming budget years. Peru publishes a Year-End Report with fairly comprehensive information. It does not, however, include detailed

OPEN BUDGET SURVEY 2010

Peru

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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explanations for the difference between original performance indicators and the actual outcome.

An **Audit Report** is an independent evaluation of the government's accounts by the country's supreme audit institution (SAI). It reports whether the government has raised revenues and spent monies in line with the authorized budget, and whether the government's accounts of its revenues and expenses are accurate and can be relied upon to provide a reliable picture of the fiscal situation. The Audit Report also provides information on any problems identified by the auditors in the management of public funds during the budget year. Peru publishes an Audit Report that is not sufficiently comprehensive. For instance, it fails to provide an executive summary in the report.

Public Participation and Institutions of Accountability

Beyond improving the availability and comprehensiveness of key budget documents, there are other ways in which Peru's budget process could be made more open. These include ensuring the existence of a strong legislature and supreme audit institution (SAI) that provide effective budget oversight, and 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 on a subset of questions from the Open Budget Survey 2010. An average score between 0-33 is graded as weak; 34-66 is moderate; and 67-100 is strong.

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

1. have full powers to change the Executive Budget Proposal at the start of the year; and
2. hold public hearings on budget discussions at which a wide range of constituencies from the public can testify.

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

1. publish a summary of its findings of the audit of the budget in a timely and nontechnical format; and
2. issue reports on follow-up steps taken by the executive to address audit recommendations; and
3. have sufficient resources to meaningfully exercise its mandate.

Recommendations

Peru should:

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