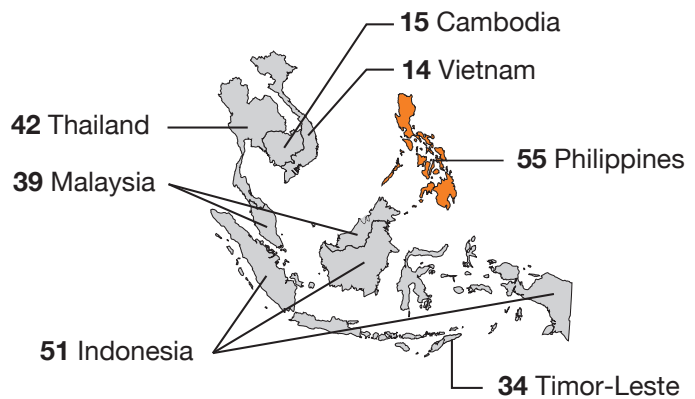
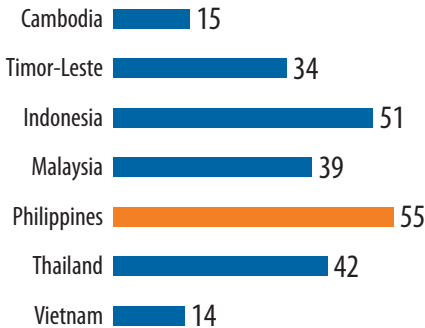


**Overall score: 55** (Out of 100) Provides some information to the public in its budget documents during the year.

### How Does Philippines 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).

Philippines's OBI 2010 score is 55 out of 100, which is higher than the average score (33) for the countries surveyed from the Southeast Asia region. Still, Philippine's score indicates 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.

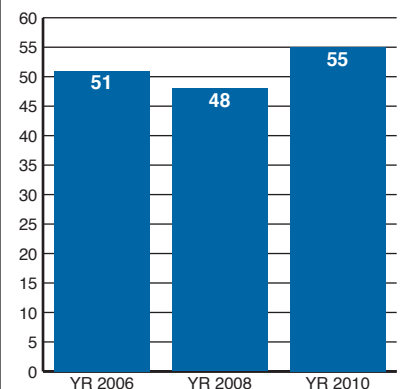
Philippines's score has increased from 48 to 55 from 2008 to 2010 because it publishes more comprehensive information in its Executive's Budget Proposal.

### 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
Executive's Budget Proposal	B	Published
Enacted Budget	A	Published
Citizens Budget	E	Not Produced
In-Year Reports	A	Published
Mid-Year Review	E	Produced, Not Published
Year-End Report	D	Published
Audit Report	C	Published

### OBI Scores Over Three 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 Philippines, the budget proposal is fairly comprehensive, but gaps in information are found in the following areas:

- Information on the impact of different macroeconomic assumptions on the budget is not presented.
- 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.

A **Pre-Budget Statement** sets forth the broad parameters that will define the government's forthcoming budget. Philippines produces but does not publish 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. Philippines 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. According to the OBI researcher, the Department of Budget and Management (DBM) first published the Budget in Brief (Citizens Budget) in 2008, a 15-page document that contained information such as why the budget is important, where the funds come from, where the funds are spent, and which are the government's priority programs. However, in 2009 the Citizens Budget was not produced due to lack of resources.

**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. Philippines publishes comprehensive In-Year Reports that include the National Government Cash Operation Report, National Government Revenues, National Government Expenditures, National Government Outstanding Debt and other detailed 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. Philippines produces but does not publish a Mid-Year Review. The Mid-Year Review is currently an internal document used by the DBM and the Development Budget Coordination Committee (DBCC) that is based on the Bureau of Treasury's report on the fiscal position. According to the DBM, the Mid-Year Review will be published

# OPEN BUDGET SURVEY 2010

## Philippines

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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when the availability of data becomes stable and timely.

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. Philippines publishes a Year-End Report that 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. 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. Philippines publishes an Audit Report, but it is not sufficiently comprehensive since it does not include audits of all expenditures and extra-budgetary funds. It is also published more than six months after the end of the fiscal year.

### *Public Participation and Institutions of Accountability*

Beyond improving the availability and comprehensiveness of key budget documents, there are other ways in which Philippines'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 for 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 Philippines's legislature is inadequate because it does not have full power to approve any changes made to the budget over the course of the fiscal year and it does not fully scrutinize audit reports.

According to the Open Budget Survey 2010, budget oversight provided by Philippines's SAI is inadequate because:

1. it does not have sufficient resources to meaningfully exercise its mandate;
2. it does not issue timely Audit Reports on the final expenditures of national departments;  
and
3. it does not issue reports on the follow-up steps taken by the executive to address audit recommendations.

## Recommendations

### Philippines should:

- publish its Mid-Year Review and Pre-Budget Statement;
- produce and publish a Citizens Budget;
- improve the comprehensiveness of its Year-End Report; and
- enable the legislature and SAI to provide more effective oversight of the budget process.