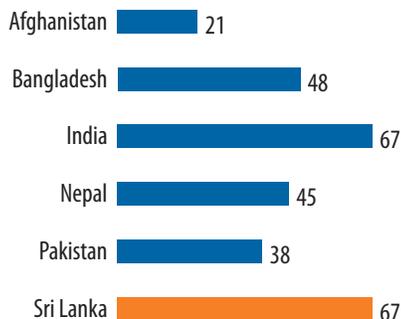




Overall score: **67** (Out of 100) Provides significant information to the public in its budget documents during the year.

How Does Sri Lanka Compare to Its Neighbors?

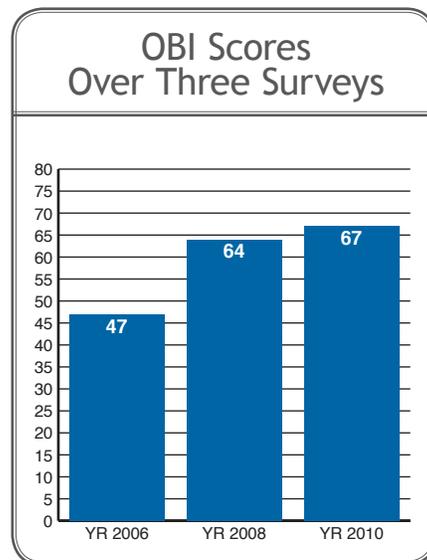


Key Findings

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).

Sri Lanka's OBI 2010 score of 67 ties with India's for the highest in the South Asia region. It 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 the government is managing public funds.

The amount of budget information provided in Sri Lanka has risen substantially since 2006. Its score rose from 47 in 2006 to 67 in 2010. During this period, the budget documents it published became significantly more comprehensive.



**Adequacy & Availability of Eight Key Budget Documents**

Document	Level of Information Grade*	Publication Status
Pre-Budget Statement	B	Published
Executive's Budget Proposal	B	Published
Enacted Budget	A	Published
Citizens Budget	A	Published
In-Year Reports	B	Published
Mid-Year Review	B	Published
Year-End Report	B	Published
Audit Report	C	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 Sri Lanka the budget proposal is fairly comprehensive, but it lacks information on the impact of different macroeconomic assumptions on the budget and on the inputs and outcomes for expenditure programs.

A **Pre-Budget Statement** sets forth the broad parameters that will define the government's forthcoming budget. Sri Lanka 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 the public with the data it can use to assess the government's stated policy priorities and hold it to account. Sri Lanka 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. Sri Lanka publishes a comprehensive 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. Sri Lanka publishes fairly comprehensive In-Year Reports, but they do not present program-level detail on actual expenditures.

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. Sri Lanka publishes a fairly comprehensive Mid-Year Review, but it does not present program-level detail for expenditures.

## OPEN BUDGET SURVEY 2010

### Sri Lanka

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 **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. Sri Lanka publishes a fairly comprehensive Year-End Report, but it lacks some information. For example, it does not present information on actual outcome for extra-budgetary funds.

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. Sri Lanka publishes an Audit Report, but its release is somewhat untimely; it is released more than six months after the end of the fiscal year.

## *Public Participation and Institutions of Accountability*

### **Are oversight bodies effective in their budget role?**

Oversight Institution	Strength**
Legislature	Strong
SAI	Moderate

Beyond improving the comprehensiveness of key budget documents, there are other ways in which Sri Lanka's budget process could be made more open. These include ensuring the existence of a strong SAI that provides effective budget oversight and providing opportunities for the public to participate in the budget process.

According to the Open Budget Survey 2010, budget oversight provided by Sri Lanka's legislature is generally strong.

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

1. it does not have sufficient resources to meaningfully exercise its mandate; and
2. it does not issue reports on the follow-up steps taken by the executive to address audit recommendations.

## **Recommendations**

### **Sri Lanka should:**

- improve the comprehensiveness and timeliness of its Audit Report;
- improve the comprehensiveness of the Executive's Budget Proposal by including more extensive information about the relationship between the government's revenue and expenditure plan, its policies, and its macroeconomic goals;
- strengthen the budget oversight role of the SAI, including by increasing the resources it has available to it; and
- according to the OBI researcher, provide more opportunities for taxpayers' participation in the entire budget process through ensuring public access to all key budget documents and providing more opportunities for the public to testify at legislative hearings on the budget proposal.