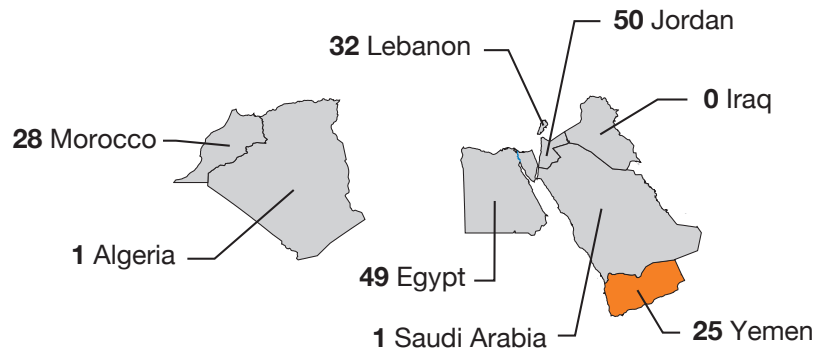
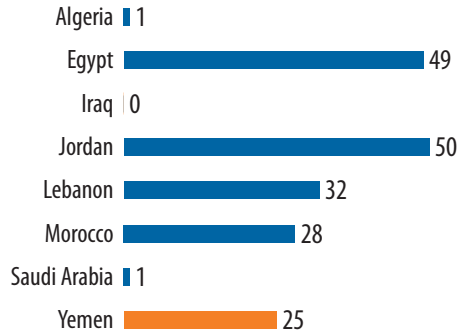


Overall score: 25 (Out of 100) Provides minimal information to the public in its budget documents during the year.

How Does Yemen Compare to Its Neighbors?



Key Findings

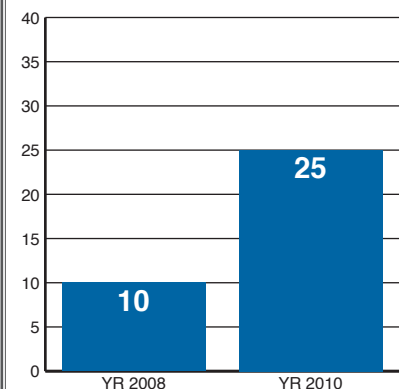
The scores for 92 questions from the Open Budget Survey (see text box) are used to compile objective scores and rankings of the relative transparency of each country's budget process. These scores constitute the Open Budget Index (OBI).

Yemen's OBI 2010 score is 25 out of 100, which is less than two-thirds of the average score (42) for the 94 countries surveyed. In the Middle East & North Africa region, Yemen's score is only slightly higher than the average score of 23 for the other countries surveyed and lags behind Egypt (49) and Jordan (50).

There has been progress in Yemen in recent years. Its score increased substantially from 10 to 25 from 2008 to 2010, largely because the government started publishing its Executive's Budget Proposal and the Year-End Report.

Still, Yemen'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.

OBI Scores Over Two Surveys



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	D	Published
Enacted Budget	D	Published
Citizen's Budget	E	Not Produced
In-Year Reports	B	Published
Mid-Year Review	E	Not Produced
Year-End Report	E	Published
Audit Report	E	Produced, Not 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. 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 Yemen, the budget proposal is published but is far from being comprehensive. Major gaps in information in the budget proposal are found in the following areas:

- Information is not presented on the impact on the budget of different macroeconomic assumptions.
- Information is lacking 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 complete fiscal position.
- Information is not presented on outputs and outcomes. This information is important for those who are interested in monitoring the impact of the budget.

A **Pre-Budget Statement** sets forth the broad parameters that will define the government's forthcoming budget. Yemen 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 data the public can use to assess the government's stated policy priorities and hold it to account. Yemen publishes an Enacted Budget, but it is far from comprehensive. For example, it does not present the approved budget for all programs.

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. Yemen 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. Yemen

OPEN BUDGET SURVEY 2010

Yemen

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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publishes fairly comprehensive In-Year Reports, but they do not present program-level detail for 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. Yemen 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. Yemen publishes a Year-End Report, but it has serious deficiencies. For example, it does not explain the difference between the enacted levels of expenditure and revenue and the actual outcomes.

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 book keeping is balanced and accurate, and whether there were problems in the management of public funds. Yemen produces, but does not publish an Audit Report.

Public Participation and Institutions of Accountability

Beyond improving the availability and comprehensiveness of key budget documents, there are other ways in which Yemen'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	Weak

** 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 Open Budget Survey, budget oversight provided by Yemen's legislature is weak because it does not:

1. have full powers to amend the budget proposal presented to it at the start of the year before the budget is enacted;
2. have full powers to make changes to the budget during the year; and
3. hold public hearings on budget discussions at which the public can testify.

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

1. have full independence from the executive, who can remove the head of the SAI without seeking final consent from the legislature or judiciary;
2. issue Audit Reports on the final expenditures of national departments;
3. have proper channels of communication with the public; and
4. issue reports on the follow-up steps taken by the executive to address audit recommendations.

Recommendations

Yemen should:

- publish on the government's website budget documents that are already being produced — such as the Pre-Budget Statement and the Notes on Items of the Public Budget of the State (Audit Report);
- improve the comprehensiveness of the Executive's Budget Proposal, the Enacted Budget, and the Year-End Report;
- produce and publish a Citizens Budget and the Mid-Year Review;
- provide opportunities for the public to testify at legislative hearings on the budget; and
- enable the legislature and SAI to provide more comprehensive oversight of the budget.