

OPEN BUDGET SURVEY 2010 Key Findings

74 of 94 countries assessed fail to meet basic standards of transparency and accountability when it comes to their national budgets.

- We surveyed 94 countries and found that 40 countries release no meaningful budget information.
- The worst performers include China, Saudi Arabia, Equatorial Guinea, Senegal, and newly democratic Iraq, which provide little to no information to their citizens about how the government is spending the public's money.
- We found that only 7 of the 94 countries surveyed release extensive budget information. Those top-tier countries are: South Africa, New Zealand, United Kingdom, France, Norway, Sweden, and the United States.

There has been nearly 20 percent improvement in the average performance of the 40 countries that have been measured over three consecutive Open Budget Surveys, which is a positive sign.

- The Open Budget Index (the OBI) uses objective, internationally recognized criteria to give each country transparency score on a 100-point scale.
- We found a 9-point increase in the average OBI score (from 47 in 2006 to 56 in 2010) among the 40 countries surveyed in 2006, 2008, and 2010.
- Some of the most dramatic improvements came from previously low-scoring countries, such as Mongolia and Uganda, which still do not meet best practices but have improved over time.

Governments can improve transparency and accountability quickly and easily by publishing online all of the budget information they already produce and by inviting public participation in the budget process. Over the long term, we need a set of international norms that demand transparency.

- To see improvements in transparency, public engagement, and oversight in the short term, the International Budget Partnership recommends that:

1. Governments should make public all the documents they produce, which would require virtually no additional effort or cost by the governments involved but would dramatically improve the openness of budgets in large parts of the world;
 2. Legislatures begin to conduct public hearings on the budget; and
 3. Auditors establish mechanisms for getting public input on problems with specific programs and what should be audited.
- In the longer term, the IBP recommends a movement toward a global norm on budget transparency and participation that codifies broadly accepted principles and guidelines. Such a norm would provide civil society organizations, the media, and legislatures a powerful tool to leverage improvements within countries.
 - Other recommendations include:
 1. At the very minimum, countries that currently provide no or scant budget information should publish their Executive's Budget Proposal, Enacted Budget, and Audit Reports, and legislatures in these countries should begin to organize public budget hearings prior to approval of the budget.
 2. Countries should strengthen the authority, independence, and capacity of budget oversight institutions, and the voice of the public should also be allowed as a further check and balance.
 3. Donors should strongly encourage budget transparency in the countries to which they provide aid by offering incentives to countries that demonstrate better budget transparency practices and providing technical assistance to countries seeking to make their budget systems more transparent and accountable.

The Open Budget Survey is the one and only independent, comparative, regular measure of budget transparency and accountability around the world, produced by independent budget experts not beholden to any national government.

- The Survey measures whether governments produce and disseminate to the public 8 key budget documents required by international good practices, and it examines effective budget oversight and public participating in national budget decision making.
- 59 countries were surveyed in 2006, 85 countries were surveyed in 2008, and 94 countries were surveyed in 2010, all using internationally accepted criteria to produce an objective ranking of transparency called the Open Budget Index.
- In the 2010 Survey these experts completed the questionnaire's 123 questions based on the factual state of budget transparency in their countries. These answers were then: 1) independently reviewed by two anonymous experts who also had no association with government, and 2) reviewed by IBP staff who checked the citations and comments provided to justify the researchers' answers. In addition, the IBP invited the national government of 88 of

the countries covered in the 2010 Survey to comment on the questionnaire completed for that country. Finally IBP staff members refereed the comments from the peer reviewers and the governments that provided comments and determined the final answer in consultation with the researchers.

Greater Transparency enables better oversight, better access to credit, better policy choices, and greater legitimacy.

- Without access to information legislators, auditors, civil society groups, media, and the broader public cannot effectively participate in decision making nor can they hold the executive to account for the use of public resources.
- Transparency and public participation enhance the credibility of policy choices and the effectiveness of policy interventions.
- Lack of transparency can lead to the selection of unpopular and inappropriate programs and to corrupt and wasteful spending.
- Budget transparency can benefit countries financially, since more transparent budgets tend to have better access to international financial markets and lower borrowing costs.

Data reveal a strong correlation between lack of transparency and accountability and countries that rely heavily on oil and gas revenue, receive significant amounts of foreign aid, and have authoritarian governments.

- The 24 countries assessed that are dependent on oil and gas revenue had an average OBI 2010 score of just 26 out of 100.
- The 32 aid-dependent countries surveyed had an average OBI 2010 score of 30 out of 100, which is 14 points worse than countries not dependent on foreign aid.
- The 21 countries classified as "authoritarian" regimes by the Democracy Index received an average OBI 2010 score of 17 out of 100, while the 14 "full democracies" scored an average of 72.
- There are also some geographic correlations: The U.S. and Western Europe tend to be more transparent, while the Middle East and Africa tend to be less transparent, with other regions of the world falling in the middle.

While these correlations exist, a number of notable exceptions and surprising results demonstrate that any country can achieve transparency and accountability if its government makes it a priority.

- Notable exceptions to these correlations include: South Africa, which was the top performer of any country; India, Sri Lanka, and Ukraine, which are relatively low-income countries but

perform relatively well; Colombia, Mexico, and Indonesia, which had OBI 2010 scores that were two times as high as other countries that rely on oil and gas revenue.

- While neither country is up to par, newly democratic Afghanistan scored 21 points higher than newly democratic Iraq.
- China is becoming a major donor of foreign aid, but itself is among the least transparent countries in the world, scoring just 13 out of 100.
- Saudi Arabia and Malaysia both are relatively high-income countries, but Saudi Arabia scores just 1, while Malaysia scores 39.
- Kyrgyz Republic, Liberia, and Yemen, increased their scores substantially by making available on their websites the budget reports that they have previously produced but had made available only to internal government audiences or to donors.