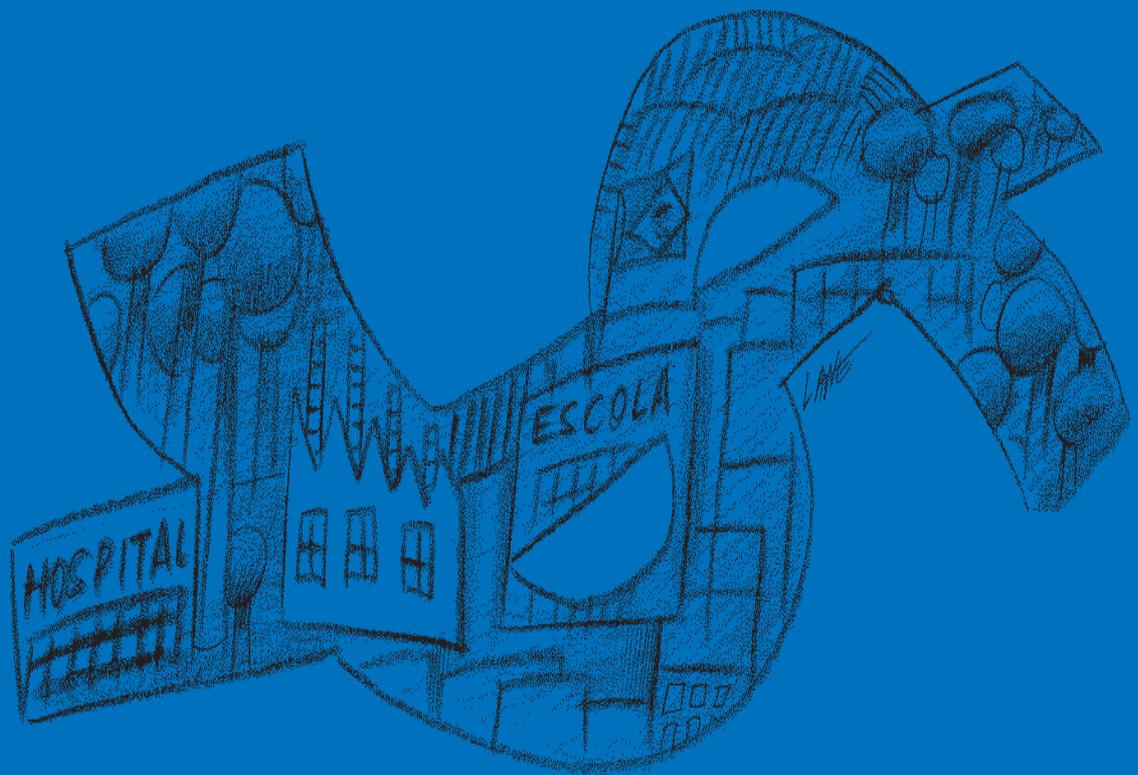


Budget Transparency in Brazilian Capitals

SEARCH INESC



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Realização



Apoio



**Expediente:**

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ActionAid, Conanda, Charles Stewart Mott Foundation, CLUA, Christian Aid, DFID, EED, Fastenopfer, Fundação Avina, Fundação Ford, Instituto Heinrich Böll, Internacional Budget Program, Kindernothilfe, Norwegian Church Aid, Oxfam, Oxfam Novib, União Européia, Unicef, ONU Mulheres.

Introduction

The objective of this research was to evaluate aspects of budget transparency at subnational level in Brazil.

The research is divided in two parts. First, an evaluation of the budgetary cycle transparency in Brazilian capitals, based on the information available on governmental websites in each capital. Second, an analysis of the perception of budget transparency in capitals. This stage of the study was based on ninety questionnaires applied in different Brazilian states, and responded by professionals from various fields: university, media, nongovernment organizations, Office of the Public Prosecutor, among others.

To talk about government transparency is to discuss the pillars of the Republic and democracy.

State transparency is fundamental in a Republic because it is necessary to demonstrate that the Democratic State under the Rule of Law will only defend justice and never (or no more) will grant privileges to a family, clan, ethnicity, or social class.

In a Democratic State under the Rule of Law, transparency is a mainstay of the Republic because information is needed to evaluate whether or not the government is deviating from the search for the common good. Government transparency is a key axis of the Republic because it indicates if the state apparatus will serve the public interest or foster government corruption.

Similarly, government transparency is a structural element in any democracy because it nourishes people's trust in their representatives. State transparency is indispensable to democracy as it enables monitoring among government branches and, thus, the equilibrium among them; it also allows to assess to what extent these powers are being exercised in favor of legitimate interests of society. Thus, transparency makes it possible to know whether state powers work to materialize people's fundamental rights and guarantees.

In the same way, government transparency is a pedagogic model in the democratic context because it transmits information between generations, supporting and guiding the exercise of power. On the contrary, an opaque government negates democracy as it blocks the transmission of knowledge.

Transparency is not just about making data available. This has to be done in plain language, accessible to everybody, to any citizen in the country. Thus, when transparency is present in a real way, with quality, it helps social participation in decision-making spaces. A transparent state fosters grassroots participation in decision-making spaces. Transparency is an instrument of political pedagogy, as knowledge generated by government transparency is key for people to raise their voices in decision-making arenas.

Brazilian democracy is still in deficit when the issue is access to information. Just over twenty years ago, we elected the first president in direct elections, after a long period of military dictatorship. This is one of the reasons why is still under discussion in Congress a legislative proposal to regulate broad access to government information. Organized civil society has also worked for many years to support this cause.

However, it is necessary to acknowledge progress concerning the budgetary information provided by the Brazilian government.

This study is inserted into this framework and also fits into INESC's mission to strive for a public budget geared to the implementation of rights.

Acknowledgements

The development of this research was supported by the International Budget Partnership (*IBP*), in the framework of a program to support other organizations in the world doing research focused on transparency at subnational level. IBP support was also key to maintain a dialogue that enhanced the study methodology, without any kind of interference with the choices made by INESC. Thus, INESC acknowledges this support from IBP, a staunch ally in our institutional work.

A reference used in the research methodology was the Latin American Index of Budget Transparency or ILTP (<http://www.iltweb.org/>), an initiative coordinated by the Mexican organization FUNDAR. The experience acquired by INESC while contributing to the ILTP was particularly useful in preparing the questionnaires for the second stage of the research. However, it should be noted that there is no exact correspondence between the methodology used in the ILTP and this current research.

Special thanks goes to INESC's team that never ceased to collaborate with the research throughout the period of work. Collective work is one of the characteristics of INESC's action, hence this research is seen as resulting from the reflection of the institution as a whole. In addition, research general supervision was performed by Átila Roque, from INESC's collective leadership. Eliana Graça also collaborated with the research, especially in revising the methodology and helping in the application of questionnaires.

In its second stage, the research received valuable help from Isabel Amorim, Júlia Capdeville and Pedro Torres in sending out questionnaires, contacting interviewees, among other tasks.

Lucídio Bicalho, an INESC advisor, was in charge of coordinating the research, analyzing the data, and writing this report.

Finally, INESC takes full responsibility for the results and statements made in this study.

Methodology

Complementary Law 101/2000 (Fiscal Responsibility Law) is the federal legislation that provides for budget transparency. It was recently enhanced by Complementary Law 131/2009. Hence, the legal requirement to make budget information available to the public does not depend on subnational legislation. Thus, the existence of a legal framework was an assumption of this research.

Two approaches were used in this study to evaluate budget transparency:

First approach: **content research**. This research was coordinated by a specialist from INESC. Its objective was to verify the availability/unavailability to the general public of relevant online information on budget transparency, specifically on government portals and sites in capital cities. The study also assessed aspects of the Transparency Law (Complementary Law 131/2009) application in 27 state capitals. This legislation requires the provision of detailed budgetary information on the Internet. Among the variables used to measure transparency, the following were included: I – incentive to grassroots participation and public hearings during the elaboration and discussion of government plans, law of budgetary guidelines, and budgets; II – full disclosure in real time through electronic media with public access so society can follow detailed information on revenue and budgetary and financial execution. In total, 58 (fifty-eight) variables were selected. The methodology involved verification of the municipal government websites by a public budget specialist. To each variable the number “one” (1) was assigned to represent the result “available,” when the variable was valid for that municipality. The number “zero” (0) was associated to represent the result “unavailable”, when the variable was not valid for the municipality. The number “one-half” (0.5) was used/attributed when data was incomplete or the information was not updated. The sum of numbers (1 or 0) associated to each variable in a given municipality was used to build a score for the universe of municipalities analyzed. The maximum number of points was “58” – when all variables were valid. The minimum was “0”, when no variable was valid for a municipality. The software SPSS was used in the statistical analysis.

Second approach: **perception of budget transparency**. As part of this approach, a questionnaire was applied to professionals from different areas of work in 27 states, with the objective of getting their perception of budget transparency. The questionnaire was answered by professionals active in civil society entities, Congress, university, print media, and Office of the Public Prosecutor. The questionnaire is made up of 17 items covering the content of budget transparency in the capital under analysis.¹

¹ The questionnaire used can be examined at the end of this report (appendix).

Budget transparency of Brazilian capitals: assessing the quality of available information

This first part of the research includes the analysis of information on the budgetary cycle in Brazilian capitals collected from December 1, 2010 to February 18, 2011.

Budget transparency of 27 capitals was assessed taking into account 58 variables, involving the following dimensions: budget preparation (2), access to budgetary legislation (4), content of budgetary legislation (17), budget execution (28), budget execution of the Legislative (5), and evaluation (2).

In an attempt to measure the enforcement of Law 131/2009 (Transparency Law), updating budget execution data “in real time”, or with a maximum of 7 (seven) days’ lag, was an indispensable criterion for scoring in 13 (thirteen) variables.²

Results³

Table 1A lists the 58 variables used to assess the quality of budgetary cycle transparency in Brazilian capitals. The variable is ordered from top down, in accordance with the number of capitals where it was found. In other words, variables are ordered according to the number of capitals that make them available.

² Out of a total of 11 (eleven) variables, 9 (nine) are related to the budgetary execution of the Executive and 2 (two) to the budgetary execution of the Legislative.

³ Rounding off percentages in each category in the tables explain why the sum is not 100%.

Table 1A. Variables analyzed according to number of capitals where they are available

	Variable	Points
1	Access to budget legislation – the Executive provides online access to the Multiannual Plan Law (PPA) – the PPA is in force.	24
2	Access to legislation – the Executive provides online access to the Budgetary Guidelines Law (LDO) – LDO in force or passed for the next fiscal year.	24
3	Access to legislation – the Executive provides online access to the text of the Annual Budgetary Law (LOA) – law in force.	24
4	Content of budgetary legislation – the Executive provides online access to PPA expenditure by program – PPA in force.	24
5	Content of budgetary legislation – the Executive provides online access to PPA program objectives – PPA in force.	24
6	Content of budgetary legislation – the Executive identifies in the LOA and provides online access to planned revenue according to its nature (economic category and origin) – law in force.	24
7	Content of budgetary legislation – the Executive identifies in the LOA and provides online access to planned expenditure detailed by organ/Budgetary Unit – law in force.	24
8	Content of budgetary legislation – the Executive organizes expenditure in LOA according to economic classification and nature and provides online access – law in force.	24
9	Content of budgetary legislation – the Executive identifies in the LOA and provides online access to planned expenditure detailed by function – law in force.	23
10	Budget execution – the Executive provides online access to the total amount of object of expenditure (element) – CL 131/2009.	23
11	Content of budgetary legislation – the amount of expenditure in the PPA is detailed by action and is available on the Internet – PPA in force.	22
12	Content of budgetary legislation – the Executive provides online access to PPA actions' products and physical goals.	22
13	Content of budgetary legislation – the Executive provides online access to fiscal goals for subsequent fiscal years as determined in the LDO (art. 4, par. 1, Complementary Law 101, May 4, 2000) – LDO in force or passed for the next fiscal year.	22
14	Content of budgetary legislation – the Executive provides online access to fiscal goals for the prior fiscal year published in the LDO (art. 4, par. 2, item "i", Complementary Law 101, May 4, 2000) – LDO in force or passed for the next fiscal year.	22
15	Content of budgetary legislation – the Executive identifies in the LOA and provides online access to planned expenditure detailed by action – law in force.	21
16	Content of budgetary legislation – the Executive provides access to specific appendix with estimates of revenue waiving and measures to compensate for it as included in the LDO. – LDO in force or passed for the next fiscal year (Fiscal Responsibility Law, art. 4, par. 2, v).	19
17	Content of budgetary legislation – the Executive identifies LOA planned expenditure and provides online access to this legislation detailed by program – law in force.	19
18	Budget execution – the Executive makes available online the name of persons receiving payments related to municipal expenditures.	19
19	Content of budgetary legislation – Indicators of the evolution of PPA program objectives are available on the Executive website – PPA in force.	18
20	Content of budgetary legislation – the Executive identifies target public/beneficiaries for PPA programs and publishes the information on the Internet – PPA in force.	17
21	Content of budgetary legislation – physical goals and quantity of products are associated to LDO priorities and made available online – law in force or passed for the next fiscal year.	16
22	Elaboration – it is registered on the Executive website that the government holds public hearings to listen to the people during the budget preparation.	15
23	Budget execution – the type of public bidding, waiver of bidding, or non-requirement of bidding process for a given expenditure is available on the website.	15
24	Budget execution – the municipal expenditure commitment identification number is provided by the Executive on the Internet.	15
25	Budget execution – the identification number of agreement/transfer contract/ partnership term/file concerning each municipal expenditure is provided by the Executive on the Internet.	15
26	Elaboration – the municipal legislature website lists public hearing to discuss the LOA elaboration – last fiscal year passed or LOA proposal under discussion.	14
27	Budget execution – The Executive provides online the amount of municipal expenditure committed (CL 131/2009), updated in real time or in the last seven days.	14
28	Budget execution – the Executive provides on its website municipal liquidation or payment detailed by source.	14
29	Budget execution – the Executive transparency portal (CL 131/2009) provides the budgetary expenditure execution accumulated in the year, updated in real time or in the last seven days.	13
30	Budget execution – municipal liquidation or payment, detailed by budgetary unit, is provided by the Executive on the Internet (CL 131/2009), and updated in real time or in the last seven days.	13
31	Budget execution – the date (day/month/year) of payment to creditor or the bank order date of issuance related to municipal expenditure is provided by the Executive on the Internet.	13
32	Budget execution – municipal revenue execution according to nature (lowest classification level) is provided by the Executive on the Internet (CL 131/2009), updated in real time or in the last seven days.	12
33	Budget execution – identification or description of municipal expenditures is provided on the Internet.	12
34	Budget execution – the Executive transparency portal (CL 131/2009) provides the budgetary revenue accumulated in the year, updated in real time or in the last seven days.	11

35	Budget execution – municipal liquidation or payment detailed by object of expenditure (element) is provided online by the executive, updated in real time or in the last seven days.	10
36	Access to legislation – the municipal legislature website provides the LOA and its appendices – law in force (sanctioned) or legislative proposal under discussion.	8.5
37	Budget execution – CNPJ (corporate tax ID) or CPF (individual taxpayer registration number) of recipient of payment related to municipal expenditure is provided online by the Executive.	8
38	Budget execution of the Legislative – the municipal legislature provides online access to the object of expenditure or element (name and code) related to its expenditures – current fiscal year, updated in real time (CL 131/2009) or in the last seven days..	7
39	Content of budgetary legislation – the executive identifies in the LOA and makes available on its website the action product/ physical goal – law in force.	6
40	Budget execution – liquidation or payment of municipal expenditure detailed by function (name and code) is provided online by the Executive – updated in real time or in the last seven days.	6
41	Budget execution – liquidation or payment of municipal expenditure detailed by program (title and code) is provided online by the Executive – updated in real time or in the last seven days.	6
42	Budget execution – liquidation or payment of municipal expenditure classified by expenditure nature is provided online by the Executive – updated in real time or in the last seven days.	6
43	Budget execution of the Legislative – the municipal legislature provides on the Internet the names of those favored by its institutional expenditures – current fiscal year updated in real time (CL 131/2009) or at least in the last seven days.	6
44	Budget execution of the Legislative – the municipal legislature associates to its expenditure the type of public bidding or waiver of bidding and provides the information on the Internet – current fiscal year.	6
45	Budget execution – the liquidation note identification number or the entry referred to the municipal expenditure is provided online by the Executive.	5.5
46	Budget execution – liquidation or payment of municipal expenditure detailed by subfunction is provided online by the Executive – updated in real time or in the last seven days.	5
47	Budget execution – liquidation or payment of municipal expenditure detailed by action (denomination and code) is provided online by the Executive (project/activity/special operation), updated in real time or in the last seven days.	4
48	Budget execution of the Legislative – the municipal legislature provides on the Internet CNPJ/CPF of those favored by its institutional expenditures – current fiscal year.	4
49	Evaluation – the evaluation of the PPA prepared by the Executive assesses the budgetary actions’ physical goals (products) for the budget that had ended over ten months before, and this information is provided on the Internet.	3.5
50	Budget execution of the Legislative – the municipal legislature provides on the Internet the identification number of the payment note or bank order related to expenditure – current fiscal year.	3
51	Evaluation – the evaluation of the PPA prepared by the Executive updates the evolution of program indicators for the budget that had ended over ten months before, and this information is provided on the Internet.	3
52	Budget execution – the Executive provides online the identification number of the bank order related to municipal expenditure.	2
53	Budget execution – the Executive provides online the identification number of the payment note related to municipal expenditure.	1
54	Budget execution – details of the object of expenditure (size, measurement, quantity, weight, etc.) is provided by the executive on the Internet (CL 131/2009).	1
55	Budget execution – the per unit value of the object of expenditure (element) is provided on the Internet (CL 131/2009).	1
56	Budget execution – for those favored by municipal expenditure, the Executive provides online information on their bank number or name.	1
57	Budget execution – for those favored by municipal expenditure, the Executive provides online information on their bank branch number.	1
58	Budget execution – for those favored by municipal expenditure, the Executive provides online information on their bank account number.	0

Table 1A shows that the more basic variables related to the budgetary cycle, i.e., those concerning access to the text of budgetary laws, are the most divulged by municipal governments in capital cities. Not always variables are expressed in whole numbers, which means the information was incomplete on the capital website.

The ten most available variables, in the order shown in the table, are related to the following themes: Multiannual Plan Law (PPA), Budgetary Guidelines Law (LDO), Annual Budgetary Law (LOA), PPA expenditure according to programs, access to PPA program objectives, LOA revenue according to nature (economic category and origin), LOA expenditure detailed by organ/Budgetary Unit, expenditure according to economic

classification and nature, LOA expenditure detailed by function, total amount of budgetary execution of the object of expenditure (element).

Otherwise, the least available variables were the ones related to execution – for example, destination of payments – and those concerning the assessment of indicators and physical goals, which are indispensable to organize a budget according to performance.

Looking at Table 1A from bottom to top, the least available variables were the ones related to the following themes: bank account of those favored by the expenditure, bank branch of those favored by the expenditure; bank of those favored by the expenditure, per unit value of the object of expenditure (element), details of the object of expenditure (size, measurement, quantity, weight, etc.), identification number of the payment note referred to the expenditure, identification number of the bank order related to the expenditure, PPA evaluation with assessment of the evolution of program indicators, identification number of the payment note or bank order related to the Legislative expenditure, and PPA evaluation with assessment of actions' physical goals (products).

In turn, table 1B shows capitals ordered according to the score obtained in the evaluation of the 58 selected variables, from the highest score to the lowest. We also developed an index that varies from 0 to 100 to better exemplify the situation of each capital.⁴

⁴ The score of the 27 capitals for each one of the variables is available on INESC's website

Table 1B. Capitals listed according to their points and position in relation to the budgetary cycle transparency index

Capital	Points (sum total)	Index ¹
Curitiba	44.0	75.9
Porto Alegre	43.5	75.0
Brasília	36.5	62.9
Rio Branco	36.0	62.1
Fortaleza	35.0	60.3
Vitória	35.0	60.3
Porto Velho	35.0	60.3
Aracaju	35.0	60.3
Florianópolis	34.0	58.6
Manaus	33.0	56.9
Cuiabá	31.0	53.4
Rio de Janeiro	31.0	53.4
Belo Horizonte	30.0	51.7
Palmas	30.0	51.7
Recife	29.0	50.0
Maceió	28.0	48.3
Belém	26.0	44.8
São Paulo	26.0	44.8
Campo Grande	25.5	44.0
Natal	24.0	41.4
São Luís	22.0	37.9
Salvador	21.0	36.2
Goiânia	21.0	36.2
João Pessoa	18.0	31.0
Boa Vista	6.0	10.3
Macapá	0.0	0.0
Teresina	0.0	0.0

Note:

(1) $[\sum(\text{var 1 a 58})/58]100$

No capital achieved the maximum score. The three capitals with the largest number of points were Curitiba (44), Porto Alegre (43.5), and Brasília (36.5). The three capitals in the worst position in the classification were Teresina (0), Macapá (0), and Boa Vista (6.0).

Regarding the index, in a scale that varies from 0 a 100, the values obtained by capitals in the “best” positions were 75.9; 75.0, and 62.9 –respectively, Curitiba, Porto Alegre, and Brasília.

The values for the three worst positions in the index – Teresina, Macapá, and Boa Vista) were, respectively: 0.0, 0.0, and 10.3.

In Brasília, the last update of data related to the country’s capital revenue and expenditure was done in December 2010. Up to February 25, its transparency portal

had not been updated with 2011 information.⁵

Up to February 25, São Paulo municipal government had not published revenue and expenditure execution for 2011. The same situation occurred in Salvador and Rio de Janeiro, among other capitals.

The municipality of Macapá did not get any points because both the local Executive and Legislative have no working website. This made it impossible to analyze this municipality based on the established methodology. The municipality of Teresina, although having a website, did not publish any of the information researched according to the study's criteria.⁶ As in the case of other municipalities, Teresina did not provide updated data on 2011 budget execution, in real time or with a maximum of seven days' lag, until the end of this study.

However, it is necessary to point out that establishing a *ranking* is not the objective of this study. The position in the index could easily be another (or have been altered) if some municipal governments had certain updated budgetary information on their websites. Our objective is to highlight how far from excellence are capitals regarding budgetary cycle transparency. To this extent, the results anticipate the Dantesque scenario we would certainly find ourselves in had we expanded the universe of analyzed municipalities to include cities that have been marginalized by political and economic powers in the states.

Back to the figures, the descriptive statistics for the point system and the value of the index for the capitals as a whole (N=27) summarize the results for these variables, which measure the budgetary cycle transparency in the municipality. Table 2 shows this statistics.

Table 2. Descriptive statistics for the point system and index of capitals as a whole

	No.	Minimum	Maximum	Average	Median	Standard deviation
Points (sum total)	27	0.00	44.00	27.2407	30.0	11.12375
Index	27	0.00	75.86	46.9668	51.7241	19.17889

⁵ www.transparencia.df.gov.br

⁶ <http://www.teresina.pi.gov.br/>

The average of the total points obtained by capitals was **27.2 points**, while the maximum possible was **58**. The median of the total points was 30.0. This means that precisely 50% of capital cities (13 cities) had less than 30 points and the other half obtained scores higher than this value.

The average capitals achieved in the index was 46.96 (in a rating scale from 0 to 100). The average index shows clearly how the quality of budgetary cycle transparency in capitals is far from ideal. The median (51.72) also confirms this conclusion.

To better assess the position of municipalities in the index, qualitative values were associated to ranges within this index. This association was established in the following way: transparency of x points, where $0 \leq x \leq 20$, was classified as “very bad;” transparency of x points, where $20 < x \leq 40$, was classified as “bad;” transparency of x points, where $40 < x \leq 60$, was classified as “mediocre;” transparency of x points, where $60 < x \leq 80$, was classified as “fair;” and transparency of x points, where $80 < x \leq 100$, was classified as “very good.” Table 3 shows the evaluation of the capitals according to this criterion and provides the name of the political party the mayor is affiliated to.

Table 3. Capitals ordered according to the quality of the budgetary cycle transparency, with the political party of the mayor

Capital	Index ¹	Quality of the budgetary cycle transparency ²	Political party of the mayor
Curitiba	75.9	Fair	Brazilian Socialist Party (PSB)
Porto Alegre	75.0	Fair	Democratic Labor Party (PDT)
Brasília	62.9	Fair	Workers' Party (PT)
Rio Branco	62.1	Fair	Workers' Party (PT)
Fortaleza	60.3	Fair	Workers' Party (PT)
Vitória	60.3	Fair	Workers' Party (PT)
Porto Velho	60.3	Fair	Workers' Party (PT)
Aracaju	60.3	Fair	Communist Party of Brazil (PCdoB)
Florianópolis	58.6	Mediocre	Brazilian Democratic Movement Party (PMDB)
Manaus	56.9	Mediocre	Brazilian Labor Party (PTB)
Cuiabá	53.4	Mediocre	Brazilian Labor Party (PTB)
Rio de Janeiro	53.4	Mediocre	Brazilian Democratic Movement Party (PMDB)
Belo Horizonte	51.7	Mediocre	Brazilian Socialist Party (PSB)
Palmas	51.7	Mediocre	Workers' Party (PT)
Recife	50.0	Mediocre	Workers' Party (PT)
Maceió	48.3	Mediocre	Progressive Party (PP)
Belém	44.8	Mediocre	Brazilian Labor Party (PTB)
São Paulo	44.8	Mediocre	Democrats (DEM)
Campo Grande	44.0	Mediocre	Brazilian Democratic Movement Party (PMDB)
Natal	41.4	Mediocre	Green Party (PV)
São Luís	37.9	Bad	Brazilian Social Democracy Party (PSDB)
Salvador	36.2	Bad	Brazilian Democratic Movement Party (PMDB)
Goiânia	36.2	Bad	Workers' Party (PT)
João Pessoa	31.0	Bad	Brazilian Socialist Party (PSB)
Boa Vista	10.3	Very bad	Brazilian Socialist Party (PSB)
Macapá	0.0	Very bad	Democratic Labor Party (PDT)
Teresina	0.0	Very bad	Brazilian Labor Party (PTB)

Note:

(1) $[(\sum \text{Var 1 a 58})/58]*100$

(2) transparency of x points, where $0 \leq x \leq 20$, was classified as "very bad;" transparency of x points, where $20 < x \leq 40$, was classified as "bad;" transparency of x points, where $40 < x \leq 60$, was classified as "mediocre;" transparency of x points, where $60 < x \leq 80$, was classified as "fair;" and transparency of x points, where $80 < x \leq 100$, was classified as "very good."

(3) No capital achieved the classification "very good."

(4) The Federal District government took office in the beginning of 2010, hence it was not possible to establish a relation between transparency and political party.

The most relevant result in Table 3 is the absence of any capital with classification "very good" in relation to budgetary cycle transparency.

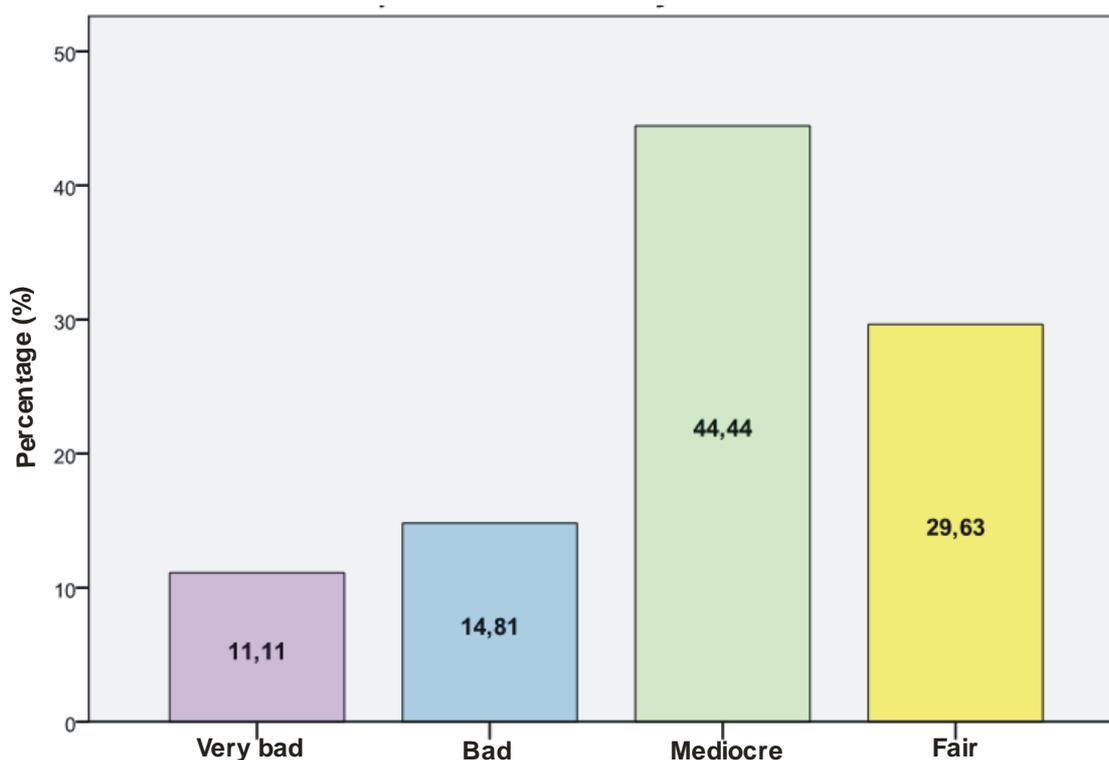
In Table 4, among other results, eight capitals had their transparency classified as "fair," 12 remained in the grouping "mediocre," four were assessed as "bad," and the quality of transparency in three capitals was considered "very bad."

Table 4. Quality of transparency

	Absolute frequency	Percentage (%)	Accumulated percentage (%)
Very bad	3	11.1	11.1
Bad	4	14.8	25.9
Mediocre	12	44.4	70.4
Fair	8	29.6	100.0
Very good	0	0	100.0
Total	27	100.0	

The category “mediocre” was the single one that had the largest number of observations (44%). However, the sum of observations in the categories “very bad,” “bad,” and “mediocre” represented 70.4% of all results. **The sum of these three categories is important because it represents non-positive evaluation regarding the quality of transparency.** This trend is clear in Chart 1. The classification “very good” does not show up again.

Chart 1 – Percentage distribution of capitals according to quality of budgetary cycle transparency (%)



The high frequency for the category “**mediocre**” reinforces the perception that governments tend to a median point in terms of their budgetary cycle transparency.

Except for Brasília, administrations of capital cities have been in office for more than half of their mandates. Hence, it is not unfair to consider current governments responsible for those poor findings. Table 5 relates the data for transparency quality to the mayor’s party affiliation.

Table 5. Number of capitals according to the quality of budgetary cycle transparency and the mayor’s political party affiliation

	Very bad	Bad	Mediocre	Fair	Very good	Total
PP	0	0	1	0	0	1
PDT	1	0	0	1	0	2
PT	0	1	2	5	0	8
PTB	1	0	3	0	0	4
PMDB	0	1	3	0	0	4
DEM	0	0	1	0	0	1
PSB	1	1	1	1	0	4
PV	0	0	1	0	0	1
PSDB	0	1	0	0	0	1
PCdoB	0	0	0	1	0	1
Total	3	4	12	8	0	27

Perceptions of budget transparency in Brazilian capitals⁷

The second part of this research is focused on the analysis of questionnaires to capture the **perceptions** of people from different professional areas regarding the budget transparency of governments in Brazilian capitals. A model of the questionnaire used is included at the end of this report. Between December 1, 2010 and February 3, 2011, INESC applied questionnaires in different states with questions to determine those perceptions. We received 90 (ninety) completed questionnaires.

Results

The number of completed questionnaires per capital is shown in Table 6, according to the distribution of the municipality they refer to.

⁷ The elaboration of the questionnaire and the methodology of its application were based on the “Latin American Index of Budget Transparency,” coordinated by the Mexican organization FUNDAR.

Table 6. Absolute and relative number of interviewees per capital

	Frequency	Percentage (%)	Accumulated percentage
Rio Branco	2	2.2	2.2
Maceió	3	3.3	5.6
Macapá	1	1.1	6.7
Manaus	1	1.1	7.8
Salvador	4	4.4	12.2
Fortaleza	4	4.4	16.7
Vitória	6	6.7	23.3
Goiânia	5	5.6	28.9
São Luís	3	3.3	32.2
Cuiabá	5	5.6	37.8
Campo Grande	4	4.4	42.2
Belo Horizonte	4	4.4	46.7
Belém	2	2.2	48.9
João Pessoa	5	5.6	54.4
Curitiba	5	5.6	60.0
Recife	2	2.2	62.2
Teresina	4	4.4	66.7
Rio de Janeiro	3	3.3	70.0
Natal	2	2.2	72.2
Porto Alegre	1	1.1	73.3
Porto Velho	1	1.1	74.4
Boa Vista	2	2.2	76.7
Florianópolis	2	2.2	78.9
São Paulo	3	3.3	82.2
Aracaju	5	5.6	87.8
Palmas	3	3.3	91.1
Brasília	8	8.9	100.0
Total	90	100.0	

Table 7 shows the number of interviewees by workplace. Thirty (33.3%) interviewees work in universities or higher education institutions, 20 (22.2%) respondents work for newspapers, nine (10%) work for local legislatures, 10 (11%) work in NGOs, three (3.3%) are linked to social movements, five (5.6%) work for unions, and six (6.7%) work at the Office of the Public Prosecutor, among others.

Table 7. Workplace of interviewees

	Frequency	Percentage(%)	Accumulated percentage
Universities and higher education institutions	30	33.3	33.3
Newspapers	20	22.2	55.6
Local Legislative	9	10.0	65.6
Nongovernment organizations (NGOs)	10	11.1	76.7
Social movements	3	3.3	80.0
Unions	5	5.6	85.6
Other	6	6.7	92.2
Office of the Public Prosecutor	6	6.7	98.9
Economy councils	1	1.1	100.0
Total	90	100.0	

Interviewees were asked how much they knew about the budgetary cycle in the capital of the state where they resided.

In Table 8, only 8.9% responded that their degree of knowledge was “**nothing**,” 12.2% stated their knowledge was between “**nothing and average**,” 47.8% said their knowledge was “**average**,” 13.3% responded that their knowledge was between “**average and a lot**,” and 13.3% said they knew “**a lot**” about the budgetary cycle in the capital.

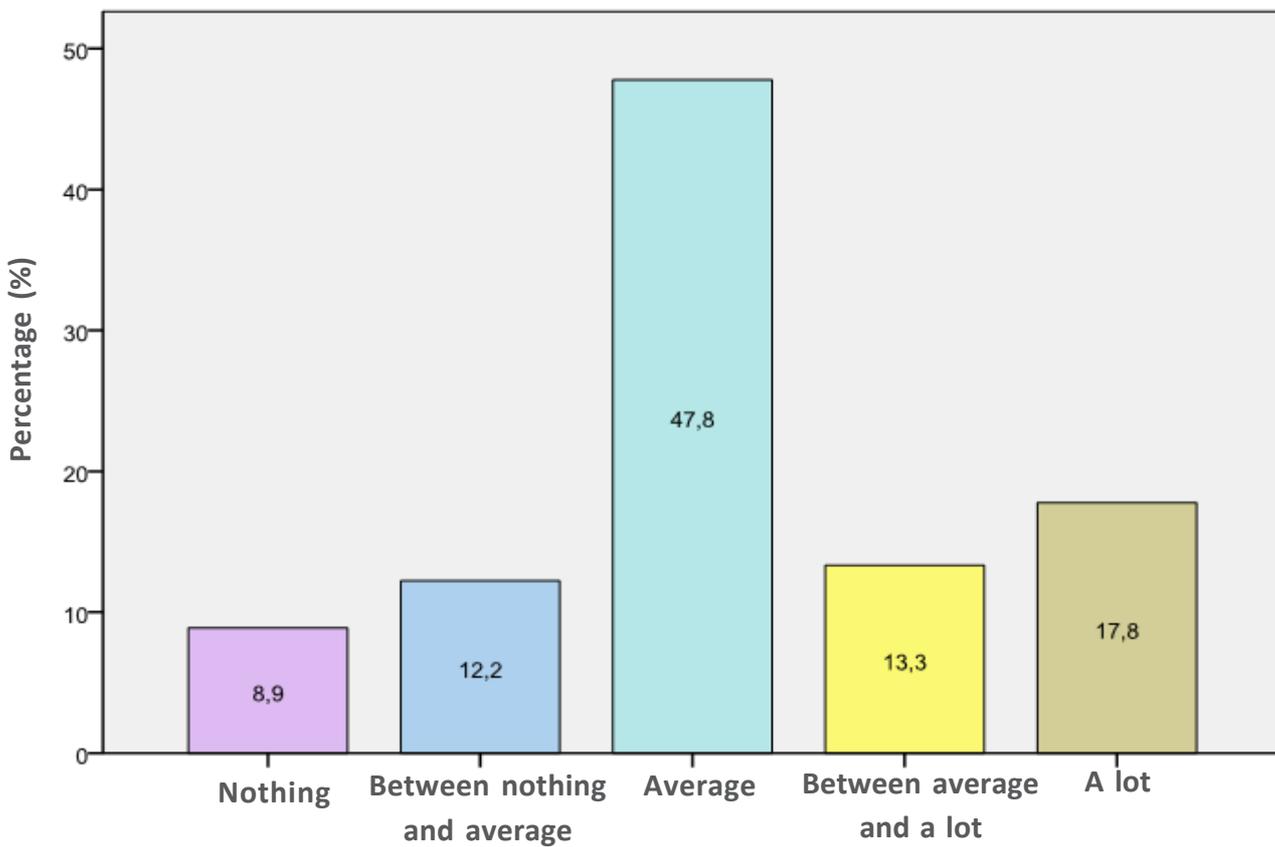
Table 8. Degree of knowledge of interviewees about the budgetary cycle in the capital of the state where they reside

	Frequency	Percentage (%)	Accumulated percentage
Nothing	8	8.9	8.9
Between nothing and average	11	12.2	21.1
Average	43	47.8	68.9
Between average and a lot	12	13.3	82.2
A lot	16	17.8	100.0
Total	90	100.0	

Still on Table 8, the accumulated percentage shows that 21.1% of respondents said their degree of knowledge about the budgetary cycle in the capital of the state where they reside ranged from “**nothing**” to “**between nothing and average**”. Hence, it is important to highlight that 78.9% of the interviewees thought their knowledge varied from “**average**” to “**a lot.**”

Distribution of the degree of knowledge among respondents is better visualized in Chart 2.

Chart 2 – Degree of knowledge of interviewees about the budgetary cycle in the capital of the state where they reside



The degree of knowledge classified as “average” had the largest number of responses. However, it is worth noting that in the accumulated percentage, 78.9% rated their degree of knowledge from “average” to “a lot.”

In another item of the questionnaire, respondents were asked to assign a rating to the budgetary cycle transparency in the capital of the state where they reside. Table 9 shows the results for interviewees’ perception of the quality of transparency.

Table 9. Budget transparency rating in capitals

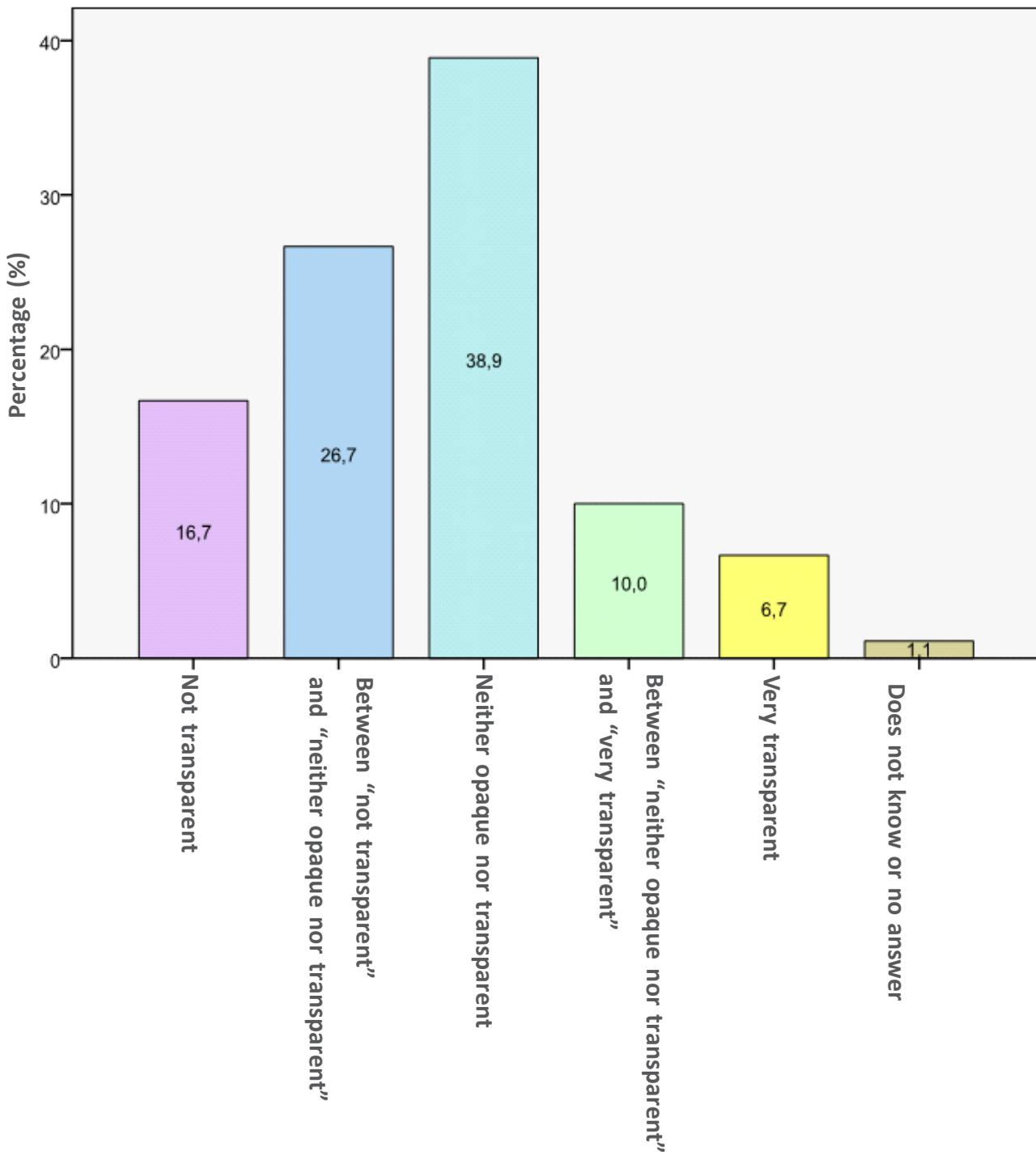
	Frequency	Percentage (%)	Accumulated percentage
Not transparent	15	16.7	16.7
Between "not transparent and "neither opaque nor transparent"	24	26.7	43.3
Neither opaque nor transparent	35	38.9	82.2
Between "neither opaque nor transparent" and "very transparent"	9	10.0	92.2
Very transparent	6	6.7	98.9
Does not know or no answer	1	1.1	100.0
Total	90	100.0	

As shown in Table 9, responses were as follows: 16.7% chose “**not transparent;**” 26.7% rated their capital “**between not transparent and neither opaque nor transparent;**” other 38.9%, the largest group, referred to their capital as “**neither opaque nor transparent;**” 10% rated their capital in the range “**between neither opaque nor transparent and very transparent;**” and only 6.7% indicated that their perception of the issue was that their capital was “**very transparent.**”

The column with the accumulated percentage makes it clear that the majority of respondents had a **negative perception** of the budgetary cycle transparency in capitals. For 82.2% transparency was rated from “**not transparent**” to “**neither opaque nor transparent.**” On the contrary, only 17.8% had a **positive perception**, placing the transparency of their capitals in a position that went beyond mediocrity, i.e., “**between neither opaque nor transparent**” and “**very transparent.**”

Chart 3 helps to visualize the distribution of perceptions when respondents were asked to evaluate the quality of budget transparency of their capitals. It becomes evident that the three categories on the left of the chart, viewed as negative perception, received most answers.

Chart 3 – Budget transparency rating in capitals



In Chart 3, it is evident that the three categories on the left once again accumulated most responses: 16.7% chose the option **“not transparent;”** 26.7% rated their municipality **“between not transparent and neither opaque nor transparent;”** other 38.9%, the largest group, rated their municipality as **“neither opaque nor transparent.”**

The negative perception expressed by interviewees is consistent with the findings in the first stage of this research, dealing with the analysis of the content of the budgetary cycle in capitals made available online.

Table 10 relates two variables previously analyzed: the degree of knowledge of interviewees and their perception of budget transparency in capitals of the state where they reside.

Table 10. Municipal budget transparency rating according to degree of knowledge of interviewees about the budgetary cycle of their municipalities

		Budget transparency rating in capitals						Total
		Not transparent	Between “not transparent” and “neither opaque nor transparent”	Neither opaque nor transparent	Between “neither opaque nor transparent” and “very transparent”	Very transparent	Does not know or no answer	
degree of knowledge of interviewees about the budgetary cycle of their municipalities	Nothing	2 25.0%	2 25.0%	3 37.5%	0 0.0%	0 0.0%	1 12.5%	8 100.0%
	Between nothing and average	3 27.3%	4 36.4%	2 18.2%	2 18.2%	0 0.0%	0 0.0%	11 100.0%
	Average	4 9.3%	13 30.2%	21 48.8%	3 7.0%	2 4.7%	0 0.0%	43 100.0%
	Between average and a lot	2 16.7%	1 8.3%	4 33.3%	4 33.3%	1 8.3%	0 0.0%	12 100.0%
	A lot	4 25.0%	4 25.0%	5 31.3%	0 0.0%	3 18.8%	0 0.0%	16 100.0%
	Total	15 16.7%	24 26.7%	35 38.9%	9 10.0%	6 6.7%	1 1.1%	90 100.0%

Among the varied information one can extract from Table 10, it is important to point out that out of those who acknowledged they knew a lot about the budgetary cycle in their capitals, 81.3% rated their capital between “**not transparent**” and “**neither opaque nor transparent,**” i.e., they did not rate positively budget transparency in their cities.

Continuing the analysis of the questionnaire, it included a question about **how easy it was to find the governmental website or portal assigned to budget transparency.** Table 11 records the frequency of answers to this question.

Table 11. How easy it was to find the website or portal assigned to municipal transparency

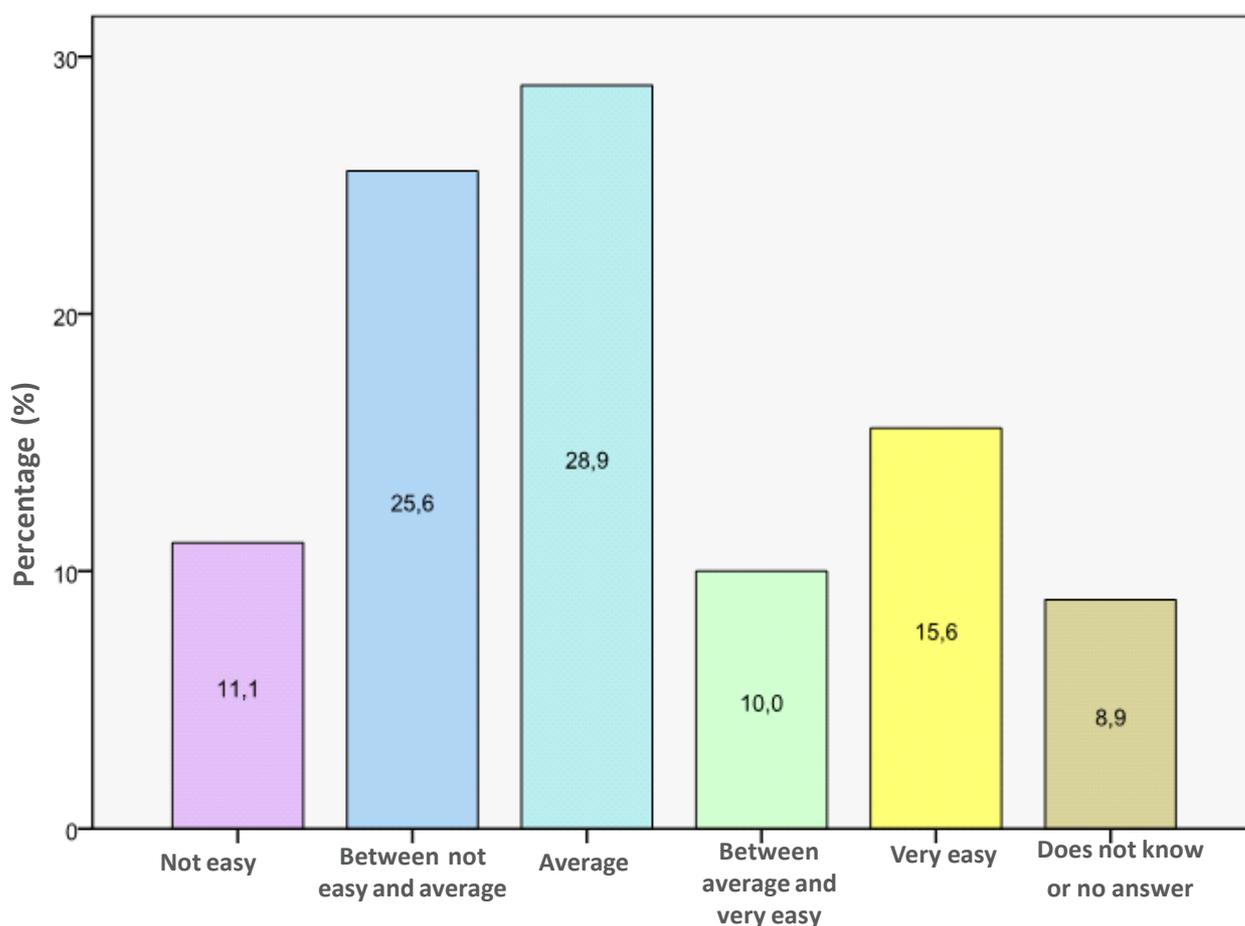
	Frequency	Percentage (%)	Accumulated percentage
Not easy	10	11.1	11.1
Between not easy and average	23	25.6	36.7
Average	26	28.9	65.6
Between average and very easy	9	10.0	75.6
Very easy	14	15.6	91.1
Does not know or no answer	8	8.9	100.0
Total	90	100.0	

In Table 11, regarding how easy it was to find the Executive Internet portal with the budget information, 11.1% answered “**not easy**” (i.e., said it was **difficult** to find the portal); 25.6% rated the degree of easiness to find the website between “**not easy and average;**” 28,9% classified as “**average;**” 10.0% responded “**between average and very easy;**” 15.6% thought it was “**very easy;**” and finally 8.9% said they “**did not know.**”

Still on Table 11, the accumulated percentage shows that 65.6% considered that the degree of easiness to find the portal assigned to budget transparency varied from “**not easy**” to “**average.**”

In Chart 4, the categories “not easy”, “between not easy and average” and “average” are more noticeable than those closer to a positive evaluation (“between average and very easy” and “very easy”).

Chart 4 – How easy it was to find the website or portal assigned to municipal budget transparency



In another item, interviewees were asked to choose a number representing agreement or disagreement with the following statement: a **“non-technical report on the Annual Budgetary Law (LOA) is provided on the governmental portal in language easily understood by people (citizens’ budget)”**. Answers are listed in Table 12.

Table 12. Non-technical report on the Annual Budgetary Law (LOA) is provided on the governmental portal in language easily understood by people (citizens' budget)

	Frequency	Percentage (%)	Accumulated percentage
Total disagreement	29	32.2	32.2
Between "total disagreement" and "half agreement/disagreement"	16	17.8	50.0
Half agreement/disagreement	20	22.2	72.2
Between "half agreement/disagreement" and "total agreement"	3	3.3	75.6
Total agreement	8	8.9	84.4
Does not know or no answer	14	15.6	100.0
Total	90	100.0	

In Table 12, out of the total answers, 32.2% chose the option “total disagreement;” 17.8% picked “between total disagreement and half agreement/disagreement;” 22% selected “half agreement/disagreement;” only 3.3% chose “between half agreement/disagreement and total agreement;” 8.9% selected “total agreement;” and 15.6% marked “does not know.”

The analysis of accumulated percentage in Table 12 demonstrates that the vast majority of interviewees **did not** react positively to the proposed statement. The answers ranging from “total disagreement’ to “half agreement/disagreement’ added up to 72.2%. Chart 5 presents these answers in a clear format.

Chart 5 - Non-technical report on the Annual Budgetary Law (LOA) is provided on the governmental portal in language easily understood by people (citizens' budget)

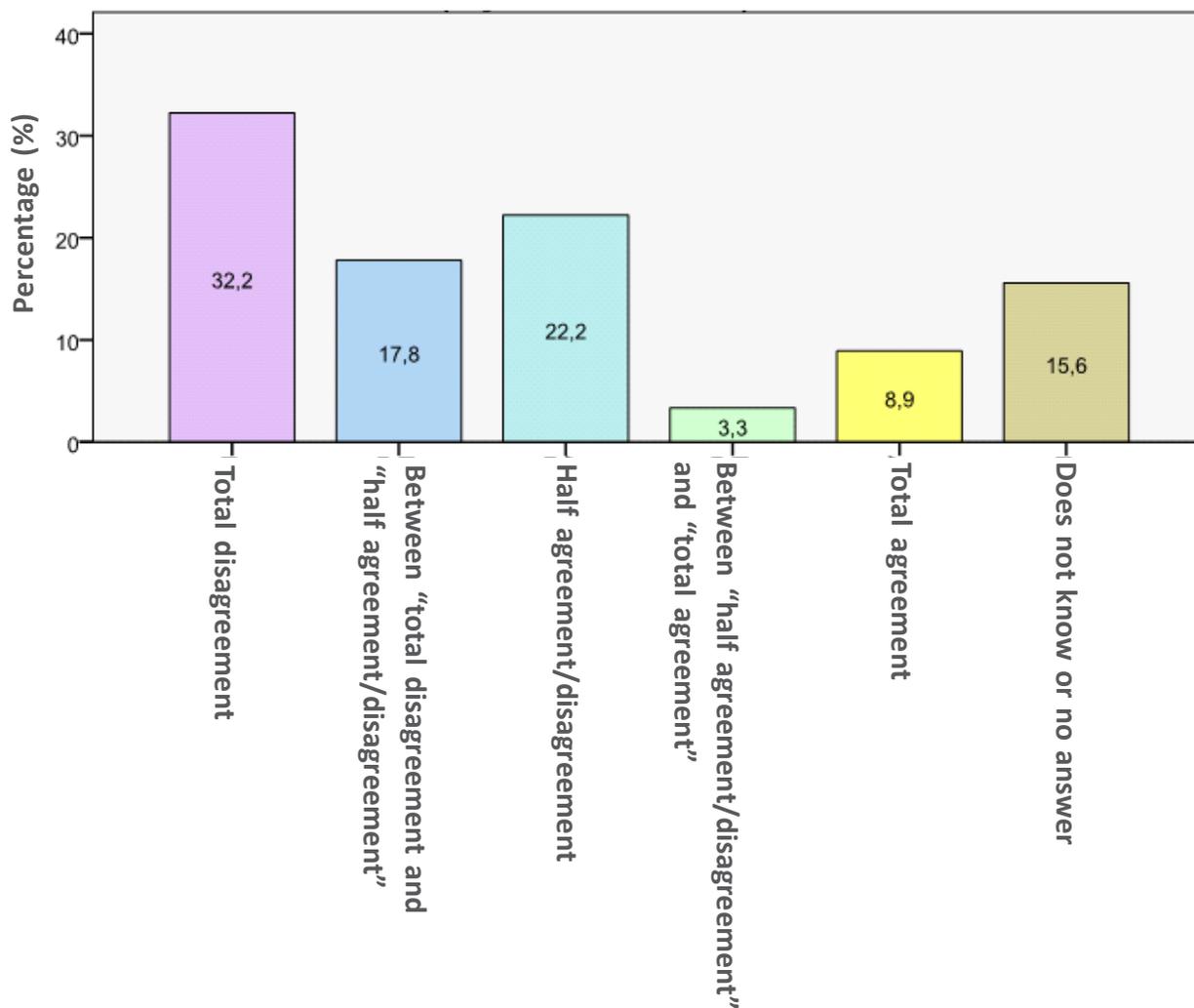


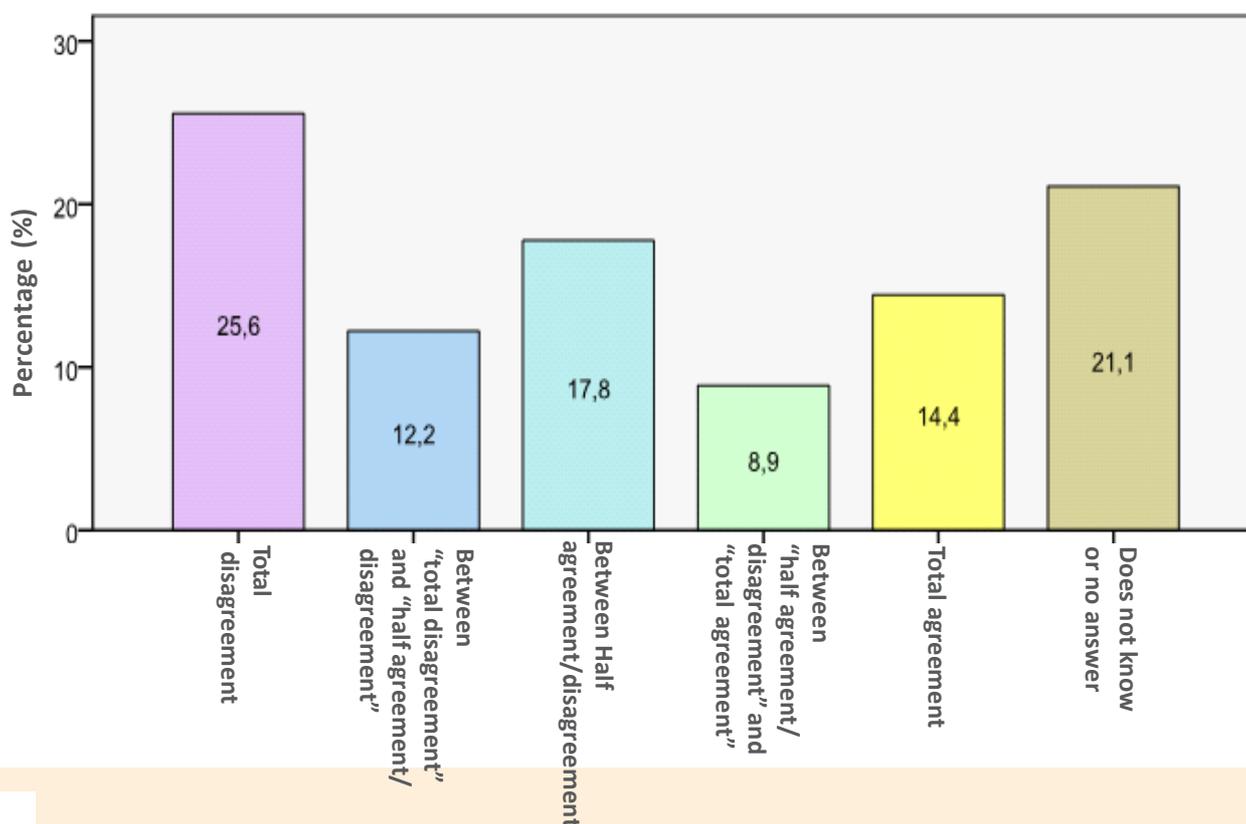
Table 13 lists the reactions of interviewees to the following statement: **“The municipal legislature publishes on its Internet portal a calendar with public hearing dates to present the LOA draft proposal and receive suggestions from society.”**

Table 13. The municipal legislature publishes on its Internet portal a calendar with public hearing dates to present the LOA draft proposal and receive suggestions from society

	Frequency	Percentage (%)	Accumulated percentage
Total disagreement	23	25.6	25.6
Between "total disagreement" and "half agreement/disagreement"	11	12.2	37.8
Half agreement/disagreement	16	17.8	55.6
Between "half agreement/disagreement" and "total agreement"	8	8.9	64.4
Total agreement	13	14.4	78.9
Does not know or no answer	19	21.1	100.0
Total	90	100.0	

In Table 13, answers from interviewees were the following: “total disagreement,” 25.6%; “between total disagreement and half agreement/disagreement,” 12.2%; “half agreement/disagreement,” 17.8%; “between half agreement/disagreement and total agreement,” 8.9%; and “total agreement,” 14.4%. The number of respondents that marked “does not know or no answer” was fairly high (21.1%). Chart 6 displays this information in a clearer way.

Chart 6 - The municipal legislature publishes on its Internet portal a calendar with public hearing dates to present the LOA draft proposal and receive suggestions from society



Another statement respondents were asked to evaluate: “It is possible to identify the disaggregated tax revenue on the Executive Transparency website or portal. Examples: individual taxpayer income tax, tax on industrialized products.” Table 14 displays the frequency of answers obtained.

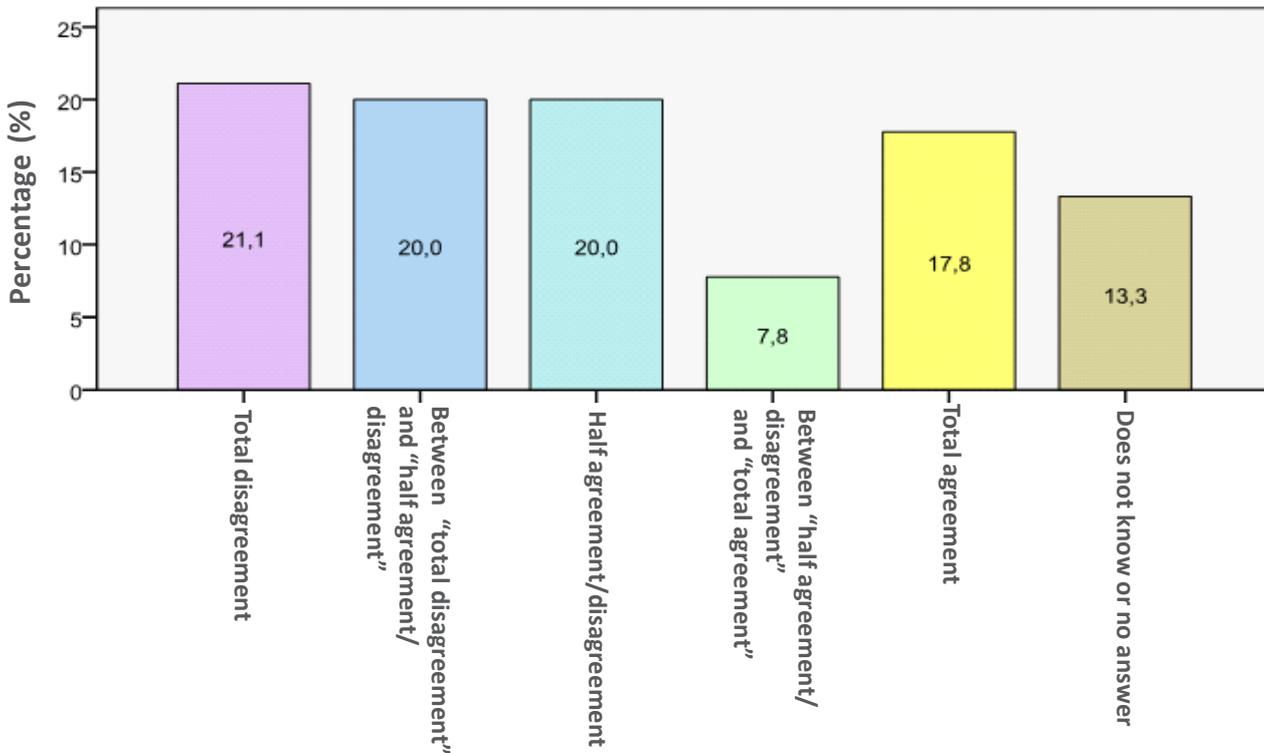
Table 14. It is possible to identify the disaggregated tax revenue on the Executive Transparency website or portal.
Examples: income tax from individual taxpayer, tax on industrialized products

	Frequency	Percentage (%)	Accumulated percentage
Total disagreement	19	21.1	21.1
Between "total disagreement" and "half agreement/disagreement"	18	20.0	41.1
Half agreement/disagreement	18	20.0	61.1
Between "half agreement/disagreement" and "total agreement"	7	7.8	68.9
Total agreement	16	17.8	86.7
Does not know or no answer	12	13.3	100.0
Total	90	100.0	

“Total disagreement” was the answer for 21.1% respondents. Twenty percent chose “between total disagreement and half agreement/disagreement”. Other 20% answered “half agreement/disagreement”. Only 7.8% selected “between half agreement/disagreement and total agreement.” In turn, 17.8% affirmed they were in “total agreement” with the statement. Finally, 13.3% marked “does not know.”

Still on Table 14, in the column of accumulated percentage, it is clear that the majority of respondents (61.1%) chose an answer in the range from “**total disagreement**” to “**half agreement/disagreement.**” Thus, the majority clearly **does not agree** that it is possible to identify tax revenue. These results are better visualized in Chart 7.

Chart 7 - It is possible to identify the disaggregated tax revenue on the Executive Transparency website or portal. Examples: individual taxpayer income tax, tax on industrialized products



Next in the questionnaire, respondents were asked to take a position in relation to the following statement: **“When the government publishes the expenditure on its Transparency Website or Portal, it identifies the type of public bidding, waiver of bidding, or non-requirement of bidding process for expenditure in general.”**

The answers to this statement are shown in Table 15.

Table 15. When the government publishes the expenditure on its Transparency Website or Portal, it identifies the type of public bidding, waiver of bidding, or non-requirement of bidding process for expenditure in general

	Frequency	Percentage(%)	Accumulated percentage
Total disagreement	22	24.4	24.4
Between "total disagreement" and "half agreement/disagreement"	12	13.3	37.8
Half agreement/disagreement	12	13.3	51.1
Between "half agreement/disagreement" and "total agreement"	7	7.8	58.9
Total agreement	17	18.9	77.8
Does not know or no answer	20	22.2	100.0
Total	90	100.0	

In Table 15, it is possible to see that the highest percentage of responses were concentrated on the first option, i.e., 24.4% said they were in **“total disagreement”** with the statement. The range **“between total disagreement and half agreement/disagreement”** was chosen by 13.3%. Those who marked **“half agreement/disagreement”** also reached 13.3%. A group of 7.8% respondents chose the range **“between half agreement/disagreement and total agreement.”** Surprisingly, 18.9% still considered the government transparent in relation to the public bidding process for its expenditure in general (i.e., they chose the option **“total agreement”**). Finally, a large group (22.2%) selected **“does not know or no answer.”** These results are also shown in Chart 8.

Chart 8 - When the government publishes the expenditure on its Transparency Website or Portal, it identifies the type of public bidding, waiver of bidding, or non-requirement of bidding process for expenditure in general

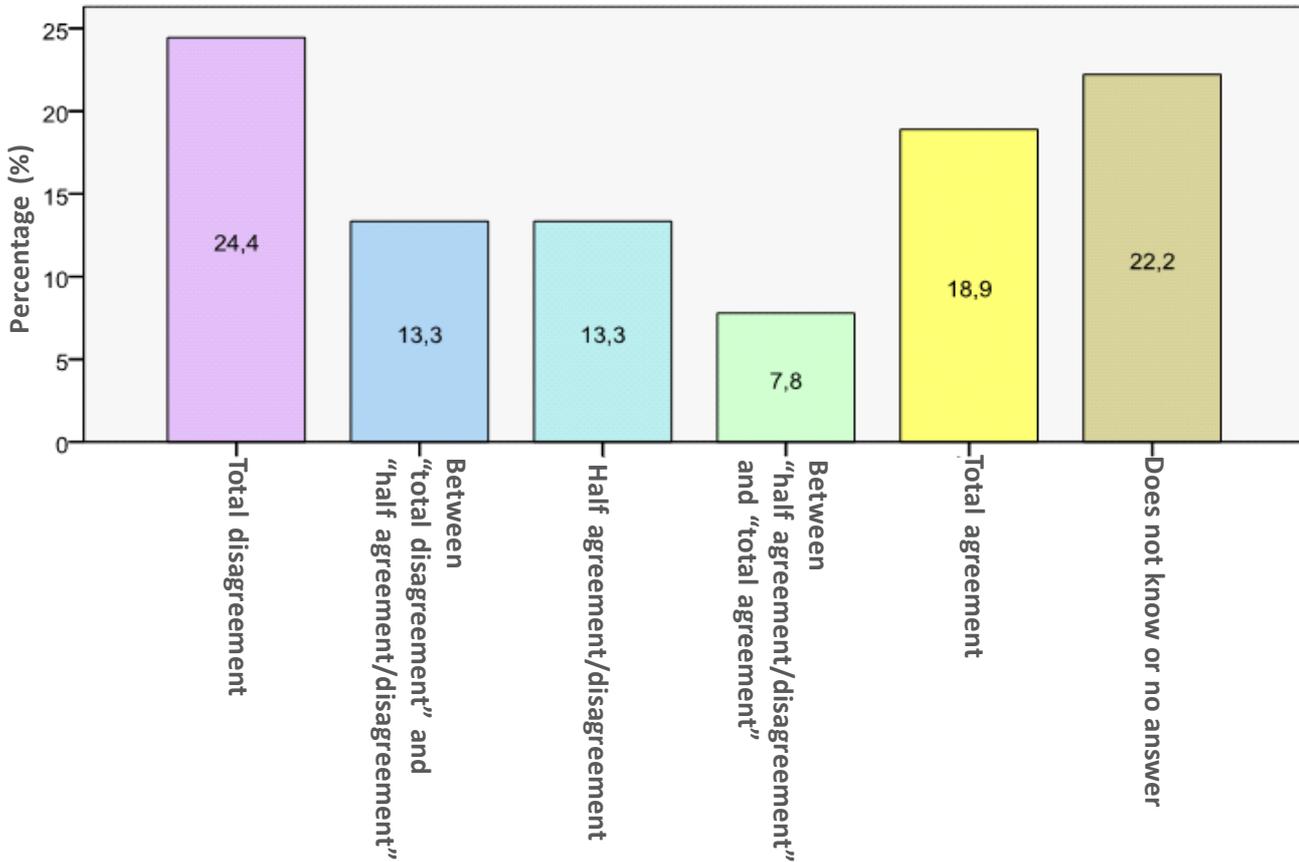


Table 16 summarizes the agreement/disagreement of respondents with the following statement: **“the government Transparency Portal identifies in detail the object of expenditure acquired by government (product or service), providing specifications with measurement, weight, model, or other description, when applicable.”**

Table 16 - The government Transparency Portal identifies in detail the object of expenditure acquired by government (product or service), providing specifications with measurement, weight, model, or other description, when applicable

	Frequency	Percentage (%)	Accumulated percentage
Total disagreement	29	32.2	32.2
Between "total disagreement" and "half agreement/disagreement"	17	18.9	51.1
Half agreement/disagreement	17	18.9	70.0
Between "half agreement/disagreement" and "total agreement"	6	6.7	76.7
Total agreement	5	5.6	82.2
Does not know or no answer	16	17.8	100.0
Total	90	100.0	

In Table 16, it is possible to verify that the percentage of respondents who totally disagreed with the statement was huge: 32.2% marked **“total disagreement.”** Other 18.9% chose the range **“between total disagreement and half agreement/disagreement.”** Also 18.9% selected the option **“half agreement/disagreement.”** Answers falling in the range “between half agreement/disagreement and total agreement” reached only 6.7%. Likewise, only 5.6% chose the answer **“total agreement.”** Finally, 17.8% marked the option **“does not know.”**

The accumulated percentage column in Table 16 is useful because it shows that among respondents disagreement (total or partial) with the statement predominated. In other words, 70% chose from “total disagreement” to “half agreement/disagreement.” This means that the vast majority of interviewees **have the perception that in their capitals the government does not identify in detail what it buys or contracts.**

The frequency of answers to this statement in percentage is shown in Chart 9.

Chart 9 - The government Transparency Portal identifies in detail the object of expenditure acquired by government (product or service), providing specifications with measurement, weight, model, or other description, when applicable

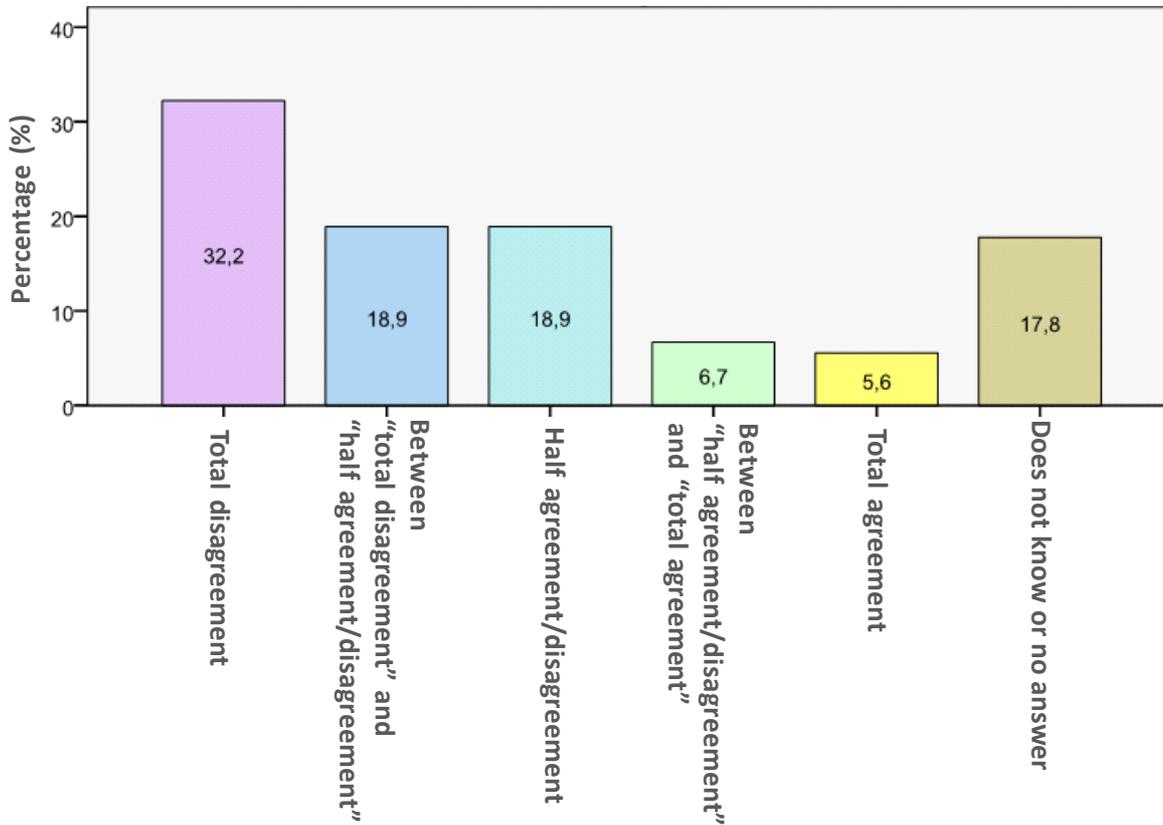


Table 17 refers to the agreement or disagreement in relation to another statement presented in the questionnaire: **“The Transparency Portal associates to each expenditure both the per unit value and the total value of the good or service.”** As shown in the table, 37.8% of respondents selected “total disagreement”. Other 14.4% indicated the range “between total disagreement and half agreement/disagreement.” “Half agreement/disagreement” was chosen by 18.9%. Answers in the range “between half agreement/disagreement” and “total agreement” were 4.4%. Only 3.3% chose “total agreement.” Other 17.8% selected “does not know or no answer.” Finally, 3.3% did not answer this questionnaire item.

Table 17. The Transparency Portal associates to each expenditure both the per unit value and the total value of the good or service

	Frequency	Percentage(%)	Accumulated percentage
Total disagreement	34	37.8	37.8
Between "total disagreement" and "half agreement/disagreement"	13	14.4	52.2
Half agreement/disagreement	17	18.9	71.1
Between "half agreement/disagreement" and "total agreement"	4	4.4	75.6
Total agreement	3	3.3	78.9
Does not know or no answer	16	17.8	96.7
Did not answer	3	3.3	100.0
Total	90	100.0	

Again, the accumulated percentage shows that 71.1% of respondents disagree (totally or partially) with the statement presented in the questionnaire. In other words, people interviewed believed that when the government publicizes expenditure data on the Internet, it does not clarify what is the unit value of a purchase. Their perception is that the government does not reveal unit costs. For example, it does not reveal how much one milk carton cost, neither one rice bag, or how much it paid for one box of cookies, and so on. When only total purchase amounts are divulged, it is not possible to know whether or not the government actually paid a price close to the market price. Chart 10 shows the answers related to this statement.

Table 18. It is possible to know exactly how much public servants earn by visiting the municipal Transparency Portal

	Frequency	Percentage (%)	Accumulated percentage
Total disagreement	36	40.0	40.0
Between "total disagreement" and "half agreement/disagreement"	16	17.8	57.8
Half agreement/disagreement	13	14.4	72.2
Between "half agreement/disagreement" and "total agreement"	5	5.6	77.8
Total agreement	4	4.4	82.2
Does not know or no answer	15	16.7	98.9
Did not answer	1	1.1	100.0
Total	90	100.0	

Out of the total answers, 40% expressed **“total disagreement”** with the statement. Other 17.8% chose the range **“between total disagreement and half agreement/disagreement.”** The intermediary view was expressed by 14.4%, who chose the answer **“half agreement/disagreement.”** The range **“between half agreement/disagreement and total agreement”** was selected by only 5.6%. Also, only 4.4% chose **“total agreement”**. Finally, 16.7% checked **“does not know or no answer.”**

The accumulated percentage of answers is quite striking. To say that 72.2% selected an answer that varied from **“total disagreement “** to **“half agreement/disagreement”** is the same as stating that the vast majority of interviewees believe that is not possible to know exactly how much public servants in the country’s capitals are paid. This is one of the most significant responses to assess the perception of transparency in the states. After all, transparency of public servant remuneration could be a useful instrument in the fight against governmental corruption networks, cronyism in political appointments, remuneration above the constitutional ceiling, privileges, payment to “ghost” civil servants, among other practices of political clientelism. Chart 11 shows respondents’ perception of transparency in the payment of salaries to public servants.

Chart 11– It is possible to know exactly how much public servants earn by visiting the municipal Transparency Portal

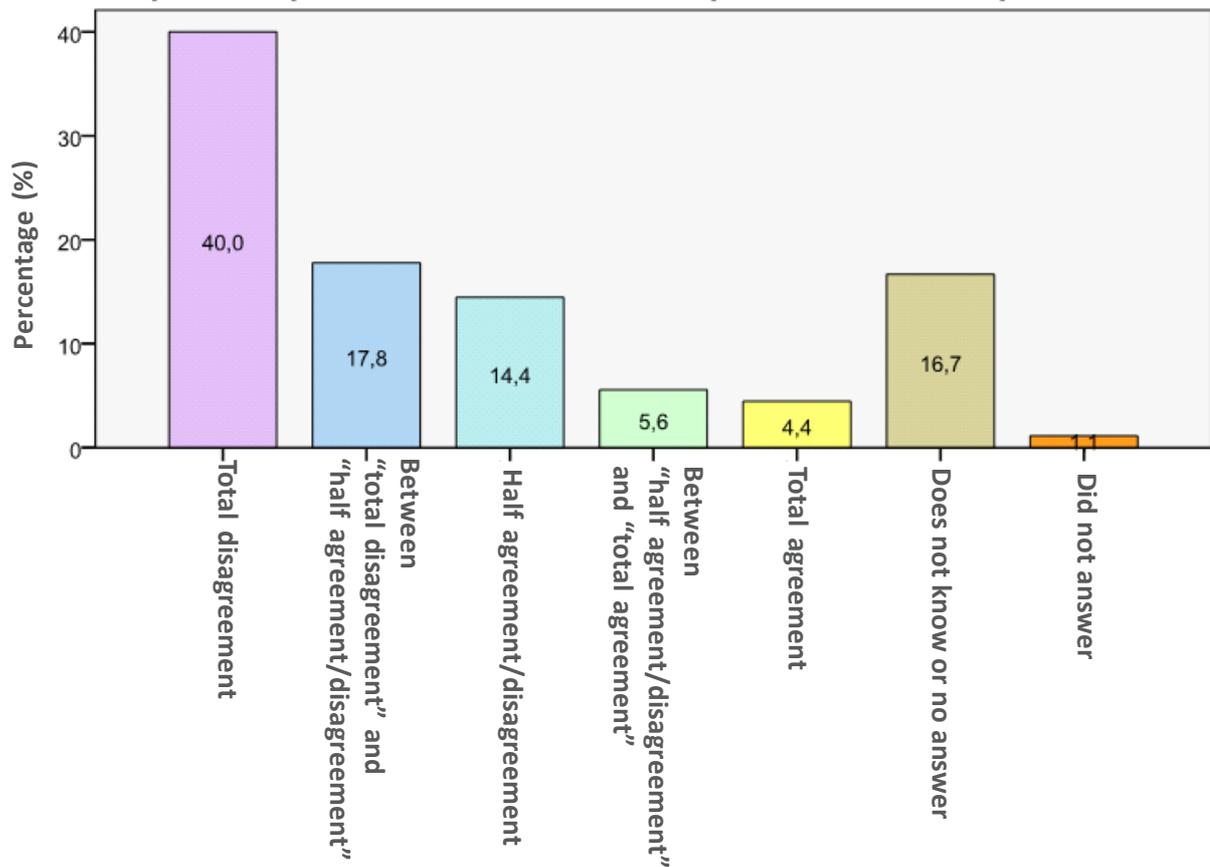


Table 19 shows respondents’ reaction to the following statement: **“The government publishes on its website an annual assessment with the number of beneficiaries and the evolution of indicators and physical goals achieved through budgetary actions”**. Reactions of interviewees to this statement are shown in Table 19.

Table 19 – The government publishes on its website an annual assessment with the number of beneficiaries and the evolution of indicators and physical goals achieved through budgetary actions

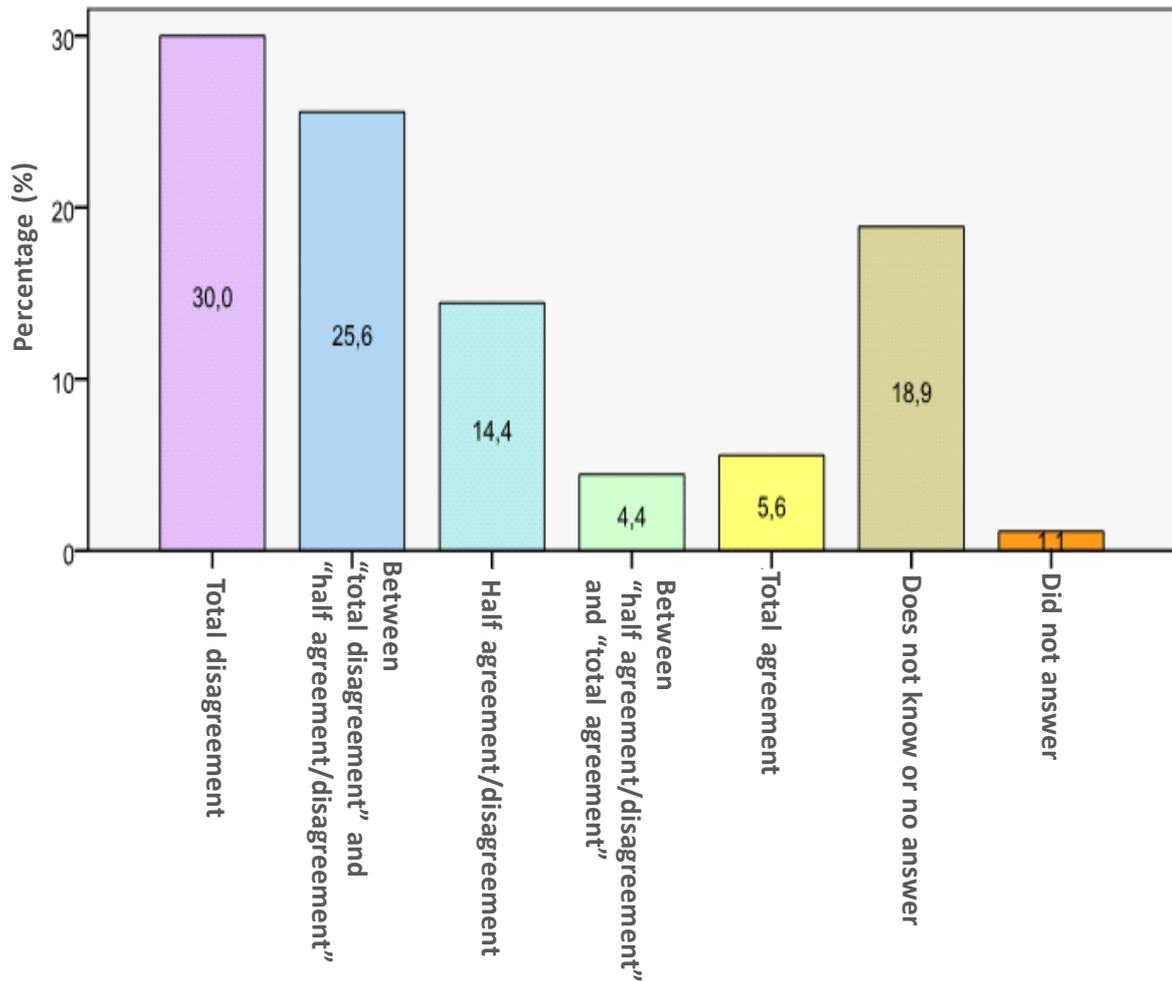
	Frequency	Percentage(%)	Accumulated percentage
Total disagreement	27	30.0	30.0
Between "total disagreement" and "half agreement/disagreement"	23	25.6	55.6
Half agreement/disagreement	13	14.4	70.0
Between "half agreement/disagreement" and "total agreement"	4	4.4	74.4
Total agreement	5	5.6	80.0
Does not know or no answer	17	18.9	98.9
Did not answer	1	1.1	100.0
Total	90	100.0	

Once again, in Table 19, the largest percentage of respondents (30%) chose **“total disagreement.”** Answers in the range **“between total disagreement and half agreement/disagreement”** reached 25.6%. Interviewees who selected **“half agreement/disagreement”** totaled 14.4%. Only 4.4% chose the range **“between half agreement/disagreement and total agreement.”** Likewise, only 5.6% selected **“total agreement”**. Finally, 18.9% marked the option **“does not know or no answer.”**

Again, the accumulated percentage column is useful, demonstrating that 70% of respondents do not entirely agree with the statement that the government publishes on its website an annual assessment with the number of beneficiaries and the evolution of indicators and physical goals achieved by budgetary actions.

An evaluation showing the evolution of indicators for program objectives and products (physical goals) achieved by the public administration is vital to assess the impact of public policies on society. The absence of indicator and physical goal monitoring by public administration is an unacceptable failure. Key questions (for example, “what was the cost-benefit of an action?” or “are people’s rights being progressively implemented?”) used to measure government action success remain unanswered. In sum, without annual evaluation it is impossible to know what was the efficiency, efficacy, and effectiveness of actual expenditure. The logic of the budget-program or the concept of a budget according to performance are essentially dependent on the knowledge of how budgetary programs are being developed. Chart 12 shows visually interviewees’ responses to the statement on the publication of budget evaluation by municipal governments in capital cities.

Chart 12 – The government publishes on its website an annual assessment with the number of beneficiaries and the evolution of indicators and physical goals achieved by budgetary actions



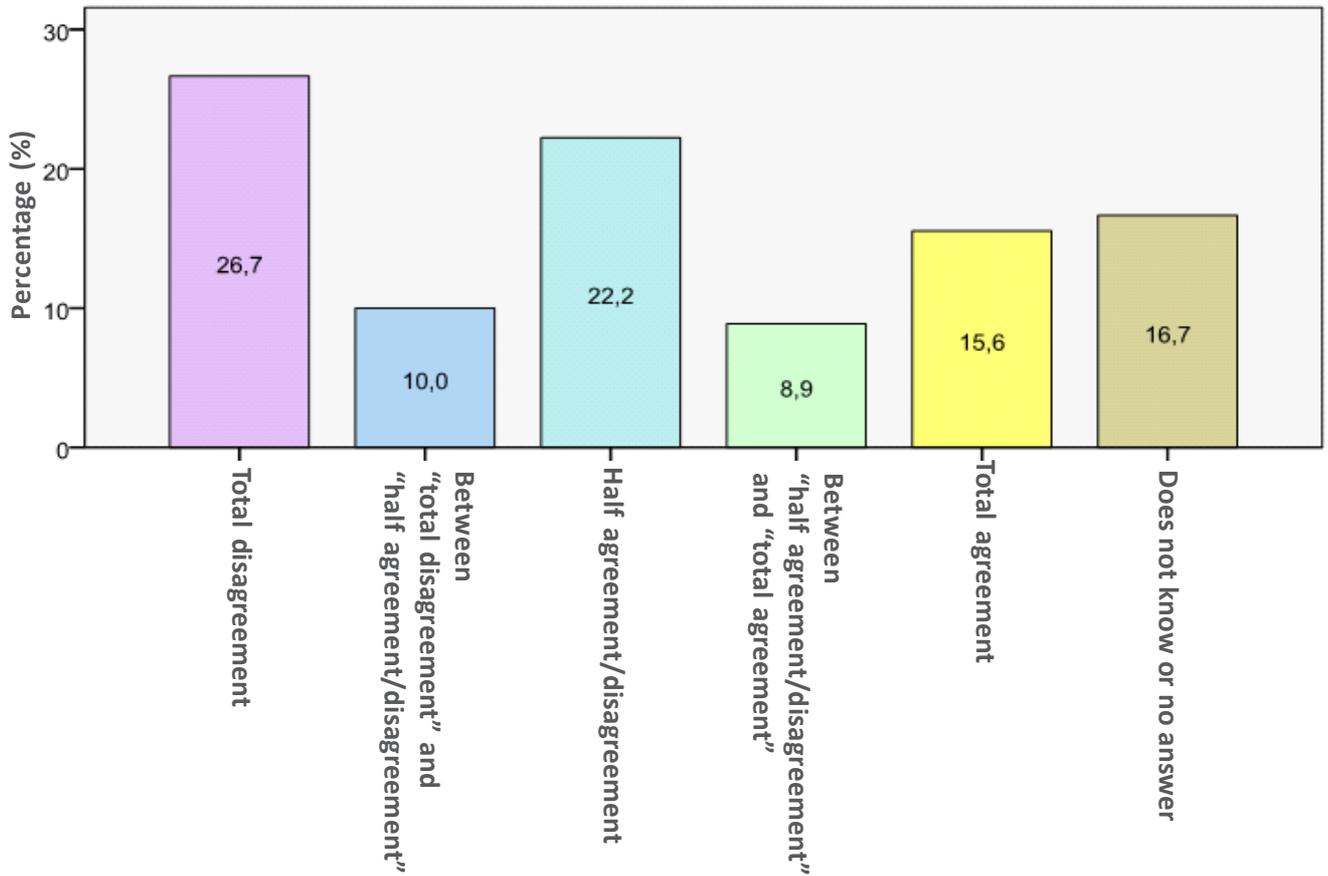
The last table captures the degree of agreement/disagreement of the population with the following statement: **“The municipal legislature or the Municipal Court of Audit publishes online audit statement or report on the annual expenditure of the municipality of your state capital.”**

Table 20 – The Legislative or Court of Audit publishes online audit statement or report on the annual expenditure of the municipality of your state capital

	Frequency	Percentage (%)	Accumulated percentage
Total disagreement	24	26.7	26.7
Between "total disagreement" and "half agreement/disagreement"	9	10.0	36.7
Half agreement/disagreement	20	22.2	58.9
Between "half agreement/disagreement" and "total agreement"	8	8.9	67.8
Total agreement	14	15.6	83.3
Does not know or no answer	15	16.7	100.0
Total	90	100.0	

In Table 20, out of the total answers, 26.7% of interviewees chose the option “total disagreement.” Only 10% selected the range “between total disagreement and half agreement/disagreement.” Other 22% selected “half agreement/disagreement”. Only 8.9% checked the range “between half agreement/disagreement and total agreement”. Other 15.6% chose “total agreement”. Finally, 16.7% marked “does not know or no answer.” These answers are better visualized in Chart 13.

Chart 13 – The Legislative or Court of Audit publishes online audit statement or report on the annual expenditure of the municipality of your state capital



Conclusions

Regarding the challenges, there is a long way ahead of us to improve access to budgetary information at subnational level. To this extent, it is worth noting some of the main findings of the research:

- In the evaluation based on the analysis of content carried out in the first part of this study, the category “mediocre” had the single largest number of observations (44%). Adding up the observations in categories “very bad,” “bad,” and “mediocre” they represent 70.4% of the results. **The sum of these three categories is relevant because it expresses a non-positive evaluation of transparency quality.**
- In this same evaluation, the most important result in Table 3 **is the absence of capitals classified as “very good”** in terms of its budgetary cycle transparency.
- The findings of the second part of the research, based on the use of questionnaires, show that respondents’ perception of budget transparency in capitals of the state where they reside is not good.
- In this second part, the accumulated percentage of answers indicates that a majority holds a negative perception of the quality of the budgetary cycle transparency in their capitals. The degree of transparency varies from “not transparent” to “neither opaque nor transparent for 82.2%.
- It is important to note that findings from the two parts of the research are convergent: budget transparency in the vast majority of Brazilian capitals is mediocre, and in several cases even worse than mediocre.
- In this scenario, a Dantesque view could be predicted had the research included municipalities located far from economic and political power (municipalities where state capital cities are not located).

General observations

It is important to list advances and challenges concerning the issue of budget transparency in Brazil. This theme is part of the historical struggle of civil society, as well as an integral part of INESC’s trajectory.

In general terms, a brief reflection on the advances of transparency in the country should highlight the following points:

- The National Congress passed legislation (Law 131/2009) that requires all state powers and governments to make available to the public in real time all

collected taxes and expenditures.

- The federal government provides detailed information on taxes collected throughout the year; and expenditures are made available on almost daily basis.
- The federal government and some state and municipal governments already provide names and individual taxpayer registration number, as well as corporate tax ID, for persons and companies benefiting from governmental expenditure.
- Some administrations already provide details of the object of expenditure (or element).

Regarding specifically the quality of transparency in Brazilian capitals, it is worth to make some observations:

- Products and physical goals of budgetary projects and activities are not included in the budgets of many municipalities. Hence, few governments actually follow the logic of organizing the budget according to program and performance.
- Almost no administration takes into account the budget according to performance, using a complementary logic focused on rights. In this concept the citizen is viewed as a subject of rights, not merely a consumer of public services.
- Budget Transparency Law regulations has yet to establish sufficient parameters for all member-states and smaller governmental entities to organize their budgetary information for citizens in an accessible and pedagogic way.
- Federal technology must be shared with small municipalities because many of them do not have the financial capability to fend for themselves ensuring quality.
- There is no effective inspecting procedure to point out government shortcomings when providing online budget information to citizens.
- Due to the lack of standardization in the way of presenting information among federated entities, many of them do not render accounts of several expenditures.
- Many a subnational government does not comply with the legislation and presents only old or out-of-date data, when the law requires updating in real time.
- Not all budgetary classifications are provided by governmental agents. The presentation of expenses classified with maximum degree of disaggregation (or fractioned) is a mistaken interpretation of the law.
- This means that many governments do not provide aggregated expenses, for example, by large areas (health , education, housing, etc.) and by program. Presenting the expenditure in aggregated form is a way of showing people in which policies tax revenues are applied. Maximum disaggregation of expenditure data is important; however, providing the expenditure in broad classification is indispensable for a macro-political diagnosis of governmental action. In fact, publishing only isolated expenditures makes it impossible for a citizen, for

example, to know all payments benefiting a given individual or company, thus helping to cover up corruption schemes.

- Organizing the budget by function and program was an underestimated progress when governments published their expenditure only according to the expenditure object or element.
- In the information era, some municipal governments do not have an Internet portal and still keep public information under wraps.
- The same happens with local Legislatives. With the due exceptions, many local Legislatives do not provide online information on purchase and expenditure made by the Legislative, or the names and tax registration Identification numbers of individuals and companies.
- Governments providing quality information, with description and details (quantity, measurement, volume, model, etc.) of public works, acquisitions, and governmental services are still an exception.
- Almost no government provides detailed banking information on public payments, i.e., beneficiaries' names, bank names, bank branch identification number, bank account numbers, amounts and dates of payment.
- Few governments have carried out serious multiannual evaluations to monitor the success of budgetary programs. In addition, few governments have monitored indicators showing the evolution of problems that require solution, as well as assessed and publicized the physical goals attained by annual budgets.
- Budgetary information is spread over a large number of websites making it difficult for the citizen to locate it.

Appendix I

QUESTIONNAIRE Research on Budget Transparency at Subnational/Municipal Level, 2010 INESC	
INTRODUCTION	
<p>Welcome to this questionnaire on Brazilian budget transparency at subnational/municipal level. You are one of the people who can help all of us to find ways of making the public budget more transparent.</p> <p>This research was formulated by the Institute for Socioeconomic Studies (INESC). We ensure absolute discretion and confidentiality, as our information is only presented in aggregated format, in statistical analysis, and no individual answer is ever disclosed. Your collaboration will enable us to bring to public debate the elements of budget transparency, generating knowledge and creating discussion on the issue.</p> <p>This same questionnaire will be answered by other people in 27 capitals (Aracaju, Belém, Belo Horizonte, Boa Vista, Brasília, Campo Grande, Cuiabá, Curitiba, Florianópolis, Fortaleza, Goiânia, João Pessoa, Macapá, Maceió, Manaus, Natal, Palmas, Porto Alegre, Porto Velho, Recife, Rio Branco, Rio de Janeiro, Salvador, São Luís, São Paulo, Teresina, and Vitória).</p> <p>Instructions to complete the questionnaire:</p> <ul style="list-style-type: none"> • In all questions, we want to know your perception of what is happening. It does not matter what other people might think or what is supposedly considered correct. • Our objective is not to measure knowledge. If you find a question you don't know how to answer, please use the code "I don't know" (NS). • Keep in mind we are only referring to the budget of the your state capital. Thus, this research has the objective of evaluating the quality of the MUNICIPAL government transparency, which includes direct and indirect public administration organs, as well as state-run companies. • Please, give us your perception of what is happening in the CURRENT MOMENT. 	
I. PERSONAL	
<p>1. Please, identify the state and municipality where you reside:</p> <p style="margin-left: 40px;">Municipality: _____ State: _____</p>	
<p>2. What is your main occupation? (check only one answer)</p> <ol style="list-style-type: none"> 1. Civil servant 2. Employee 3. Self-employed worker 4. Currently unemployed 5. Student 6. Retired or pensioner 7. Other (specify) _____ 	<p>3. Where do you currently work? (more than one answer are acceptable)</p> <ol style="list-style-type: none"> 1. University or higher education institution 2. Newspaper or magazine 3. Legislative branch 4. Nongovernment organization 5. Social movement 6. Union 7. Other (specify) _____

II. GENERAL						
The term “transparency” is used to refer to the availability of content on the budgetary cycle (formulation, passing legislation, execution, evaluation, external control/inspection, preferably on a government Internet portal/website designed specifically for this purpose. Check only one answer for each question.						
	Nothing		Average		A lot	I don't know (NS)
1. Please, indicate on the right your degree of knowledge about the budgetary cycle in the municipality which is your state capital.	1	2	3	4	5	8
2. The Transparency Law (Complementary Law 131/2009) requires governments to publish in detail their expense and revenue on the Internet. In the scale on the right, please indicate the degree of EASINESS to find the website or portal assigned to budget transparency in the municipality of your state capital.	1	2	3	4	5	8
<p>3. How do you evaluate budget transparency conditions in the MUNICIPALITY of your state capital? Select an answer from 1 to 5, in which 1 means not transparent, 5 is totally transparent, and 3 is an intermediary point in the rating scale, in which budgetary practices are neither opaque nor transparent. Check only one answer.</p> <p style="text-align: center;">  </p> <p>I ___ I EVALUATION (RATING) I ___ I O 8.NS</p> <p style="text-align: center;"> 1. Not transparent 3. Neither opaque nor transparent 5. Very transparent </p>						
III. FORMULATION						
This question concerns the stage of budget formulation. As always, we refer only to the MUNICIPAL expenditure of your state capital .						
Please, indicate to what degree you agree with the following statement, in a rating scale of 1 to 5, in which 1 means total disagreement and 5 total agreement (check only one answer).						
	1. Total disagreement		3. Half agreement/disagreement		5. Total agreement	8. NS
4. A non-technical summary or report on the Annual Budgetary Law (LOA) is provided on the government Internet portal, using language easily understood by the population (Citizens' budget).	1	2	3	4	5	8

IV. PASSING LEGISLATION

This question refers to the stage of passing budget legislation, i.e., when the budget is discussed and passed by the municipal legislative. As always, we refer only to the **MUNICIPAL expenditure of your state capital**.

Please, indicate to what degree you agree with the following statement, in a rating scale of 1 to 5, in which 1 means total disagreement and 5 total agreement (check only one answer).

	1. Total disagreement	2	3. Half agreement/disagreement	4	5. Total agreement	8. NS
1. The municipal Legislative publishes on the Internet a calendar with the dates of public hearings to present the Annual Budgetary Law (LOA) legislative proposal and receive suggestions from society.	1	2	3	4	5	8

V. EXECUTION

These questions are related to the budget execution period, i.e., when the expenditure is actually executed. As always, we refer only to the **MUNICIPAL expenditure of your state capital**.

Please, indicate to what degree you agree with the following statements, in a rating scale of 1 to 5, in which 1 means total disagreement and 5 total agreement (check only one answer).

	1. Total disagreement	2	3. Half agreement/disagreement	4	5. Total agreement	8. NS
2. It is possible to identify the disaggregated tax revenue on the website or Executive Transparency Portal. For example, it is possible to identify the collection of taxes such as Individual Taxpayer Income Tax, Tax on Industrialized Products, Street Lighting Fee, Property Tax (IPTU), Street Sweeping Fee, Municipalities Participation Fund quotas, etc.	1	2	3	4	5	8
3. When the government publishes the expenditure on its website or Transparency Portal, it identifies the type of public bidding, waiver of bidding, or non-requirement of bidding process for expenditure in general.	1	2	3	4	5	8
4. The government Transparency Portal identifies in detail the object of expenditure (product or service) acquired by the government, providing specifications (measurement, weight, brand, model or other description) when applicable.	1	2	3	4	5	8
5. The Transparency Portal associates to each expenditure both the per unit value and the total value of the good or service.	1	2	3	4	5	8
6. It is possible to know exactly how much civil servants are paid through the municipality Transparency Portal.	1	2	3	4	5	8

VI. EVALUATION							
<p>Now, we would like to ask you a question about evaluation, i.e., the Executive internal monitoring of the expenditure executed and its quality.</p> <p>Please, indicate to what degree you agree with the following statement, in a rating scale of 1 to 5, in which 1 means total disagreement and 5 total agreement (check only one answer).</p>							
	1. Total disagreement		3. Half agreement/disagreement		5. Total agreement		8. NS
1. The government publishes on its Internet site an annual evaluation that calculates the number of beneficiaries and the evolution of indicators and physical goals attained by budgetary actions.	1	2	3	4	5	8	
VII. EXTERNAL CONTROL – INSPECTION							
<p>This question is on the external control exercised by the Legislative Branch, i.e., the inspection or auditing of the expenditure, once this expenditure is actually executed.</p> <p>Please, indicate to what degree you agree with the following statement, in a rating scale of 1 to 5, in which 1 means total disagreement and 5 total agreement (check only one answer)..</p>							
	1. Total disagreement		3. Half agreement/disagreement		5. Total agreement		8. NS
2. The Legislative Power or the Court of Audit provides online audit statement or report on the annual expenditure of the municipality of your state capital.	1	2	3	4	5	8	