

As subnational governments' responsibility for resource allocation and service provision has increased, so has the importance of transparency, participation, and accountability at this level. Recognizing this, as well as the scarcity of academic and policy literature on the subject, the International Budget Partnership's (IBP) Open Budget Initiative commissioned 10 pilot studies on the subject. The studies were carried out by the IBP's partners in Argentina, Brazil, Bolivia, China, Croatia, Ecuador, India, Mali, Mongolia, and Peru. In contrast to the methodology developed by the IBP for its Open Budget Survey (the IBP's biennial assessment of transparency in national government budgets), the methodologies for these subnational studies were developed by the organizations that implemented the studies.

For more information on the International Budget Partnership or the Open Budget Initiative, contact info@internationalbudget.org or visit www.internationalbudget.org.

Measuring Subnational Budget Transparency, Participation, and Accountability: Brazil

Research conducted by Instituto de Estudos Socio-Economicos

Background

The Institute for Social and Economic Studies (*Instituto de Estudos Socio-Economicos*, or INESC) is a Brazilian civil society organization working to advance democracy and human rights. Part of INESC's work includes analyzing and monitoring public budgets, and advocating for increased public participation and transparency in government budget processes. Between December 2009 and February 2011, INESC conducted a study of the transparency of subnational public budgets in the capital cities of Brazil's 27 states.¹ Brazilian law stipulates that all federative units (such as states and municipalities) must make detailed and timely information regarding revenues and expenditures available to the public on the Internet. INESC's study assesses whether the budget information is not only available but also free of charge, comprehensive, timely, and written in clear, nontechnical language.

Methodology

The study by INESC sought to measure two different aspects of subnational budget transparency: the availability of information throughout the budget cycle and perceptions on

the usefulness and accessibility of this information. To assess transparency, INESC researchers used 58 indicators to investigate the online availability of specific budget reports or presentations of budget information at different stages of the budget process. Each capital city was given a score of 1 for information available online and 0 for information that is not available. The scores were totaled on a 100-point scale and the cities were ranked by score.

To measure the perception of budget transparency and accessibility, questionnaires were completed by individuals from each capital city. Professionals from civil society, academia, print media, local legislatures, and the Office of the Public Prosecutor were asked to answer 17 questions regarding the availability and comprehensiveness of information from different stages of the budget cycle. INESC based the questionnaire on the one used in the Latin American Index of Budget Transparency, but individuals restricted their assessments to information that was available on municipal government websites.

Some of the key pieces of budget information covered by the questionnaire include the Citizens

¹ The 27 cities included the Brazilian Federal District and the 26 state capitals: Aracajú, 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.

Budget, information on disaggregated tax revenues, public servants' earnings, and audit reports on annual municipal expenditures. By using the combination of these two separate measures of budget transparency, INESC's study provides results from both a direct investigation by budget specialists and the perceptions of individuals with varying levels of budget knowledge, offering a measure of the ease of finding budget content online and its accessibility.

Key Findings

The results of the index measuring budget cycle transparency show that more than 70 percent of the cities studied score below 60 of 100; the average score is 47. INESC's analysis shows that the most widely available online information is related to the Enacted Budget, the Multiannual Plan Law (PPA), the Budgetary Guidelines Law (LDO), and the Annual Budgetary Law (LOA). Information regarding budget execution and public bank accounts is the least likely to be available online.

The findings from the perceptions questionnaire mirror the findings on the transparency index, with less than 18 percent of respondents having a positive perception of municipal transparency. Despite the majority (nearly 80 percent) of interviewees claiming either "average" or "a lot" of knowledge on the budget cycle in their capital city, only 9 percent of respondents agree with the statement that "a non-technical report on the Annual Budgetary Law (LOA) is provided on the governmental portal in language easily understood by people (Citizens Budget)." A majority of

interviewees also found insufficient details on disaggregated tax revenues and expenditure. A number of the transparency issues identified by INESC relate to the fact that much of the available budget information is spread across different sections of the municipal websites and, therefore, can be difficult to find. There is no standardized format for municipal governments to use when posting budget documents and information on their websites, which contributes to this problem. Through its analysis, INESC identifies room for improvement in municipal budget transparency.

Dissemination

Since the completion of this study, numerous articles have been published in major Brazilian media sources, including *Istoé Dinheiro*, *Estadão*, *Exame*, *Correio Braziliense*, and *Folha de São Paulo*, as well as on national and local government websites. INESC also plans on publishing an electronic pamphlet with the results of their study and disseminating this across a number of states, particularly among its partners in the Brazil Budget Forum — a space created in 2002 for organizations to debate budgetary issues. INESC participated in the First National Conference on Transparency and Social Participation in October 2011 in Brasília, where they shared the results of the study with civil society representatives and federal, state, and local government officials. The conference highlighted transparency, public access to information, and the importance of participation, and monitoring public management. For more information on INESC's study, contact Lucídio Bicalho at lucidio@inesc.org.br.

Recommendations

Given INESC's findings concerning both the actual level of budget transparency throughout the budget cycle and the perception of transparency, INESC recommends the following:

- Clear laws/regulations should be established regarding budget transparency for all state and local government entities.
- The federal government should provide technical and financial assistance to allow municipalities to meet the legal requirements to post budget information online.
- Subnational governments should provide detailed information on:
 - public works and government acquisitions and services;
 - public payments (i.e., names of beneficiaries, bank names, bank account numbers, amounts and dates of payments); and
 - both budgeted and actual revenues and expenditures (disaggregated by sector, e.g., health, education, etc.).
- Subnational governments should be audited internally and externally, and external audit findings should be made available to the public within a reasonable time frame.
- Where subnational governments have discretion over the use of decentralized funds, or funds collected through their own revenue sources, opportunities should be provided for local assemblies (where these exist) and citizens to provide input into allocation decisions.

Table 1. Budget Cycle Transparency Index

Capital	Index score
Curitiba	75.9
Porto Alegre	75.0
Brasília	62.9
Rio Branco	62.1
Fortaleza	60.3
Vitória	60.3
Porto Velho	60.3
Aracaju	60.3
Florianópolis	58.6
Manaus	56.9
Cuiabá	53.4
Rio de Janeiro	53.4
Belo Horizonte	51.7
Palmas	51.7
Recife	50.0
Maceió	48.3
Belém	44.8
São Paulo	44.8
Campo Grande	44.0
Natal	41.4
São Luís	37.9
Salvador	36.2
Goiânia	36.2
João Pessoa	31.0
Boa Vista	10.3
Macapá	0.0
Teresina	0.0