

OPEN BUDGET INDEX SCORE
— OUT OF 100 —

81-100 Extensive

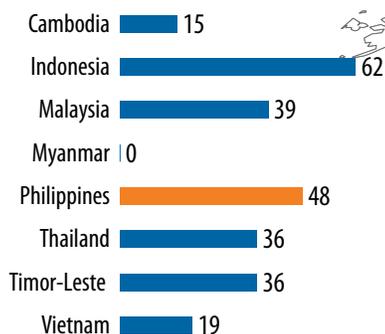
61-80 Substantial

41-60 Some

21-40 Minimal

0-20 Scant or None

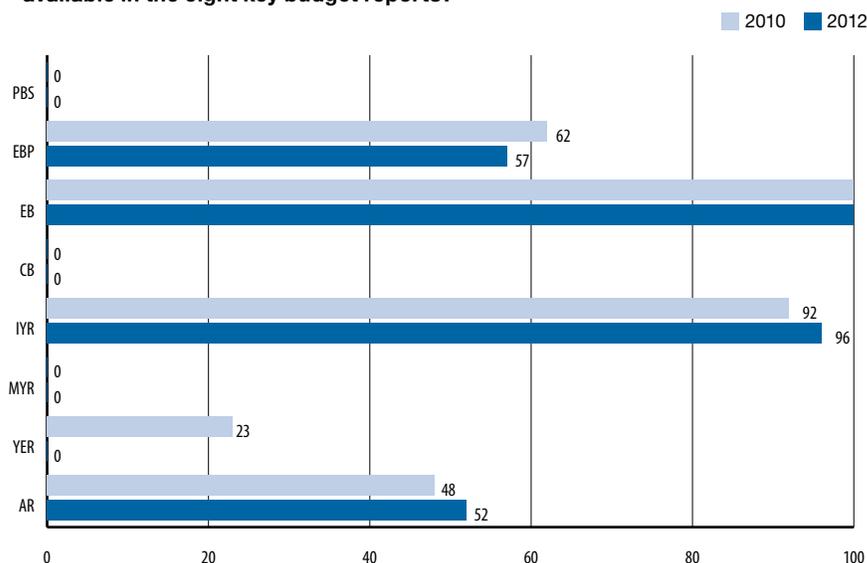
How does the Philippines compare to its neighbors in Southeast Asia?



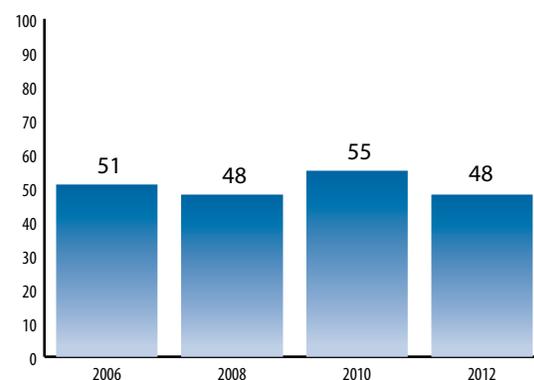
What are each of the eight key budget documents, and does the public have access to them?

| Document | Description of Document | Publication Status |
|------------|---|---------------------------|
| PBS | Pre-Budget Statement: Provides information that links government policies and budgets and typically sets forth the broad parameters that will define the budget proposal that is presented to the legislature. | Produced for Internal Use |
| EBP | Executive's Budget Proposal: Presents the government plans to raise revenues through taxes and other sources and spend these monies to support its priorities, thus transforming policy goals into action. | Published |
| EB | Enacted Budget: The legal instrument authorizing the executive to raise revenues, make expenditures, and incur debt. | Published |
| CB | Citizens Budget: A nontechnical presentation to enable broad public understanding of a government's plans for raising revenues and spending public funds in order to achieve policy goals. | Not Produced |
| IYR | In-Year Reports: Periodic (monthly or quarterly) measures of the trends in actual revenues, expenditures, and debt, which allow for comparisons with the budget figures and adjustments. | Published |
| MYR | Mid-Year Review: An overview of the budget's effects at the midpoint of a budget year and discusses any changes in economic assumptions that affect approved budget policies. | Not Produced |
| YER | Year-End Report: Information comparing the actual budget execution relative to the Enacted Budget. | Not Produced |
| AR | Audit Report: Independent evaluation of the government's accounts by the country's supreme audit institution. It typically assesses whether the executive has raised revenues and spent monies in line with the authorized budget, and whether the government's accounts of its revenues and expenses are accurate and provide a reliable picture of the fiscal situation. | Published |

From Zero to 100: Has the Philippines increased the amount of information it makes available in the eight key budget reports?



OBI scores over four Surveys



Open Budget Index

The **Open Budget Survey** assesses whether the central government in each country surveyed makes eight key budget documents available to the public, as well as whether the data contained in these documents is comprehensive, timely, and useful. The Survey uses internationally accepted criteria to assess each country's budget transparency developed by multilateral organizations, such as the International Monetary Fund (IMF), the Organization for Economic

Co-operation and Development (OECD), and the International Organization of Supreme Audit Institutions (INTOSAI).

The scores on 95 of the 125 Open Budget Survey questions are used to calculate objective scores and rankings of each surveyed country's relative transparency. These composite scores constitute the Open Budget Index (OBI), the world's only independent and comparative measure of budget transparency.

The Philippines' score is 48 out of 100, which is higher than the average score of 43 for all the 100 countries surveyed but is lower than the scores of the Philippines' neighbor Indonesia.. The Philippines' score indicates that the government provides the public with only some information on the national government's budget and financial activities during the course of the budget year. This makes it challenging for citizens to hold the government accountable for its management of the public's money.

The Philippines' OBI 2012 score of 48 has reduced from its score of 55 out of 100 on the OBI 2010.

The Open Budget Index is composed of subscores for each of the eight key budget documents assessed in the Survey. These subscores represent the average of the scores received on a set of questions in the Survey that measure the public availability of and amount of information in the documents. The subscores are comparable across all of the countries included in the Survey.

Recommendations

The Philippines' score on the Open Budget Index has largely remained constant in each round of the Open Budget Survey. However, with a score of 48 out of 100 on the Open Budget Index 2012, the government of the Philippines has the potential to greatly expand budget transparency by introducing a number of short-term and medium-term measures, some of which can be achieved at almost no cost to the government.

The International Budget Partnership recommends that the Philippines undertake the following steps to improve budget transparency:

- Publish a Pre-Budget Statement, which it currently produces for internal use (detailed guidance on the contents of this document can be found in this guidebook: <http://bit.ly/QGzHv8>). As per the Open Budget Survey 2012, 47 countries publish a Pre-Budget Statement, including the Philippines neighbors Cambodia, Indonesia, and Viet-

nam. Links to the budget documents published by these countries can be accessed from the IBP's website: <http://bit.ly/P8NPOV>.

- Produce and publish a Mid-Year Review and Year-End Report (detailed guidance on the contents of these two documents can be found in these guidebooks: <http://bit.ly/QGzHv8>). As per the Open Budget Survey 2012, 29 countries publish a Mid-Year Review, including the Philippines neighbor Indonesia; 72 countries publish a Year-End Report, including its neighbors Cambodia, Indonesia, Malaysia, and Vietnam. Links to the budget documents published by these countries can be accessed from the IBP's website: <http://bit.ly/P8NPOV>.
- Increase the comprehensiveness of the Executive's Budget Proposal, specifically by focusing on providing information on the following areas:
 - estimates of the aggregate level of expenditure presented for a multi-year period (see questions 5 and 6 of the Open Budget Questionnaire);
 - expenditures for individual programs for the year preceding the budget year (see question 21 of the Open Budget Questionnaire);
 - anticipated revenues for at least two years beyond the budget year and the year prior to the budget year (see questions 9-10 of the Open Budget Questionnaire);
 - impact of different macroeconomic assumptions on the budget (see question 15 of the Open Budget Questionnaire);
 - linking the budget to the government's stated policy goals and nonfinancial and performance data for expenditure programs (see questions 17 and 48-54 of the Open Budget Questionnaire and
 - financial and nonfinancial assets held by the government; expenditure arrears for at least the budget year and information on contingent and future liabilities; information on quasi-fiscal activities; and extensive information on tax expenditures (see questions 38-43 and 45 of the Open Budget Questionnaire).
- Increase the comprehensiveness of the Audit Reports by releasing to the public a report on what steps it has taken to address audit recommendations or findings that indicate a need for remedial action; provide to the legislature Audit Reports of the annual accounts of the security sector and other secret programs (see questions 91 and 95-96 of the Open Budget Questionnaire).

- Publish the Citizens Budget within three months of the Enacted Budget. Detailed guidance on the contents of the Citizens Budget can be found in this guidebook: <http://bit.ly/QGzFmJ>.

Strength of Legislatures and Supreme Audit Institutions in Budget Oversight

The Open Budget Survey examines the extent of effective oversight provided by legislatures and supreme audit institutions (SAIs). These institutions play a critical role — often enshrined in national constitutions — in planning and overseeing the implementation of national budgets.

The Open Budget Survey assesses whether legislatures provide effective budget oversight by measuring performance on 11 indicators, including: consultations with the executive prior to the tabling in the legislature of the draft budget, research capacity, formal debate on overall budget policy, time available to discuss and approve the budget, legal authority to amend the budget proposal, approval of shifts in expenditure budget and excess revenues collected, supplemental budget powers, authority to approve use of contingency funds, and scrutiny of audit reports.

The Open Budget Survey assesses whether supreme audit institutions are empowered to provide effective budget oversight by using the following four indicators: authority to remove the head of the

supreme audit institution, legal power to audit public finances, financial resources available, and availability of skilled audit personnel.

Recommendations

The International Budget Partnership recommends that the Philippines undertake the following actions to improve budget oversight:

- The legislature should formally debate the overall budget policy prior to the tabling of the Executive’s Budget Proposal; the executive should consult with members of the legislature to determine budget priorities and should seek approval from the legislature prior to shifting funds between administrative units and line items and seek prior approval of the expenditure of contingency funds (see questions 59, 98, 102-104, and 106-107 of the Open Budget Questionnaire).

The Philippines has average budget oversight and engagement among countries in Southeast Asia

| Country | Legislative Strength | SAI Strength | Public Engagement |
|-------------|----------------------|--------------|-------------------|
| Cambodia | Moderate | Moderate | Weak |
| Timór-Leste | Moderate | Strong | Weak |
| Indonesia | Strong | Strong | Weak |
| Malaysia | Moderate | Strong | Weak |
| Myanmar | Weak | Weak | Weak |
| Philippines | Moderate | Strong | Moderate |
| Thailand | Strong | Strong | Weak |
| Vietnam | Strong | Strong | Weak |

Strong: average score above 66 of 100; **Moderate:** average score between 34 and 66; **Weak:** average score below 34

Opportunities for Public Participation

Research and advocacy experience of civil society over the past 15 years has demonstrated that transparency by itself is insufficient for improving governance. Transparency along with opportunities for public participation in budgeting can maximize the positive outcomes associated with open budgeting. Therefore, the Open Budget Survey assesses opportunities available to the public to participate in national budget decision-making processes. Such opportunities can be provided throughout the budget cycle by the executive, legislature, and supreme audit institution.

Based on these indicators, the Open Budget Survey 2012 finds that opportunities for public participation in the budget process in the Philippines are limited.

Recommendations

The International Budget Partnership recommends that the Philippines expand public engagement in budgeting after considering the Open Budget Survey indicators on which the country performs poorly (see table below and questions 118, 121-122 and 124-125 114-125 in the Open Budget Questionnaire).

The Philippines has much room to improve public participation

| Requirement | Finding |
|---|------------------------------|
| Process Followed Before Consultation | |
| Formal requirement for public participation (Q114) | Exists but could be improved |
| Articulation of purposes for public participation (Q115) | Exists and is strong |
| Communication by the SAI of audit findings beyond publication of audit reports (Q124) | Does not exist |
| Process of Consultation | |
| Mechanisms developed by the executive for participation during budget planning (Q116) | Exists but could be improved |
| Public hearings in the legislature on macroeconomic budget framework (Q119) | Exists but could be improved |
| Public hearings in the legislature on individual agency budgets (Q120) | Exists and is strong |
| Opportunities in the legislature for testimonials by the public during budget hearings (Q121) | Exists but is weak |
| Mechanisms developed by the executive for participation during budget execution (Q117) | Exists but could be improved |
| Mechanisms developed by the SAI for participation in audit agenda (Q123) | Exists but could be improved |
| Process Followed After Consultation | |
| Feedback by the executive on use of inputs provided by the public (Q118) | Exists but is weak |
| Release by the legislature of reports on budget hearings (Q122) | Does not exist |
| Feedback by the SAI on use of inputs provided by the public (Q125) | Exists but is weak |

Description of Survey, Methodology, Reliability, and Researcher Contact Information

The Open Budget Survey is a fact-based research instrument that uses easily observable phenomena to assess what occurs in practice. The research conclusions are typically supported by citations and comments, including reference to a budget document, a law, or other public document; a public statement by a government official; or comments from a face-to-face interview with a government official or other knowledgeable party. The Survey is compiled from a questionnaire completed for each country by independent budget experts who are not associated with the national government. Each country's questionnaire is then independently reviewed by two anonymous experts who also have no association with government. In addition, the IBP invites national governments to comment on the draft results from the Survey and considers these comments before finalizing the Survey results. The entire research process for 2012 took over 18 months between July 2011 and December 2012 and involved approximately 400 experts.

The Open Budget Survey provides a reliable source of data on national budget transparency practices for governments, development practitioners, the media, and citizens. Current users of the Survey results include the Open Government Partnership, Collaborative Africa Budget Reform Initiative, INTOSAI, the World Bank in its Worldwide Governance Indicators, and a number of bilateral aid agencies and international and regional multilateral bodies. The publication of the Open Budget Survey 2012 has reinforced the Survey's preeminent position as a global data repository on budget transparency, participation, and accountability.

Research to complete this country's Open Budget Survey was undertaken by Karol Anne M. Ilagan and Jessa Mae B. Jarilla, Philippines Center for Investigative Journalism (PCIJ), 3/F Criselda II Bldg., 107 Scout de Guia St., Quezon City, Philippines 1104, kmlilagan@pcij.org; research@pcij.org.

The Philippines government has provided its comments on the draft Open Budget Questionnaire results for the country.