

OPEN BUDGET INDEX SCORE
— OUT OF 100 —

81-100 Extensive

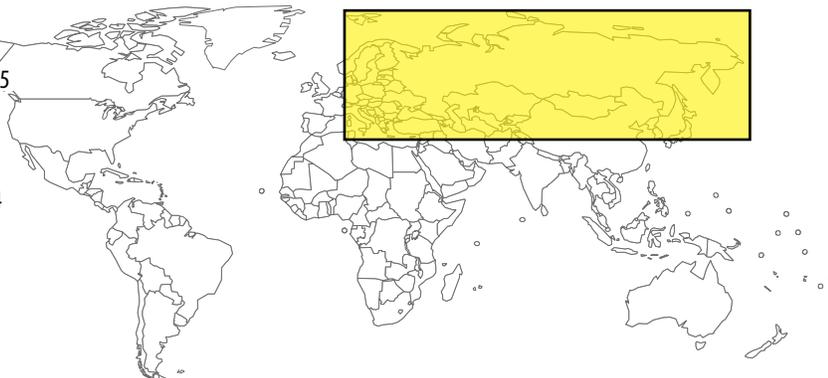
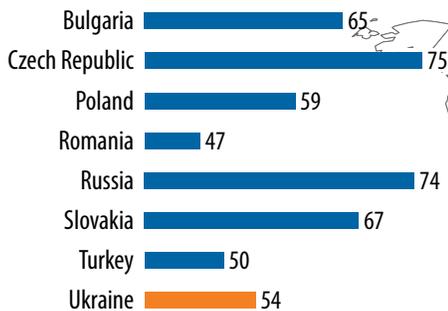
61-80 Substantial

41-60 Some

21-40 Minimal

0-20 Scant or None

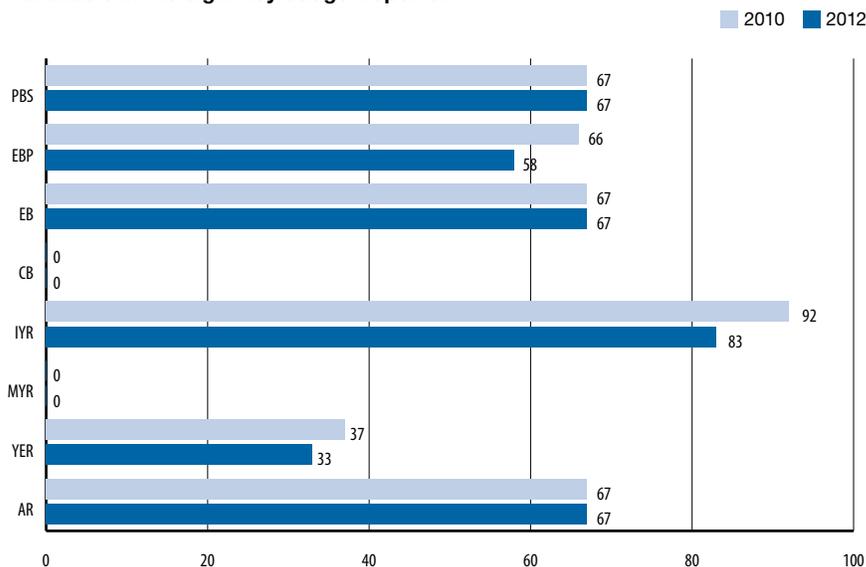
How does Ukraine compare to its neighbors in Central & Eastern Europe?



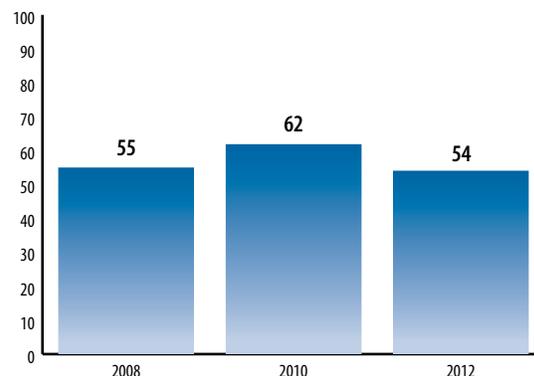
What are each of the eight key budget documents, and does the public have access to them?

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.	Published
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.	Produced for Internal Use
YER	Year-End Report: Information comparing the actual budget execution relative to the Enacted Budget.	Published
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 Ukraine increased the amount of information it makes available in the eight key budget reports?



OBI scores over three 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.

Ukraine's score is 54 out of 100, which is a little higher than the average score of 43 for all the 100 countries surveyed but is lower than the scores of its neighbors Bulgaria, the Czech Republic, Poland, Russia, and Slovakia. Ukraine's 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.

Ukraine's OBI 2012 score of 54 has declined from its score of 62 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

With a score of 54 out of 100 on the Open Budget Index 2012, the government of Ukraine 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 Ukraine undertake the following steps to improve budget transparency:

- Publish a Mid-Year Review, 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, 29 countries publish a Mid-Year Review, including Ukraine's neighbors Bulgaria, the Czech Republic, Poland, Romania, and Slovakia. 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 Citizens Budget. Detailed guidance on the contents of the Citizens Budget can be found in this guidebook: <http://bit.ly/QGzFmJ>. According to the Open Budget Survey 2012, 26 countries publish a Citizens Budget, including its neighbor Slovakia.
- Increase the comprehensiveness of the Pre-Budget Statement by describing the government's macroeconomic and fiscal framework in it (see question 61 of the Open Budget Questionnaire);
- Increase the comprehensiveness of the Executive's Budget Proposal, specifically by focusing on providing information on the following areas:
 - expenditures for the year preceding the budget year, by economic classification and administrative unit; actual outcomes for expenditures; and expenditures for individual programs for the year preceding the budget year (see questions 18, 20, 21, 24, and 25 of the Open Budget Questionnaire);
 - sources of non-tax revenue for the year preceding the budget year (see question 28 of the Open Budget Questionnaire);
 - government debt for the year preceding the budget year and reflecting actual outcomes for the debt (see questions 33-34 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, improve the quality of nonfinancial data and performance indicators to include targets for expenditure programs and improve the information on policies (both proposals and existing commitments) that are intended to benefit directly the country's most impoverished populations (see questions 17, 49, 51, and 53-55 of the Open Budget Questionnaire); and
 - extra-budgetary funds, transfers to public corporations, quasi-fiscal activities, financial and nonfinancial assets, expenditure arrears, contingent and future liabilities, sources of donor assistance, tax expenditures and percentage of the budget devoted to secret items (see questions 35, 37-45, and 47 of the Open Budget Questionnaire).
- Increase the comprehensiveness of the Enacted Budget by providing program-level details in it (see question 101 of the Open Budget Questionnaire).
- Improve the quality of In-Year Reports by presenting information in them related to the composition of government debt for the

budget year (see question 71 of the Open Budget Questionnaire).

- Increase the comprehensiveness of the Year-End Reports by explaining the differences between the enacted expenditures, enacted revenues, original macroeconomic forecast, original estimates of nonfinancial data, original performance indicators, enacted level of funds intended to benefit the country’s most impoverished populations, and their actual outcomes, along with the actual outcomes for extra-budgetary funds (see questions 79-80 and 82-86 of the Open Budget Questionnaire).
- Increase the comprehensiveness of the Audit Reports by publishing a report on what steps the executive has taken to address audit recommendations (see questions 95 and 108 of the Open Budget Questionnaire).

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 Ukraine undertake the following actions to improve budget oversight:

- The executive should seek approval from the legislature prior to using funds from supplemental budgets and contingency funds or other funds for which no specific purpose was identified in the Enacted Budget (see questions 105-106 of the Open Budget Questionnaire).
- The budget for the SAI should be determined by the legislature, and the funding level should be broadly consistent with the resources required by the SAI to fulfill its mandate (see question 93 of the Open Budget Questionnaire).

Ukraine is a strong performer in Central & Eastern Europe on budget oversight but is weak on engagement

Country	Legislative Strength	SAI Strength	Public Engagement
Bulgaria	Weak	Strong	Weak
Czech Republic	Strong	Strong	Weak
Poland	Moderate	Strong	Moderate
Romania	Moderate	Strong	Weak
Russia	Strong	Strong	Weak
Slovakia	Moderate	Strong	Weak
Turkey	Weak	Moderate	Weak
Ukraine	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 Ukraine are limited.

Recommendations

The International Budget Partnership recommends that Ukraine expand public engagement in budgeting after considering the Open Budget Survey indicators on which the country performs poorly (see table below and questions 117-123 and 125 in the Open Budget Questionnaire).

Ukraine has much room to improve public participation

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

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 Ildar Gazizullin, International Centre for Policy Studies, vul. Pymonenka 13A, Kyiv, 04050, Ukraine, ig@icps.kiev.ua.

Despite repeated efforts, the IBP was unable to get comments on the draft Open Budget Questionnaire results from the Ukrainian government.