The Government of Nepal provides the public with minimal budget information.

The Government of Nepal is weak in providing the public with opportunities to engage in the budget process.

BY LEGISLATURE
Budget oversight by the legislature in Nepal is weak.

BY AUDIT
Budget oversight by the supreme audit institution in Nepal is adequate.

Each country is given a score out of 100 which determines its ranking on the Open Budget Index – the world’s only independent and comparative measure of budget transparency.

Usefulness of Budget Information Throughout the Budget Cycle

Nepal’s score of 24 out of 100 is substantially lower than the global average score of 45.

Change in Transparency Over Time

Note: The following categories are used to report the usefulness of each document:
Not produced, Published Late, Internal Use, Scant, Minimal, Limited, Substantial, or Extensive.
The Availability of Budget Documents Over Time

Nepal's score of 24 on the 2015 Open Budget Index is substantially lower than its score in 2012. However, the regression in transparency observed in Nepal appears to be temporary in nature. The decline in Nepal's OBI score was largely due to its failure to make the fiscal year 2013-2014 Executive's Budget Proposal publicly available. However, since the end of the Open Budget Survey research period on 30 June 2014, Nepal has returned to its previous practice of publishing the Executive's Budget Proposal in a timely manner.

Since 2012, the Government of Nepal has increased the availability of budget information by:

■ Improving the comprehensiveness of the Enacted Budget.

However, the Government of Nepal has decreased the availability of budget information by:

■ Failing to make the Executive's Budget Proposal publicly available.

Moreover, the Government of Nepal has failed to make progress in the following ways:

■ Not producing a Pre-Budget Statement and a Citizens Budget.

Evidence suggests that transparency alone is insufficient for improving governance, and that public participation in budgeting can maximize the positive outcomes associated with greater budget transparency.

To measure public participation, the Open Budget Survey assesses the degree to which the government provides opportunities for the public to engage in budget processes. Such opportunities should be provided throughout the budget cycle by the executive, the legislature, and the supreme audit institution.

Regional Comparison

Nepal’s score of 19 out of 100 indicates that the provision of opportunities for the public to engage in the budget process is weak. This is lower than the global average score of 25.
The Open Budget Survey examines the extent to which legislatures and supreme audit institutions are able to provide effective oversight of the budget. These institutions play a critical role – often enshrined in national constitutions – in planning budgets and overseeing their implementation.

**Oversight by the Legislature**

The legislature provides **weak** oversight during the planning stage of the budget cycle and **no** oversight during the implementation stage of the budget cycle. The legislature does not have a specialized budget research office, and the executive does not receive prior approval by the legislature before implementing a supplemental budget. Moreover, in both law and practice, the legislature is not consulted prior to the virement of funds in the Enacted Budget, spending any unanticipated revenue, and spending contingency funds that were not identified in the Enacted Budget.

**Oversight by the Supreme Audit Institution**

The supreme audit institution provides **adequate** budget oversight. Under the law, it has full discretion to undertake audits as it sees fit. Moreover, the head of the supreme audit institution cannot be removed without legislative or judicial approval, which bolsters its independence. Finally, the supreme audit institution is provided with sufficient resources to fulfill its mandate but has a weak quality assurance system in place.

**RECOMMENDATIONS**

**Improving Transparency**

Nepal should prioritize the following actions to improve budget transparency:

- Publish consistently the Executive’s Budget Proposal in a timely manner.
- Produce and publish a Pre-Budget Statement and a Citizens Budget.
- Increase the comprehensiveness of the Year-End Report by presenting more details on planned versus actual debt and interest, as well as on the planned versus actual macroeconomic forecast.

**Improving Participation**

Nepal should prioritize the following actions to improve budget participation:

- Establish credible and effective mechanisms (i.e., public hearings, surveys, focus groups) for capturing a range of public perspectives on budget matters.
- Hold legislative hearings on the budgets of specific ministries, departments, and agencies at which testimony from the public is heard.
- Establish formal mechanisms for the public to assist the supreme audit institution to formulate its audit program.

**Improving Oversight**

Nepal should prioritize the following actions to strengthen budget oversight:

- Establish a specialized budget research office for the legislature to enable more robust discussions on the budget.
- Ensure the executive receives prior approval by the legislature before implementing a supplemental budget.
- In both law and practice, ensure the legislature is consulted prior to the virement of funds in the Enacted Budget, the spending of any unanticipated revenue, and the spending of contingency funds that were not identified in the Enacted Budget.
The Open Budget Survey uses internationally accepted criteria developed by multilateral organizations such as the International Monetary Fund (IMF), the Organisation for Economic Co-operation and Development (OECD), and the International Organisation of Supreme Audit Institutions (INTOSAI). It is a fact-based research instrument that assesses what occurs in practice through readily observable phenomena. The entire research process took approximately 18 months between March 2014 and September 2015 and involved about 300 experts in 102 countries. The Survey was revised somewhat from the 2012 version to reflect emerging developments in accepted good practice and to strengthen individual questions. A full discussion of these changes can be found in a technical note on the comparability of the Open Budget Index over time (see below).

Survey responses are typically supported by citations and comments. This may include a reference to a public document, an official statement by the government, 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 an anonymous expert who also has no association to government. In addition, IBP invites national governments to comment on the draft results from the Survey and considers these comments before finalizing the Survey results.

Despite repeated efforts, IBP was unable to get comments on the draft Open Budget Questionnaire results from the Government of Nepal.

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Further Information
Visit www.openbudgetsurvey.org for more information, including:
- The Open Budget Survey 2015: Global Report
- Individual datasets for each of the 102 countries surveyed.
- A technical note on the comparability of the Open Budget Index over time.