Drawing on internationally accepted criteria developed by multilateral organizations, the Open Budget Survey uses 109 equally weighted indicators to measure budget transparency. These indicators assess whether the central government makes eight key budget documents available to the public online in a timely manner and whether these documents present budget information in a comprehensive and useful way.

Each country receives a composite score (out of 100) that determines its ranking on the Open Budget Index – the world’s only independent and comparative measure of budget transparency.

### How has the OBI score for Nepal changed over time?

<table>
<thead>
<tr>
<th>Year</th>
<th>Pre-Budget Statement</th>
<th>Executive’s Budget Proposal</th>
<th>Enacted Budget</th>
<th>Citizens Budget</th>
<th>In-Year Reports</th>
<th>Mid-Year Review</th>
<th>Year-End Report</th>
<th>Audit Report</th>
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</thead>
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</tbody>
</table>

### How comprehensive and useful is the information provided in the key budget documents that Nepal publishes?

Nepal provides few opportunities for the public to engage in the budget process. Nepal provides the public with limited budget information.

Nepal’s score of 52 out of 100 is moderately higher than the global average score of 42.
After Nepal’s score on the Open Budget Index in 2015 declined sharply to 24 due to the late publication of the Executive’s Budget Proposal, in OBS 2017 the country’s score rose substantially to 52.

Since 2015, Nepal has increased the availability of budget information by:
- Publishing the Executive’s Budget Proposal in a timely manner.

However, Nepal has failed to make progress in the following ways:
- Not producing a Pre-Budget Statement and a Citizens Budget.

### Key Budget Documents

- **Pre-Budget Statement**: discloses the broad parameters of fiscal policies in advance of the Executive’s Budget Proposal, outlines the government’s economic forecast, anticipated revenue, expenditures, and debt.
- **Executive’s Budget Proposal**: submitted by the executive to the legislature for approval; details the sources of revenue, the allocations to ministries, proposed policy changes, and other information important for understanding the country’s fiscal situation.
- **Enacted Budget**: the budget that has been approved by the legislature.
- **Citizens Budget**: a simpler and less technical version of the government’s Executive’s Budget Proposal or Enacted Budget, designed to convey key information to the public.

- **In-Year Reports**: include information on actual revenues collected, actual expenditures made, and debt incurred at different intervals; issued quarterly or monthly.
- **Mid-Year Review**: contains a comprehensive update on the implementation of the budget as of the middle of the fiscal year; includes a review of economic assumptions and an updated forecast of budget outcomes.
- **Year-End Report**: describes the situation of the government’s accounts at the end of the fiscal year and, ideally, an evaluation of the progress made toward achieving the budget’s policy goals.
- **Audit Report**: issued by the supreme audit institution, this document examines the soundness and completeness of the government’s year-end accounts.

### PUBLIC PARTICIPATION

Transparency alone is insufficient for improving governance. Public participation in budgeting is vital to realize 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.

The questions assessing participation in the Open Budget Survey 2017 were revised to align them with the Global Initiative for Fiscal Transparency’s new principles on public participation, which now serve as the basis for widely accepted norms on public participation in national budget processes. Therefore, data on the extent of public participation in budgeting in the Open Budget Survey 2017 cannot be compared directly to data from earlier editions.

#### How does public participation in Nepal compare to other countries in the region?

Nepal’s score of 24 out of 100 indicates that it provides few opportunities for the public to engage in the budget process. This is higher than the global average score of 12.

#### To what extent do different institutions in Nepal provide opportunities for public participation?

Nepal’s score of 24 out of 100 indicates that it provides few opportunities for the public to engage in the budget process. This is higher than the global average score of 12.
The Open Budget Survey examines the role that legislatures, supreme audit institutions, and independent fiscal institutions play in the budget process and the extent to which they are able to provide effective oversight of the budget. These institutions play a critical role — often enshrined in national constitutions or laws — in planning budgets and overseeing their implementation.

These indicators were revised to better assess the role of formal oversight institutions in ensuring integrity and accountability in the use of public resources. Therefore, data on the role and effectiveness of oversight institutions in the Open Budget Survey 2017 should not be compared directly to data from earlier editions.

To what extent does the legislature in Nepal provide budget oversight?

The legislature provides weak oversight during the budget cycle. This score reflects that the legislature provides weak oversight during the planning stage of the budget cycle and weak oversight during the implementation stage of the budget cycle.

Oversight by an Independent Fiscal Institution

Nepal does not have an independent fiscal institution (IFI). While IFIs are not yet widespread globally, they are increasingly recognized as an important source of independent, nonpartisan information. IFIs take a variety of different institutional forms. Common examples include parliamentary budget offices and fiscal councils.


RECOMMENDATIONS

How can Nepal improve transparency?

Nepal should prioritize the following actions to improve budget transparency:

- Produce and publish a Pre-Budget Statement and a Citizens Budget.
- Provide detailed data on the macroeconomic forecast as well as data on the financial position of the government in the Executive’s Budget Proposal.
- Increase the information provided in the In-Year Reports and the Enacted Budget.

The main barriers to effective legislative oversight are:

- The Executive’s Budget Proposal is not provided to legislators at least two months before the start of the budget year.
- Legislative committees do not examine and publish reports on their analyses of the Executive’s Budget Proposal online.
- In practice, as the budget is implemented, the legislature is not consulted prior to the government shifting funds between administrative units in the Enacted Budget or spending unanticipated revenue.

To what extent does the supreme audit institution in Nepal provide budget oversight?

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 institution is appointed by the legislature or judiciary and 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, and its audit processes are reviewed by an independent agency.

For more detailed information on the survey findings for Nepal, please see the Open Budget Survey Data Explorer at survey.internationalbudget.org.
How can Nepal improve participation?
Nepal should prioritize the following actions to improve public participation in its budget process:
- Actively engage with individuals or civil society organizations representing vulnerable and underrepresented communities during the formulation and monitoring of the implementation of the national budget.
- Hold legislative hearings on the formulation of the annual budget, during which members of the public or civil society organizations can testify.
- Establish formal mechanisms for the public to participate in relevant audit investigations.

How can Nepal improve oversight?
Nepal should prioritize the following actions to make budget oversight more effective:
- Ensure the Executive’s Budget Proposal is approved by legislators before the start of the budget year.
- In practice, ensure the legislature is consulted before the executive shifts funds between administrative units specified in the Enacted Budget during the budget year or spends any unanticipated revenue.
- Consider setting up an independent fiscal institution to further strengthen budget oversight.

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Further Information
Visit openbudgetsurvey.org for more information, including:
- The Open Budget Survey 2017: Global report
- Data explorer
- Methodology report
- Full questionnaire