

## 80 Percent of Governments Don't Account for Spending

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(Washington, D.C.) —Eighty percent of the world's governments fail to provide adequate information for the public to hold them accountable for managing their money, according to an extensive new report by the International Budget Partnership (IBP).

Nearly 50 percent of 85 countries whose access to budget information was carefully evaluated by IBP provide such minimal information that they are able to hide unpopular, wasteful, and corrupt spending.

These new findings are based on the IBP's just published **Open Budget Survey 2008**—a comprehensive analysis and survey that evaluates whether central governments give the public access to budget information and opportunities to participate in the budget process. The Survey also examines the ability of legislatures and auditors to hold their governments accountable. The Survey findings are based on data collected before September 28, 2007, so changes occurring after that date are not reflected in the results.

To simply measure the overall commitment of the 85 countries to transparency and to allow for comparisons among countries, IBP created the **Open Budget Index (OBI)** from the **Open Budget Survey 2008**.

The budget is a government's plan for how it is going to use the public's resources to meet the public's needs. Transparency means all of a country's people can access information on how

much is allocated to different types of spending, what revenues are collected, and how international donor assistance and other public resources are used. Transparency is an important first step to holding governments accountable for how they use the people's money.

“Open budgets are empowering. They allow people to be the judge of whether or not their government officials are good stewards of public funds,” says Warren Krafchik, IBP's director.

“Our goal is to promote increased public access to government budget information. We've seen how this can lead to concrete improvements in people's lives.”

One of the most significant findings of the Survey is that many governments produce the budget information that would allow the public to participate effectively in the budget process but do not release it. In 51 of the 85 countries surveyed, the government produces at least one key document that is not disclosed to the public. Thus governments could improve transparency immediately and at a very little cost, simply by disclosing information that is already produced.

“That governments already produce information for their internal use or for donors that they do not make public tells us that the lack of transparency is often more a question of political will, rather than one of capacity,” says Mr. Krafchik.

### **Few governments are transparent**

The **OBI 2008** shows that 68 of the 85 countries surveyed—80 percent—do not provide the public with the comprehensive, timely, and useful information people need to understand, participate in, and monitor the use of public funds. Almost 50 percent of the 85 countries studied provide minimal or no information. Thirty-two percent provide some information; only five countries provide extensive information.

Restricting access to information hinders the ability of the public, journalists, commentators, academicians, and civil society organizations to hold officials accountable and creates opportunities for governments to hide unpopular, wasteful, and corrupt spending.

Lack of information also hinders the ability of other government bodies, such as legislatures and national audit offices, to do their jobs effectively.

Additionally, legislators in many countries receive budget information too late to allow them to adequately review it or to hold the public hearings necessary to foster debate and careful scrutiny. The Survey found that in 24 of the 85 countries, the legislature received the budget six weeks or less before the budget year begins.

### **The most closed and the most open**

The worst offenders, the countries that make scant, if any, information available are: Saudi Arabia, Algeria, Democratic Republic of Congo, Sudan, Rwanda, Equatorial Guinea, and São Tomé e Príncipe.

At the other extreme, some countries are highly transparent and make abundant data available to the public throughout the budget process.

According to the OBI, the most transparent countries are: United Kingdom, South Africa, France, New Zealand, and United States.

These top performers include both developed and developing countries. The strong showing of South Africa, as well as that of Slovenia, Sri Lanka, and Botswana (all of which provide significant information to their people), demonstrate that developing countries can achieve transparency given sufficient willingness of their governments to be open and accountable to their people.

### **Hiding unpopular, wasteful, and corrupt spending**

Lack of transparency allows governments to hide unpopular, wasteful, and corrupt spending, at least to some extent. For example,

- Oil-rich Equatorial Guinea purchased a \$35 million vacation home for its president in Malibu, California, according to a US Senate investigative committee. This was \$10 million more than the government's budget showed the country planned to spend on health care for its impoverished population in 1995.

- Saudi Arabia, which holds an estimated \$400 billion in assets from oil profits, makes so little information available that it is not clear what spending is accounted for in public documents and what spending is not reported in public documents. Saudi Arabia publishes almost no budget documents at all, providing only a very scant summary of the budget and some highly aggregated information on the overseas holdings managed by its central bank.
- As part of the current global commodity boom, China has entered into joint agreements with the governments of Angola, Sudan, and the Democratic Republic of Congo to develop lucrative oil and copper deposits. Little is known about these agreements, leaving the public in the dark about whether the revenues the governments receive from the projects go into public coffers to be used to benefit the people, or are pocketed by officials.
- The 2005 peace accord in Sudan mandated disclosure of the amount of oil revenues, but neither the government in Khartoum nor that in Southern Sudan have provided information, leading to suspicion that the money has been used to purchase weapons, not to alleviate poverty. This threatens the stability of the accord.
- Nicaragua's government refuses to account for funds from oil-rich Venezuela that apparently have been used for undocumented loans to government-linked companies and to reward them with no-bid contracts for projects being built on public land.
- In Nigeria, two top officials resigned when it was discovered that they had pocketed unspent funds from the 2007 budget as their end-of-the-year Christmas bonus.

### **Information leads to change**

The **Open Budget Survey 2008** serves members of the public, legislators and civil society advocates, journalists, researchers, academicians, policy makers, economists, development specialists, and others interested in use of government resources. It is intended to provide an in-depth set of measures that government officials may adopt to improve their budget performance.

Evidence shows that when citizens have access to information and opportunities to participate in the budget process they are able to improve the decisions made about what to spend public money on and the quality of how the money is actually spent. That means that the allocation of scarce public resources is more equitable and effective. For example:

- In Mexico, Fundar, a nongovernmental organization, found the budget did not allocate funds to combat the loss of lives during childbirth and successfully advocated for funds for emergency obstetrical care, especially in rural areas.
- In India, Mazdoor Kisan Shakarti Sangathan, an organization of small farmers and workers, pieced together budget information to uncover corruption, such as the names of dead people and fictitious names on payrolls and payments for work never done.
- At the urging of the Uganda Debt Network, which monitors local spending, Uganda officials identified substandard work in school construction and evidence of corruption by local officials and denied payment to the construction firm.
- In the Philippines, Government Watch has used budget information since 2000 to monitor the delivery of school textbooks, the construction of new schools and other infrastructure, and of the distribution of disaster relief funds. With the cooperation of other groups, the G-Watch efforts have dramatically cut the cost of textbooks to the government, improved the quality of the books, and substantially lowered the percentage of “no-show” contractors who previously failed to deliver contracted books.
- Public Service Accountability Monitor, in South Africa’s Eastern Cape Province, has used budget reports and other information it obtained as a starting point to monitor the misuse and irregularities in funds budgeted for essential services, such as education, health care, and clean water, that account for the poor quality of services people receive in the province.

### **Slight improvements seen over the last two years**

The first Open Budget Survey was completed in 2006; 59 countries were studied. The 2008 Survey includes 85 countries, chosen to provide a balanced geographic sample of countries around the world.

In the 59 countries where the study was repeated, there is a slight improvement in some of the countries. Based on comparative data from the first two Surveys, improvements in overall performance can be attributed primarily to changes in government policies.

For instance, the desire to join the European Union led to greater budget transparency in Bulgaria and Croatia.

Changes in the way the government produced information led to Sri Lanka's improvement in both quality of information and the amount of information available to the public.

Nepal climbed a bit from the bottom of the index largely because a constitutional crisis resulted in an election that led to more normal function of previously dysfunctional government institutions.

Other countries that showed improvement include Ghana, Egypt, Uganda, Georgia, Indonesia, El Salvador, Ecuador, Mongolia, and Morocco.

In several of the cases in which improvements were observed, governments were able to significantly increase access to information by simply releasing that which they already produced. "The findings suggest that access to information can easily be improved at minimal cost and in relatively little time," Mr. Krafchik says. "An enormous amount of information is already produced in some countries and can be posted on the government website."

All governments in the study have functioning government or parliamentary websites on which they could make much more information available to the public if they chose to.

Where the public's access to the Internet is limited, a Citizens Budget—the government budget presented in a non-technical, easily understandable way—is another way to inform the public about the budget and can be published in newspapers and magazines or broadcast on radio and TV. Through Citizens Budgets, the public can learn how they can participate in the budget process and understand the trade offs the government is facing. For instance, in Colombia, Niger, and South Africa, some civil society budget groups regularly present updated budget information orally on the radio. "For most people, an oral presentation is the most accessible," Mr. Krafchik says.

The **OBI 2008** found that governments in 17 countries are producing Citizens Budgets, including Angola, Uganda, Ghana, and India, although they vary in how much information they provide.

While this is an improvement from 2006, when only 10 countries were producing them, the overwhelming majority of the countries (80 percent) do not produce any document of this sort.

### **Open Budget Survey based on extensive questionnaire**

The Survey is composed of 123 questions that cover the four phases of budget development—formulation, legislative approval, implementation, and audit—and help researchers evaluate the information that should be available at each phase and the other measures needed for effective legislative oversight and auditing of budgets.

The **Open Budget Index** is based on calculating the averages of the responses to the 91 questions that evaluate public access to budget information. The remaining 32 questions on the Survey include information about opportunities for public participation in the budget process, legislative oversight, and independent auditing.

Within each country, a researcher or team of researchers, who are drawn from civil society and are independent from the government and political parties, does the survey. The researchers have to provide evidence of their answers. Their work is analyzed and reviewed by the IBP staff to cross check it against available information, and then peer reviewed by two independent in-country budget experts. This internal civil society evaluation of how open and accountable a government is to its people distinguishes the **Open Budget Survey** from other studies of budget transparency, which rely primarily on self-reporting by governments and research by external reviewers.

Some researchers do unannounced site visits and send members of the public to see if they can get the desired information. “We want to reflect the experience of an ordinary person trying to get information,” says Mr. Krafchik. For that reason, the project does not take into account information that might be provided unofficially. “We want to reflect what any and all individuals might receive upon requesting it,” he says.

# Open Budget Index 2008

At a glance



## What Countries Open Their Books to Citizens?

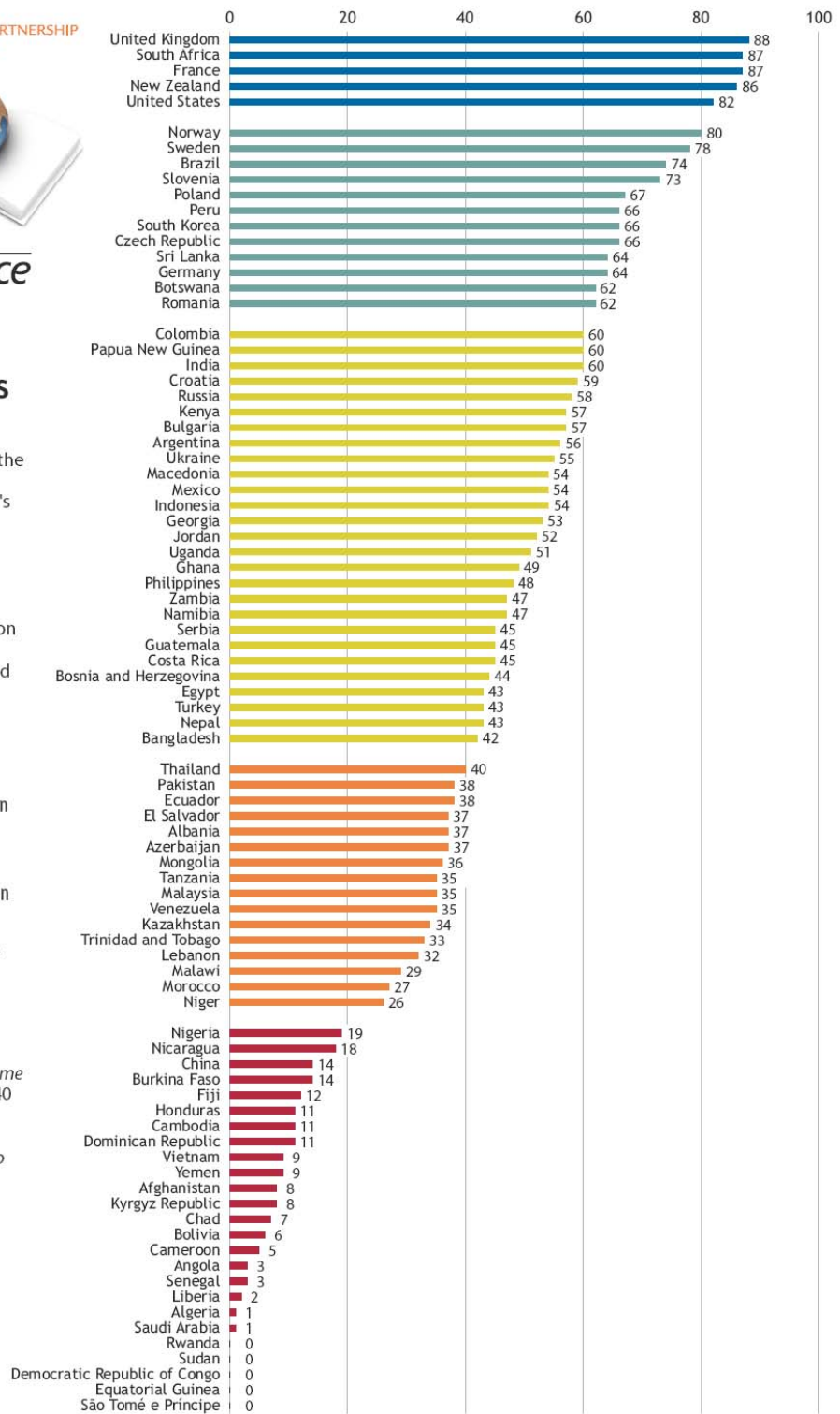
The Open Budget Index evaluates the quantity and type of information available to the public in a country's budget documents. A country's placement within a performance category was determined by averaging the response to 91 questions on the Open Budget Questionnaire related to information contained in the eight key budget documents that all countries should make available to the public.

### Key

- Provides **Extensive** Information
- Provides **Significant** Information
- Provides **Some** Information
- Provides **Minimal** Information
- Provides **Scant or No** Information

The countries that scored between 81-100 percent were placed in the performance category *Provides Extensive Information*, those with scores 61-80 percent in *Provides Significant Information*, those with scores 41-60 percent in *Provides Some Information*, those with scores 21-40 percent in *Provides Minimal Information*, and those with scores 0-20 percent in *Provides Scant or No Information*. All Open Budget Questionnaires used to calculate these scores may be seen at [www.openbudgetindex.org](http://www.openbudgetindex.org).

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