

# ICPS newsletter®

## Open Budget Survey 2008: Ukraine's process too closed

*The International Budget Project's 2008 Open Budget Initiative 2008, in which ICPS participated, has ended successfully. The main project output, the 2008 Open Budget Survey comprehensive evaluation of budget transparency in 85 countries, found that budget transparency is deplorable around the world. It also showed that many more governments could quickly improve budget transparency at low cost by making publicly available the budget information that they already produce for their donors or internal use. Ukraine's score on the Open Budget Index (OBI) shows that the government provides the public with only some information on the State Budget and financial activities during the course of the budget year. This makes it difficult for voters to hold their government accountable for the way it manages taxpayers' money*

### Worldwide transparency gaps

Only five of the 85 countries surveyed—France, New Zealand, South Africa, the United Kingdom, and the United States—make extensive information publicly available, as required by generally-accepted good public financial management practices.

These countries all score above 80 out of a possible 100 points on the 2008 Open Budget Index (OBI), a comparative measure of the accessibility and comprehensiveness of the eight key budget documents that international good practice says all governments should publish. The OBI is based on responses to a subset of Survey questions.

The average score for the 2008 OBI was 39 out of a possible 100. This indicates that, on average, countries surveyed provide minimal information on their state budgets and financial activities.

Of the total, 25 countries surveyed provide scant or no budget information at all. These include low-income countries like Cambodia, Congo, Nicaragua, and Kyrgyzstan, but also several middle- and high-income countries, such as China, Nigeria, and Saudi Arabia.

### Less transparent countries are similar

The least transparent countries are mostly located in the Middle East and North Africa (with an average OBI score of 24),

and in sub-Saharan Africa (average OBI score of 25).

The worst performers tend to be low-income countries that often depend heavily on revenues from foreign aid or oil and gas exports. Many poor performers have weak democratic institutions or are governed by autocratic regimes.

### Transparency affects accountability, participation

Almost all countries publish the annual budget after it is approved by the legislature. However, in China, Equatorial Guinea, Saudi Arabia and Sudan, even the approved budget is not published, completely preventing the public from monitoring its implementation.

Most countries provide much less information during the drafting, execution and auditing stages of the budget process. This prevents the public from having input on overarching policies and priorities, improving value for money and curbing corruption.

### Weak formal oversight

In the majority of countries surveyed, legislatures have very limited powers, time and capacity to review the Executive's Budget Proposal and monitor its implementation.

Likewise, in many countries the supreme audit institutions do not have sufficient independence or funding to fulfill their

mandate. Often, there are no mechanisms in place to track whether the executive follows up on audit recommendations.

### Immediate improvement possible

Comparisons between the OBI results for 2006 and those for 2008 show that some countries have started to improve budget transparency over the past two years.

In Croatia, Kenya, Nepal and Sri Lanka, significant improvements either were influenced by the activities of civil society groups or have created opportunities for greater civil society interventions. Important improvements in budget transparency were also documented in Bulgaria, Egypt, Georgia and Papua-New Guinea.

There is also evidence that good performance can occur in challenging contexts: Jordan and South Africa stand out among their regional counterparts. Among lower-income countries, Peru and Sri Lanka both provide their citizens with a significant amount of budget information.

Finally, the Survey finds that progress could be made elsewhere quickly and at relatively low cost, given sufficient political will. Many countries that perform poorly are already producing much of the budget information required for good practice. By making this information available to the public, these countries would increase their OBI scores and, consequently, encourage effective oversight and improve accountability.

### Ukraine: No detailed in-year spending or mid-year review

Ukraine's score on the Open Budget Index shows that the government provides the public with only some information on the State Budget and financial activities during the course of the budget year. This makes it difficult for voters to hold their government accountable for the way it manages taxpayers' money.

In Ukraine, the proposal provides some information to the public, meaning voters have a general, albeit incomplete, picture of the government's plans for taxing and spending for the upcoming year. Moreover, it is difficult to track spending, revenue collection and borrowing during the year. Although in-year reports of revenue collections are released, Ukraine does not publish detailed in-year expenditure reports or a mid-year review. Publishing these documents would greatly strengthen public accountability, since such reports provide updates on how the budget is being implemented during the year.

It is also difficult to assess budget performance in Ukraine, once the budget year is over. A year-end report is produced, allowing comparisons between what was budgeted and what was actually spent and collected, but it lacks some important details. Ukraine makes its audit report public in a timely manner, but it does not provide much information on whether the audit report's recommendations were successfully implemented.

Access to the highly-detailed budget information needed to understand the government's progress in undertaking a specific project or activity remains somewhat limited. This is despite the fact that Ukraine has codified the right to access government information into law, through the Budget Code.

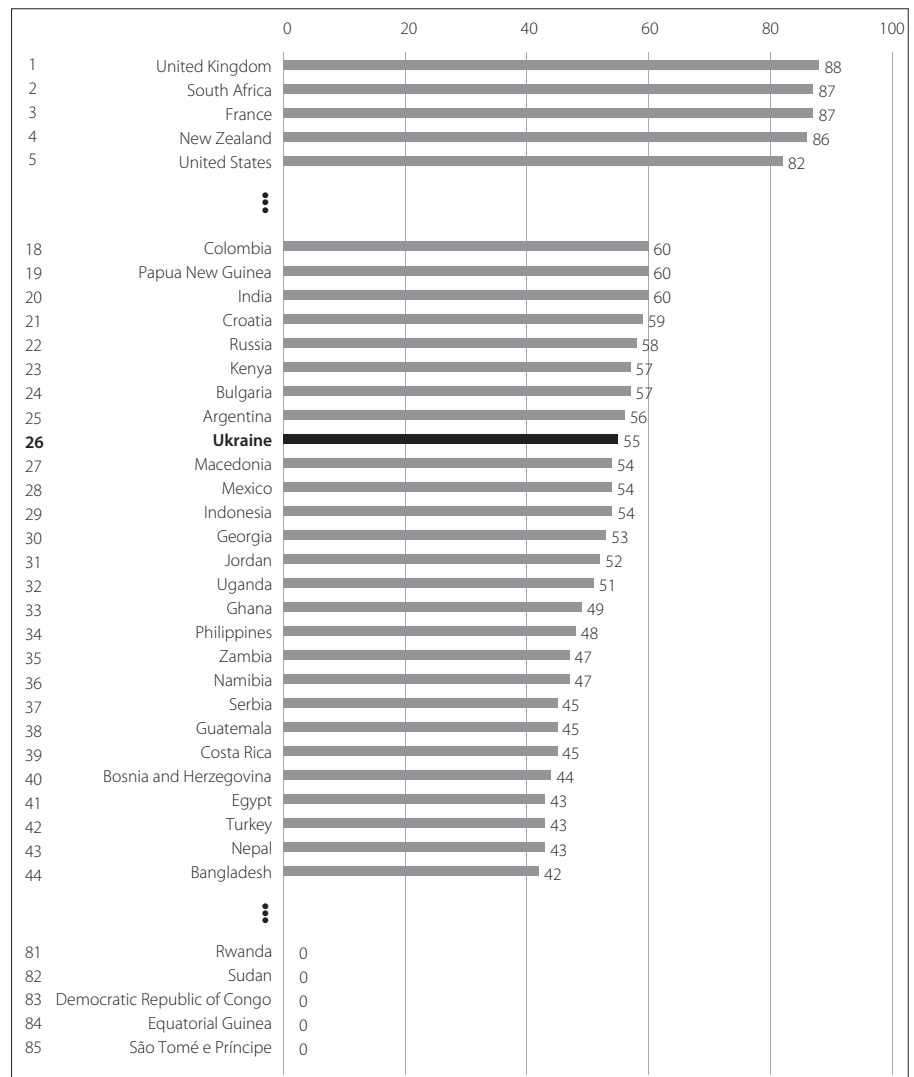
## Public participation and accountability

Beyond improving access to key budget documents, there are other ways in which Ukraine's budget process could be made more open. Opportunities for public participation in budget debates could be increased. For example, the legislature does not hold hearings on the budget in which the public can join. Notably, Ukraine's Supreme Audit Institution enjoys a fair amount of independence. In addition, the SAI maintains formal mechanisms of communication with the public to receive complaints and suggestions to assist it in determining its audit program.

## IBP calls for urgent action

To achieve immediate improvements in budget transparency, IBP urges:

- Governments to make publicly available the budget information



that they already produce. In all those countries where information is produced but withheld from the public, governments should immediately release it.

- International financial institutions and donors to encourage aid-recipient governments to make publicly available the budget information they produce for their donors or internal purposes.
- Civil society to publicize and demand explanations for instances in which governments do not make publicly available the budget information they produce for their donors or internal purposes.

## About the International Budget Project

The International Budget Project was established in 1997 as part of the

Center on Budget and Policy Priorities, a Washington DC-based non-partisan non-profit research organization, to support civil society organizations around the world interested in strengthening public budget processes, institutions and outcomes.

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

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