

Open Budgeting Practices in the Asia and Pacific Region

April 2021





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ABBREVIATIONS AND ACRONYMS

APBN	<i>Anggaran Pendapatan dan Belanja Negara</i>
APBNP	<i>Anggaran Pendapatan Belanja Negara Perubahan</i>
BTAP	Budget Transparency Accountability Participation
CDI	Center for Development and Integration
COA	Commission on Audit
CPA	Citizen Participatory Audit
CSO	civil society organization
DBCC	Development Budget Coordination Committee
DBM	Department of Budget and Management
DILG	Department of the Interior and Local Government
DG	directorate general
DTI	Department of Trade and Industry
EITI	Extractive Industries Transparency Initiative
FDP	Full Disclosure Policy
GAA	General Appropriations Act
GIFT	Global Initiative for Fiscal Transparency
GPPB	Government Procurement Policy Board
G-Watch	Government Watch
IBP	International Budget Partnership
IFI	independent fiscal institution
IMF	International Monetary Fund
LDC	local development council
LGU	local government unit
MOBI	Ministry Open Budget Index

MOF	Ministry of Finance
MOEF	Ministry of Economy and Finance
MSG	Multi-Stakeholder Group
MSME	micro, small and medium enterprises
NAP	National Action Plan
OBI	Open Budget Index
OBS	Open Budget Survey
OGP	Open Government Partnership
PAP	programs, activities and projects
PCOO	Presidential Communications Operations Office
PEFA	Public Expenditure and Financial Accountability
PEMNA	Public Expenditure Management Network in Asia
PGC	Participatory Governance Cluster
PH-EITI	Philippine-Extractive Industries Transparency Initiative
PhilGEPS	Philippine Government Electronic Procurement System
PH-OGP	Philippine-Open Government Partnership
PIA	Philippine Information Agency
POBI	Provincial Open Budget Index
PSAM	Public Service Accountability Monitor
PSBB	<i>Perbincangan Santai, Belajar dan Berdiskusi</i>
RAPBN	<i>Rancangan Anggaran dan Pendapatan Belanja Negara</i>
RDC	regional development council
SAI	supreme audit institution
SPRI	Indonesian People's Struggle

Open Budgeting Practices in the Asia and Pacific Region

CHAPTER 1

Results from the 2019 Open Budget Survey





CHAPTER 1

Results from the 2019 Open Budget Survey

The Open Budget Survey 2019: Overview

A government's budget reveals what it values — what economic and social challenges it seeks to tackle, and the resources it dedicates to achieving these goals. More than just technical documents or a tool for internal management, government budgets are of critical interest to the public, and many countries have been expanding public access to, and engagement with, their budgeting process. Open budgets are systems of budgeting that provide information on how public resources are raised and spent, ensure opportunities for the public to contribute to policy decisions that affect their livelihoods and futures, and have robust budget oversight by independent legislatures and audit institutions. Research has shown that better budget transparency and participation are linked with better outcomes for economic development, fiscal management, credible budgeting, service delivery, and public compliance with taxation.¹ Such benefits are even more important during times of crisis, such as the COVID-19 global pandemic, when governments need to effectively mobilize and deploy public resources and build public trust.

This brief provides an overview of open budgeting practices in countries that are part of the Public Expenditure Management Network in Asia (PEMNA), based on the findings from the most recent assessment of open budgeting practices around the world: the Open Budget Survey (OBS) 2019.² This assessment provides a snapshot of government practices up until December 31, 2018, using an assessment methodology based on international standards that are applicable to all countries.³ The OBS was first introduced in 2006 and is usually conducted every two years with the OBS 2019 representing the seventh assessment. Each OBS assessment is completed by an independent budget expert, checked by an anonymous peer reviewer, submitted to the government for comment, with the International Budget Partnership (IBP) providing quality control and checks to ensure consistency across countries.⁴

1 de Renzio and Wehner, 2015, www.internationalbudget.org (accessed September 23, 2020)

2 See *Open Budget Survey 2019*: <https://www.internationalbudget.org/open-budget-survey/>

3 See *Open Budget Survey 2019 Methodology*: https://www.internationalbudget.org/sites/default/files/2020-04/2019_Methodology_EN.pdf

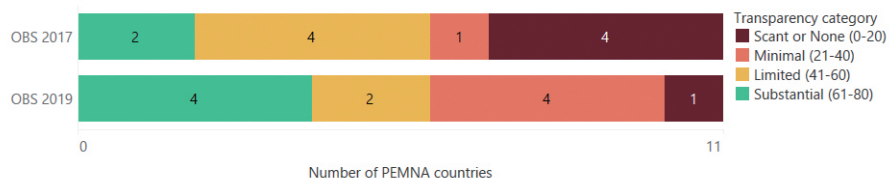
4 IBP invited all governments to review and comment on the draft OBS 2019 results, and most governments in PEMNA did so, except for China and Timor-Leste.

The OBS assesses three components of open budgeting: budget transparency, where the assessment is also comparable over time; formal opportunities for the public to directly engage with the executive, legislature, and audit institutions during the budget process; and the role of formal budget oversight institutions such as the legislature and the supreme audit institution (SAI). The OBS is produced by the IBP, a nongovernmental organization that collaborates with civil society to use budget analysis and advocacy as a tool for improving governance and reducing poverty. OBS 2019 covers 117 countries, including 16 countries in the Asia and Pacific region, and 11 member countries of PEMNA.⁵

Trends in Budget Transparency

Over the past decade, countries in the Asia and Pacific region on average have made modest but steady improvements on open budgeting practices. In the most recent round, the average transparency score for PEMNA member countries included in the OBS exceeded the global average for the first time. The region offers good examples and standards for transparency and reporting. Results from OBS 2019 reveal an increase in the amount of budget information that PEMNA governments are making available to the public since the last round of the survey. OBS transparency scores are calculated based on 109 questions, measured on a scale from 0 to 100, on the timeliness and comprehensiveness of eight key budget documents that governments should make publicly available according to international standards. Budget transparency scores of PEMNA countries surveyed in 2019 show gains in some of the region's lowest performers, along with continued progress in some of the region's top performers (Figure 1).

Figure 1. Improvements in Budget Transparency Categories in PEMNA Countries (from OBS 2017 to OBS 2019)



Source: Results for OBS 2017, OBS 2019

These improvements have led to the average transparency score for assessed PEMNA countries to rise above the global average for the first time. In OBS 2019, the average transparency score for the 11 PEMNA countries is 48 out of 100, which is slightly higher than the global average of 45 for all 117 countries assessed in this round. At the same time, this average is still below the OBS

⁵ The 11 PEMNA countries assessed in OBS 2019 are Cambodia, China, Indonesia, Malaysia, Mongolia, Myanmar, Philippines, Republic of Korea, Thailand, Timor-Leste, and Vietnam. All 11 countries have been surveyed since OBS 2012.



benchmark of 61, which is considered the minimum level of budget transparency that allows for meaningful public engagement throughout the budget process. In OBS 2019, only four PEMNA countries have reached scores above 61 and provide sufficient levels of budget transparency: the Philippines, Indonesia, Korea, and Thailand.

A central component to budget transparency is making all of the eight key budget documents publicly available. In the OBS, a budget document is assessed as publicly available when it is published on the relevant government website within a timeframe consistent with good practices and is available free of charge. In OBS 2019, countries in PEMNA have made improvements in their publication practices: across the 11 PEMNA countries that are assessed in the OBS, there was a net increase of 12 additional budget documents made publicly available between OBS 2017 and OBS 2019. Three (out of the 12) of these documents are Executive's Budget Proposals, implying that citizens now can access information about policies and plans being proposed in the budget, among other key budgetary details, ahead of parliamentary approval. Overall, for assessed PEMNA countries, 81% of all key budget documents that should be released to the public are now publicly available (Table 1).

Table 1. Number of Budget Documents Published in PEMNA Countries (OBS 2019)

Key budget documents	Number of countries (out of 11)		
	OBS 2017	OBS 2019	Net Change
Pre-Budget Statement	6	7	+1
Executive's Budget Proposal	7	10	+3
Enacted Budget	11	11	0
Citizens Budget	7	8	+1
In-Year Reports	9	11	+2
Mid-Year Review	3	4	+1
Year-End Report	7	10	+3
Audit Report	9	10	+1
Total for all documents	59	71	+12
<i>Overall document publication rates</i>	<i>67%</i>	<i>81%</i>	<i>+14%</i>

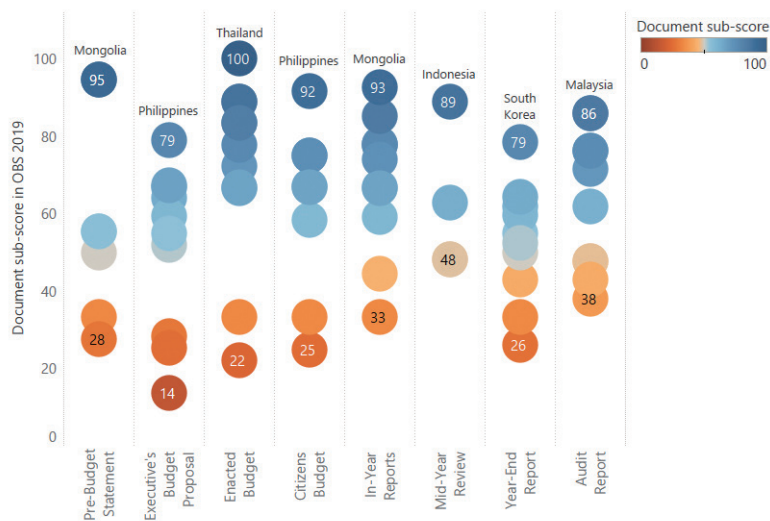
Source: Results for OBS 2019

Publishing budget documents — especially budget documents that countries may already produce — is an important driver of budget transparency improvements. For example, 84% of the net improvement in the average OBS budget transparency scores in assessed PEMNA countries between OBS 2017 and 2019 is due to countries improving their document publication practices. For many countries, this can be a relatively simple reform to publish online documents

that they may already produce for internal use or improve the timeliness of documents that are only published after too long a delay to be useful and relevant to the public — there are nine documents in six PEMNA countries that fall into these categories. However, data from OBS 2019 shows a decrease in document publication timeliness for at least one document in almost half the assessed PEMNA countries since the last round of the survey. Countries can help ensure sustainable improvements on budget transparency by setting clear guidelines and rules on the timeframes for releasing budget documents.

For many PEMNA countries, the challenge for improving budget transparency is not just the publication of new documents — it is the comprehensiveness of documents that are currently being published. As shown in figure 2, many countries in the region produce documents that do not contain all of the core information required by international standards. Countries can take steps to review the content of budget documents and include additional information needed by the public to understand and engage with budget decisions, including what the government is funding, how it is raising revenue, how much debt and borrowing the government takes on, the results of government spending, and other information. For example, between OBS 2017 and OBS 2019, Vietnam strengthened its In-Year Reports by including additional data comparing actual year-to-date revenues and expenditures with the original estimates for that period and the same period the previous year. This and other improvements to its In-Year Reports accounted for 12% of the increase in Vietnam’s overall transparency score since the last assessment.

Figure 2. Comprehensiveness of Key Budget Documents in PEMNA Countries (OBS 2019)



Source: Results for OBS 2019

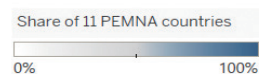


Several PEMNA countries made progress this round of the Open Budget Survey on publicly disclosing information related to one of the PEMNA community's key medium-term goals: making stronger linkages between policy outcomes and annual budgets.⁶ For example, three countries have started to report on how their policy goals are linked to the budget during the budget year, raising the share of with this information around half of the 11 PEMNA countries to over 80% (Figure 3). Other types of policy and performance information are missing from the Executive's Budget Proposals in PEMNA countries. For example, OBS 2019 finds that fewer than half of the assessed PEMNA countries have information about multi-year policy goals linked to the budget and alternative displays of expenditures showing the financial impact of the budget on different groups of citizens. These areas could be improved in the future by PEMNA countries.

Figure 3. Percentage of PEMNA Countries Providing Information in their Executive's Budget Proposals (OBS 2017, OBS 2019)

	OBS 2017	OBS 2019
Links the proposed budget to policy goals for the budget year	55%	82%
Links the proposed budget to policy goals for a multi-year period	36%	45%
Shows how new policy proposals affect expenditures	64%	64%
Shows how new policy proposals affect revenues	45%	55%
Presents alternative displays of expenditures	18%	36%
Presents estimates of policies intended to benefit the most impoverished	64%	73%
Presents data on non-financial inputs	45%	55%
Presents data on non-financial results	64%	64%
Assigns performance targets to non-financial data on results	64%	64%

**Note: Figure shows the share of PEMNA countries that report any information on these questions, scored in the OBS with a score of C or higher.*



Source: Results for OBS 2017, OBS 2019

6 Public Expenditure Management Network in Asia, 2019, <https://pemna.org> (accessed September 23, 2020)



Box 1. Sustaining Budget Transparency Over Time

Every year in Indonesia, the Directorate General of Budget meets to consider what information should be available in each budget document and released to the public before preparing their budget proposal. Results from previous Open Budget Survey (OBS) rounds help inform these decisions; “For example, if in the past OBS information about debt was not available in the financial memorandum, in the preparation of this year’s financial memorandum, we will endeavor to include information about debt,” explained Iga Krisna Murti RS, Indonesia’s government reviewer for OBS 2019.⁷ In the most recent round of the OBS, the assessment found that Indonesia now presents a new economic classification of expenditures in the budget proposal, showing details about how much is spent on capital projects, personnel costs, and debt interest payments. While such incremental changes do not always impact a country’s score during an individual round of the OBS in a dramatic way, they help align documents with international best practices and correlate with progress in transparency over time.⁸

For some, these improvements to the budget documents may seem to be narrow topics that are of interest only to fiscal policy experts. Yet, information on revenues, expenditures, and debt over time is of key interest to the public. The Asian financial crisis in the late 1990s, for instance, was reflected in increasing current account deficits and a rise in external debt, and this sparked a wave of international organizations, civil society, and governments uniting around new fiscal transparency norms and pushing for better fiscal transparency practices.⁹

Overall, the Asia and Pacific region’s progress observed in OBS 2019 reflects regional trends found over the last decade. Along with the regions of Eastern Europe and Central Asia and Latin America and the Caribbean, the PEMNA countries stand out among comparable surveyed countries for achieving consistent improvements on the OBS transparency measure over the past four rounds of the survey. In particular, the 11 assessed PEMNA countries achieved significant improvement from OBS 2017 to 2019, with the average transparency score increasing nine points from 39 to 48, while other countries in the East Asian and Pacific region remained largely the same (Figure 4). This progress reflects a common element seen in this region over the past few decades: an appetite for public financial management reform at the highest political levels.¹⁰

7 International Budget Partnership, 2020b, www.internationalbudget.org (accessed September 15, 2020)

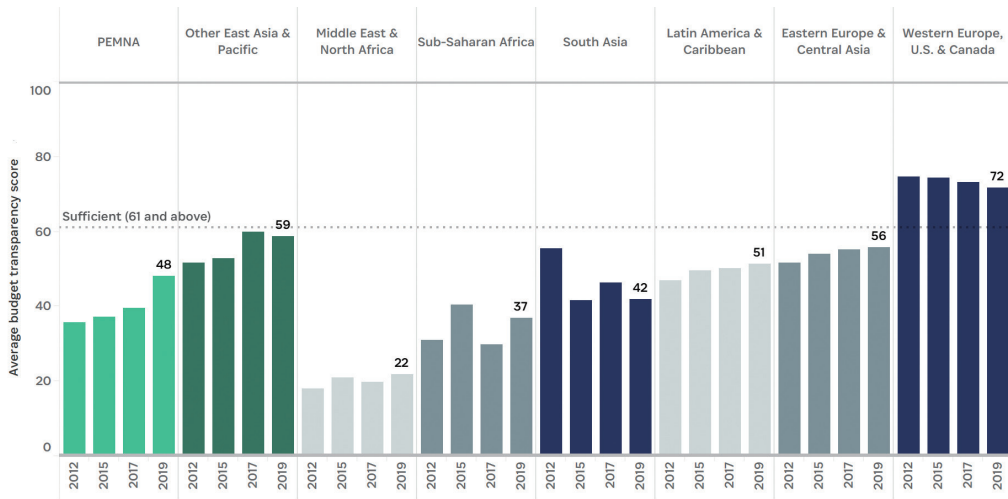
8 International Budget Partnership, 2020a, www.internationalbudget.org (accessed September 15, 2020)

9 International Monetary Fund, 2012, www.imf.org (accessed September 15, 2020)

10 So et al., 2018, <https://openknowledge.worldbank.org>, (accessed September 15, 2020)



Figure 4. Regional Trends in Budget Transparency (from OBS 2012 through OBS 2019)



Source: Time-series of Open Budget Survey Results

Innovations in Public Participation

Along with access to information, public participation is an essential component for building open institutions where budgets are proposed, decided, implemented, and audited in the public sphere as opposed to behind closed doors. Public participation in the budgeting process is linked to better government responsiveness, to more effective service delivery, and to greater willingness to pay taxes. The OBS measures public participation with 18 questions based on international standards that assess formal participation mechanisms for the public to directly engage with the executive, legislature, and audit institutions during the budget process.¹¹

Public participation is an emerging practice for many governments, and many countries around the world are just beginning the process of piloting new mechanisms. This is also the case for the 11 assessed PEMNA countries, where the average score on the OBS participation measure is currently low at 16 out of 100. Yet, the average score for PEMNA countries is slightly higher than the global average participation score of 14 for all 117 assessed countries. Some PEMNA countries have implemented innovative mechanisms and improved participation practices since the last round. For example, Korea, which launched participatory budgeting at the national level

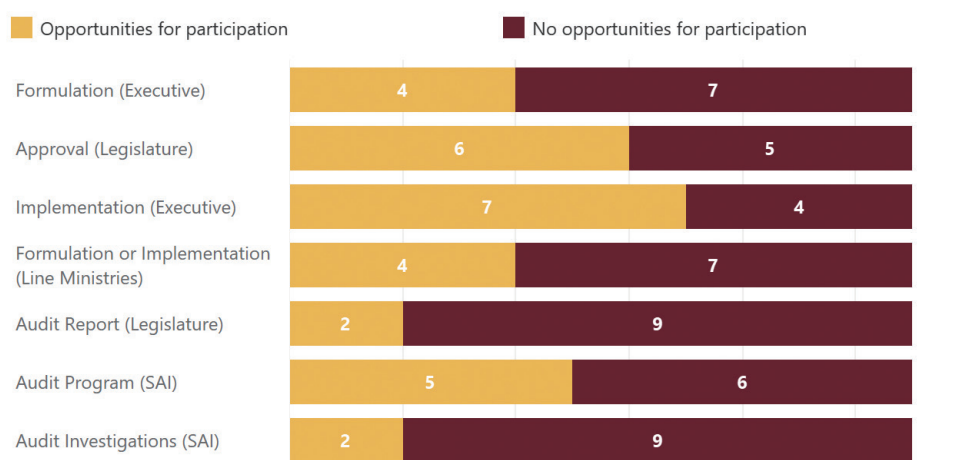
¹¹ Since OBS 2017, the participation questions have been revised and aligned with the Global Initiative for Fiscal Transparency (GIFT) High-Level Principles on Fiscal Transparency, Participation, and Accountability; and also the ten Principles of Public Participation in Fiscal Policies. See: http://www.fiscaltransparency.net/pp_principles/

in recent years, is now only one of two countries in the world with an OBS participation score of 61 and above, the benchmark for adequate opportunities for public participation throughout the budget cycle.¹²

Among the assessed PEMNA countries, one interesting feature is that more countries provide opportunities for public engagement during the implementation of the budget, as compared to the budget formulation, approval, or audit stages of the budget. This is in contrast with the global trend on public participation, where countries tend to provide more participation opportunities during budget formulation and approval. For PEMNA countries, on the other hand, 7 out of the 11 countries have public participation mechanisms during the implementation stage (Figure 5). This means that implementation mechanisms in PEMNA countries make up about 23% of the share of mechanisms globally during this stage, despite being only 10% of the countries.

Figure 5. Opportunities for Participation in PEMNA Countries

*Number of PEMNA countries out of 11



Source: Results for OBS 2019

¹² See Korea's website for participatory budgeting: <https://www.mybudget.go.kr/>. A case study on Korea's participatory budgeting efforts can also be found in chapter 4 of this report or the Open Budget Survey 2019 Global Report: <https://www.internationalbudget.org/wp-content/uploads/Open-Budget-Survey-Report-2019.pdf> (page 56).



Box 2. Monitoring the Implementation of COVID-19 Support Packages

Though data for Open Budget Survey (OBS) 2019 was collected before the start of the spread of the global pandemic, finance ministries with existing participation mechanisms during the implementation phase of the budget, like those seen PEMNA countries, could now be well-placed to proactively seek feedback from citizens on how COVID-19 resources are being used. In Malaysia, for example, “LAKSANA” unit was set up to monitor implementation of COVID-19 resources. This unit also surveyed citizens as part of the monitoring of resources.

These types of public engagement mechanisms may align with the work of many civil society organizations (CSOs) during the pandemic, which is already providing grassroots tracking of how COVID-19 support packages have been implemented. In Indonesia, for example, the Indonesian People’s Struggle (SPRI) is monitoring¹³ government social assistance programs and sending a “needs map” to policymakers at the provincial and national levels. In the Philippines, Government Watch (G-Watch) conducted an independent validation of the government’s Social Amelioration Program.¹⁴ Such initiatives, when they have access to mechanisms that allow them to submit feedback to the government, help government officials to understand community needs and the quality of services and continue to improve their COVID-19 support during the crisis and strengthen public trust in the government response.

In PEMNA countries, as is the case across the globe, many public participation mechanisms are not yet well-established, inclusive, or do not have a strong connection with the budget process. For example, on budget formulation, two of the four mechanisms in PEMNA countries are either ad hoc meetings or limited public consultations with organizations selected by the government. In both the budget formulation and implementation stages, none of the existing executive branch participation mechanisms make active efforts to reach out to the poorest and most vulnerable groups (Table 2). Without specific efforts to reach underrepresented groups, participation efforts are far less likely to reflect a diverse set of voices and may only engage with the well-connected or privileged groups.

Table 2. Executive Branch Participation Mechanisms in PEMNA Countries

Executive participation mechanism by budget stage	Number of PEMNA countries (out of 11 countries)		
	with mechanism	with mechanism open to everyone	with efforts to reach vulnerable populations
Formulation	4	2	0
Implementation	7	4	0

Source: Results for OBS 2019

¹³ Bailey, 2020, www.internationalbudget.org (accessed September 23, 2020)

¹⁴ See: <https://www.g-watch.org/resources/vertical-integration-research/g-watch-independent-validation-social-amelioration-program>

As public participation practices emerge across the world, countries can learn from innovative examples. One element of a well-designed participation mechanism is that governments clearly explain what kind of input they seek or what will be discussed during each public engagement. For example, in the Kyrgyz Republic, the Ministry of Finance (MOF) publishes materials in advance of their open public hearings, informing the public that all aspects of the budget proposal are open for debate. Other strong public participation mechanisms strive for a mix of engagement opportunities that can include a wider set of citizens and voices. The Government of Sierra Leone, for example, has strengthened pre-budget hearings over the past several years, and now mandate public participation as a requirement by law. Each year, before they draft the budget proposal, their finance ministry holds a day-long Policy Hearing in the capital that is open to the public, each line ministry and other government entities hold budget discussions that include civil society representation, and they also hold budget consultations with 22 local councils.

Some PEMNA countries are already demonstrating that public participation mechanisms are relevant at all stages in the budget process. Korea, with a participation score of 61 out of 100, is one of a few countries in a world that has at least one participation mechanism in each stage of the budget. For example, in addition to their recent efforts in launching participatory budgeting at the national level,¹⁵ the Korean Government also for several years has operated a Waste Reporting Center, where citizens can submit complaints about inefficient or illegal use of public resources through a website, in-person reporting centers, and a call center.¹⁶ To expand consultation on the budget, Mongolia's legislature has established a website where they post both the Pre-Budget Statement and Executive's Budget Proposal and allow the public to comment on both draft documents before they are discussed or approved by the legislature.¹⁷ In the Philippines, the Citizen Participatory Audit (CPA) program, where citizens and civil society organizations (CSOs) jointly conduct audits along with the Commission on Audit (COA), is an example of an emerging practice that directly involves program beneficiaries in audit investigations.

Strong practices and oversight gaps

For budget oversight, the OBS assesses the role of the legislature and the SAI with 18 questions. For the legislature, the survey looks at its role during budget formulation, approval, implementation, and review of the audit report. Questions about the legislature also assess the role of legislative committees, such as specialized finance committees and sector committees, which have the expertise to review budget proposals and advise legislative plenaries on their findings before approving the budget. For SAIs, the OBS assesses whether or not there is independence in the appointment and removal of the SAI head, whether the institution has sufficient funding, and whether audit systems are subject to an external review.

15 See footnote 12.

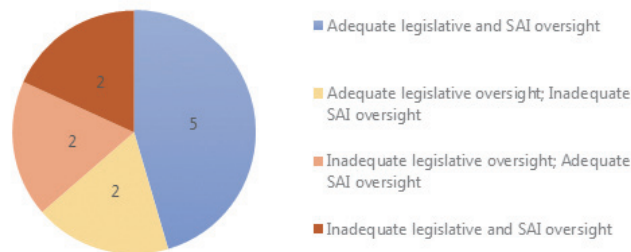
16 See Korea's Anti-Corruption and Civil Rights Commission website for complaints submissions and other consultations: <https://www.epeople.go.kr/index.jsp>

17 See Mongolia's 2019 budget deliberation online forum posted in 2018: <http://forum.parliament.mn/projects/445>



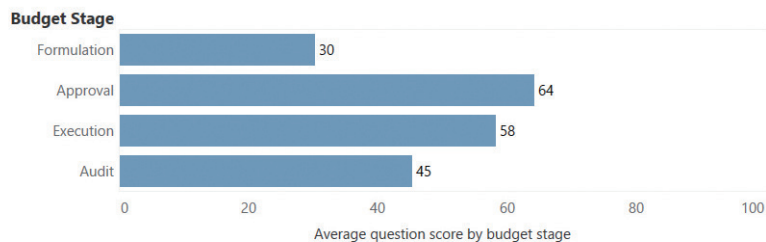
Overall, PEMNA countries have relatively strong oversight scores. The average score for the 11 surveyed PEMNA countries is of 62 out of 100, as compared to a global average score of 54. However, more than half of PEMNA countries have gaps or weaknesses in their oversight roles and practices. When looking at the oversight sub-scores for the legislature and SAI separately, only five of the 11 countries have adequate oversight scores for both institutions, where a score of 61 or higher is described as adequate (Figure 6). The remaining six countries do not score at adequate levels of budget oversight from either the legislature, SAI, or both institutions.

Figure 6. Budget Oversight in PEMNA Countries (legislature and SAI)



Source: Results for OBS 2019

For legislative oversight, as is the case globally, in PEMNA countries oversight practices tend to be strongest when legislators are approving the budget (Figure 7). Several factors contribute to these stronger practices during budget approval, including the timeliness of budget proposal submissions to legislatures and robust oversight from legislative committees. For example, in five of the 11 surveyed PEMNA countries, finance ministries sent the draft budget to their legislatures more than three months in advance of the budget year, giving legislatures more time to examine and propose amendments to the budget. In addition, specialized budget committees in seven of the 11 of PEMNA countries both examined the budget proposal and released a public report of their findings and recommendations before the budget was approved, which informs a better debate about the budget in the full legislature. Thailand's National Legislative Assembly recently improved their oversight function in this regard by publishing the reports of committee findings after reviewing the budget proposal, including reports from a specialized budget committee and also by an ad hoc committee reviewing sector allocations.

Figure 7. Legislative Oversight in PEMNA countries by Budget Stage

Source: Results for OBS 2019

In contrast, legislative oversight in the formulation stage of the budget in surveyed PEMNA countries tends to be weaker. Fewer than half of PEMNA countries debate budget policy during this stage, though international best practices suggest that the legislature should have the opportunity to review the government's broad budget priorities and fiscal parameters before discussing the Executive's Budget Proposal for the coming year, for example by debating the Pre-Budget Statement.

During the implementation and audit stages of the budget, there are both strong practices and oversight gaps. One challenge for legislatures in monitoring budget implementation is that, by law or practice, some executives disregard the budgets approved by the legislature by shifting funding between ministries or departments, spending excess revenues, or reducing spending without prior authorization from the legislature. Across PEMNA countries, these practices are mixed, although the region includes standout countries like Indonesia, whose MOF, both in law and in practice, seeks authorization from the legislature before making changes to approved budgets. In addition, the Indonesian legislature also reviews the progress of budget implementation during the year and releases a report documenting its findings and recommendations promptly.

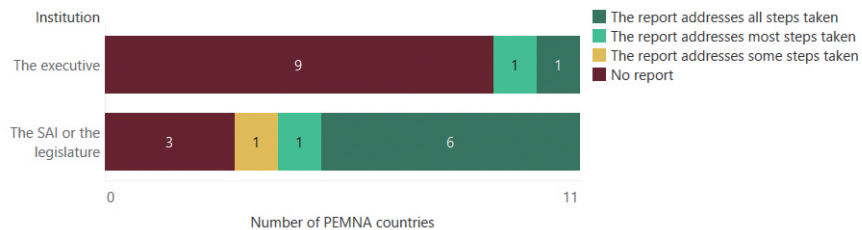
For finance ministries in PEMNA countries that have sought to bolster interaction with the SAI, the OBS includes two oversight questions that assess communication from the executive government with the SAI. These questions ask whether either the executive government, legislature, or SAI releases a report to the public tracking steps to address audit recommendations. Few executive governments currently track their own progress on responding to audit recommendations: in surveyed PEMNA countries during this round of the OBS, only Malaysia and Mongolia release such a report (Figure 8).

Communication about remedial actions taken by the executive on audit findings is stronger from legislatures or SAIs, where the OBS finds eight PEMNA countries releasing a report tracking steps executives have taken to address audit recommendations. Releasing these reports contributes to ensuring adequate and timely follow-up on the recommendations in the SAI's audit reports.



Moreover, public release of these reports also keeps citizens informed about the status of the executive response and allows for greater involvement in ensuring that governments are responsive in addressing the issues and challenges identified by audits, ultimately strengthening governance and service delivery.

Figure 8. Number of PEMNA Countries that Release Report that Tracks the Steps Taken by the Executive to Address Audit Recommendations



Source: Results for OBS 2019



Box 3. Increasing Numbers of Independent Fiscal Institutions

Independent fiscal institutions (IFIs) are established in either the legislature or the executive branch as independent, non-partisan institutions with a mandate to issue independent macroeconomic and fiscal forecasts and to estimate the cost of new policy proposals from the government before they are approved. The public looks to these institutions for guidance on whether the government is using accurate and realistic forecasts to develop the budget and is considering the sustainability and costs of new policies.

In total, Open Budget Survey (OBS) 2019 finds IFIs in 36 out of 117 surveyed countries, four of which are in PEMNA countries. The newest of these, Mongolia's Fiscal Stability Council, was established since the last OBS assessment. The others include Korea's National Assembly Budget Office, Thailand's Parliamentary Budget Office, and three budget offices in the House of Representatives and the Senate in the Philippines.

Like all accountability institutions, IFIs provide better oversight when they have an independent mandate and sufficient resources, as is the case in Korea. Other institutions also benefit when they can fully utilize IFI reports, such as when representatives testify to the legislature about their reports and findings.

IBP's Global Call to Action on Open Budgeting

PEMNA member countries have already made strong progress on budget transparency over the last decade, with especially strong progress seen in OBS 2019 since the last round of the survey. In part, this success has come from a history of PEMNA member countries pursuing meaningful public finance reforms and also having clear action plans for how to make progress on fiscal transparency

in the future.¹⁸ The progress in the Asia and Pacific region, especially among PEMNA members, creates new opportunities for knowledge sharing about best practices and strategies for reform.

As part of the launch of the OBS 2019, IBP has also launched a global call to action for countries to make progress on open budgeting over a five-year timeframe.¹⁹ This campaign is focused on four ambitious, but attainable, goals:

1. Publish information on how public resources are generated, allocated and spent — in a timely manner that is accessible to all, as specified in the Open Budget Survey.
2. Create opportunities for all people, particularly those from marginalized communities, to provide input into the budget process.
3. Strengthen monitoring and oversight of budget execution through independent institutions.
4. Sustain improvements achieved on open budgeting, protecting them from political shifts.

IBP is encouraging governments to collaborate with civil society groups in their country to develop action plans on achieving these goals. So far, more than 150 national and international organizations and movements around the world have signed on and united to advance a common agenda to make sure that government budgets are transparent, inclusive, and accountable. Governments that commit to targets or goals can also publicize these intentions or commitments to advance budget transparency, public participation, and oversight practices on the IBP website.

IBP has also made available tools and resources that could be helpful for governments to further explore their OBS results and identify areas for improvement. These resources include:

- A global campaign to open budgets: Call to Open Budgets campaign and events²⁰
- Country Summaries of the OBS results²¹
- OBS 2021 calculator to predict the results of future OBS assessments²²

IBP welcomes PEMNA member countries to join the global Call to Action on open budgeting. Governments that are interested in exploring concrete steps for improving their open budgeting practices within the next five years can reach out to the IBP team to explore opportunities for collaboration and peer-learning opportunities in support in their efforts.

18 Kwon, 2020, <https://www.pemna.org> (accessed September 15, 2020)

19 For more information on the global Call to Action, and the organizations that have signed on, see: <https://www.internationalbudget.org/open-budget-survey/call-open-budgets>

20 For more information on Call to Open Budgets, visit: <https://www.internationalbudget.org/campaign-to-open-budgets/#1602266201218-d4c6785a-bd56>

21 See Country Summaries of 2019 OBS results: <https://www.internationalbudget.org/open-budget-survey/country-results>

22 Visit OBS 2021 Calculator: <http://survey.internationalbudget.org/#calculator>

Open Budgeting Practices in the Asia and Pacific Region

CHAPTER 2

Country Cases: Indonesia, Korea, the Philippines, and Vietnam





CHAPTER 2

Country Cases: Indonesia, Korea, the Philippines, and Vietnam

This section explores the ongoing open budget reforms of four PEMNA member countries: Indonesia, Korea, the Philippines, and Vietnam. The IBP's assessment on the public participation scores of each country does not necessarily consider the programs which are included in the country cases of this report; however, these programs depict the continuous and various efforts of PEMNA member country governments to enhance budget transparency and public participation. This chapter also aims to provide governments aiming to elevate their level of transparency and participation with reference for future discussion on open budgeting.

Country Case: Indonesia's Public Outreach²³

Indonesia, like many other PEMNA member countries, has implemented various mechanisms to reach out to its citizens. In recent years, the Ministry of Finance of Indonesia has improved the public availability of budget documents and provided greater in-depth information on the official budget documents they release. They have also initiated several programs to engage directly with the public. These ongoing efforts are aimed to introduce the *Anggaran Pendapatan dan Belanja Negara* (APBN), or Indonesia's National Budget, to the public in hopes to enhance the transparency and elevate public participation on the budget. This section introduces these ongoing efforts of the government in building the public's trust as well as looking into the government's actions in response to the global pandemic.

Budget Transparency

According to the 2019 OBS results, Indonesia scored 70 (out of 100) in budget transparency, which is much higher than the global average of 45. The MOF has begun to publish medium-term forecasts in their budget documents since 2017 as well as improving the information they had already been disclosing, such as providing more details on debt sustainability. Indonesia is also ensuring the timeliness of making these budget documents available to the public — once the budget document is submitted or signed by the Parliament, it is published online (e.g., website

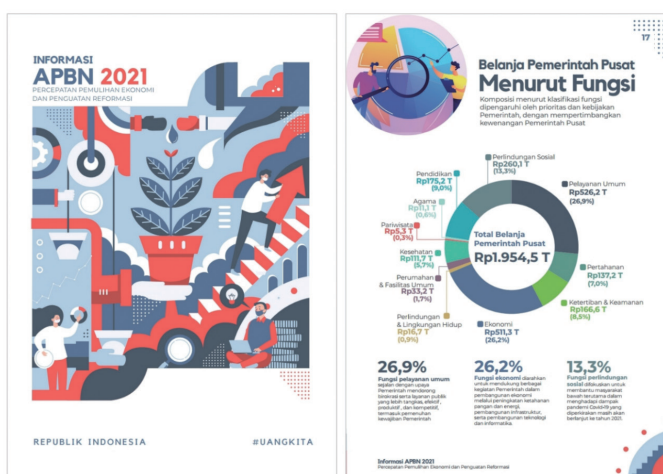
²³ Country case based on information and data shared by Mr. Eko Kurniawan (Section Head, Directorate General of Budget, Indonesia MOF) and his team.

and social media outlets) on the same day. The government also publishes the Budget in Brief Series which makes it easier for the public to understand the nation's budget and government policies.

(1) Budget in Brief (*Buku Informasi APBN*)

Over the past few years, the Indonesian Government has focused on providing the public with budget information. The MOF started to publish the **Budget in Brief** in 2012, or *Buku Informasi APBN* (Figure 9), which is Indonesia's version of a citizen's book, one of the key budget documents recommended by the IBP for public disclosure. This booklet is a summary of Indonesia's National Budget Document and is considered by the government as a practical tool to provide better and easier information on the nation's budget, APBN. The Budget in Brief is a simplified version of the Financial Note and RAPBN/APBN/APBNP²⁴ and can be accessed from the MOF website.²⁵

Figure 9. Budget in Brief 2021



Source: Directorate General of Budget, 2020b, www.anggaran.kemenkeu.go.id (accessed February 21, 2021)

Through the Budget in Brief, the MOF of Indonesia aims to raise the credibility and transparency of their budget while also increasing the accountability. The public can get a better understanding of the budget cycle, government's goals and strategy, macroeconomic and development

24 RAPBN (*Rancangan Anggaran dan Pendapatan Belanja Negara*): Draft State Budget
APBN (*Anggaran Pendapatan dan Belanja Negara*): State Budget

APBNP (*Anggaran Pendapatan Belanja Negara Perubahan*): Revised State Budget

25 *Budget in Brief 2021* available at: <http://www.anggaran.kemenkeu.go.id/api/Medias/45aa9080-850d-4356-9601-1dd7daecc4c7>



indicators, revenue and expenditures, budget for line ministries, sector budget and goals by sector, and information on important policies. For 2020, a survey link, in the form of a QR code, has also been included in the Budget in Brief 2021, in order to collect inputs, insights, critics, and recommendations from the public.

The Directorate of State Budget Formulation (*Directorat Penyusunan APBN*) of the Indonesia Directorate General of Budget (DG Budget) has the main responsibility of publishing this document by collecting and processing the data. The directorate has also continued to focus on improving the infographics and how the data is presented by consulting the public, in order to make the Financial Notes and National Budget Documents much easier for the public to understand.

Public Participation

The Indonesian Government has been exploring various tools and programs to actively engage the public and raise awareness on the budget in order to induce an active state of public participation. The main activities that the MOF has been pursuing are the Budget Olympics, Budget Goes to Campus (recently changed to Casual Learning & Discussion), and Open Data Day as well as operating the Data Portal APBN, which provides the public with access to the government's budget data and relevant resources.

(1) Budget Olympics (*Olimpiade APBN*)

To increase civic engagement and participation, the Indonesian Government has been conducting a series of activities called “**Budget Olympics**” for students (Figure 10). This activity aims to provide an understanding of the Budget to young citizens — on how the government prepares the Budget, what are the impacts of the Budget on people's lives, and to promote the idea of #Uangkita.²⁶ By fostering this understanding and knowledge from an early age, the MOF believes that civil engagement and participation will increase in the preparation of the nation's budget in the future.

²⁶ *Uangkita* is an Indonesian word for “our money” and the concept is to encourage the public to monitor and oversee the money they pay in taxes.

Figure 10. Budget Olympics Digital Poster (2020)

Source: Directorate General of Budget, 2020c, www.anggaran.kemenkeu.go.id (accessed November 11, 2020)

The Budget Olympics, hosted by the MOF annually since 2018, is in the form of a quiz-based competition where all senior high school students of Indonesia are eligible to participate and compete while the MOF high level officials, including the Minister, also participate as panels or judges for the event. During the course of three months, the students go through a series of regional contests and nationwide semi-finals and finals. The types of questions asked during the event ranges from multiple-choice questions to questions requiring short answers as well as longer thematic questions. These questions are all based on examining the students' understanding of the National Budget and its process.

The Budget Olympics has gradually expanded each year. When it started out in 2018, the Budget Olympics had focused on only a few schools participating in the event. However, in 2019, around 1,500 teams from various districts competed in the Budget Olympics and in 2020, the number of competing teams doubled to around 3,300 teams. Especially for 2020, the Budget Olympics was held as an online based activity due to the COVID-19 global outbreak, which alternatively resulted in reaching a wider base of students while also maintaining a relatively lower cost than before.

Also, in 2020 the program was further expanded to the university level students which is designed as a debate style competition (Figure 11). But similar to the high school level, the university level Budget Olympics is also targeted to raise awareness on public fiscal policies and budgeting. The ministry is hoping to use the policy recommendations from the university level participants as input for policy in the future. The recordings of the Budget Olympics can be accessed on the DG Budget website and YouTube.²⁷

²⁷ To view recordings of the 2020 Budget Olympics, visit: <https://www.youtube.com/watch?v=uwryN5GHG5k> (for high school level) and <https://www.youtube.com/watch?v=CBoAg6ZVzI0> (for university level).



Figure 11. Budget Olympics: University Level Finals (2020)



Source: “Final APBN Memanggil: Lomba Debat Hebat” [APBN Finals: Great Debate Competition], 2020, *YouTube*, uploaded by Indonesia Directorate General of Budget, October 26, 2020, www.youtube.com/watch?v=CBoAg6ZVzI0. Screenshot by author.

(2) Budget Goes to Campus/Casual Learning & Discussion

Starting in 2015, the **Budget Goes to Campus** events were initiated by the Directorate General of Budget in collaboration with local universities and held until early 2020 before it was changed to an online based activity (Figure 12). This one-day seminar-style program had focused on having the actual officials that handle the daily operations of the government’s budget meet with the students in-person. The objective is to inform the students of various budget related topics and engage in discussions with these students, eventually raising public awareness on the state budget and issues at hand. The officials also look for new ideas from these events while engaging with the students.

Figure 12. Budget Goes to Campus (2017)



Source: Directorate General of Budget, 2017, www.anggaran.kemenkeu.go.id (accessed November 11, 2020)

After its last in-person event in January of 2020, the program was transformed to an online based activity due to the COVID-19 pandemic, and this program has been renamed to **Casual Learning & Discussion** (*Perbincangan Santai, Belajar dan Berdiskusi*, PSBB) (Figure 13). The topics are selected by the MOF based on current issues in budget and government policy, and also through the public by surveying participants of these events. Each event is organized with different topics and speakers — topics that are of high demand from the public. Themes for 2020 were based on a wide array of topics, such as APBN & COVID-19, energy subsidies, pre-employment cards, non-tax revenue, social assistance, Economic Recovery Acceleration 2021, health reform, and COVID-19 management.

Figure 13. Casual Learning & Discussion Digital Poster (2020)



Source: Directorate General of Budget, 2020a, www.anggaran.kemenkeu.go.id (accessed November 11, 2020)

In 2020, the DG Budget held six PSBB events online which can all be accessed on the DG Budget website or the DG Budget's YouTube channel.²⁸ The DG Budget plans to continue holding more of these online public outreach activities, especially on the approved budget for 2021, during the times of the pandemic. The DG Budget is also preparing to introduce this event type at the high school level (*DJA Menyapa*), which specifically targets the semi-finalist and finalist of the Budget Olympics. Indonesia hopes to continue a mix of online PSBB's as well as reaching out to students on campus through the face-to-face Budget Goes to Campus events after the pandemic is over.

(3) Open Data Day

The DG Budget held their first **Open Data Day** event in February of 2019 (Figure 14). This activity was held in collaboration with universities and CSOs, such as Seknas FITRA, and the objective is to provide the public with knowledge on how and where to access budget data and how to analyze

²⁸ To view recordings of PSBB events, visit: <https://www.youtube.com/playlist?list=PLObLZ5gbWfX-KM3gho01WO3ki8bz3uOy5>



this data as well as coming up with solutions. The activity is similar to a training program, aimed to educate the public on using the line ministries' official budget data.

Figure 14. Open Data Day 2019



Source: Directorate General of Budget, 2019, www.anggaran.kemenkeu.go.id (accessed November 11, 2020)

The participants work in teams to explore the data that is available online, including data published from the World Bank and the International Monetary Fund (IMF) or data published by the Indonesian Government's line ministries. Each team is involved in processing and combining data then analyzing problems with this data, eventually creating narratives and presenting them on the spot. This activity is also part of a campaign to encourage the line ministries to produce and publish their data in a more user-friendly format.

Unfortunately, the event for 2020 was postponed to the following year due to the COVID-19 pandemic, but the DG Budget hopes to continue holding this event every year.

(4) Data Portal APBN

The **Data Portal APBN**²⁹ was launched in 2017 and serves as a tool for the public to monitor the implementation of Indonesia's National Budget, APBN (Figure 15). The portal is fully dedicated to publishing budget documents that can be accessible by the public. Some of the information accessible from this portal are items such as the summary of budget, summary of revenue, and data on systematic budget (e.g., infrastructure, education, and health budget). The public can access this data and assist the government in creating relevant policies by providing their opinion.

²⁹ Visit Data Portal APBN: <http://www.data-apbn.kemenkeu.go.id/>



press conferences, the APBN *KiTa*, to provide information on the budget implementation process and COVID-19 responses. This is streamed live through the MOF website and social media platforms, such as YouTube, as part of their continuous effort to provide information to the public. The MOF and directorate general level units also provide information through various social media outlets, such as YouTube or Instagram, and receives input so that the public can always have access to information and a way to engage with the government.

Country Case: National Participatory Budgeting in Korea³¹

Korea's first participatory budget system was implemented in Buk-gu, Gwangju City in 2003 and has gradually spread out to the local governments until it became mandatory through the revision of the Local Finance Act in 2011. To promote participatory budgeting, the Ministry of Economy and Finance (MOEF) of Korea launched an initiative called "My Budget." This national-level participatory budgeting program was first implemented in 2018 for the 2019 National Budget. Under this program, proposals can be submitted in all 12 areas³² of Korea's National Fiscal Management Plan. Citizens can offer ideas for new projects as early as March of the budget year, and these ideas are screened by relevant ministries, discussed by citizen committees, prioritized based on citizens' preferences, and then inserted into the draft budget of the relevant ministry. The following paragraphs further elaborates on the national participatory budgeting practice in Korea.

Public Participation

(1) Introduction to My Budget

Through **My Budget**, an online platform launched by the Korea MOEF to promote the national participatory budgeting, citizens can participate in the decision-making process of the budget project proposal, discussions, and prioritization for the National Budget. Over the course of four citizen's committee meetings, 300 committee members discussed which national project would be most needed. In 2019, 38 projects worth a total of approximately USD 82 million were included in the national budget through My Budget, and the amount doubled compared to when My Budget was first implemented in 2018.

In the budget for 2020, 66 projects amounting to around USD 220 million³³ have been reflected in the National Budget,³⁴ which again represents a significant increase compared to the previous year. In addition, Korea further strengthened its citizen participation in the National Budget by increasing the number of citizen's committee to 2,200 members. For 2021, a total of 63 projects which amount to approximately USD 100 million³⁵ in value, have been reflected in the National Budget.³⁶ A survey conducted by the MOEF to gauge the impact of the national participatory budgeting, indicates that citizens have a high degree of satisfaction and want the program to continue.

31 Country case based on Kim, 2019

32 These 12 areas are social welfare and employment, education, culture, environment, R&D, industry, SOC, agriculture, national defense, diplomacy, security, and administration.

33 Local currency unit converted to US dollars using the following exchange rate: USD 1 = KRW 1,209 (Bank of Korea standard rate, August 30, 2019)

34 Ministry of Economy and Finance, 2019a, www.moef.go.kr (accessed January 6, 2021)

35 Local currency unit converted to US dollars using the following exchange rate: USD 1 = KRW 1,186.2 (Bank of Korea standard rate, Sep. 3, 2020)

36 Ministry of Economy and Finance, 2020, www.moef.go.kr (accessed January 6, 2021)



a. Operating Principles of My Budget

The operation and management of Korea’s Participatory Budgeting are guided by three main principles: (i) manage within the existing legal framework, (ii) focus on issues appropriate for the central government, and (iii) use digital platforms to invigorate participation and communication.

b. Timeline and Description of Each Phase

From the citizens’ proposal phase to the submission & approval phase, My Budget currently operates on a fixed annual cycle, which is composed of six steps (as depicted in figure 16) where further details of each step are described below.

Figure 16. Timeline of My Budget



Source: Kim, 2019, slide 6

Citizens’ Proposal: Both on- and off-line proposal submissions are available throughout all 12 areas of the National Fiscal Management plan (e.g., official website, e-mail, postal mail, and in-person).

Screening by ministries: Each relevant ministry and experts from the private sector review the proposed ideas, evaluate proposals, and further develop proposals which have great potential but lack concrete plans. Selected proposals are included in the ministry’s budget request.

Discussion: The citizen’s committee discusses the short list and select final candidates.

Prioritization: At this stage, the Korea MOEF conducts a preference survey on selected finalists (combination of general public survey and citizen’s committee votes).

Deliberation: An advisory council on fiscal policy and agreement at the cabinet meeting takes place prior to inserting participatory budgeting projects in the budget draft.

Submission & Approval: The last phase, during which the budget is submitted to the National Assembly for review.

(2) Management of My Budget

a. Promotions

Entering its third year since the implementation of the digital platform My Budget, Korea is using various channels such as promotional videos on the subway, train, and theater, as well as social media (YouTube, Facebook), posters/brochures, co-promotion with other public institutions, and press releases to promote this newly introduced system.

Figure 17. National Participatory Budgeting Promotional Leaflet



Source: Ministry of Economy and Finance, 2019b, online image, www.moef.go.kr (accessed January 6, 2021)

For example, as shown in figure 17, the MOEF published a promotional leaflet describing how the national participatory budgeting operated in the previous year. Featuring interviews of citizens on how their proposals were reflected in the National Budget, the MOEF encourages more citizens to participate in this program.

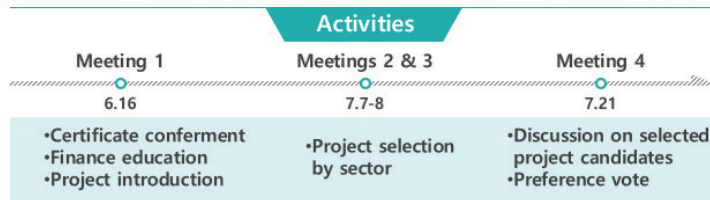
b. Participatory Budgeting Citizen’s Committee

Serving a one-year term, the citizen’s committee is the key operating mechanism of the National Participatory Budgeting program that is composed of 300 representatives of different gender, age,



and region.³⁷ Grouped into four sectors, welfare, social, economy, and public administration, the committee selects final projects by voting on their preferred projects from the ministries' short list. The meeting schedule of the citizen's committee for 2019 was as shown in figure 18.

Figure 18. Citizen's Committee Meeting Schedule (2019)



Source: Kim, 2019, slide 12

In terms of organizing the committee, a policy decision is required to prioritize importance between expertise and social representativeness. If expert evaluation is more valued in order to ensure efficiency (cost-effectiveness) of participatory budgeting projects, creating a candidate pool with prerequisites such as higher education or professional experience would be appropriate. On the other hand, if social representation, meaning the perspectives of 'common sense' and 'general public interest' is more valued in discussing and short-listing the proposals, such criteria should not be placed. The Korean Government believes that ensuring social representation has a greater value in achieving the two main goals: to increase citizens' understanding of the central government's public financial management, and to provide a hands-on education opportunity to the public in the form of "budget school." In an effort to better support participating citizens, the participatory budgeting program provides on- and off-line courses to broaden their knowledge, as well as providing Experts Support Councils to help with the deliberation process.

Continuing with this vision of enhancing social representativeness, the government added 150 more members to the citizen's committee in 2019. A total of 450 members were invited to participate, 400 of which were from the general public and 50 from marginalized groups such as seniors and workers from farming, fishery, and forestry industries that are often underrepresented.

A random statistical sampling tool is used for the general population selection in order to prevent overrepresenting particular local and/or interest groups, and to ensure every gender, age, and regional groups are evenly represented. This tool was also effective in minimizing sampling bias by proportionately including people of diverse careers, education levels, and industries, while balancing the member composition between office workers and field workers.

³⁷ The number of citizen's committee members has grown from 300 in 2018 to 2,200 in 2020.

c. Experts Support Council³⁸

A total of 68 experts from the private sector were recommended by the ministries and grouped into the four sectors same as the citizen’s committee. The responsibilities of these experts are to help the ministries sort proposals and advise the citizen’s committee. To gain greater insights from a wider range of demographics, the MOEF runs additional programs, including My Budget introduction tours, meetings with diverse groups of the society, and providing onsite proposal applications at universities and public facilities. The annual timeline for the Experts Support Council is as shown in figure 19.

Figure 19. Experts Support Council Annual Timeline

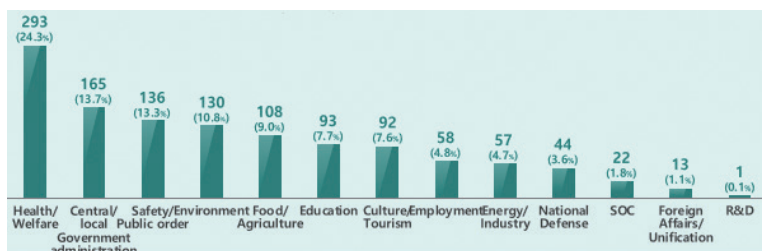


Source: Kim, 2019, slide 13

(3) Citizen's Proposals on Budget Projects (2019)

In 2019, a total of 1,206 budget proposals were submitted during the 30 days of citizens’ proposal submission period. The composition of submitted proposals by category is shown in figure 20.

Figure 20. Submitted Proposals by Category (2019)



Source: Kim, 2019, slide 17

38 Most of the face-to-face meetings have been replaced by virtual meetings, due to the COVID-19 pandemic.



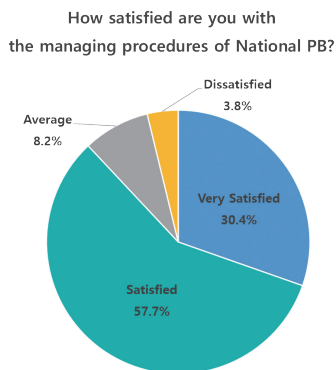
Among the 1,206 submitted budget proposals, 38 projects worth USD 81.7 million in value were approved by the National Assembly. Unfolding the 38 selected projects, 24 projects (USD 65.3 million) were close-up on life projects³⁹ and 14 projects (USD 16.3 million) were support for socially marginalized people.⁴⁰

(4) Citizen's Committee Survey Results

In its efforts to strengthen and promote the participatory budgeting system, the MOEF has conducted surveys among the citizens who participated in the formulation of the National Budget. Figures 21, 22, and 23 show the survey results, as well as the summary of the interview conducted with those people who participated in this survey:

Evaluating the managing procedures of the national participatory budgeting, most respondents found it satisfactory with 88.1% of respondents answering either satisfied (57.7%) or very satisfied (30.4%).

Figure 21. Managing Procedures of the National Participatory Budgeting Program



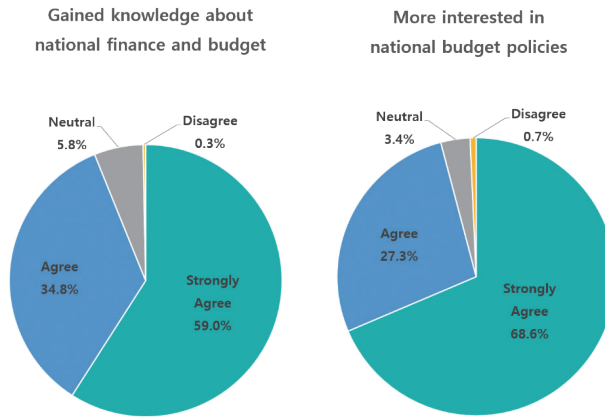
Source: Kim, 2019, slide 22

Looking deeper into how much of an impact the national participatory budgeting had on the citizens, 93.8% of the respondents agreed that it helped them gain knowledge about national finance and budget. In addition, 95.9% of the respondents also agreed that they became more interested in national budget policies through the national participatory budgeting program.

39 Fine dust (4 projects), public safety (7 projects), employment (2 projects), life environment projects (4 projects)

40 Disabled (6 projects), Women (2 projects), Soldiers (2 projects), Children/Adolescents (2 projects)

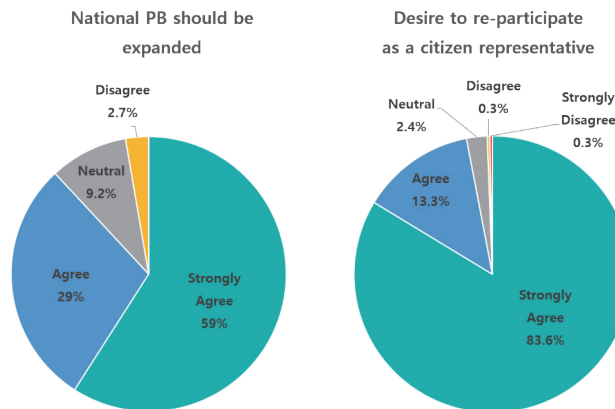
Figure 22. Impact of the National Participatory Budgeting Program



Source: Kim, 2019, slide 23

In terms of the scale of the program, 88% of the respondents answered that the national participatory budgeting should be expanded, and a majority (96.9%) expressed that they are willing to re-participate in the national participatory budgeting program as citizen representatives.

Figure 23. Expansion and Re-participation in the National Participatory Budgeting Program



Source: Kim, 2019, slide 24



(5) Limitations, Constraints, and Challenges

Citizens submit proposals through the MOEF's national-level participatory budgeting program on new items which pursue a nation-wide impact and is not subject to feasibility studies.⁴¹

However, a considerable amount of collected proposals are not suitable for national budget formulation. In this case, they will be rolled over for further consideration to local governments and/or central government's policy planning.

- Proposals that are a better fit for local governments to implement will be reevaluated during the local government budgeting process.
- Each proposal will be given much attention so that suggested ideas help shape overall government programs, regulations, etc.
- In order to collect more proposals suitable for the national participatory budgeting, the Ministry is expanding promotion and education on the National Participatory Budgeting program.

Participatory Budgeting Operations during the COVID-19 Pandemic and Future Plans

In 2020, Korea switched the entire participatory budgeting process to an online-based format due to the COVID-19 pandemic. While no other significant changes have been made to the participatory budgeting operation, it was still able to gather a total of 2,200 citizen's committee members to evaluate the potential budget projects over the internet.

National Participatory Budgeting in Korea has been implemented with two overarching goals: (i) increasing fiscal transparency and incorporating citizens' interests in the National Budget and (ii) discovering the most-needed projects in the national budget from a citizen's perspective.

The growth in the number of citizen's committee members, as well as the projects selected from the participatory budgeting program each year, implies that the Korean Government's commitment to expanding the National Participatory Budgeting Program in the future. Going forward, the expansion of the participatory budgeting program in Korea will contribute to the bottom-up approach of national decision-making process by strengthening the citizens' role and therefore bringing a collaborative governance between the government and its citizens.

41 Projects with budget under 50 billion Korean won. Project relevant to environment/welfare area with budget under 50 billion Korean won for the medium-term (5-yr) fiscal spending (National Finance Act, Article 38).

Country Case: Open Budget Reforms of the Philippines⁴²

The Philippines recognizes openness and public engagement as an integral part of the budget cycle. Hence, several policies and open budget reforms are implemented by the Philippine Government to strengthen budget transparency and ensure participatory governance. A brief overview on these existing initiatives and the corresponding impact of the COVID-19 pandemic will be discussed in this section. This will be followed by a brief discussion on new fiscal transparency efforts adapted by the government amid the health crisis. Finally, this section will discuss the lessons learned and the government's next steps.

Budget Transparency

The Philippine Government already has several policies in place for promoting budget transparency, and these include the Transparency Seal, Full Disclosure Policy (FDP), Extractive Industries Transparency Initiative (EITI), and The People's Budget Series.

(1) Transparency Seal

To enhance transparency and enforce accountability, all national government agencies were mandated to maintain a transparency seal (Figure 24) on their official websites, starting 2012. This seal is displayed on the main page of the agency's website as proof of compliance with the requirements of the Section on Fiscal Transparency of the General Appropriations Act (GAA) or the enacted national budget.⁴³

Figure 24. Image of Philippine Transparency Seal



Source: Department of Budget and Management, online image, www.dbm.gov.ph (accessed September 15, 2020)

⁴² Country case based on Abacan, 2020; and information and data provided by Mr. Jethro Anaen (Senior Budget and Management Specialist, Philippine DBM) & Mr. Crispin Abacan (Information Officer III, Philippine DBM).

⁴³ The foregoing requirements are subject to change in accordance with the General Provisions of the relevant GAA.



The Transparency Seal is linked to a page within the agency's website containing a set of downloadable documents which include, among others, the (i) agency's mandates and functions, names of its officials along with their position /designation, and contact information; (ii) approved budgets and corresponding targets; (iii) annual procurement plans and contracts awarded; (iv) status of implementation, evaluation or assessment reports of major program and projects; and (v) Budget and Financial Accountability Reports.

(2) Full Disclosure Policy

At the local level, in 2010, the Department of the Interior and Local Government (DILG) issued Memorandum Circular No. 2010-083, also known as the Full Disclosure Policy. The FDP requires local government units (LGUs) to fully disclose its financial transactions to increase their constituents' awareness of the available LGU budget as well as the amount allocated and disbursed for projects.

Considering the difficulties in complying with the FDP for some LGUs without websites, the DILG developed the **Full Disclosure Policy Portal**⁴⁴ in 2012 with support from the Philippines Development Forum. This portal serves as the centralized repository for the LGUs in uploading the documents required by the FDP. Through this portal, the public can easily view, download, and print these local documents.

(3) Extractive Industries Transparency Initiative⁴⁵

The government also implemented open budget reforms in the mining sector, one of which is the EITI. Through the EITI, the government conducts audits of mining companies' compliance with environmental regulations and rules on social expenditures.

In 2013, the Philippines formed the Multi-Stakeholder Group (MSG), chaired by the Secretary of the Department of Finance and composed of government agencies, industry, and civil society representatives. The MSG administers the Philippine-EITI (PH-EITI) and has been involved in congressional hearings on legislative issues related to making the EITI mandatory for mining companies. As required by the EITI, the PH-EITI publishes an annual EITI report on the use of oil, gas, and mineral resources as well as disclosing information on revenue collection and allocation, mandatory and voluntary social expenditures, and contributions to mandatory environmental funds.

44 Visit the Full Disclosure Policy Portal: <https://fdpp.dilg.gov.ph/>

45 Visit the Philippine Extractive Industries Transparency Initiative website: <http://ph-eiti.dof.gov.ph/>

(4) People's Budget Series

To enhance budget transparency, the Department of Budget and Management (DBM) produces timely and comprehensive fiscal information to ensure that the public is well-equipped in participating in the budget process. One of these budget documents is the People's Budget.

Available in print and online through the DBM website,⁴⁶ the People's Budget series provides the public with better access to information on the proposed and enacted budgets in day-to-day language. To further its reach, the DBM produced different versions by translating the publications to select major local dialects in the country. In 2019, the DBM published for the first time a People's Budget issue covering how the budget of the past year was utilized known as the People's Implemented Budget.

Currently, the DBM is working on passing a bill — the Budget Modernization Bill — which will strengthen fiscal transparency in the budget process. This proposed bill aims to serve as the legal basis for the publication of the People's Budget and make it a requirement for future administrations to publish such document regularly and in a timely manner.

Public Participation

The Philippine Government also acknowledges that having a participatory budgeting system is vital in gaining the public's trust in the government budget process. This section introduces some of the initiatives the government established and implemented to further promote public participation in the budget process.

(1) DevLive: Mobile App for Participatory Monitoring Mechanism

Under Executive Order No. 24 issued in 2017, the Duterte Administration reorganized the Cabinet Cluster by adding two new clusters, one of which is the **Participatory Governance Cluster (PGC)**. The DBM is currently the Co-Chair and the Secretariat of the PGC.

The PGC's main task is to enhance transparency and engagement by establishing consultation platforms that will enable the public to understand and participate in the implementation of national and local government programs and projects. The cluster's main consultation platform is the **Philippine Open Government Partnership (PH-OGP)** which is chaired by the DBM.⁴⁷ Through the Open Government Partnership (OGP), the Philippine Government works with the civil society on implementing and monitoring several national and local projects.

⁴⁶ Visit the Department of Budget and Management website: <https://www.dbm.gov.ph/>

⁴⁷ The DBM also serves as the Secretariat for the Philippine Open Government Partnership.



The use of civic technology, particularly the development of a mobile app for participatory monitoring, is one of the commitments under the PH-OGP's 5th National Action Plan (NAP).

In 2019, a mobile app called Development LIVE, or DevLIVE, was developed and pilot-tested by the DILG and the United Nations Development Programme.⁴⁸ This app allowed citizens to view and provide their feedback on government projects nearby using a built-in map and interface project list. Citizens' feedback serve as valuable inputs in monitoring and evaluating infrastructure projects of different agencies and as of February 2020, 2,069 mobile users coming from 275 LGUs registered in the app and this generated 5,202 feedback for 1,082 projects.

Ninety-five percent (95%) of the feedback rated citizen satisfaction of project as Very Satisfied and Satisfied, four percent (4%) Not Satisfied, and one percent (1%) Very Not Satisfied. The "Not Satisfied" and "Very Not Satisfied" feedback were channeled to the Project Management Office of the Assistant to Municipalities and Assistance to Disadvantaged Municipalities for evaluation and assessment of appropriate actions to be taken. The recommendations of the oversight office were provided to the citizens concerned while the overall result of the evaluation was reported to the LGUs.

(2) Dagyaw: Regional Townhall Meetings between the Government and Citizens⁴⁹

In 2019, the PGC issued Resolution No. 2 and approved the rollout of **Dagyaw**⁵⁰ — Open Government and Participatory Governance Regional Townhall Meetings (Figure 25). Dagyaw 2019, led by the DBM, DILG, and the Presidential Communications Operations Office (PCOO), is a nationwide campaign to promote and disseminate information on open government and participatory governance initiatives of the current administration. It also serves as a platform for high-level engagement where regular citizens discuss and raise local concerns directly with senior government officials.

48 See: https://www.academia.edu/44653008/Development_LIVE_DevLIVE_Pilot_Assessment_Lessons_Learned_for_a_Citizen_Participation_focused_Civic_Technology

49 For more information on Dagyaw, visit: <http://ogp.dbm.gov.ph/index.php/dagyaw>

50 Dagyaw is a local (Hiligaynon) term for 'Bayanihan' which exemplifies the concept of togetherness.

Figure 25. 11th Dagyaw Digital Poster (2019)

Source: Bravo, 2019, online image, <https://pia.gov.ph> (accessed September 15, 2020)

Compared to other participatory initiatives, Dagyaw is different in terms of its objective — Dagyaw townhall meetings are localized as topics discussed are ‘area-specific’ issues identified by the Philippine Information Agency (PIA). The PIA Government Information Center coordinators regularly collect data on local issues and concerns of the citizens on the ground and publish these issues in their Daily Regional Issues Digest. Discussions with the CSOs during Dagyaw meetings yielded suggestions on budget preparation and monitoring.

(3) Other Participatory Budget Mechanisms: Local and National Level

There are several other key participatory budget mechanisms that the Philippines has in place for the formulation of local and regional development investment plans. The first mechanism is based on the **Local Government Code of 1991**⁵¹ which formed local development councils (LDCs). The LDC is composed of government and non-government representatives at the local level. Under the same law, no less than 20% of the annual Internal Revenue Allotment, automatically received by local governments, should be appropriated for development projects. These priority projects are identified by the LDCs which are incorporated in the approved local development plans.

The **Regional Development Council (RDC)**, established through Letter of Implementation No. 22, 1972, is another example of a participatory budget tool that the government utilizes. The RDC is the primary institution that coordinates and sets the direction of economic and social development efforts at the sub-national level. The council also serves as a forum where local efforts can be related and integrated with national development initiatives. The RDC is composed of LGUs including provincial governors and mayors, government agencies, and representatives

51 See: <https://www.officialgazette.gov.ph/downloads/1991/10oct/19911010-RA-7160-CCA.pdf>



from the private sector and NGOs based in the region. The private sector and NGOs comprise a quarter of the membership of the fully constituted Council.⁵²

In August 2020, the Philippine Congress, for the first time, allowed the public to directly participate in the **2021 National Budget Deliberations**. Additionally, on September 4, 2020, the House Committee on Appropriations invited CSOs and academics (e.g., Social Watch Philippines and De La Salle University of Manila) to the Development Budget Coordination Committee (DBCC) Briefing on the Proposed FY2021 Budget to participate and ask questions directly to the DBCC speakers. Questions and comments on the proposed budget posted on the Congress' Facebook page were also raised and speakers were requested to respond to these questions during the briefing.

The Philippine Government also provides a way for the citizens to directly engage in public audit through the **Citizen Participatory Audit program**⁵³ led by the COA. Citizens are invited to be part of the government audit team wherein they go through trainings for specific duties and responsibilities as members of the CPA audit team. They may be asked to join the CPA team again to validate the implementation of the audit recommendations. Furthermore, the public is also invited to develop simplified versions of the audit reports, learning materials, and policy formulations.

Impact of COVID-19

The Philippine Government adjusted some of its transparency and public participation initiatives to ensure that these remain enforceable and are attuned to the current pandemic situation. Some of these initiatives are described in the following paragraphs.

(1) Dagyaw 2020: Re-branded as Virtual Town Hall Meetings

Dagyaw 2020 Open Government Virtual Town Hall Meetings utilized various civic technology and online platforms (e.g., Zoom, Facebook, YouTube) in conducting its town hall meetings, adhering to the required health protocols and limitations to travel and mass gatherings in the Philippines. To make it more inclusive and transparent, it was organized — from the planning phase to execution and evaluation — in partnership with the non-government sector.

To ensure that Dagyaw remains to be an open, neutral, and protected space for dialogue, the government adopted an enhanced event design and demand-driven implementation which include gathering and identifying the most demanded topics for each Dagyaw episode.

52 National Economic and Development Authority, 2018, www.neda.gov.ph (accessed September 15, 2020)

53 Visit the Citizen Participatory Audit website: <https://cpa.coa.gov.ph>

Topics related to the programs implemented under the National Action Plan Against COVID-19 were prioritized for the 2020 Virtual Dagyaw. The NGO co-conveners led the prioritization of topics while the final number of sessions, agenda, and content was unanimously approved by both the government and the NGO conveners.

(2) Open Government Partnership – Philippines: Revision of Plan

In view of the pandemic, the OGP Criteria and Standard Subcommittee extended the implementation of the PH-OGP 5th National Action Plan commitments by one year, or until August 2022. To provide guidelines on this extension, the PH-OGP Steering Committee issued Ad Referendum Resolution No. 1, s. (2020) dated May 15, 2020, allowing commitment holders to revise their implementation timelines or add new milestone activities they want to commit with the OGP.

Consequently, the PH-OGP Secretariat has conducted two PH-OGP orientations and 11 bilateral meetings with agency commitment holders to enhance or adapt the current commitments with the new timeline. A revised 5th NAP⁵⁴ has been submitted to the OGP Support Unit by the 4th quarter of 2020.

(3) Disclosure of Expenditures for COVID-19

The DBM proactively discloses the funds augmented and reallocated for priority COVID-19 programs and projects on its website. To ensure transparency in the use of these funds, the DBM issued Circular Letter No. 2020-9 compelling national government agencies to submit reports on the utilization of their agency budgets for COVID-19 initiatives, and Local Budget Circular No. 125 and 126 for the same purpose but at the local level. The latter also requires local government units to post the reports on its respective website and in at least three conspicuous public places in the locality.

The passage of the Bayanihan to Heal as One Act, also known as the Bayanihan Act (Republic Act No. 11469), mandated the weekly publication of a Bayanihan Report which contains information on the government's finances, including allotments realigned, reprogrammed, and reallocated for COVID-19 response programs, activities and projects (PAPs). The government published and submitted 14 Bayanihan Reports to the Joint Congressional Oversight Committee which are publicly available through the country's official journal, the *Official Gazette*. Following the Bayanihan Act's expiration, it was replaced by Bayanihan to Recover as One Act, or Bayanihan 2 (Republic Act No. 11494) which also required the monthly submission of reports to the Philippine Congress on its use of funds, as well as the terms and conditions of any loans entered into by the government to finance PAP, among others.

54 See Revised 5th National Action Plan: https://www.opengovpartnership.org/wp-content/uploads/2019/12/Philippines_Action-Plan_2019-2022_Revised.pdf



To provide a more accessible information on the said budgets, a link⁵⁵ on the DBM website was set up to provide details on the government's COVID-19 releases in the following formats: (i) COVID-19 releases with particulars; (ii) COVID-19 releases by funding source; and (iii) COVID-19 releases by agency/recipient unit. As of February 24, 2021, data reflected on these reports showed the total budget releases at PHP 568.01 billion (approximately USD 11.4 billion,⁵⁶ equivalent to 2.6 percent of GDP.

Other COVID-19 Initiatives

Aside from upholding budget transparency in the use of COVID-19 funds, the government also adopted fiscal transparency initiatives amid the COVID-19 pandemic which are specified in the following paragraphs.

Publication of We Recover as One Report⁵⁷: The National Economic and Development Authority published the *We Recover as One Report*, which includes the recommended programs and strategies to mitigate the losses experienced by businesses and consumers, and the proposed policies and programs to adapt to a “new normal” state of economic activities.

Publication of the Duterte Administration's 4-Pillar Socioeconomic Strategy⁵⁸: This briefer contains the country's overall COVID-19 response which include: (i) response and recovery measures; (ii) tax relief measures; (iii) borrowings and/or financing support; and (iv) off-budget arrangements, among others.

Issuances of Financing Secured for COVID-19 Response⁵⁹: The Department of Finance regularly updates on its website information on: (i) budgetary support financing from development partners; (ii) USD- denominated global bonds; and (iii) grant and loan financing to support various COVID-19 response programs.

DTI Assistance and Other Government Initiatives to MSMEs⁶⁰: The website of the Department of Trade and Industry (DTI) contains information on government initiatives to assist MSMEs such as loans and loan guarantees extended to MSMEs.

Government Procurement Policy Board (GPPB) Online Portal⁶¹: The GPPB online portal aims to promote accountability and transparency in the conduct of Emergency Procurement under the

55 Visit Status of COVID-19 Releases link: <https://www.dbm.gov.ph/index.php/programs-projects/status-of-covid-19-releases>

56 The following exchange rate has been used for calculation: USD1 = PhP50

57 See *We Recover as One Report*: <https://www.neda.gov.ph/we-recover-as-one/>

58 See the Duterte Administration's 4-Pillar Socioeconomic Strategy Against COVID-19: <https://www.dof.gov.ph/the-4-pillar-socioeconomic-strategy-against-covid-19/>

59 See: <https://www.dof.gov.ph/data/fin-agreements/>

60 See: <https://www.dti.gov.ph/covid19/assistance/>

61 Visit the Government Procurement Policy Board Online Portal: <https://gppbgovph.com>

Bayanihan Act. It serves as the online repository of procurement projects undertaken through Emergency Procurement under the Bayanihan Act.

Philippine Humanitarian Assistance Registry⁶²: This website contains a comprehensive database of international and domestic donations received for the government's response to the COVID-19 pandemic.

Lessons Learned

On lessons learned from the open budget reforms, the Philippine DBM shared the following points to check when implementing fiscal openness in the government budgeting.

(1) Demand from Civil Society and Development Partners

The demand from the public serves as pressure for the government to keep its commitment to actively disclose relevant fiscal data and provide opportunities for public participation.

(2) Political Will and Bureaucracy Support

Champions from the government that can dedicate their time and adequate resources to push for reforms are essential. In the Philippines, the DBM has been taking this role considering its inherent influence over other government agencies and its authority to plan and manage the budget. However, based on the interviews for the PGC, it was found that not all agencies have the same understanding of and appreciation for civic participation because some of the government officials find it time-consuming and affects their work performance.

(3) Overcoming Resistance through Incentives

The DBM views that tying up open government criteria with financial incentives works. For example, annual performance bonuses are released only if government employees complied with certain good governance conditions, such in the case of the Transparency Seal where compliance improved almost 100% and the posting of government invitations to bid and awards on the Philippine Government Electronic Procurement System (PhilGEPS).

(4) Transition and Sustainability Plan

The DBM stresses the importance of a legal basis for key programs to prevent suspension of such program due to political leadership changes. Thus, a legal basis for sustainability of reforms, outreach efforts to key leaders, and being active in the international platforms will help the notable reform programs continue regardless of political transitions.

62 Visit the Philippine Humanitarian Assistance Registry website: <http://www.phar.gov.ph>



Next Steps

Going forward, the Philippine DBM aims to enhance public participation and collaboration through (i) creating an **Inter-Agency Task Force on Fiscal Transparency** and (ii) re-establishing the **CSO Desk** in the DBM.

The Inter-Agency Task Force will craft a Unified Fiscal Openness Roadmap and monitor its implementation. It shall also coordinate efforts of the DBM with other agencies to further improve the country's score in the Open Budget Index, as well as with international fiscal openness platforms and development partners working on similar advocacies. Meanwhile, the CSO Desk shall serve as an initial DBM contact point for all CSOs and coordinate with the DBM bureaus and attached agencies for CSO concerns. The group will also collect and analyze budget preparation forms on Regional Development Council and Civil Society's inputs to agency budget proposals that are being submitted to the DBM.

Furthermore, the government is working on passing two bills in Congress that will institutionalize policies on fiscal transparency and citizen participation in the budget process. These two bills are the Budget Modernization Bill and the People's Participation in the National Budget Process Bill.



Box 4. The Philippine Open Budget Reforms through the Legislature

Budget Modernization Bill:

The proposed bill will require that before the start of each fiscal year, the Department of Budget and Management (DBM) shall promulgate a Calendar of Disclosure and publish it on the government website. This calendar will include the schedule of release of all budget documents and information required by the proposed bill.

This bill was passed during the 17th Congress in the House of Representatives and was advanced to second reading in the Senate. The DBM is currently in the final stage of streamlining the proposed bill for re-filing in the Congress.

People's Participation in the National Budget Process Bill

Currently, pending at the Committee on Public Participation in the Congress, this proposed bill will make civil society organization (CSO) participation a required component in the preparation and authorization of the annual national budget, in the interest of transparency.

Country Case: Vietnam's Budget Transparency Efforts and the Role of CSOs⁶³

The Vietnamese Government is making great efforts in increasing budget transparency through the revision of its budget laws, coordination between agencies and citizens, and introduction of the new State Budget Transparency Portal. Simultaneously, the Center for Development and Integration (CDI), a CSO in Vietnam also engages in promoting budget transparency and demonstrating how CSOs contribute to enhancing budget transparency.

This section introduces how Vietnam is taking efforts to improve budget transparency, both from the MOF's perspective and the CDI. This country case also presents information on Vietnam's Open Budget Index for ministries and provincial governments, as well as the newly launched State Budget Transparency Portal.

Budget Transparency

State regulators of Vietnam have been prioritizing budget transparency by formulating comprehensive legal provisions such as issuing the Law on the State Budget, Law on Access to Information, Ordinance on Grassroots Democracy, and sector-specific specialized legal documents in which the contents of budget transparency, period, and timeliness have been regulated.

The State Budget Law (2015) of Vietnam states the scope and method of disclosing budget information to the public. According to Article 15 of this law, the budget information, including the state budget proposal, enacted budget, and the implementation of the budget estimate, must be published within the time required by law for each type of report. This law also specifies the methods of disbursing the budget information, which can be either in the form of an announcement at meetings, posting at the office, issuing publications, written notifications to relevant parties, postings on websites, and/or disclosed through the media.⁶⁴

The Vietnam MOF has also been taking part in the OBS since 2015. Out of the eight documents that are recommended by the IBP to be made public, the MOF has shown considerable progress in budget transparency by disclosing all documents for 2019 except the Mid-Year Review, raising the transparency score from 15 points in 2017 to 38 points in 2019. The Mid-Year Report, also known as the Interim Report, has been disclosed by the MOF but is not recognized in the OBS results due to insufficient information on the macroeconomic budget forecast for the whole year. This is because whereas the IBP recommends the Mid-Year Review to be published by September 30 of each reporting year, in Vietnam the MOF publishes the said document past the deadline set

63 Country case based on Dinh, 2020; Ngo, 2020; and information and data from Ms. Thi Thu Hien Nguyen (Executive Officer, Vietnam MOF) and Dr. Huong Ngo (Director, Vietnam CDI).

64 Vietnam, National Assembly. Law on State Budget: Law No.83/2015/QH13, 2015, www.economica.vn/Content/files/LAW%20%26%20REG/83_2015_QH13%20Law%20on%20State%20budget.pdf (accessed September 25, 2020)



by the IBP because the National Assembly holds its year-end meeting in late October. Although the Mid-Year Review is often issued before the end of July of each year, it is not qualified as a Mid-Year Review required by the IBP. The report that is published by the MOF by September or October does contain many elements of the Mid-Year Review but is published past the IBP deadline. In the coming years, Vietnam will put more effort into speeding up this process and aim to disclose the Mid-Year Report before the deadline.

In order to make information available to the public, the government has made mechanisms for its citizens to gain access to information on the formulation and monitoring of the state budget allocation, management, and spending processes. Next, there are now various methods in which the budget process and information is disclosed to the public and publication on the e-portal is now mandatory. The development of citizen reports is disclosed on the Executive's Budget Proposal and the Enacted Budget. In addition, the web portal of the MOF has a section that receives comments from the citizens and provides feedback. Finally, the government offers direct consultation to the commune-level citizens through active communication and actively engages with experts and the public to seek for comments or suggestions on the budget proposal before submitting the documents to the National Assembly.

Coordination between organizations and individuals has helped to increase budget transparency in Vietnam. The budget spending units are required to report the disclosed budget data to higher levels. The financial budgeting unit will be responsible for reporting transparency to their upper-level budgeting units and financial management units. At the same time, there is a top-down oversight mechanism of upper-level units providing supervision and oversight through monitoring activities of lower-level units. For example, the MOF administers the supervision of other ministries and local governments.

Among state agencies, the committees of the National Assembly, State Audit of Vietnam, and the Government of Vietnam cooperate closely together during the budget cycle. For example, the National Assembly and the State Audit provide oversight on the government reports that are submitted to the Standing Committee of the National Assembly. In addition, the Committee on Financial and Budgetary Affairs of the National Assembly is responsible for reviewing and appraising the budget report from the government to the National Assembly. The State Audit of Vietnam is authorized to develop and report on the auditing of the budget to the National Assembly. Therefore, close cooperation among these three agencies has led to the increase in budget transparency and accountability.

There has also been ongoing cooperation with the IBP and state agencies. Representatives from the National Assembly and the MOF attend workshops and seminars to discuss the budget. In addition, the MOF has participated in the OBS since 2015 and after the assessments of the OBS are announced, the government discusses the results to come up with future plans to enhance budget transparency. Furthermore, the MOF has participated in developing the criteria for assessing and surveying the budget transparency index of central ministries and local governments.

In Vietnam, the CDI has been playing a key role in promoting budget transparency. For example, the CDI participated in the reform process of the Law on State Budget of Vietnam which was revised in 2015 and taken into effect in 2017, especially contributing to Article 15: Publishing of State Budget and Article 16: Supervision of State Budget by the Public.⁶⁵ The Center provided input into how budget documents should be disclosed to increase transparency and also supported the government in implementing tools to measure transparency.

The organization has actively promoted budget transparency by measuring open budget not only at the national level (Open Budget Index, OBI) but also at the ministry level (Ministry Open Budget Index, MOBI) since 2018 and the sub-national level (Provincial Open Budget Index, POBI) since 2017, indicating that budget transparency can also be institutionalized at the sector, ministry, and sub-national levels.

The MOBI 2018 is the first online survey that assesses the disclosure level of budget documents of government agencies and ministries on their portal sites. The evaluation is conducted by examining six budget documents⁶⁶ that are required to be posted on each website based on the following criteria: availability, timeliness, convenience, and sufficiency. Through the examination of budget document disclosure levels, stakeholders are able to view their scores and participate in improving budget management.⁶⁷ This has led to an increase in the MOBI score of 21.2 points in 2019, which is an increase of 10.2 points compared to the previous year.

The POBI analyzes budget documents that are required to be disclosed by the Law on State Budget for budget transparency and civil participation based on criteria such as completeness, timeliness, availability and convenience.⁶⁸ Since its first scoring in 2017, there has been substantial improvement in the average score of provinces from 30.5 points in 2017, 51 points in 2018, and to 65.5 points in 2019. This measurement tool helps to motivate agencies, local governments, and ministries to improve their level of transparency.

The MOF recently launched the State Budget Transparency Portal⁶⁹ which was created to enhance budget visibility to citizens, enterprises, and others, and improve access to budget information (Figures 26 & 27).

65 Vietnam, National Assembly. *Law on State Budget: Law No.83/2015/QH13*, 2015, www.economica.vn/Content/files/LAW%20%26%20REG/83_2015_QH13%20Law%20on%20State%20budget.pdf (accessed September 25, 2020)

66 Six budget documents assessed for MOBI: (i) Plan of state budget revenue and expenditure, (ii) Report on the planned state budget implementation by 1st quarter, (iii) Report on planned state budget implementation by six months, (iv) Report on planned state budget implementation by nine months, (v) Report on planned state budget implementation by the whole year, and (vi) Final settlement of state budget revenues and expenditures.

67 Center for Development and Integration, 2019a, <http://cdvietnam.org> (accessed September 25, 2020)

68 Center for Development and Integration, 2019b, <http://cdvietnam.org> (accessed September 25, 2020)

69 Visit the Vietnam State Budget Transparency Portal: <https://ckns.mof.gov.vn/SitePages/default.aspx>



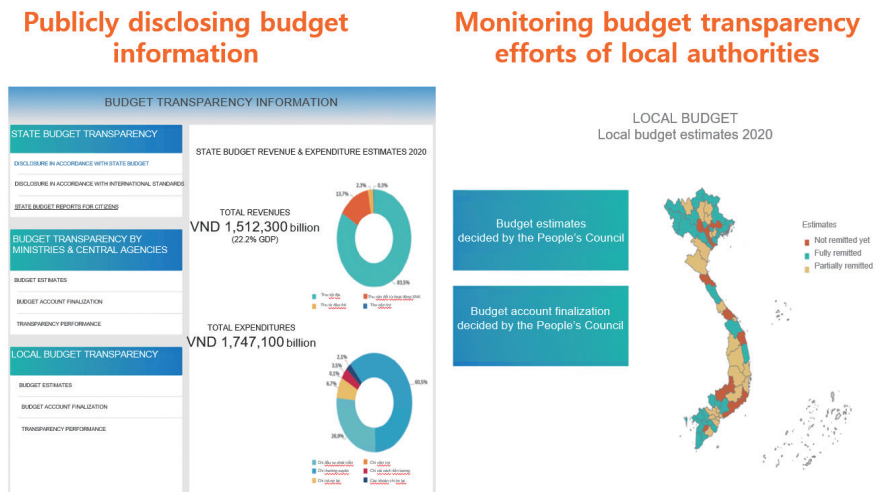
Figure 26. Screenshot of State Budget Transparency Portal



Source: Screenshot of State Budget Transparency Portal. Retrieved September 25, 2020, from Vietnam MOF State Budget Transparency Portal. <https://ckns.mof.gov.vn/SitePages/default.aspx>. Screenshot by author.

Another function of the portal is to supervise the disclosure of budget documents of local governments. The web portal will also create a comprehensive database on budget transparency and allow users to extract data and compare figures among agencies.

Figure 27. Data Available on the State Budget Transparency Portal



Source: Dinh, 2020, slide 14

By promoting IT application in disclosing budget documents and data, Vietnam will be able to adhere to international standards. The portal will also be used as a tool to help the MOF in

providing accountability and transparency of the budget to the public which will eventually lead to the improvement of open budget scores in the future.⁷⁰

Public Participation

CSOs in Vietnam also actively promote public participation in the budget process through community projects that help raise awareness of the public's interest in budget institutions. This provides the opportunity for citizens to actively participate in the budget cycle and deliver opinions and comments throughout the process. The media also plays an important role in providing information on the budget and educating the public on the budget process. Besides the media, there are other platforms that also contribute to offering information to the public, which is through provisions, not only at the national level, but also at the sub-national level, which requires the disclosure of the publication of budget documents online and in a timely manner.

Furthermore, CSOs engage in dialogues with experts, government, and the National Assembly during the budget cycle. In the past, the senior member of the Budget Transparency Accountability Participation (BTAP) Coalition — a network within the CDI that takes the role of implementing models to promote budget transparency, accountability, and civil participation in Vietnam's budget management — organized dialogues with the MOF.⁷¹ There are also many talks at the local level on how to monitor and document the budget, and it is recommended that these suggestions should be developed into formal mechanisms that can be used to promote budget participation within local governments.

CSOs demonstrate good practice to not only enhance budget transparency through the citizens' budget, social audits, and by utilizing the open budget index, but also engage actively with the public and encourage citizens to participate and to take more interest in the budget process.

Impact of COVID-19

As in many other countries, the COVID-19 pandemic has seriously impacted almost all socio-economic sectors and key industries in Vietnam, particularly aviation, tourism, hotels and restaurants. The number of enterprises filing for bankruptcy, and registering for operational suspension and retrenchment has been increasing. Personal incomes have been plummeting with increasing unemployment and underemployment.

To support the economy and relieve the hardship faced by corporations, household businesses, and citizens, Vietnam has rapidly adopted a number of stimulus policies in the areas of tax relief, social protection, and credit subsidy. In addition to frequent communication of the pandemic

70 Ministry of Finance of Vietnam, 2020a, www.mof.gov.vn (accessed September 25, 2020)

71 Center for Development and Integration, 2017, <http://cdvietnam.org> (accessed September 25, 2020)



developments and reaching out to businesses to understand the challenges of firms and citizens, Vietnam also transparently and fully discloses its policies to support its people to cope with COVID-19 (i.e., publicly disclosing targeted beneficiary groups, procedures, entitlements, and implementation outcomes) as well as providing regular updates on its assessments of impacts on the economy and budget balances. These are aimed to publicly disseminate budget outturns in each in-year period and fiscal measures for optimal execution of the budget.

Achievements, Challenges, and Future Plans

There are certain advantages and challenges to Vietnam's open budget reforms. First, clear regulatory provisions have been put in place and the government is able to adhere to international practices of the OBS, Public Expenditure and Financial Accountability (PEFA) program, and the IMF. Additionally, all sectors and levels of the Vietnamese Government now promote budget transparency, leading to a significant improvement in budget transparency scores within all levels of government.

However, Vietnam has also experienced some challenges in increasing transparency scores. First of all, some of the international practices are not applicable to the circumstances of Vietnam. For example, Vietnam has a consolidated budget system which requires 18 months for initiation of the budget proposal from the lowest to the highest level. Due to this, the score on the timeliness of documents stays low.⁷² Second, increasing citizen understanding and knowledge of the budget process in the future will also help improve public participation efforts from the government.

Budget transparency can be enhanced through various measures such as continuous communication and education of the public, improvements on the capacity of social organizations entrusted by the community for budget monitoring, and close collaboration among agencies within and outside of the government.

Going forward, Vietnam will continue to promote budget transparency by reviewing and amending the regulatory framework toward international standards and expand the scope of transparency and disclosure for extra-budgetary funds. The MOF will also need to focus on disclosing the Mid-Year Report by the international standards and strengthen the coordination between agencies and organizations. The MOF will aim to reach out to the vulnerable groups in the Vietnamese society and identify the method of disclosure that is most relevant to these groups.

72 Ministry of Finance of Vietnam, 2020b, www.mof.gov.vn (accessed September 25, 2020)

CHAPTER 3

Overview of OBS Results in PEMNA Member Countries





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Overview of OBS Results in PEMNA Member Countries

What can countries do to make sustained improvements in budget transparency and public participation? Good practices, which can be embedded into law and regulation, include the creation of new state budget portals to release documents and data, and partnering with civil society and international actors to incorporate information into budget documents that citizens want and can understand. Other strong practices include institutionalizing existing mechanisms for public participation in the budget process, piloting new ones, and bolstering outreach efforts to include vulnerable and under-represented members of the public in these engagements.

The following section uses indicators in the Open Budget Survey to detail a few steps each **executive government** in assessed PEMNA member countries can take to strengthen transparency and public participation practices based on OBS 2019 results.

Cambodia

<https://www.internationalbudget.org/open-budget-survey/country-results/2019/cambodia>

On transparency, Cambodia makes all eight key budget documents publicly available, with a score of 32/100. Since the last OBS assessment in 2017, Cambodia increased budget transparency by publishing the Year-End Report (“Law on Budget Settlement”) and part of the Executive’s Budget Proposal (“Draft Law on Finance for Management”) online during the 2019 round.

On participation, Cambodia’s Ministry of Economy and Finance has established public consultations during budget implementation that allow invited citizens to learn and comment on the budget.

China

<https://www.internationalbudget.org/open-budget-survey/country-results/2019/china>

On transparency, China makes five of the eight key budget documents publicly available, with a score of 19/100. Since the last OBS assessment, China increased budget transparency by including new information in its In-Year Reports (“Fiscal Revenue and Expenditure” reports).

Indonesia

<https://www.internationalbudget.org/open-budget-survey/country-results/2019/indonesia>

On transparency, Indonesia makes all eight key budget documents publicly available, with a score of 70/100. Since the last OBS assessment, Indonesia increased budget transparency by including an economic classification in the Executive's Budget Proposal and increasing information on debt from the previous budget year.

On participation, Indonesia's Ministry of Finance has established public consultations during budget formulation and e-consultations through *Lapor* platform to collect citizens feedback on service delivery.

Malaysia

<https://www.internationalbudget.org/open-budget-survey/country-results/2019/malaysia>

On transparency, Malaysia makes six of the eight key budget documents publicly available, with a score of 47/100. Malaysia has taken additional steps to improve transparency since the cut-off date of the last OBS research in December 2018 that are not yet reflected in the OBS score.

On participation, Malaysia's Ministry of Finance has established pre-budget submissions during budget formulation and e-consultations during budget implementation.

Mongolia

<https://www.internationalbudget.org/open-budget-survey/country-results/2019/mongolia>

On transparency, Mongolia makes six of the eight key budget documents publicly available, and scores 56/100. Since the last OBS assessment, Mongolia increased budget transparency by publishing the Year-End Report (“засгийн газрын оны санхүүгийн нэгтгэсэн тайлан” and “Монгол Улсын оны нэгдсэн төсвийн гүйцэтгэл”) online and publishing the Pre-Budget Statement (“Монгол Улсын нэгдсэн төсвийн оны төсвийн хүрээний мэдэгдэл, оны төсвийн төсөөллийн тухай”) online in a timely manner. At the same time, Mongolia decreased the availability of budget information by reducing the amount of information on revenues in the Enacted Budget.

On participation, Mongolia's Ministry of Finance has established e-consultations through the Glass Account portal which provides access to budget execution data.

Myanmar

<https://www.internationalbudget.org/open-budget-survey/country-results/2019/myanmar>

On transparency, Myanmar makes five of the eight key budget documents publicly available, and scores 28/100. Since the last OBS assessment, Myanmar increased budget transparency by



publishing the Mid-Year Review online and publishing the Executive's Budget Proposal ("Union Budget" and "Union Budget Bill") and In-Year Reports ("Quarterly Budget Reports") online in a timely manner.

Philippines

<https://www.internationalbudget.org/open-budget-survey/country-results/2019/philippines>

On transparency, the Philippines makes all eight key budget documents publicly available, and scores 76/100. Since the last OBS assessment, the Philippines increased budget transparency by publishing the Mid-Year Review ("Mid-Year Report on the Annual Budget") online in a timely manner, increasing the information provided in the Enacted Budget, and adding an executive summary to the Audit Report ("Annual Financial Report for the National Government").

On participation, the Philippines' DBM has established a mechanism to receive inputs from Regional Development Councils during budget formulation and implementation. However, the government discontinued participation mechanisms that were assessed in previous OBS assessments such as Budget Partnership Agreements and Bottom-up-Budgeting.

Korea

<https://www.internationalbudget.org/open-budget-survey/country-results/2019/south-korea>

On transparency, Korea makes seven of the eight key budget documents publicly available, and scores 62/100, a score that is near its score in the last round of the Open Budget Survey.

On participation, Korea's Ministry of Economy and Finance has established participatory budgeting during budget formulation and e-consultations during budget implementation through the Budget Waste website.

Thailand

<https://www.internationalbudget.org/open-budget-survey/country-results/2019/thailand>

On transparency, Thailand makes seven of the eight key budget documents publicly available, and scores 61/100. Since the last OBS assessment, Thailand increased budget transparency by publishing the Year-End Report ("Operating results and budget expenditures of the fiscal year" and "Fiscal Risk Statement") online, while decreasing the availability of budget information because the Mid-Year Review was not published online in a timely manner.

On participation, Thailand's Comptroller General's Department has established participatory monitoring during budget implementation.

Timor-Leste

<https://www.internationalbudget.org/open-budget-survey/country-results/2019/timor-leste>

On transparency, Timor-Leste makes four of the eight key budget documents publicly available, with a score of 40/100. Since the last OBS assessment, Timor-Leste increased budget transparency by publishing the In-Year Reports (“Relatório de Execução Orçamental”) online in a timely manner. Timor-Leste also decreased the availability of budget information due to the late enactment of the FY 2018 budget only at the end of September 2018, which meant that the Citizens Budget for FY 2018 was not produced. The late enactment also reduced the amount of information provided in the Executive’s Budget Proposal (“RDTL State Budget” books and “Proposed Budget Law”) for FY 2019.

Vietnam

<https://www.internationalbudget.org/open-budget-survey/country-results/2019/vietnam>

On transparency, Vietnam makes seven of the eight key budget documents publicly available, and scores 38/100. Since the last OBS assessment, Vietnam increased budget transparency by publishing the Executive’s Budget Proposal (“Dự thảo dự toán ngân sách nhà nước năm”) online, publishing the Citizens Budget (“Báo cáo ngân sách nhà nước dành cho công”) and Audit Report (“Báo cáo kết quả kiểm toán năm”) online in a timely manner, and increasing the information provided in the In-Year Reports (“Báo cáo tình hình thực hiện ngân sách nhà nước”).

On participation, Vietnam’s National Assembly has established submissions related to the approval of the annual budget and public hearings related to the review of the Audit Report.

Open Budgeting Practices in the Asia and Pacific Region

CHAPTER 4

Summary of Feedback and Questions from the Webinar Series





CHAPTER 4

Summary of Feedback and Questions from the Webinar Series

In September 2020, PEMNA and IBP co-hosted two webinars as a series to discuss Open Budgeting Practices in the Asia-Pacific region.⁷³ The first webinar, which was held on September 9, 2020, introduced the results of the 2019 OBS in the Asia-Pacific region and shared experiences about how countries can use the OBS to improve open budgeting practices. The second webinar, held on September 23, 2020, built on these discussions with deeper discussions on how countries can make progress on budget transparency and public participation.

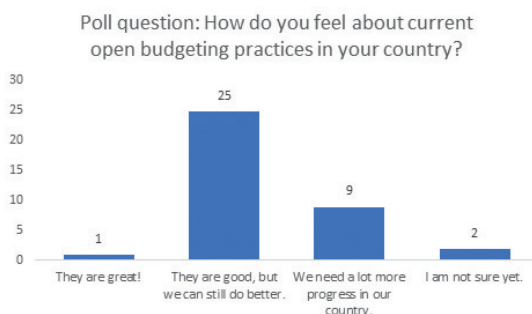
This section presents some of the results of poll questions that were asked during the webinars, as well as responses and questions raised during the webinar discussions, grouped by category.

Progress on Open Budgeting

What are the perceptions about current open budgeting practices in PEMNA countries?

During the September 9 webinar, an anonymous poll question asked participants to select from four answer choices of their perception about the state of open budgeting practices in their country. For the 37 participants that responded to this poll, figure 28 illustrates the breakdown of their responses.

73 For more information on the 2020 PEMNA-IBP Webinar Series, visit: https://www.pemna.org/bbs/BBSMSTR_000000000021/view.do?bbsId=BBSMSTR_000000000021&nttId=B000000001017En6jO3k

Figure 28. Poll: How do you feel about current budgeting practices in your country?

Source: *Proceedings of the PEMNA-IBP Webinar 1*, September 9, 2020.

How can countries improve their Open Budget Survey scores over the short and medium terms?

Most countries that have made rapid improvements on the open budgeting have done so by one or more of the following actions: creating working groups in the finance ministry to identify and promote open budgeting reforms; setting specific targets for progress within government strategies; collaborating with external actors, such as civil society and development partners; and embedding good practices in law and regulation. For examples of how governments used the OBS results to strengthen open budgeting over the medium term, see case studies in the OBS 2019 Global Report (pages 41 – 44)⁷⁴ and an interview with the OBS government reviewer for Indonesia.⁷⁵ Additional resources include country-specific recommendations in the 2019 country summaries⁷⁶ and the OBS calculator⁷⁷ which can be used to see how improvements could impact your score in the Open Budget Survey 2021.

COVID-19

How has COVID-19 impacted open budgeting in your country?

During the September 23 webinar, a poll question asked participants to select in a poll that allowed multiple answer choices, how COVID-19 has impacted open budgeting practices in each of the respondent's countries. For the 17 participants that responded to this poll, figure 29 illustrates the breakdown of their responses.

74 See OBS 2019 Global Report: <https://www.internationalbudget.org/wp-content/uploads/Open-Budget-Survey-Report-2019.pdf>

75 See: <https://www.internationalbudget.org/2020/08/interview-with-indonesia-government-reviewer/>

76 See footnote 21.

77 See footnote 22.



Figure 29. Poll: How has COVID-19 impacted open budgeting practices?



Source: *Proceedings of the PEMNA-IBP Webinar 2*, September 23, 2020.

Will COVID-19 affect the evaluation of the next Open Budget Survey?

No. The next Open Budget Survey will still give a comparative snapshot of open budgeting practices at a specific point in time. This also recognizes that the international standards that safeguard public accountability in budget decisions are critical⁷⁸ for building public trust in the government response during times when governments are mobilizing and spending vast sums to combat the pandemic.

How are countries receiving public input during a time of social distancing?

Many engagements are moving online. One practice seen in Kenya includes working with residents who are able to understand budget processes and documents who can facilitate engagement with many more people from their communities.⁷⁹

What does budget transparency look like during a pandemic?

Governments that commit to transparency at the outset of their crisis response set a precedent for stronger accountability throughout the response and recovery. The Global Initiative for Fiscal Transparency (GIFT) also has a guide⁸⁰ to help governments identify and release information that is of greatest interest to the public. For example, governments can increase the frequency and comprehensiveness of budget execution information; explain budget adjustments; expand

78 See: <https://blog-pfm.imf.org/pfmblog/2020/04/-do-whatever-it-takes-but-keep-the-receiptsthe-public-financial-management-challenges-.html>

79 See: <https://www.internationalbudget.org/2020/06/lessons-learned-engaging-the-public-in-budget-discussions-despite-social-distancing/>

80 See *Fiscal Data for Emergency Response Guide for COVID-19 (2020)*: <http://www.fiscaltransparency.net/covid19/>

collaboration with civil society on monitoring the implementation of emergency and stimulus measures; and commit to conducting expedited audits during the response.

Best practices

What types of mechanisms are best to increase public participation, and what challenges do governments face in implementing them?

See pages 50 – 56 of the OBS 2019 Global Report for examples of mechanisms across all stages of the budget process (formulation, approval, implementation and audit) that actively encourage public participation in the budget. This section also describes the ways governments overcame challenges in piloting and expanding specific mechanisms. GIFT also has a guide for public participation examples.⁸¹ A summary of the different types of participation and the challenges is available on the IMF PFM blog.⁸²

How can countries develop Pre-Budget Statements if their budget law doesn't include them?

The Pre-Budget Statement sets out the government's budget strategies for the coming budget year. In many countries, this guidance is provided to the government's cabinet at the start of the budget formulation process, and is of key interest to the public and civil society because it shows how the governments overall budgetary allocations are linked to policy goals.⁸³ In general, a legal basis⁸⁴ for publishing this document is useful, but not essential, and finance ministries that develop strategies to improve budget transparency can include targets or goals for the publication of this document even before the relevant laws are updated or amended, or use internal guidelines and regulations as the basis for developing and publishing this document.

How can countries encourage the Supreme Audit Institution to make the Audit Report publicly available?

The public availability of the audit report of the government's annual financial statements is a core element of fiscal transparency standards, as seen in the PEFA Framework (Indicator PI-9)⁸⁵ and IMF

81 See: <http://guide.fiscaltransparency.net/wp-content/uploads/2017/03/GIFT-Public-Participation-Cases-overview-second-draft-23-nov-2013-tsa-clean.pdf>

82 See: <https://blog-pfm.imf.org/pfmblog/2017/06/public-participation-in-fiscal-policy-posted-by-murray-petrie1-direct-engagement-between-citizens-and-governments-is-incr.html>

83 International Budget Partnership, 2011, www.internationalbudget.org (accessed September 23, 2020)

84 See: <https://www.internationalbudget.org/wp-content/uploads/Research-Note-1-Transparency-in-Public-Finance-Laws1.pdf>

85 See PEFA Framework: <https://www.pefa.org/resources/pefa-2016-framework>



Fiscal Transparency Handbook (Principle 1.4.2).⁸⁶ Ideally, the SAI's publication of these document is required by law and regulation, including the timeframe in which the SAI must publish this document. In some countries, legislatures also publish the audit report during legislative committee meetings and public hearings about the audit report. Finance ministries and executive governments also can have a proactive role in strengthening transparency around audit reports by publicly reporting on remedial actions they are taking on audit recommendations (see Question 101 on page 115 in the Questionnaire).

Has the Open Budget Survey been implemented on regional or provincial levels?

The OBS only assesses transparency, participation, and oversight at the central government level, in order to ensure comparability of results across countries. However, some civil society groups develop and carry out their own open budget indices on a subnational level: see the examples of South Africa and Vietnam. IBP has developed a sample methodology for subnational assessments.

Vietnam's Ministry Open Budget Index seemed very interesting. More detail please!

Please see the PEMNA Website⁸⁷ presentations from Webinar 1, which includes the presentation from Dr. Huong Ngo of from the Vietnam CDI about the MOBI assessment, and Ms. Dinh Thi Mai Anh of Vietnam's State Budget Department. Additional information on the MOBI 2018 can be found on the CDI website.⁸⁸

Engaging with civil society

How can civil society organizations advocate to the government on specific issues?

Civil society groups around the world are involved in advocacy on budget and fiscal issues, including in taxation,⁸⁹ expenditure tracking,⁹⁰ and auditing.⁹¹ For example, this story⁹² from Senegal illustrates how a civil society organization helped reopen schools by monitoring budget expenditures in education. Civil society has a key role to play in advocating for more

86 See IMF Fiscal Transparency Handbook: <https://www.elibrary.imf.org/view/IMF069/24788-9781484331859/24788-9781484331859/24788-9781484331859.xml?code=fth&redirect=true&redirect=true>

87 For more information on the PEMNA-IBP Webinar, visit: https://www.pemna.org/bbs/BBSMSTR_00000000021/view.do?nttld=B000000001017En6jO3k&mno=sub02_01

88 See: <http://cdvietnam.org/en/bao-cao-mobi-2018/>

89 See: <https://www.internationalbudget.org/2020/07/building-coalitions-to-promote-equitable-taxation-beyond-the-covid-era/>

90 See: <https://www.internationalbudget.org/2020/06/using-data-for-social-good-transparency-of-public-finances-is-vital/>

91 See: <https://www.internationalbudget.org/2020/07/sai-cso-collaboration/>

92 See: <https://story.internationalbudget.org/the-open-budget-survey-data-powered-advocacy>

transparency,⁹³ for more equitable budgets,⁹⁴ and for protecting the most vulnerable⁹⁵ in society. IBP also has resources on how to use budget reports⁹⁶ for research and advocacy and how to monitor expenditures.⁹⁷

Civil society sometimes do not know what difficulties the government faces in reforming transparency practices or whether it is aware of certain proposed reforms. How can communication between civil society and the government improve?

Some key lessons that the work of IBP's partners has exposed is that budget advocacy is most effective when multiple actors — both inside and outside the state — are able to work collaboratively on specific problems identified jointly. Trust is central to this kind of collaboration. IBP has seen several examples of where this kind of collaboration has worked well. In South Africa, for instance, IBP partner the Public Service Accountability Monitor⁹⁸ has worked for many years alongside the government to identify and work towards reforms, such as the development process for South Africa's budget data portal, vulekamali.go.za.⁹⁹ According to the Public Service Accountability Monitor (PSAM), CSOs themselves must demonstrate what they are advocating — transparency and accountability — to build trust with government. In addition, for sustainable progress to be possible, all those involved in the sector's ecosystem have to be convinced that there is something to gain through the partnership.

In Indonesia, we have public hearings (*Musrenbang*), but we cannot ensure that the results of the local governments' public hearings will be communicated well on the central level. Our question is, what is the way to monitor from the village to the central level? Are there any examples of OBS countries that do this well (i.e., have a mechanism that incorporates local hearings into the central one)?

There are countries where various levels of government work together to collect citizens inputs. In some countries, districts and provinces hold public hearings whose reports are submitted to the central government. Sierra Leone's pre-budget hearings are convened by the central government, but with involvement from local governments. Hearings start with one day of policy consultations, attended by all sector ministries and members of public. In 2019, hearings were held in 22 local councils, attended by central and local officials. The example is included in OBS 2019 global report (see page 54).

93 See: <https://www.internationalbudget.org/2020/06/civil-society-organizations-around-the-world-advocate-for-transparent-and-just-responses-to-covid-19/>

94 See: <https://www.internationalbudget.org/2020/09/as-covid-19-spreads-csos-argue-that-government-budgets-should-address-inequality-and-discrimination/>

95 See: <https://www.internationalbudget.org/2020/06/no-disabled-person-will-be-left-behind-in-senegal/>

96 See: <https://www.internationalbudget.org/publications/guide-to-transparency-in-government-budget-reports-how-civil-society-can-use-budget-reports-for-research-and-advocacy/>

97 See: <https://www.internationalbudget.org/2020/07/our-money-our-responsibility-how-civil-society-can-follow-the-covid-19-money-trail/>

98 Visit: <https://psam.org.za/>

99 Visit: <https://vulekamali.gov.za/>



Since the OBS public participation score is also based on legislative and audit efforts to engage the public in the budget process, is there any example of a mechanism that links up these three entities?

Public participation around the budget is most meaningful when it takes place when government bodies are making key decisions — for example, when the executive government is developing the budget proposal, or when the legislature is debating the budget before it is approved. Since each government body has its own distinct role at different stages in the budget process, it is not expected that all three bodies would engage with the public at the same time in a single participation mechanism. However, there are a few examples where executive and members of legislature attend pre-budget hearings. In Zimbabwe, the pre-budget hearings are organized by parliament’s finance committee, with participation from Ministry of Finance as well as officials representing sector ministries.

Open Budget Survey methodology

Do you evaluate countries’ fiscal rules?

The OBS includes four unscored questions on independent fiscal institutions (Questions 103, 104, 105 and 106 on pages 117 – 120 in the Questionnaire¹⁰⁰). Some of these institutions are charged with monitoring compliance with fiscal rules in their countries; however, as this is an emerging practice it is not yet assessed by the OBS.

Which Open Budget Survey indicators deal with economic forecasting?

Governments should provide information about the macroeconomic forecast used to develop budget estimates as part of the Pre-Budget Statement (Q54) and the Executive’s Budget Proposal (Q15), and also include this in the Citizen’s Budget (Q64). As the budget is being implemented, the Mid-Year Review (Q76) should provide an updated macroeconomic forecast and the Year-End Report (Q91) should explain the differences between the original forecast and actual outcomes for the year. The OBS standards for a macroeconomic forecast include, at minimum, the nominal GDP level, inflation rate, real GDP growth, and interest rates. Detailed descriptions of these questions are in the OBS Questionnaire.

100 For more information on the Questionnaire, see: https://www.internationalbudget.org/sites/default/files/2020-04/2019_Guide_and_Questionnaire_EN.pdf

How are your survey results validated?

The OBS results are validated through a rigorous review process, including an anonymous peer review, government review, and quality control and consistency checks from IBP, as per the OBS methodology.¹⁰¹

What are the timeliness standards for the eight key budget documents?

See page 2 of the OBS methodology for a table on the timeliness criteria for public availability.

Why would a Mid-Year Review be necessary if monthly reports are already being issued?

An In-Year Report issued at six months cannot substitute for a Mid-Year Review. An In-Year Report typically records actual expenditure and revenue to date, while a Mid-Year Review provides a discussion of how budget actuals at the mid-point of the year will affect the estimates of revenues of expenditures for the remainder of the fiscal year, as well as explanations about how economic changes or new policies will result in adjustments made to budget projections. (See page 28 of the Questionnaire for a full description of the Mid-Year Review.)

Does the Open Budget Survey consider the channel through which information is provided to citizens? For instance, would a printed booklet and online web portal be scored differently?

The eight key budget documents assessed in the OBS are not considered publicly available unless they are made available online, so a printed, hard-copy format would not be considered publicly available unless its contents were also available on the relevant government website. Only for Citizen's Budgets is there an OBS question that considers additional dissemination mechanisms beyond being posted online, such as hard-copy versions that are distributed to the public (see Q65 in the OBS questionnaire).

To what extent is budget information advised to be open/transparent?

In the OBS budget transparency measure, a score of 61 and above is considered the minimum score for providing sufficient levels of information to the public, but the best-performing countries have scores of 81 and above, which is the level at which countries provide extensive information to the public. Best practices assessed in the OBS transparency measure regarding the timeliness and content of specific budget documents are drawn from guidelines found in the OECD's Best

101 For more information on OBS methodology, see: https://www.internationalbudget.org/sites/default/files/2020-04/2019_Methodology_EN.pdf



Practices for Budget Transparency¹⁰²; the IMF's Manual on Fiscal Transparency (2007)¹⁰³ and Fiscal Transparency Handbook (2018); the IMF's 2001 Government Finance Statistics Manual¹⁰⁴; and the PEFA Framework.

Average global scores on the OBS participation remain low, at 14 out of 100. Are the standards for public participation too high for countries to meet?

Public participation in the central government budget process is an emerging practice, and one that has the potential to help better connect citizens and their governments to build trust around fiscal policy decisions. The OBS 2019 found that four out of five surveyed countries already have at least one type of mechanism for public input into the budget process; however, few countries have opportunities throughout the budget cycle and even fewer countries have established mechanisms that are open to the public and include the voices of the poorest and most vulnerable groups. Without robust and inclusive public participation, governments risk making budget decisions that only reflect the needs and interests of well-connected and privileged members of society. To reflect the need to better assess the inclusiveness and meaningfulness of participation mechanisms, starting in OBS 2017 the participation indicators (Questions 125 – 142 of the Questionnaire) have been aligned with the Global Initiative for Fiscal Transparency's principles on public participation,¹⁰⁵ which codifies the norms and standards on public participation that have been developed over the last decade. In OBS 2019, for the first time two countries (Korea and the United Kingdom) scored 61 on the participation measure — the minimum benchmark for adequate levels of participation — demonstrating that developing better participation practices is something that governments can, and should, aim to achieve.

Some countries had platforms I would consider public participation mechanisms, but these were not considered in the 2019 Open Budget Survey. Why not?

The OBS only assesses public participation in the central government's budget process. Many countries may have participation mechanisms at the subnational level, or participation in other aspects of government policy that do not have explicit links to the budget process, but these mechanisms are not assessed by the OBS. You can find the explanations of why some public participation mechanisms were considered in the 2019 OBS and others were not in the questionnaires on the country pages (see Questions 125, 128, 135, 136, 139, 140 and 142).

102 See: <http://www.oecd.org/gov/budgeting/best-practices-budget-transparency.htm>

103 See: <https://www.imf.org/external/np/pp/2007/eng/101907m.pdf>

104 See: <https://www.imf.org/external/pubs/ft/gfs/manual/pdf/all.pdf>

105 See: http://www.fiscaltransparency.net/pp_principles/

Does the Open Budget Survey evaluate supplemental budgets?

The OBS does not evaluate supplemental budgets, as they are not always required when a government is successfully implementing the budget as planned, and thus are not considered one of the eight key budget documents that governments should always produce and make publicly available according to international standards. However, the OBS does look at information related to the transparency of budget implementation and the oversight of budget adjustments that are linked to supplemental budgets.

Information in In-Year Reports and Mid-Year Review, for example, can help understand whether the government is on track in revenue collection and spending relative to the Enacted Budget during the budget year. If significant adjustments are needed, these should be approved in a supplementary budget that is made publicly available.

Budget adjustments should also be disclosed when planning for the following year's budget allocations. For instance, on the Executive's Budget Proposal, Question 21 (Questionnaire) asks whether the expenditure estimates for the year before the budget year (BY-1) have been updated from the original enacted levels, either based on actual expenditures during the year or updates from a supplemental budget.

In the Oversight section of the survey, Questions 115, 116 and 117 ask if the executive seeks approval from the legislature prior to shifting funds between administrative units; prior to spending excess revenue (that is, amounts higher than originally anticipated) that may become available during the budget execution period; or prior to reducing spending below the levels in the Enacted Budget in response to revenue shortfalls. Such legislative approval typically occurs through the approval of legislation such as a supplemental budget.

Medium-term budgeting

Why do countries develop medium-term budget frameworks?

Budgets are considered a reflection of government's policies and priorities. While the annual budget presents the plans for revenues and expenditures for that year, policies designed today will have impacts for several years to come. Planning and budgeting for the medium-term enables government to manage expenditures and revenues with a multi-year perspective and understanding the impact of current and proposed policies over a period of time, which promotes more predictable resources for government agencies and improves efficiency.¹⁰⁶ Medium-term budgeting should also reflect the government's fiscal strategy and forecast over the medium term and an assessment of the sustainability of current policies.

106 Cangiano et al., 2013, p. 142



Our main medium-term budgeting challenge is determining the accuracy of forecasts. Citizens and stakeholders tend to see medium-term budgets as commitments when they are only forecasts. How can governments manage expectations about changes and reporting on the changes?

While, as the current pandemic illustrates, it may be difficult for the government to predict what will happen over the next few years, medium-term budgets should disclose government's multi-year commitments in terms of resource allocations and priorities. As projections are based on predicted variables, there is room for error. Forecasting and planning for the medium-term is particularly challenging during a crisis, as there is high uncertainty. However, in cases where governments need to deviate from these commitments, as is likely during the current pandemic, offering clear explanations to the public about what is changing, and why, improves public awareness and discourse about budget decisions and trade-offs. Knowing what sectors are likely to have funding increases, or decreases, over a multi-year period and as compared other sectors also should still inform budget decisions in the current year, even in cases where overall budget ceilings or resource availability may change from year to year.

How can citizens trust the validity of forecasts?

Preparation of strategic/development plans includes all the policies the government is planning to implement for the budget year and very often cover a multi-year perspective. Hence, the medium-term budget should include a clear description of the link between policy goals and the budget — that is, an explicit explanation of how the government's policy goals are reflected in its budget choices. It should include both details about projected revenues and expenditures, accompanied by an explanation of the policies that are driving these revenue and expenditure projections. In addition, there should be transparent reporting of any deviations. This will ensure credibility and respect for government's medium-term plans.

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Open Budgeting Practices in the Asia and Pacific Region

Annex: Open Budget Survey Methodology





Annex:

Open Budget Survey Methodology

The Open Budget Survey (OBS) assesses the three components of a budget accountability system: public availability of budget information; opportunities for the public to participate in the budget process; and the role and effectiveness of formal oversight institutions, including the legislature and the national audit office (referred to here as the “supreme audit institution”). The majority of the survey questions assess what occurs in practice, rather than what is required by law.

The results for each country in OBS 2019 are based on a questionnaire,¹⁰⁷ comprising 145 scored questions, that is completed by researchers typically based in the surveyed country. Each question is assessed with a multiple-choice response that corresponds to a numeric score from 0 to 100. Based on the simple average of the numerical value of the responses to questions in each related section of the OBS questionnaire, each country receives an overall score from 0 to 100 for each measure. The questionnaire also includes an additional 83 questions that are not used to calculate individual scores but help to complete the OBS research by collecting background information on key budget documents and exploring different characteristics of a country’s public finance management.

Assessing Budget Transparency

The OBS 2019 uses 109 questions to measure the extent to which each country makes eight key budget documents available to the public on the relevant government website in a timely manner as well as the comprehensiveness of the budget information provided in these publicly available documents. The Open Budget Survey considers a document to be “publicly available” if it is published on the relevant government website within the given timeframe and is available free of charge, as shown in the table below.¹⁰⁸

107 The OBS 2019 guide and questionnaire is available online here: https://www.internationalbudget.org/sites/default/files/2020-04/2019_Guide_and_Questionnaire_EN.pdf. Each country page in the OBS 2019 results also publishes the full completed questionnaire for each country, and you can locate each country’s results here: <https://www.internationalbudget.org/open-budget-survey/country-results>

108 More information on the OBS guidelines for the public availability of budget documents is available online here: <https://www.internationalbudget.org/publications/open-budget-survey-guidelines-public-availability-budget-documents/>. IBP also has a resource to explain the purpose and expected contents of the eight key documents here: <https://www.internationalbudget.org/publications/guide-to-transparency-in-government-budget-reports-why-are-budget-reports-important-and-what-should-they-include/>

Budget document	Release deadlines for “Publicly Available” documents*	OBS 2019 question numbers	Number of questions per document
Pre-Budget Statement	Must be released at least one month before the Executive’s Budget Proposal is submitted to the legislature for consideration.	54-58, PBS-2	6
Executive’s Budget Proposal (including supporting documents)	Must be publicly released while the legislature is still considering it and before it is approved. In no case would a proposal, released after the legislature has approved it, be considered “publicly available.”	1-53, EBP-2	54
Enacted Budget	Must be released no later than three months after the budget is approved by the legislature.	59-63, EB-2	6
Citizens Budget	Must be released within the same timeframe as the underlying Executive’s Budget Proposal or Enacted Budget. For example, a Citizens Budget for the Executive’s Budget Proposal must be released while the legislature is still considering the Executive’s Budget Proposal and before it is approved.	64-67	4
In-Year Reports	Must be released no later than three months after the reporting period ends.	68-75, IYR-2	9
Mid-Year Review	Must be released no later than three months after the reporting period ends.	76-83, MYR-2	9
Year-End Report	Must be released no later than 12 months after the end of the fiscal year (the reporting period).	84-96, YER-2	14
Audit Report	Must be released no later than 18 months after the end of the fiscal year (the reporting period).	97-102, AR-2	7

Assessing Participation and Oversight

The OBS 2019 uses the remaining 36 questions to measure the extent to which governments include the public in budget decision-making and monitoring, as well as the role of the legislature and supreme audit institution in the budget process. The responses to the questions pertaining to each area are averaged, and each area is given a separate score. IBP also collects information on the role of independent fiscal institutions (IFIs) – independent, nonpartisan institutions, normally attached to the executive or legislature that make fiscal forecasts and estimate the cost of policies. However, IBP does not calculate a score for the role of IFIs.



Evaluating Public Engagement Opportunities and Oversight Actors and Practices		
Indicator measured	OBS 2019 question numbers	Number of questions per indicator
Public engagement in the budget process	125-142	18
Role of the legislature	107-118	12
Role of the supreme audit institution	119-124	6
Role of independent fiscal institutions	103-106	4*

*These questions related to IFIs are not scored.

The Structure of the Open Budget Survey Questionnaire

Section 1: Public Availability of Key Budget Documents contains sets of 6 to 8 questions for each of the eight key budget document. The format of the questions varies depending on what the question is asking.

Section 2: Comprehensiveness of the Executive's Budget Proposal (Questions 1-53)

- Expenditure, revenue, and debt
- Budget year, prior years, multi-year projections
- Potential risks (e.g., contingent liabilities, expenditure arrears)
- Additional information (e.g., performance indicators, anti-poverty measures)

Section 3: Comprehensiveness of Other Key Budget Documents (Questions 54-102)

- Pre-Budget Statement (PBS)
- Enacted Budget (EB)
- Citizens Budget (CB)
- In-Year Reports (IYR)
- Mid-Year Reviews (MYR)
- Year-End Reports (YER)
- Audit Report (AR)

Section 4: Role and Effectiveness of the Oversight Institutions (Questions 103-124)

- Independent Fiscal Institutions (IFIs)
- Legislature
- Supreme Audit Institution (SAI)

Section 5: Public Engagement in the Budget Process (Questions 125-142)

- Budget: formulation and execution phases
- Legislative discussion and approval of the budget
- Audit: helping to set audit program; participating in audits

Types of Questions

Examples of Questions on Expenditure, Revenue, and Debt (across all key budget reports)

- Q59. Does the Enacted Budget present expenditure estimates by any of the three expenditure classifications (by administrative, economic, or functional classification)?
- Q71. Do In-Year Reports present actual revenue by category (such as tax and non-tax)?
- Q83. Does the Mid-Year Review of the budget include updated estimates of government borrowing and debt, including its composition, for the budget year underway?

Examples of Questions on Oversight Institutions & Public Engagement

- Q107. Does the full legislature and/or a legislative committee debate budget policy prior to the tabling of the Executive's Budget Proposal?
- Q119. Was the process of appointing (or re-appointing) the current head of the SAI carried out in a way that ensures his or her independence?
- Q128. Does the executive use participation mechanisms through which the public can provide input in monitoring the implementation of the annual budget?

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