

Open Budget Survey (OBS) 2019



Institute of National Affairs

7th edition

Open Budget Survey 2019



The Open Budget Survey and COVID-19

As I write, the COVID-19 pandemic is wreaking havoc around the world. The threat to public health, the damage to national economies, and the disruption to daily life is jarring and frightening – not only here in Washington D.C. but around the globe – as countries struggle to contain the virus and blunt its impact. At this troubled time, we are thinking about our many colleagues around the world, wishing them good health and safety.

In publishing the survey, we face the same dilemma with which many organizations are grappling: how do we release our findings amid this all-encompassing global crisis? Are they still relevant in this new environment? Indeed, as we worked on the report, protestors were in the streets of many cities around the world, demanding better service and more accountability from their governments. Now, citizens are confined to their homes and forced to remain apart from one another, using social media and other strategies to engage with government officials.

In this environment, we believe that our survey and the issues it covers not only remain important but, in fact, are more crucial than ever.

Budgets will play a central role in government responses to this virus and its fallout. We strongly support aggressive government action, and, like others, we believe that leaders should pay particular attention to the needs of those living in poverty, who are particularly vulnerable to COVID-19's devastating health and economic impacts. To meet these unparalleled challenges, governments must rapidly shift priorities and realign tax and spending policies. The rush to act may tempt some leaders to forego informing and engaging the public on the steps they take. While the crisis demands swift and decisive action, it nevertheless requires honesty, transparency, engagement, and, in the end, public trust – the very objectives that drive the Open Budget Survey.

As we find in this survey, conducted before COVID-19, most governments lack the accountability systems and policies to make their budgets fully open to the public. Gaps in budget transparency exist throughout the budget cycle, especially in how governments publicize their changes to budgets during

implementation. These shortcomings are compounded by the weak oversight of legislatures and auditors and scarce opportunities for public input. Nor do sector budgets usually show how public spending improves the delivery of critical services, including health care services central to resolve this pandemic.

These deficiencies concern us because to raise living standards public spending must deliver results. As spending expands to fight the pandemic, we're reminded that our previous research found many governments don't fully spend their allocated budgets or explain deviations from them. Notably, underspending of vaccine budgets is especially high, even in countries with recurring vaccine shortages. These shortcomings will likely worsen in this crisis at just the time when governments must avoid the misuse of funds and inefficiencies that weakened previous disaster responses. The consequences of today's budget decisions will be felt for years to come. This crisis unfolded at a time of simmering public frustration over stark public inequities and governments' failure to address them. Public trust could be further undermined if governments do not address the pandemic effectively with action that does not seem arbitrary or that favors certain interests over others.

Fortunately, a different outcome is possible. Our work of the last two decades clearly shows that open budget practices are linked to greater equity and efficiency. As this report shows, government can take immediate steps to publish additional information on existing websites without incurring additional cost. However, greater transparency must be combined with meaningful opportunities for public input in budgeting to secure better outcomes. Public and civic organizations can be vital sources of information on the effectiveness of government services. They also help to keep communities informed about government programs, and they can monitor the performance of public servants and contractors.

In confronting this epidemic, governments must think creatively about how to facilitate public participation and harness its benefits. Civil society will prove an innovative partner. IBP in South Africa, for instance, is providing data to residents of informal settlements in the major metropolitan centers so they can provide real time feedback about government services during the pandemic, such as whether public toilets were cleaned. This information will help government officials

understand community needs and the quality of services, and when necessary, help communities hold government accountable. IBP's partner in Argentina, ACIJ, together with their allied partners, is working with homeless people in Buenos Aires to better communicate their needs and the public spending that could increase their resilience to the epidemic. These are but two examples of how civic organizations are connecting citizens and government. In this Open Budget Survey report, we launch a global Call to Action for governments to make sustained advances in public access to budget information, opportunities for public input on budgets, and effective oversight of budget implementation. The pandemic makes it even more urgent that governments heed this call and act decisively on this front. We call on governments to adopt budget policies that mitigate the harmful effects of COVID-19 and, in doing so, embrace budgeting processes that restore public trust and shape a more inclusive future.

No one knows precisely how this pandemic will play out. But I know that, if we work alone, IBP's contribution to reducing its effects will be marginal at best. We stand ready to work with civic partners, governments, and international agencies around the world to build budget systems that help address this and future challenges.

To be sure, open budget systems alone cannot solve the pandemic. But they can strengthen the bonds between citizens and government and improve the delivery of public services, now and going forward.



Warren Krafchik

Executive Director

March 2020

About the Open Budget Survey

- The Open Budget Survey (OBS) is the only independent, comparative, and regular measure of budget transparency and oversight around the world.
- The OBS 2019 was conducted in 117 countries and measures government practices against international standards on the timeliness and amount of budget information made publicly available, on the extent of meaningful opportunities for public participation in the budget process, and on the role of formal oversight institutions.
- The OBS measures observable facts using 145 scored indicators. The OBS is produced by independent budget experts with no ties to the government and undergoes a rigorous review process to ensure accuracy and comparability across countries.
- This is the seventh round of the OBS, with earlier assessments in 2006, 2008, 2010, 2012, 2015, and 2017.
- The OBS assesses whether the basic conditions needed for democracy and accountability – the free flow of information, robust oversight, and opportunities for public participation in decision making – are being met in the budget sphere.

Why Budget Transparency Matters?

- The Budget is the main instrument for managing public money. It and how it's applied determine whether public goods and services will be provided for communities and business to function, and whether schools and health facilities, teachers, medical worker and medicines available.

The Opportunity and Challenge

- 'The Open Budget Survey Tells a story of leaders and laggards, with many government still failing to meet minimum international standards, while others are adopting more transparent, inclusive and participatory approaches to budget panning and implementation'; PNG remains somewhere in the middle, making positive commitments, but slipping...

A Call to Action

- 'Organisations from around the world, including the INA, are supporting a more open budget process, seeking clear and measurable progress over the next 5 years. Open Budgets Open Futures'

Open Budget Survey in the context of COVID-19

- The 2019 survey was conducted in 117 countries prior to the outbreak of Covid-19. It's based largely upon the 2019 Budget preparation and application. The Covid-19 health crisis is currently severely altering lives and lifestyles, economies, livelihoods and budgets around the world. The immediate remedial measures and shortfall in revenue are placing unprecedented demands upon budgets, and triggering a major increase in public debt and potentially debt servicing, which citizens in PNG and around the world will have to bear into the future.
- The Open Budget Survey, and the issues it covers, not only remain important, but in fact are more critical than ever, as budgets will play a central role in the response to the virus and its fallout

The Open Budget Survey examines the availability, timeliness and comprehensiveness of critical documentation to the public and to the Legislature, considered necessary for Budget Transparency and Public Participation in the Budget process. It does not attempt to assess the accuracy of the data provided, which is the essential next step. However, without the Open Budget availability and access (notably to material online) the next steps of engagement cannot occur.

It particularly focuses on 8 critical documents or sets of documents in the Budget preparation and oversight process.

Open Budget Survey (OBS) 2019

Key Findings

The Open Budget Survey (OBS) 2019 finds weak transparency and oversight in government budgeting as well as few opportunities for the public to participate in shaping budget policies or monitoring their implementation. These findings are particularly concerning at a time when governments around the world have launched significant spending measures to address the COVID-19 pandemic.

On budget transparency, the OBS 2019 finds modest improvements in global average scores, which has been the predominant trend since the launch of the OBS in 2006.

Yet, the global average transparency score in OBS 2019 is 45 out of 100, meaning that global levels of budget transparency remain insufficient.

For some countries and regions, consistent positive trends show that rapid progress on budget transparency is possible.

- Examples of strong budget transparency are found in nearly all regions of the world. Every region, except for South Asia, has at least one country that scored 61 or higher.
- Six countries surveyed release extensive budget information by scoring 81 or higher. These top-tier countries are New Zealand, South Africa, Sweden, Mexico, Georgia, and Brazil.
- Countries can make rapid improvements on transparency in a relatively short timeframe. For instance, Guatemala, Indonesia, Kyrgyz Republic, and Ukraine all reached the threshold of 61 within the last two OBS rounds by responding to public demands for greater information.

Faster global progress is constrained by the failure in many countries to sustain improvements over time.

Few countries provide meaningful opportunities for the public to participate in the budget process, which undermines the public's ability to effectively use budget information.

- Only two countries out of the 117 surveyed offer participation opportunities that are considered adequate (a score of 61 or higher): South Korea and the United Kingdom. The average global score is just 14 out of 100, with 113 countries having weak scores (lower than 41).
- Countries with better performance on public participation – scores at 41 or above – are among the most transparent countries in the OBS, however not all countries with high levels of transparency have meaningful public participation in the budget process.

Problems associated with a lack of budget transparency and few opportunities for public participation are compounded by gaps in oversight by the legislature and supreme audit institutions (SAI).

- Of the 117 countries surveyed, only 34 have adequate oversight from the legislature, while 71 have adequate oversight from the SAI. While countries tend to score higher on the OBS assessment of SAI oversight as compared to legislative oversight, only 30 surveyed countries score at adequate levels of oversight from both institutions.
- While legislative oversight is strongest when legislators are approving the budget, the OBS finds that some legislatures may be rubber-stamping budgets. Of the 108 countries that have the authority to amend the budget, 31 countries – one in four – do not exercise this right.
- Once approved, many legislatures have limited follow-up and monitoring of the execution of the budget. A challenge for some legislatures is that executives may disregard the budgets approved by legislatures: three out of five executives shift funds between ministries or departments without advance approval from legislatures.
- Most SAIs have legal independence but other shortcomings prevent findings in audit reports from being used to correct the issues identified. For example, there is a striking lack of information on how the government responds to audit recommendations: 59 percent of surveyed countries do not have any report on remedial steps taken in response to audits.

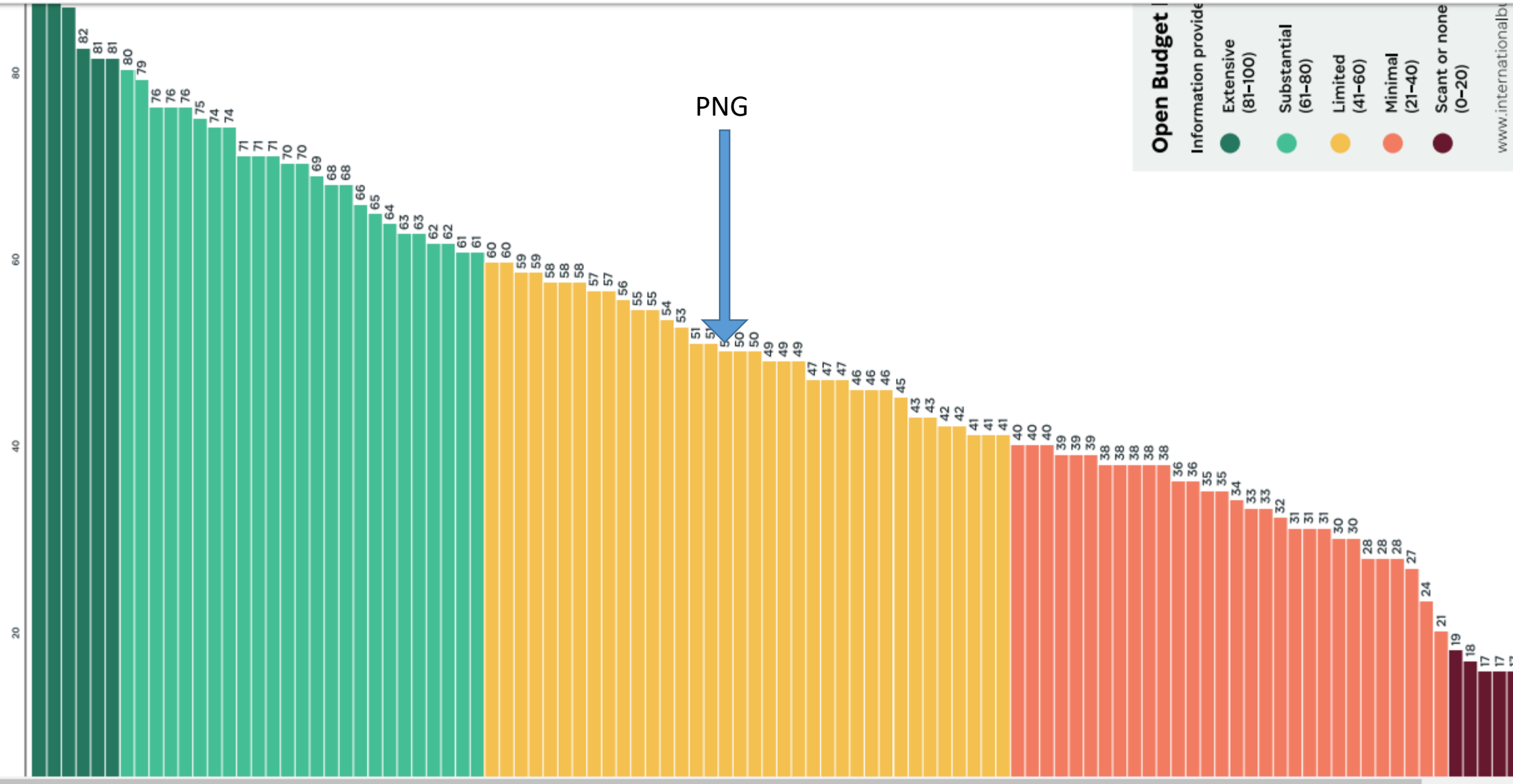
Rapid progress on the open budgeting agenda is possible, but to accelerate the pace of improvements a new approach is needed – one that unites all stakeholders around a common agenda to achieve the most urgent open budgeting goals. The OBS 2019 includes a ‘Call to Action’ to achieve four ambitious, but attainable, targets within the next five years:

1. **Provide sufficient levels of budget transparency.** Countries score 61 or higher on the OBS budget transparency measure, the benchmark for providing sufficient levels of information. Governments make at least six of the eight key budget documents publicly available, and budget documents contain meaningful and relevant budget information that is guided by public demand. Budget information is fully accessible to the public, including online access to real-time, open data that is easy to understand, transform, and use.
2. **Increase public participation in the budget.** Countries score 41 and higher on the OBS public participation measure, the benchmark for moderate levels of public participation. Governments offer at least one opportunity for public participation in the budget process in the executive, legislature, and SAIs, and apply the GIFT Principles of public participation in fiscal policy.

3. **Strengthen monitoring and oversight of budget execution.** Countries take steps to ensure that their budgets are fully implemented in line with their objectives and any deviations from the approved budgets are properly explained to the public. Legislatures enhance their oversight of budget execution and invite public input and engagement. Auditors investigate deviations between planned and executed budgets, with public input where possible, and publish their findings. Legislatures and auditors follow-up and ensure that the executive governments take remedial measures to address audit recommendations.
4. **Sustain improvements on open budgeting.** Countries accelerate and sustain progress on open budgeting reforms. Governments institutionalize budget transparency and participation practices, make public commitments on open budgeting, embed new open budgeting practices in law and regulation, and invest in capacity and institutions for open budgeting reforms.

<https://www.internationalbudget.org/open-budget-survey>

Budget Survey 2019: budget transparency score



Overview



Transparency:

50 /100

(Open Budget Index score)



Public
Participation:

7 /100



Budget Oversight:

30 /100

Open
Budget
Survey
2019

Papua New Guinea

About the survey

Government budget decisions – what taxes to levy, what services to provide, and how much debt to take on – affect how equal a society is and the well-being of its people, including whether the most disadvantaged will have real opportunities for a better life. It is critical that governments inform and engage the public on these vital decisions that impact their lives.

The Open Budget Survey (OBS) is the world’s only independent, comparative and fact-based research instrument that uses internationally accepted criteria to assess public access to central government budget information; formal opportunities for the public to participate in the national budget process; and the role of budget oversight institutions such as the legislature and auditor in the budget process.

The survey helps local civil society assess and confer with their government on the reporting and use of public funds. This 7th edition of the OBS covers 117 countries.

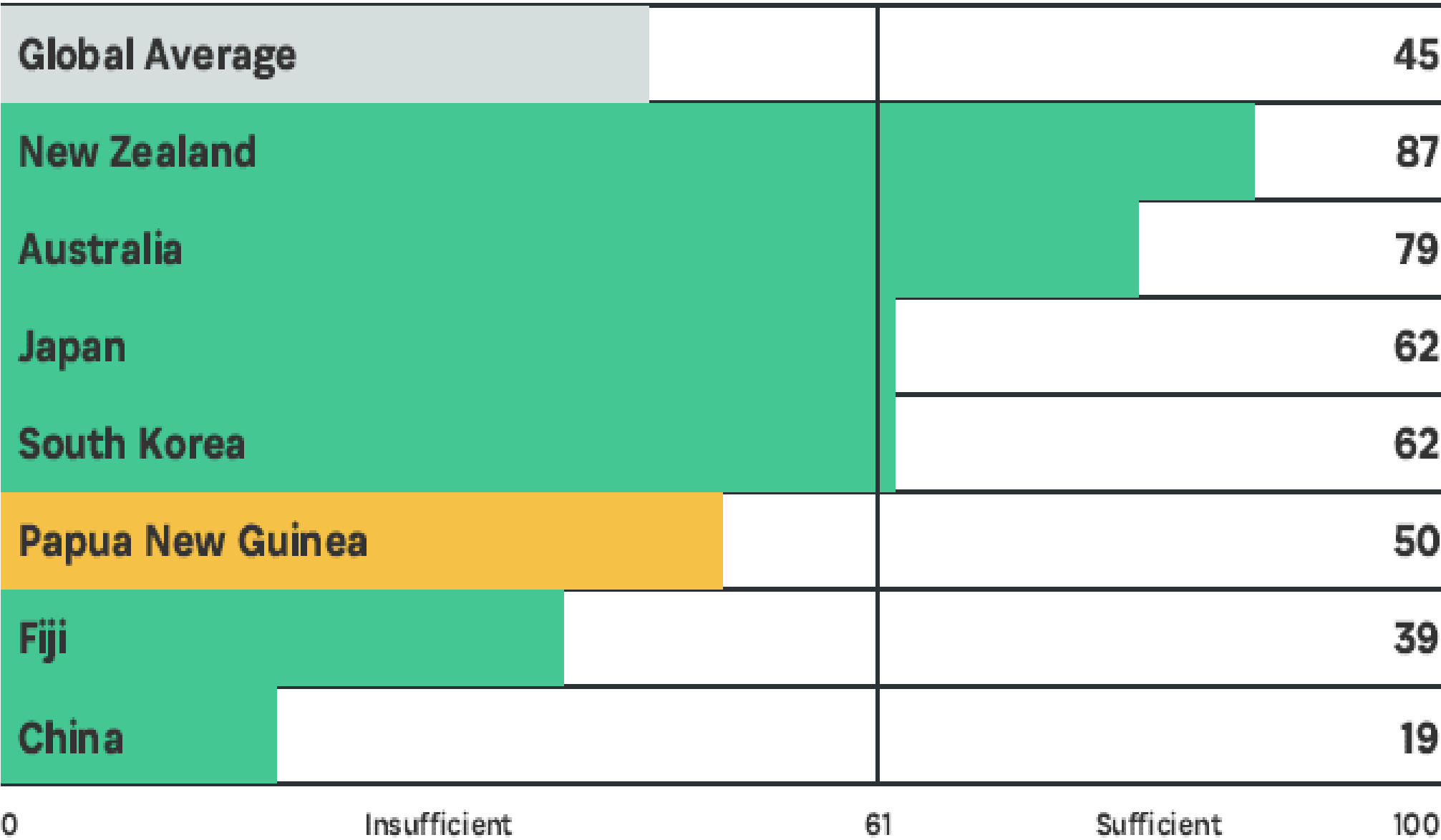
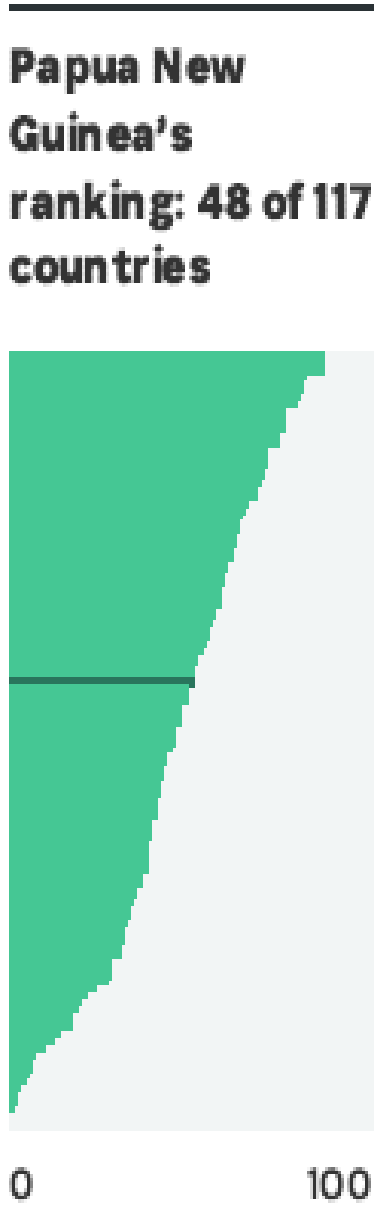


Transparency

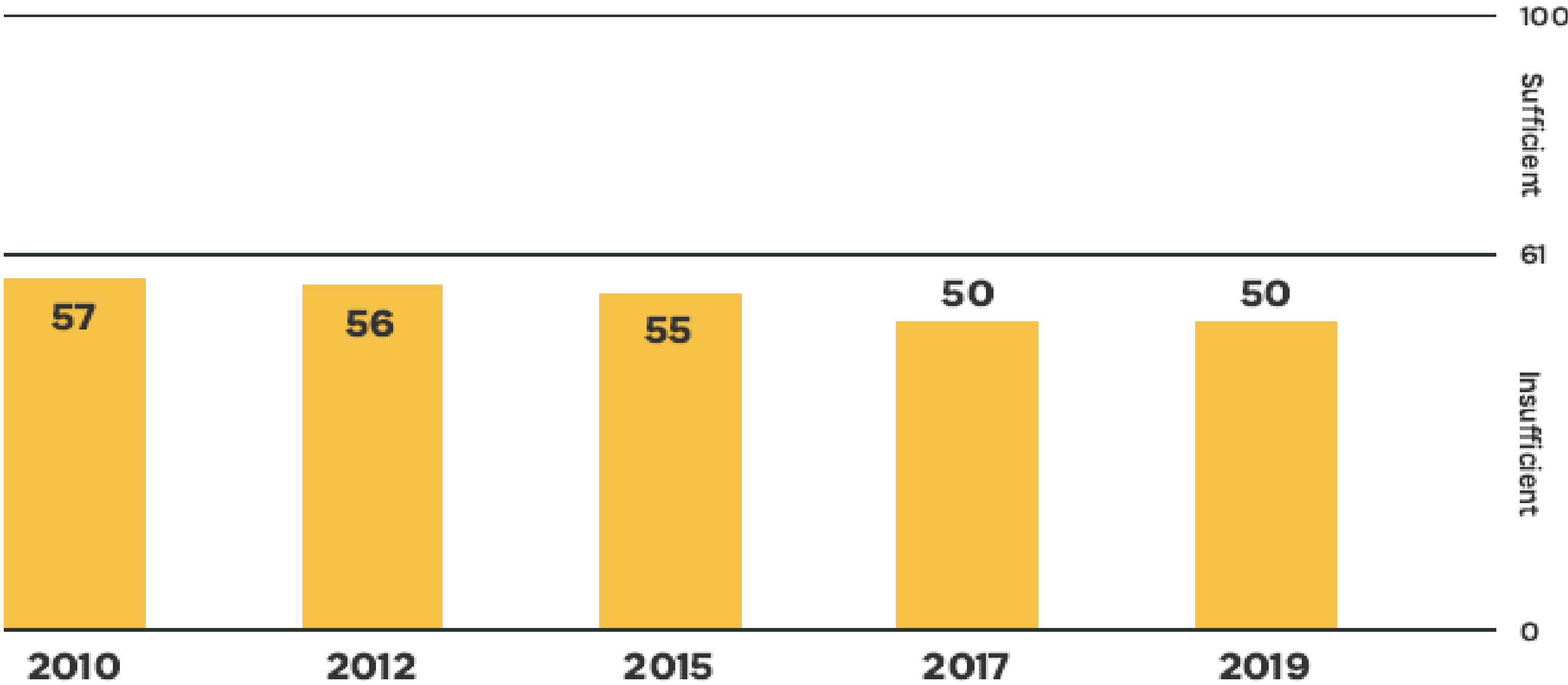
This part of the OBS measures public access to information on how the central government raises and spends public resources. It assesses the online availability, timeliness, and comprehensiveness of eight key budget documents using 109 equally weighted indicators and scores each country on a scale of 0 to 100. A transparency score of 61 or above indicates a country is likely publishing enough material to support informed public debate on the budget.

Papua New Guinea has a transparency score of **50** (out of 100).

Transparency in Papua New Guinea compared to others



How has the transparency score for Papua New Guinea changed over time?



Public availability of budget documents in Papua New Guinea

- Available to the Public
- Published Late, or Not Published Online, or Produced for Internal Use Only
- Not Produced

Document	2010	2012	2015	2017	2019
Pre-Budget Statement	Available to the Public	Available to the Public	Available to the Public	Published Late, or Not Published Online, or Produced for Internal Use Only	Available to the Public
Executive's Budget Proposal	Available to the Public	Available to the Public	Available to the Public	Available to the Public	Available to the Public
Enacted Budget	Published Late, or Not Published Online, or Produced for Internal Use Only	Published Late, or Not Published Online, or Produced for Internal Use Only	Available to the Public	Available to the Public	Published Late, or Not Published Online, or Produced for Internal Use Only
Citizens Budget	Not Produced	Not Produced	Not Produced	Not Produced	Not Produced
In-Year Reports	Not Produced	Not Produced	Not Produced	Not Produced	Not Produced
Mid-Year Review	Available to the Public	Available to the Public	Available to the Public	Available to the Public	Available to the Public
Year-End Report	Available to the Public	Available to the Public	Available to the Public	Available to the Public	Available to the Public
Audit Report	Not Produced	Available to the Public	Not Produced	Not Produced	Not Produced

How comprehensive is the content of the key budget documents that Papua New Guinea makes available to the public?

61-100 / 100
41-60 / 100
1-40 / 100

Key budget document	Document purpose and contents	Fiscal year assessed	Document content score
Pre-Budget Statement	Discloses the broad parameters of fiscal policies in advance of the Executive's Budget Proposal; outlines the government's economic forecast, anticipated revenue, expenditures, and debt.	2019	95
Executive's Budget Proposal	Submitted by the executive to the legislature for approval; details the sources of revenue, the allocations to ministries, proposed policy changes, and other information important for understanding the country's fiscal situation.	2019	64
Enacted Budget	The budget that has been approved by the legislature.	2018	Published Late

Citizens Budget	A simpler and less technical version of the government's Executive's Budget Proposal or the Enacted Budget, designed to convey key information to the public.	2019	Not Produced
In-Year Reports	Include information on actual revenues collected, actual expenditures made, and debt incurred at different intervals; issued quarterly or monthly.	2018	Not Produced
Mid-Year Review	A comprehensive update on the implementation of the budget as of the middle of the fiscal year; includes a review of economic assumptions and an updated forecast of budget outcomes.	2018	85
Year-End Report	Describes the situation of the government's accounts at the end of the fiscal year and, ideally, an evaluation of the progress made toward achieving the budget's policy goals.	2017	50
Audit Report	Issued by the supreme audit institution, this document examines the soundness and completeness of the government's year-end accounts.	2016	Not Produced

Papua New Guinea's transparency score of **50** in the OBS 2019 is largely the same as its score in 2017.

What changed in OBS 2019?

Papua New Guinea has increased the availability of budget information by:

- Publishing the Pre-Budget Statement online in a timely manner.

However, Papua New Guinea has decreased the availability of budget information by:

- Failing to publish the Enacted Budget online in a timely manner.

Recommendations

Papua New Guinea should prioritize the following actions to improve budget transparency:

- Publish the Enacted Budget online within three months of enactment.
- Produce and publish a Citizens Budget, In-Year Reports, and the Audit Report of the government's financial statements online in a timely manner.
- Include in the Executive's Budget Proposal an explanation of how the government's proposed policies, both new and existing, are related to the budget allocations and details of domestic and international borrowing, including interest rates and maturity profile.
- Include in the Year-End Report performance and macroeconomic information.



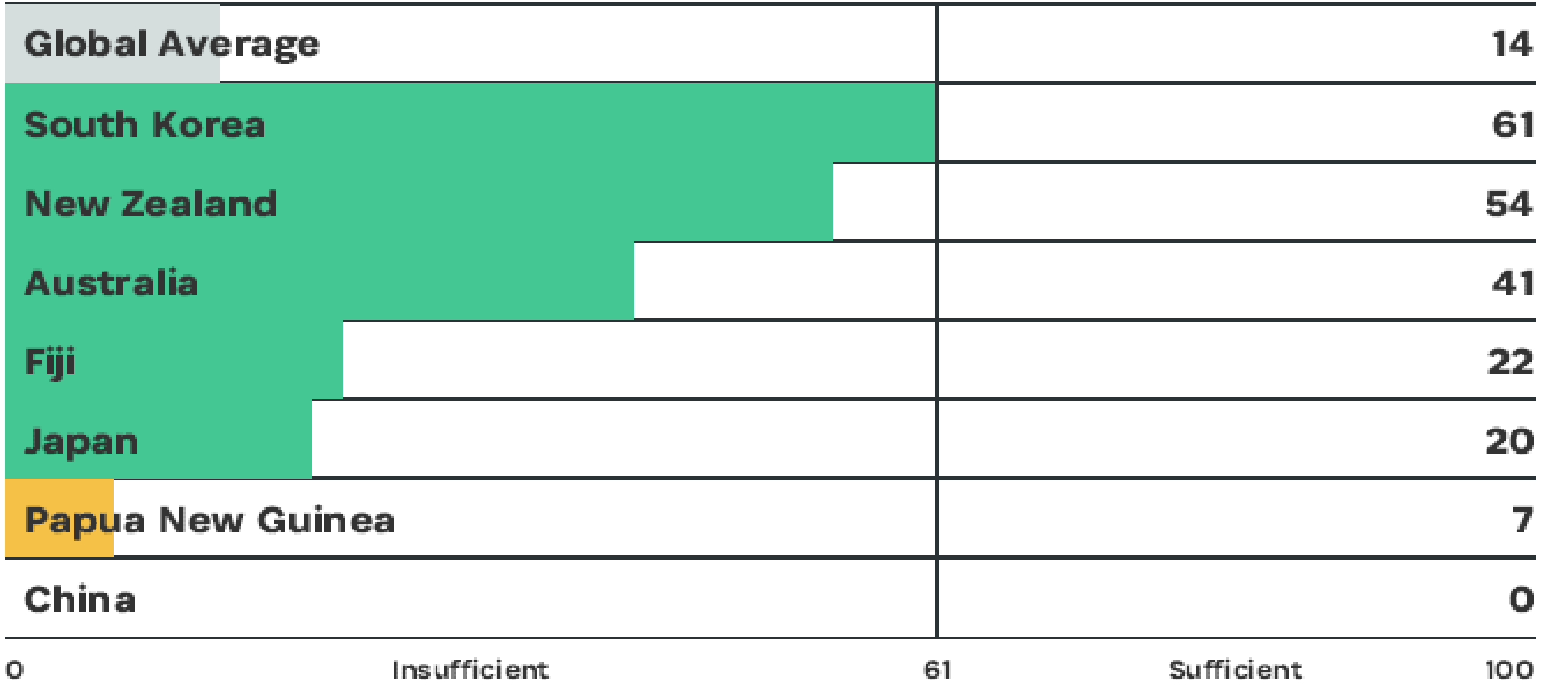
Public Participation

Transparency alone is insufficient for improving governance. Inclusive public participation is crucial for realizing the positive outcomes associated with greater budget transparency.

The OBS also assesses the formal opportunities offered to the public for meaningful participation in the different stages of the budget process. It examines the practices of the central government's executive, the legislature, and the supreme audit institution (SAI) using 18 equally weighted indicators, aligned with the Global Initiative for Fiscal Transparency's **Principles of Public Participation in Fiscal Policies** [↗](#), and scores each country on a scale from 0 to 100.

Papua New Guinea has a public participation score of **7** (out of 100).

Public participation in Papua New Guinea compared to others



Extent of opportunities for public participation in the budget process



few: 0 - 40; limited: 41 - 60; adequate: 61 - 100

Recommendations

Papua New Guinea's Department of Treasury has established public consultations during budget formulation but, to further strengthen public participation in the budget process, should also prioritize the following actions:

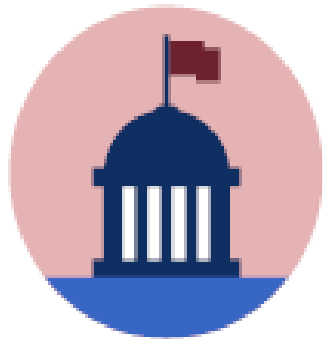
- Pilot mechanisms to monitor budget implementation.
- Expand mechanisms during budget formulation that engage any civil society organization or member of the public who wishes to participate.
- Actively engage with vulnerable and underrepresented communities, directly or through civil society organizations representing them.

Papua New Guinea's National Parliament should prioritize the following actions:

- Hold public hearings on the budget proposal and allow members of the public or civil society organizations to attend and testify during these hearings.
- Ensure that the Public Accounts Committee holds public hearings on the Audit Report and allow members of the public or civil society organizations to attend and testify.

Papua New Guinea's Auditor General's Office should prioritize the following actions to improve public participation in the budget process:

- Establish formal mechanisms for the public to assist in developing its audit program and to contribute to relevant audit investigations.



Budget Oversight

The OBS also examines the role that legislatures and supreme audit institutions (SAIs) play in the budget process and the extent to which they provide oversight; each country is scored on a scale from 0 to 100 based on 18 equally weighted indicators. In addition, the survey collects supplementary information on independent fiscal institutions (see Box).

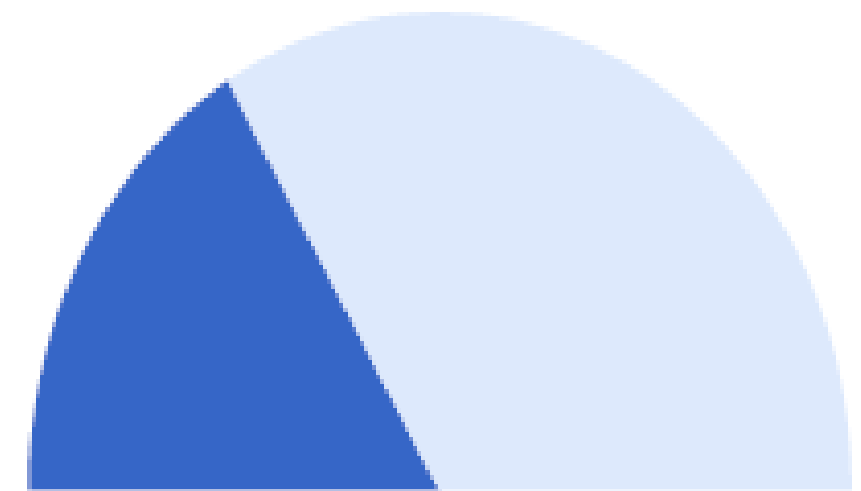
The legislature and supreme audit institution in Papua New Guinea, together, provide weak oversight during the budget process, with a composite oversight score of **30** (out of 100). Taken individually, the extent of each institution's oversight is shown below:

Legislative oversight



0 28 100
weak

Audit oversight



0 33 100
weak

weak: 0 - 40; limited: 41 - 60; adequate: 61 - 100

Recommendations

Papua New Guinea's National Parliament provides weak oversight during the planning stage of the budget cycle and weak oversight during the implementation stage. To improve oversight, the following actions should be prioritized:

- The legislature should debate budget policy before the Executive's Budget Proposal is tabled and approve recommendations for the upcoming budget.
- The Executive's Budget Proposal should be submitted to legislators at least two months before the start of the budget year.
- Legislative committees should examine the Executive's Budget Proposal and publish reports with their analysis online.

- A legislative committee should examine in-year budget implementation and publish reports with their findings online.
- In practice, ensure the legislature is consulted before the executive shifts funds specified in the Enacted Budget between administrative units or reduces spending due to revenue shortfalls during the budget year.
- A legislative committee should examine the Audit Report and publish a report with their findings online.

To strengthen independence and improve audit oversight by Papua New Guinea's Auditor General's Office, the following actions are recommended:

- Parliament and the Government should improve the appointment process for the Auditor General's Office, through an amendment to the Constitution for the Auditor General to be appointed through an independent process, such as the Governor General acting on the advice of a Constitutional appointment committee composed from the judiciary, legislature, and other independent Constitutional Office holders.
- The Auditor General's Office should be provided adequate funding to perform its duties, as determined by an independent body such as Parliament or a Parliamentary Committee.
- Ensure audit processes are reviewed by an independent agency.

The emerging practice of establishing independent fiscal institutions

Papua New Guinea does not have an independent fiscal institution (IFI). IFIs are increasingly recognized as valuable independent and nonpartisan information providers to the Executive and/or Parliament during the budget process.

**These indicators are *not* scored in the Open Budget Survey.*

Methodology

- Only documents published and events, activities, or developments that took place through 31 December 2018 were assessed in the OBS 2019.
- The survey is based on a questionnaire completed in each country by an independent budget expert:
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P. O. Box 1530 Port Moresby, NCD, Papua New Guinea
paul.Barker@cimcpng.org
- To further strengthen the research, each country's draft questionnaire is also reviewed by an anonymous independent expert, and in Papua New Guinea by a representative of the Department of Treasury.

Visit www.internationalbudget.org/open-budget-survey ↗ for more information, including the full OBS methodology, the 2019 Global Report, findings for all surveyed countries, and the Data Explorer.

Bertelsmann Transformation Index (BTI 2020)

As a preview I'll just provide an introduction to the Bertelsmann Transformation Index (BTI) 2020 also launched today in Germany. The Transformation Index analyses transformation processes toward democracy and a market economy in international comparison and identifies successful strategies for peaceful change. Of the 137 countries currently examined, the BTI classifies 74 as democracies and 63 as autocracies.

Inequality and repression undermine democracy and market economy worldwide
Restricted freedom of expression, a gagged press or disempowered constitutional courts - as a rule, these are characteristics of autocracies. But the Bertelsmann Stiftung's latest Transformation Index shows that the rule of law and political freedoms are also being eroded in an increasing number of democracies. The main causes are abuse of power and cronyism, which increase economic inequality and contribute to social cleavages. The effects of the corona pandemic threaten to intensify these developments.



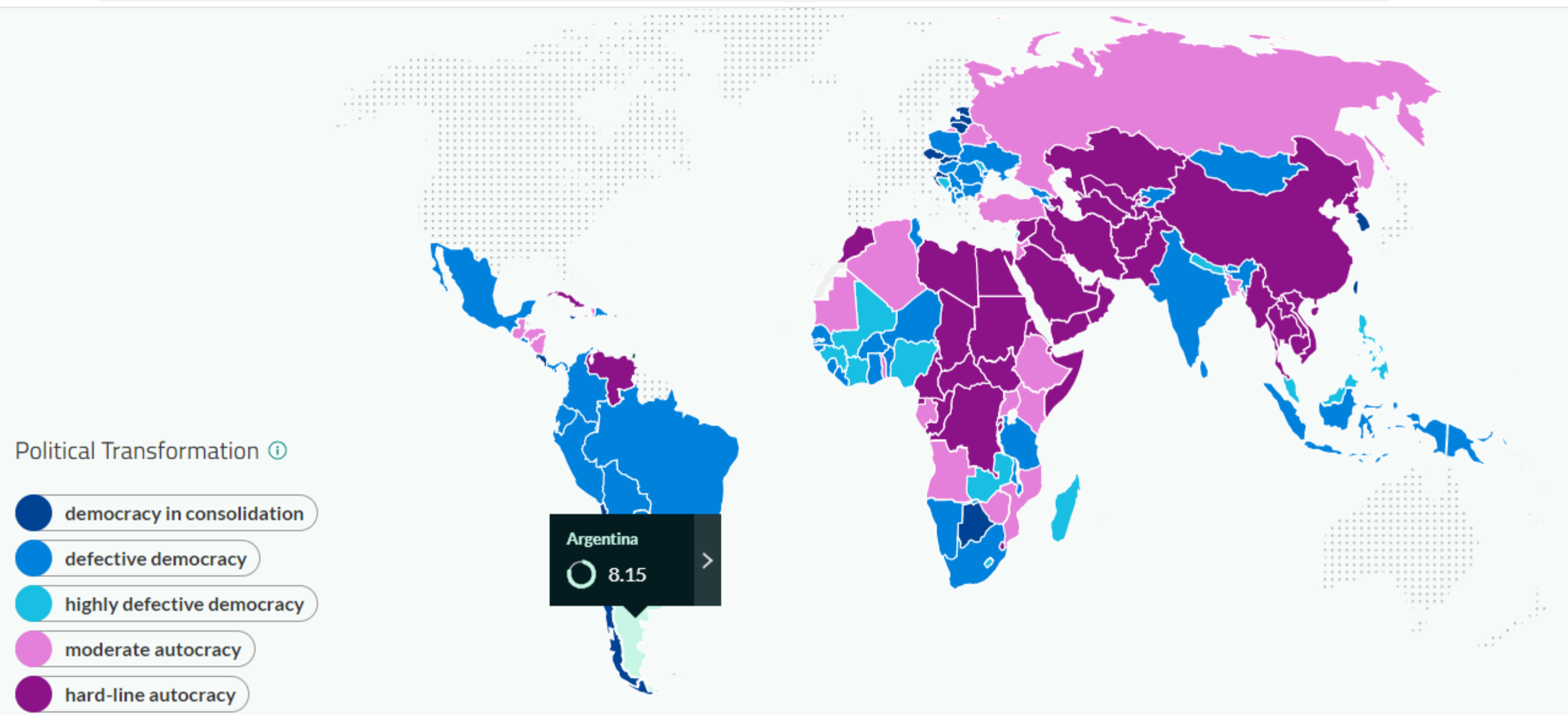
very good

good

moderate

weak

failed



Political Transformation ⓘ

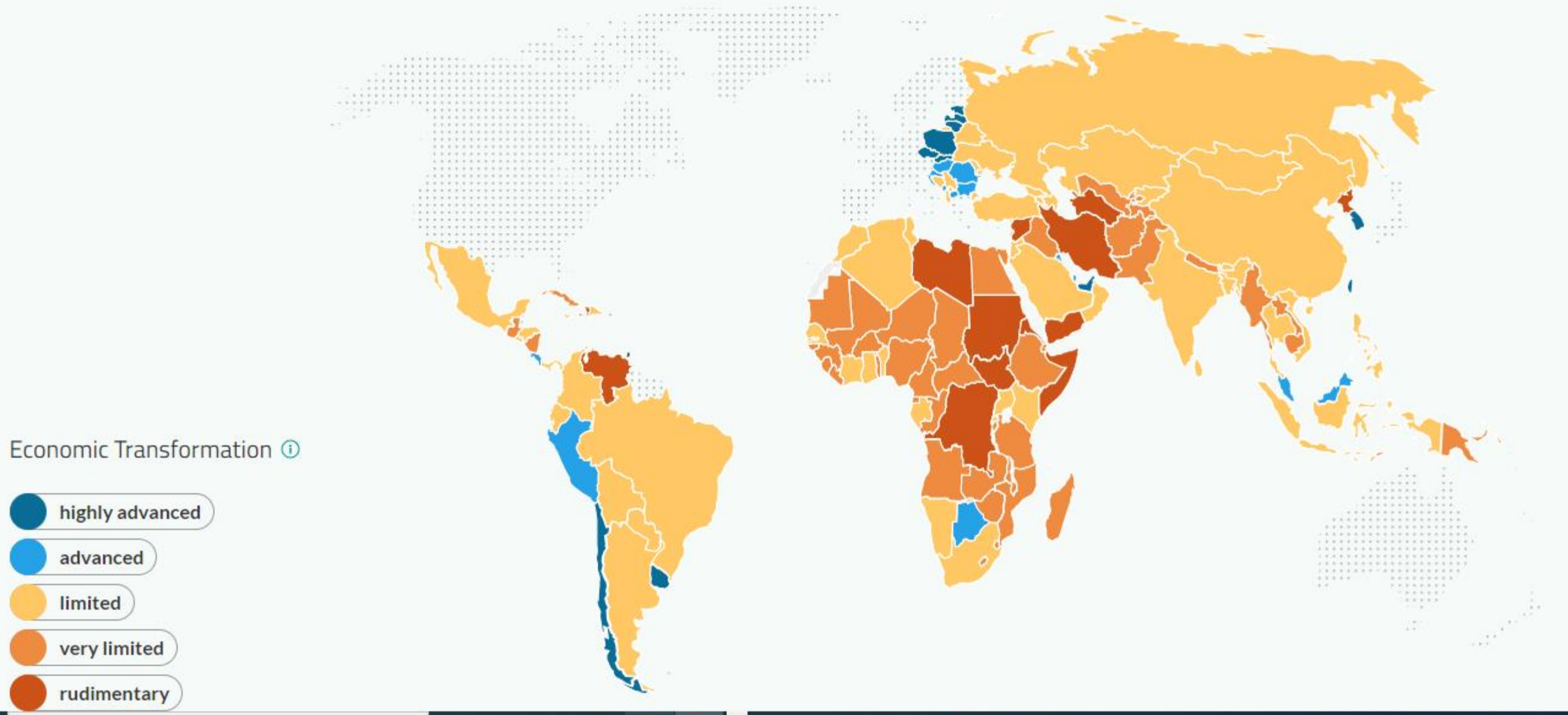
- democracy in consolidation
- defective democracy
- highly defective democracy
- moderate autocracy
- hard-line autocracy

Argentina

8.15

>

Political Transformation Economic Transformation **Economic Transformation** Governance Index



Papua New Guinea

Political Transformation: #61 of 137

Economic Transformation: #85 of 137

< [To region Asia and Oceania](#)



Political Transformation



Economic Transformation



Governance Index

In one sentence

"In 2017, Papua New Guinea conducted a highly competitive election and public opinion diminished the number of the prime minister."

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