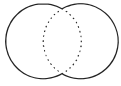


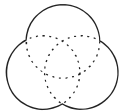
Overview



Transparency:

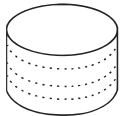
47 /100

(Open Budget Index score)



Public Participation:

26 /100



Budget Oversight:

39 /100

About the survey

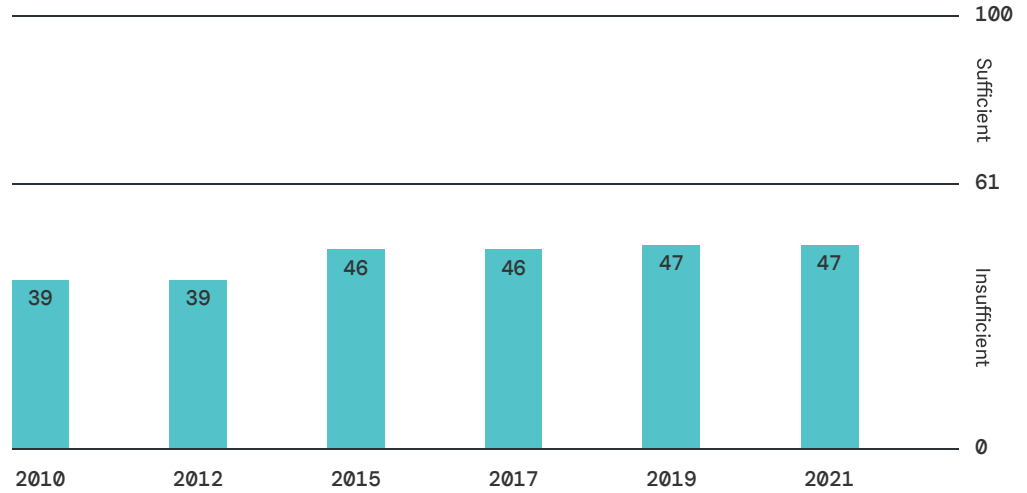
Government budget decisions – what taxes to levy, what services to provide, and how much debt to take on – have important consequences for all people in society. When governments provide information and meaningful channels for the public to engage in these decisions, we can better ensure public money is spent on public interests.

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 legislatures and national audit offices, 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 8th edition of the OBS covers 120 countries.

Visit www.internationalbudget.org/open-budget-survey for more information, including the full OBS methodology, the 2021 Global and Regional Reports, findings for all surveyed countries, and the Data Explorer.

How has the transparency score for Malaysia changed over time?



Public availability of budget documents in Malaysia

KEY	
●	Available to the Public
●	Published Late, or Not Published Online, or Produced for Internal Use Only
⊘	Not Produced

Document	2010	2012	2015	2017	2019	2021
Pre-Budget Statement	⊘	⊘	⊘	⊘	●	●
Executive's Budget Proposal	●	●	●	●	●	●
Enacted Budget	●	●	●	●	●	●
Citizens Budget	⊘	⊘	⊘	●	●	●
In-Year Reports	●	●	●	●	●	●
Mid-Year Review	⊘	⊘	⊘	⊘	●	●
Year-End Report	●	●	●	●	●	●
Audit Report	●	●	●	●	●	●

How comprehensive is the content of the key budget documents that Malaysia makes available to the public?

KEY	
●	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.	2021	Internal Use
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.	2021	54
Enacted Budget	The budget that has been approved by the legislature.	2021	17
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.	2021	50
In-Year Reports	Include information on actual revenues collected, actual expenditures made, and debt incurred at different intervals; issued quarterly or monthly.	2020	52
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.	2020	Internal Use
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.	2019	57
Audit Report	Issued by the supreme audit institution, this document examines the soundness and completeness of the government's year-end accounts.	2019	86

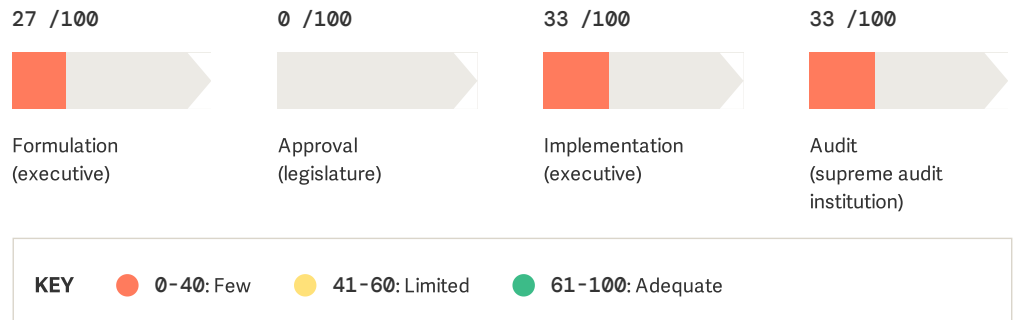
Malaysia's transparency score of **47** in the OBS 2021 is largely the same as its score in 2019.

Recommendations

Malaysia should prioritize the following actions to improve budget transparency:

- Publish the Mid-Year Review online in a timely manner.
- Add more information about extra-budgetary funds, the government's balance sheet, contingent liabilities and the long-term sustainability of government finances in the Executive's Budget Proposal.
- Include in the Year-End Report comparisons between borrowing estimates and actual outcomes, comparisons between planned nonfinancial outcomes and actual outcomes and comparisons between the original macroeconomic forecast and actual outcomes.
- Improve the comprehensiveness of the Enacted Budget.
- Institutionalize and sustain the recent practice of publishing a Pre-Budget Statement. This practice started after the research cut-off date for OBS 2021, and hence is not captured in this survey.

Extent of opportunities for public participation in the budget process



Recommendations

Malaysia's Ministry of Finance has established pre-budget submissions during budget formulation and e-consultations during budget implementation but, to further strengthen public participation in the budget process, should also prioritize the following actions:

- Actively engage with vulnerable and underrepresented communities, directly or through civil society organizations representing them.

Malaysia's Parliament should prioritize the following actions:

- Allow members of the public or civil society organizations to testify during its hearings on the budget proposal prior to its approval.
- Allow members of the public or civil society organizations to testify during its hearings on the Audit Report.

Malaysia's National Audit Department has established mechanisms for the public to assist in developing its audit program. It should prioritize the following actions to improve public participation in the budget process:

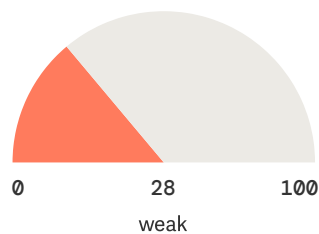
- Establish formal mechanisms for the public to contribute to relevant audit investigations.

Budget Oversight

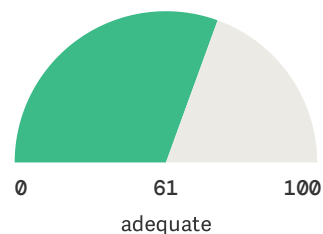
The OBS examines the role that legislatures and supreme audit institutions (SAIs) play in the budget process and the extent to which they provide oversight; each country is scored on a scale from 0 to 100 based on 18 equally weighted indicators. In addition, the survey collects supplementary information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

The legislature and supreme audit institution in Malaysia, together, provide weak oversight during the budget process, with a composite oversight score of **39** (out of 100). Taken individually, the extent of each institution's oversight is shown below:

Legislative oversight



Audit oversight



KEY ● 0-40: Few ● 41-60: Limited ● 61-100: Adequate

Recommendations

Malaysia's 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 spends any unanticipated revenue or reduces spending due to revenue shortfalls.
- A legislative committee should examine the Audit Report and publish a report with their findings online.

To strengthen independence and improve audit oversight by the Malaysia National Audit Department, the following actions are recommended:

- Require legislative or judicial approval to appoint the head of the supreme audit institution.
- Ensure audit processes are reviewed by an independent agency.

The emerging practice of establishing independent fiscal institutions

Malaysia 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 2020 were assessed in the OBS 2021.
- The survey is based on a questionnaire completed in each country by an independent budget expert:
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Institute for Democracy and Economic Affairs (IDEAS)
The Lower Penthouse, Wisma Hang Sam, No 1 Jalan Hang Lekir, 50000 Kuala Lumpur, Malaysia
unie@ideas.org.my
- To further strengthen the research, each country's draft questionnaire is also reviewed by an anonymous independent expert, and in Malaysia by a representative of the Ministry of Finance.