

## METHODOLOGY

In December 2002, the International Budget Project convened a meeting of non-governmental organizations from around the world. Their common interest was in promoting increased public access to government budget information, strengthening public financial accountability, and opening opportunities for citizen engagement in budget debates in their countries. In total, 31 participants attended the workshop. Representatives of groups from Latin America and Africa, as well as from Croatia, India, Indonesia, and Russia, were present. As a result of this meeting, a consensus was reached about the importance and value of a global initiative to evaluate government budget transparency and the budget process by civil society organizations independent of government.

The IBP, in cooperation with other civil society researchers, began the process of developing and testing a survey instrument, the *Open Budget Questionnaire*, shortly after the meeting. The questionnaire was intended to collect comparative data on the public availability of budget information. The questionnaire guided researchers through each of the four stages of the budget process, assisting them in evaluating the information that should be made available to the public at each stage.

The questionnaire contains a total of 122 questions. The responses to 91 of the questions on the questionnaire that evaluate public access to budget information were averaged to form the *Open Budget Index*. The remaining questions cover topics related to accountable budgeting, including the ability of key institutions of government to hold the executive accountable. The questionnaire therefore covers opportunities for public engagement in budget debates and promoting strengthened legislative oversight. Accountable budgeting also requires a strong external auditing body independent of the executive. As such, the questionnaire covers important institutional features of the country's external auditing body, the Supreme Audit Institution.

### Development and Testing of the Questionnaire

Prior to the IBP's meeting in 2002, researchers at the IBP and the Institute for Democracy in South Africa (IDASA) had piloted a methodology for conducting budget transparency research. By 2002 there were two ongoing multi-country civil society budget transparency research initiatives, one in Africa and a second in Latin America. These were led by IDASA in Africa, and Mexico's Fundar Center for Research and Analysis in Latin America. These two initiatives greatly contributed to the development of the questionnaire. Researchers in the countries involved in these two initiatives tested the questionnaire, providing valuable feedback to refine the questions.

The IBP also tested the survey instrument in an additional ten countries outside of these two regions during 2003 (Bulgaria, Croatia, Czech Republic, India, Kazakhstan, Poland, Russia, Slovenia,

Thailand, and Turkey). The IBP used this feedback to modify the questions to ensure that they were applicable in countries with distinct budgeting systems. The feedback of researchers was also invaluable to IBP in drafting the *Guide to the Open Budget Questionnaire*, which provides researchers completing the questionnaire a detailed description of the purpose of each question and the assumptions that should be used when selecting answers.

The questionnaire was further refined during the latter half of 2003, including review and consultation with public expenditure management experts around the world. This included presentations at international financial institutions and to practitioners through specialty journals. A second major round of testing was held, in the form of a pilot study involving researchers in several dozen countries. Researchers in 36 countries completed their work, mostly in May and June of 2004. The results of the pilot phase were made available in October 2004 to collect feedback to further refine the questionnaire and guide to completing the questionnaire.

The project includes an advisory committee of civil society and other public financial management experts. Members include:

**Helena Hofbauer**, executive director, Mexico's Fundar Center for Research and Analysis

**Katarina Ott**, executive director, Croatia's Institute of Public Finance

**Marritt Claassens**, manager, Africa Budget Project, Institute for Democracy in South Africa

**David de Ferranti**, Transparency and Accountability Program, Brookings Institution

**Murray Petrie**, director, Transparency International New Zealand

**Malcolm Holmes**, consultant and public expenditure management expert

**Iris Lav**, deputy director, Center on Budget and Policy Priorities

**Isaac Shapiro**, associate director, Center on Budget and Policy Priorities

**Joel Friedman**, senior fellow, Center on Budget and Policy Priorities

### **Content of the *Open Budget Questionnaire***

The *Open Budget Questionnaire* consists of 122 multiple-choice questions, and four tables covering the manner in which budget documents are disseminated. The questionnaire groups questions into three sections. The first section is composed of tables to elicit information on the dissemination of budget information. The second section covers the executive's annual budget proposal to the legislature (Questions 1-55), and the availability of other information that would contribute to analysis of budget policies and practices (Questions 56-66). The third section covers each of the four phases of the budget process (Questions 67-122).

## The Open Budget Questionnaire

### Section One: The Availability of Budget Document

- Table 1. Budget Year of Documents Used in Completing the Questionnaire
- Table 2. Internet Links for Key Budget Documents
- Table 3. Distribution of Documents Related to the Executive's Proposal
- Table 4. Distribution of Enacted Budget and Other Reports

### Section Two: The Executive's Budget Proposal

- Estimates for the Budget Year and Beyond
- Estimates for Years Prior to the Budget Year
- Comprehensiveness
- The Budget Narrative and Performance Monitoring
- Additional Key Information for Budget Analysis & Monitoring

### Section Three: The Budget Process

- Executive's Formulation of the Budget
- Legislative Approval of the Budget
- Executive's Implementation of the Budget
- Executive's Year End Report and the Supreme Audit Institution

The questions evaluate publicly available information issued by the central government, and do not cover the availability of information at the sub-national level. The majority of the questions ask about what occurs in practice, rather than about the requirements that may be in law. All of the questions were constructed with the intention that they should capture easily observable and replicable phenomena. Researchers and peer reviewers completing the questionnaires were asked to provide evidence for their responses. The evidence took the form of a reference to a budget document, a law or other public document, a public statement by a government official, or a face-to-face interview with a government official or other knowledgeable party.

Many of the questions in the questionnaire focus on the contents and timeliness of the seven key budget documents that all countries should issue. The criteria used to assess what information should be publicly available and the timing of its release are based on generally accepted good practices related to public financial management. Many of these criteria are similar to those developed by multilateral organizations, such as the International Monetary Fund's *Code of Good Practices on Fiscal Transparency* and the *Lima Declaration of Guidelines on Auditing Precepts* issued by the United Nations International Organization of Supreme Auditing Institutions (INTOSAI). INTOSAI is a professional organization of national Supreme Audit Institutions established by the UN to share information and experiences related to public sector auditing.

## Seven Key Budget Documents Covered in the *Open Budget Questionnaire*

<i>Phase of the Budget Process</i>	<i>Document</i>
Executive Formulates the Budget.....	Pre-budget Statement
Legislative Consideration.....	Executive's Budget Proposal
.....	Citizens Budget
Executive Implements the Budget.....	In-Year Reports
.....	Mid-Year Review
Year-End Reporting and Monitoring.....	Year-End Report
.....	Auditor's Report

The strength of guidelines such as the IMF *Fiscal Transparency Code* and the *Lima Declaration* lies in their universal applicability, making them appropriate to differing types of budget systems around the world. However, IBP believes that they do not go far enough to ensure that budgeting is responsive and accountable to citizens. For this reason the *Open Budget Questionnaire* covers additional topics of importance to civil society. These include whether or not the legislature holds public hearings on the budget and other factors related to legislative oversight and the Supreme Audit Institution.

### The Researchers and Peer Review Process

The *Open Budget Questionnaire* is intended to offer an independent, non-governmental view of the state of budget transparency in the countries studied. All of the researchers who completed the *Open Budget Questionnaire* are from academic or other non-governmental organizations. Government officials in the 59 countries studied did not participate in completing the questionnaire, although in some cases researchers interviewed government officials to obtain answers for a few of the questions.

The mandates and areas of interest of the research groups vary widely, but all have a common interest in promoting access to information during each of the four phases of the budget process, in strengthening the role and powers of the legislature, and in the performance of the Supreme Audit Institution. Most are groups with significant focus on budget issues, including researchers who are experts involved in budget matters on a daily basis.

One researcher, or one group of researchers within an organization, from each of the countries was responsible for submitting one questionnaire with the results presented for that country. Thus, the results presented for each country are based on a single completed questionnaire.

The researchers began their research in May 2005 and completed the questionnaire in October 2005. No events or developments that occurred after October 2005 are taken into account in completing the questionnaires. As noted above, researchers and peer reviewers completing the questionnaires were asked to provide evidence for their responses.

Once the questionnaires were completed, IBP staff undertook an analysis of each questionnaire, and in most cases spent several months in discussions with researchers to review the questionnaires. The IBP analysis focused on ensuring that the questions were answered in a manner that was consistent with each other, and consistent across countries. The answers were also cross-checked

against publicly available information. This included those budget documents that countries made available on the Internet, data collected by the Bank Information Center (a Washington, DC-based non-profit monitoring the activities of international financial institutions), the IMF *Reports on the Observance of Standards and Codes* (ROSCs) covering fiscal transparency, IMF Article IV reports, World Bank documents and publications (including *Public Expenditure Reviews*), and the OECD-World Bank budgeting practices database.

The IBP provided researchers with an accompanying *Guide to the Open Budget Questionnaire*. The guide outlined the research method to be used in completing the questionnaire, introduced researchers to best practices and concepts related to budget transparency, and explained basic terminology associated with public expenditure management. The guide also provided detailed explanations on how to choose between responses and the assumptions to use in answering each question.

The review and analysis of each questionnaire involved a three to six month long dialogue with each researcher. Following this review, the questionnaire was submitted to two anonymous peer reviewers. The peer reviewers were required to be independent of both the government and the research organization. The peer reviewers were all individuals with a working knowledge of the country and its budget system. They were identified through searches of bibliographies, personal contacts, Internet searches, and past IBP conference records. IBP considers the peer review system to be anonymous and will not reveal the identity of a reviewer to the public or to a research organization.

IBP staff reviewed peer reviewer comments to ensure that the comments were consistent with the study's methodology as outlined in the *Guide to the Open Budget Questionnaire*. Any peer reviewer comments that were inconsistent with the guide were removed, and the comments were shared with the researchers. Researchers responded to peer reviewer comments, and IBP editors refereed any conflicting answers to ensure the consistency of assumptions across countries in selecting answers.

## **Definition of “Publicly Available” Information**

The *Open Budget Questionnaire's* focus is on evaluation of information available to the public. As such, ***the study defined “publicly available” information as information that any and all citizens might be able to obtain through a request to the public authority issuing the document.***

This definition therefore includes:

- a.) information that is available through well-defined procedures that ensure simultaneous release of public documents to all interested parties, as well as,
- b.) information or documents that are available only on request.

Some countries in the study had clearly defined procedures for ensuring the simultaneous release of public documents to all interested parties. The adoption of clear procedures in law for dissemination of budget documents, along with respect for those procedures in practice, are viewed by some countries as important to maintaining an international reputation for sound financial management. Many developing countries interested in gaining access to or maintaining favorable treatment in international capital markets adopt such procedures on their own, or as participants in initiatives such as the IMF's General Data Dissemination System initiative.

However, many of the countries in the study did not have legal provisions in place relating to release of budget information, or did not abide by them in practice. In these countries, information was only available on request. The researchers exercised great care in these countries to answer questions based only on publicly available information. In some cases, groups asked citizens to request budget documents to test their availability to the general public. This was necessary because in some countries, substantial budget information is produced but is not shared with the public at all, or government officials make arbitrary decisions regarding which individuals they are willing to share information with. In those cases in which information was available only on request, if there were instances in which an individual requested the document but it was denied to him or her, the document was considered as not available to the public for the purposes of the study.

The definition of “publicly available” information used in the study implies that the method a government chooses to disseminate documents does not affect its performance on the *Open Budget Index*. Specifically, whether or not a government chooses to use the Internet to disseminate documents does not affect its score on the *Open Budget Index*. Countries that disseminate documents exclusively by making printed copies available are not disadvantaged. However, the questionnaire does collect data in the tables that appear in Section One of the study (which are not used to calculate the *Open Budget Index*) to explore the growing trend of Internet availability.

## **The Open Budget Index**

The *Open Budget Index* consists of the average of the responses to 91 questions related to public availability of information on the *Open Budget Questionnaire*. This score reflects the quantity of publicly available budget information in the seven key budget documents governments should issue.

Most of the questions in the *Open Budget Questionnaire* require the researcher to choose among five responses. The response that corresponds to the letter “a” or “b” is considered as describing a situation or condition that represents good practice regarding the subject matter of the question. The responses “c” or “d” correspond to practices that are considered poor. An “a” response indicates that a standard is fully met, while a “d” response indicates a standard is not met at all. The fifth response is “e,” or *not applicable*. Researchers were also asked to provide a citation as well as enrich their questionnaire responses with comments, as appropriate.

For the purposes of aggregating the responses, the numeric score of 100 percent was awarded for an “a” response, 67 percent for a “b” response, 33 percent for a “c” response, and 0 for a “d” response. The response of “e” caused the question not to be counted as part of the aggregated category.

Some questions have three possible responses: “a,” “b,” or “c” (*not applicable*). For these questions, a score of 100 percent was awarded for the “a” response, and 0 for the “b” response. The “c” response caused the question not to be included in the aggregated category.

### **QUESTIONS INCLUDED IN THE *OPEN BUDGET INDEX***

Executive's Budget Proposal	Questions 1-55, 67, 68, 69
Citizens Budget	Question 61
Pre-Budget Statement	Questions 72, 73, 74
In-Year Reports	Question 84-91
Mid-Year Review	Questions 93-96
Year-End Report	Questions 102-111
Auditors Report	Questions 112-114, 116, 120-122

For purposes of describing the performance of a country on the index, a country with a score of 81 to 100 percent indicates that the government “provides extensive information to citizens,” country scores of 61 to 80 percent indicate that the government “provides significant information to citizens,” country scores of 41 to 60 percent indicate that the government “provides some information to citizens,” and country scores of 21 to 40 percent indicate that the government “provides minimal information to citizens.” Finally, country scores below 20 percent indicate that the government “provides scant, or no information to citizens.”