

**OPEN
BUDGET
SURVEY
2019**

OPEN BUDGET SURVEY

1



**Disclosure in Budget Documents
(Open Budget Index)**

2



**Budget Oversight
(by Legislature and Audit Institution)**

3



**Public Participation in Budget
Process**

Structure of the presentation

- 1 Transparency
- 2 Oversight
- 3 Public Participation
- 4 Current Context

TRANSPARENCY

OPEN BUDGET INDEX 2019

SRI LANKA

Open Budget
Index Score

47

Out of 100

Rank

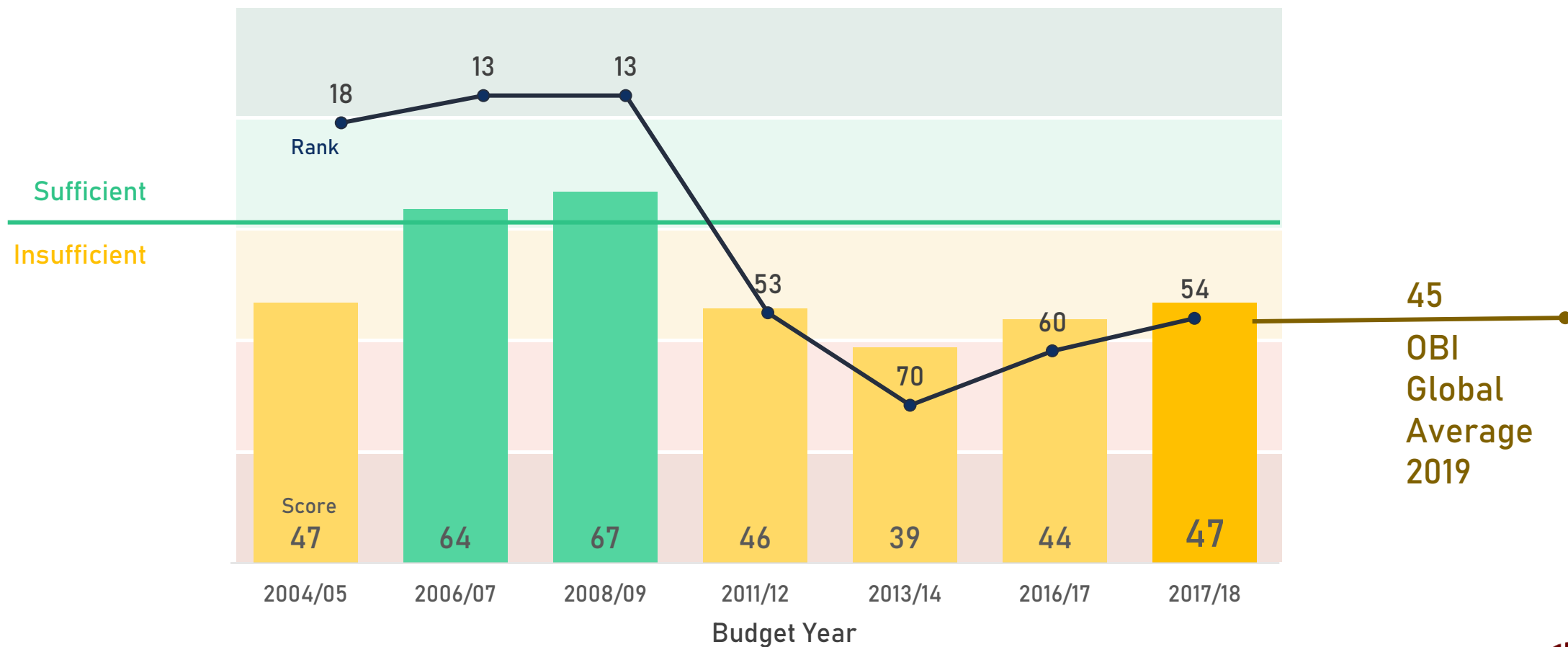
54

Out of 117 countries



TRANSPARENCY

Open Budget Index (OBI) Score & Rank: Sri Lanka



* Change in methodology in 2013/14 budget year



TRANSPARENCY : Budget Documents

Key Budget Document	Budget Year						
	2004/05	2006/07	2008/09	2011/12	2013/14	2016/17	2017/18/19
Pre- Budget Statement	●	●	●	●	●	●	●
Budget Estimates	●	●	●	●	●	●	●
Appropriation Act	●	●	●	●	●	●	●
Citizens Budget	●	●	●	●	●	●	●
In-Year Report	●	●	●	●	●	●	●
Mid-Year Review	●	●	●	●	●	●	●
Annual Report	●	●	●	●	●	●	●
Audit Report	●	●	●	●	●	●	●

* Change in methodology in 2013/14 budget year

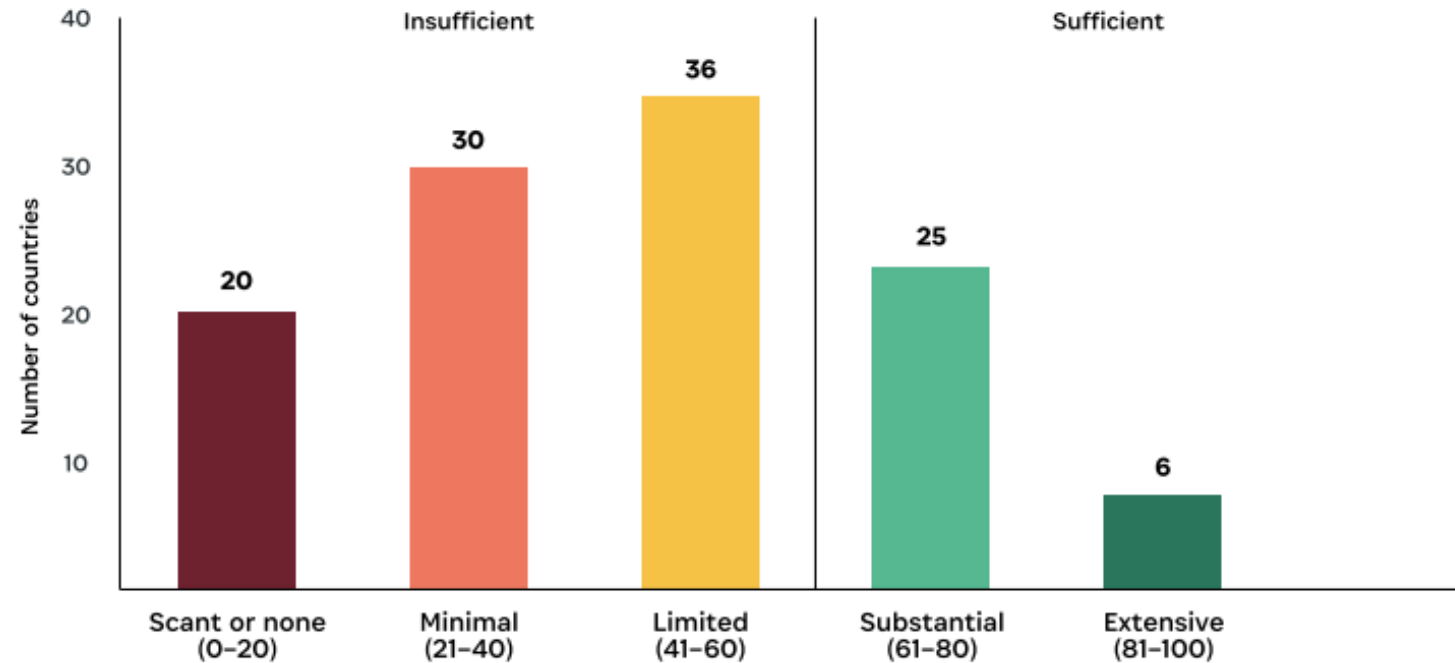
● Published

● Published for internal use/ Delayed

● Not published



TRANSPARENCY : Global Rank



Sri Lanka

Global rank: 54 (out of 117)

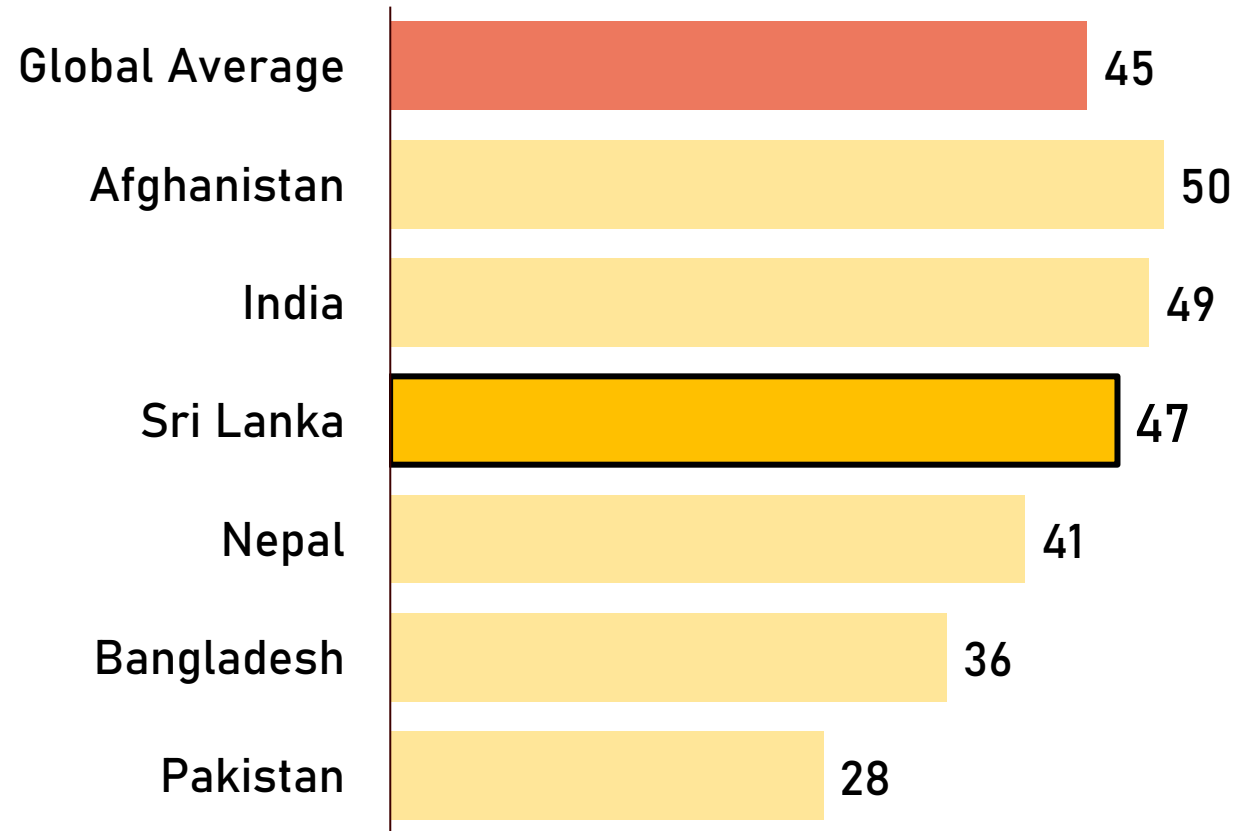
+

among the 36 countries with 'Limited' disclosure

31 countries meet the minimum requirement of budget transparency.



TRANSPARENCY : Regional Performance



Afghanistan produced all eight key budget documents and made them publicly available

South Asia is the only region with none of the countries achieving “sufficient” levels of transparency.



TRANSPARENCY : Content

Key Budget Document	Fiscal year assessed	Document content score
Pre- Budget Statement	2019	Internal use
Budget Estimates	2018	60
Appropriation Act	2018	84
Citizens Budget	2018	25
In-Year Report	2018	33
Mid-Year Review	2018	N/A
Annual Report	2017	57
Audit Report	2017	33



TRANSPARENCY : Recommendations

Improve comprehensiveness and consistency of budget documents

Mid-Year Report

Include:

- Forward-looking projections of fiscal estimates
- Updated macroeconomic forecasts
- Information on the first 6 months of the year

In-Year Data

Include:

- Actual revenues by individual source
- Comparison of revenues & expenditures to the original estimates or the same period in the previous year

Budget Documents

Data must be reported in a consistent format across all budget documents

OVERSIGHT

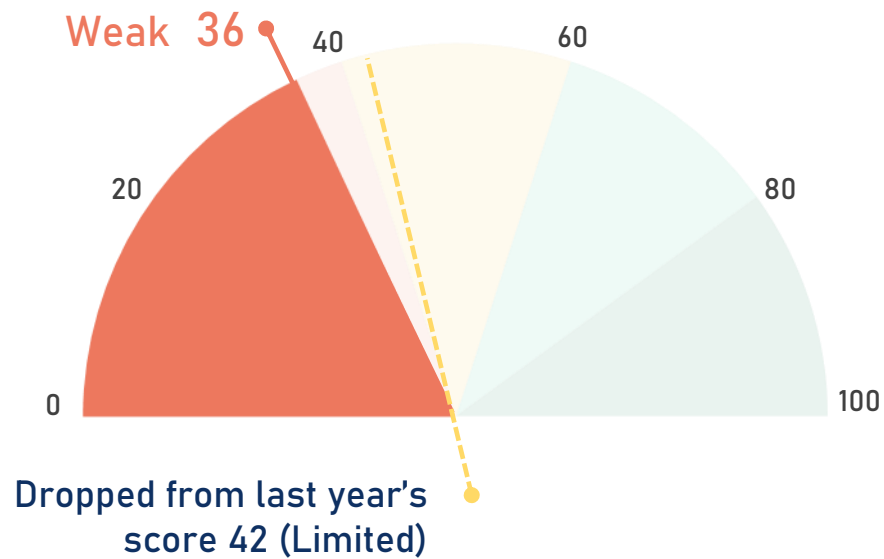


OVERSIGHT

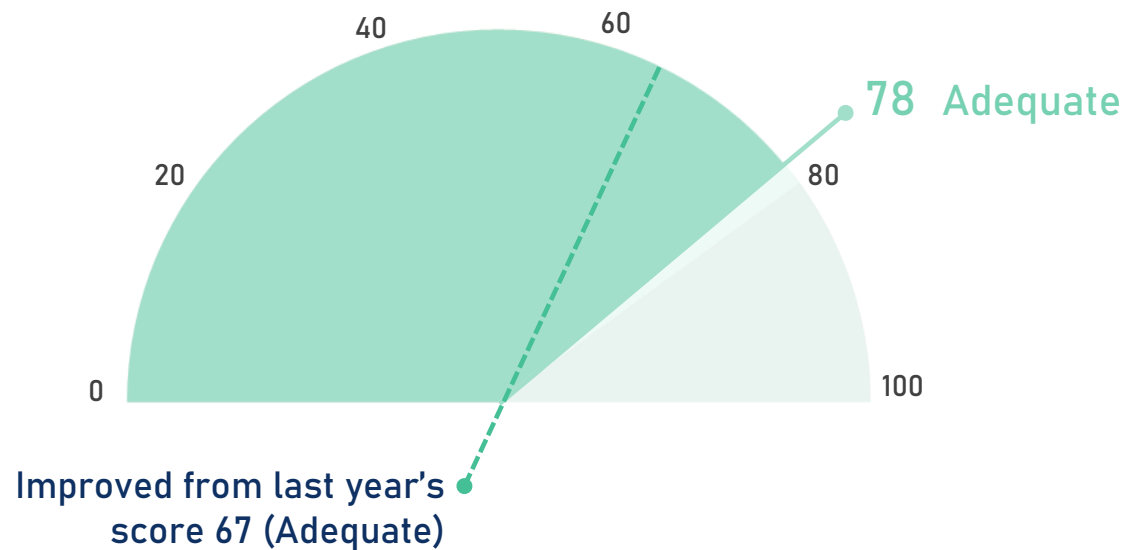
Composite score



LEGISLATION OVERSIGHT



AUDIT OVERSIGHT





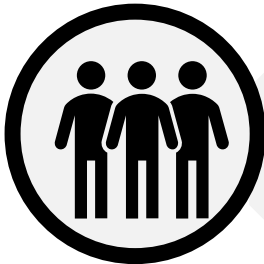
OVERSIGHT : Importance



Checks and balances - The executive (MoF and line ministries) will be responsible for the implementation of policy, and the legislature will approve and monitor these plans.



Specialised knowledge - Legislative committees such as COPF, COPE and COPA, have access to specialised knowledge that allow them to scrutinise public finance decisions and their implementation.



People's representatives – The formal mechanism through which the concerns of the people are represented is through MPs.



OVERSIGHT : Recommendations

Higher accountability for changes made to the approved budget

Ensure the legislature is consulted before the executive shifts funds specified in the Enacted Budget

Shifting funding between administrative units

Spending unanticipated revenue

Reducing spending due to revenue shortfalls during the budget year

Poor credibility of budgets

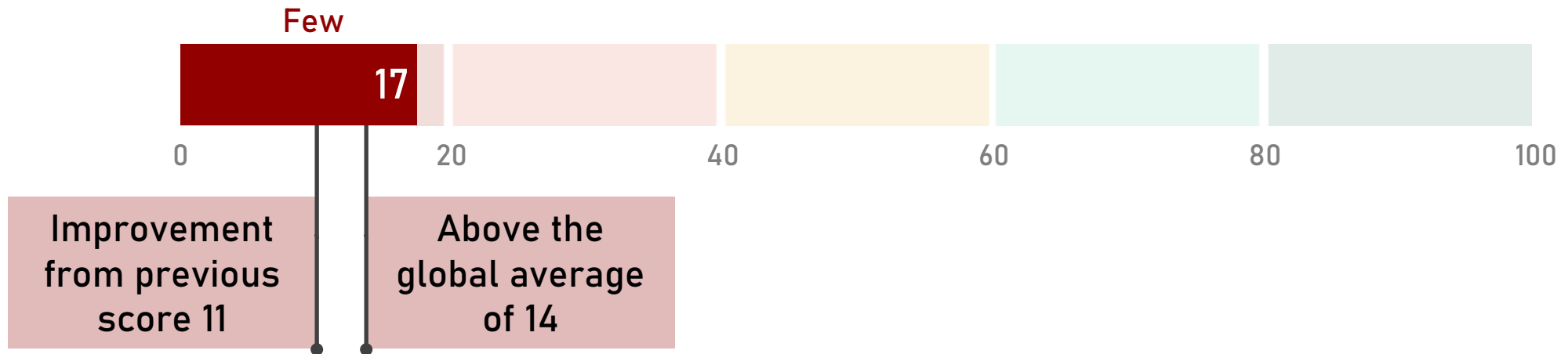
Table: Percentage deviation of actual expenditure in comparison to estimated expenditure for the budget year

Year	2011	2012	2013	2014	2015	2016	2017
Total expenditure & lending	-1%	-2%	-6%	-9%	13%	-9%	10%
Civil administration	9%	-4%	-6%	-19%	16%	-6%	-32%
Public order & safety	-9%	-15%	-7%	7%	5%	-7%	-3%
Education	1%	-4%	-7%	11%	6%	-29%	-3%
Health	2%	-10%	1%	-15%	-1%	-21%	-1%
Housing	0%	-14%	-4%	-6%	1%	0%	0%
Community services	-1%	-14%	-20%	14%	-21%	-39%	-27%
Agriculture & irrigation	-19%	-25%	-40%	-25%	14%	-33%	-10%
Energy & water supply	-3%	-5%	16%	-13%	161%	-1%	58%
Transport & communication	1%	-11%	-5%	-27%	33%	-3%	32%
Other	-35%	-25%	-18%	-32%	224%	-20%	-21%

PUBLIC PARTICIPATION



PUBLIC PARTICIPATION



Improvements:

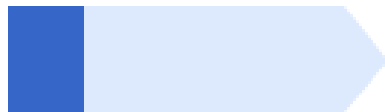
- Public consultations during budget formulation



PARTICIPATION : Regional Performance

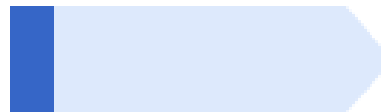
Public participation is particularly weak in **approval and implementation**

20 /100



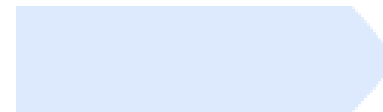
Formulation
(executive)

11 /100



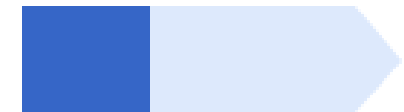
Approval
(legislature)

0 /100



Implementation
(executive)

33 /100



Audit
(supreme audit
institution)

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



PARTICIPATION : Recommendations

Greater and more inclusive public participation in budget implementation

Implement mechanisms to engage the public when monitoring budget implementation

Proactively include disadvantaged/vulnerable communities in all participation mechanisms

CURRENT CONTEXT

COVID 19

 Thu, 14 May 2020 Today's Paper

HOME / BREAKING NEWS / GOVT. SPENT RS. 50BN AS RELIEF FUNDS IN APRIL

Govt. spent Rs. 50bn as relief funds in April

7 May 2020 06:14

Donations to President's COVID-19 fund tops Rs 1 billion

Written by Staff Writer
17 May, 2020 | 11:18 AM

Sri Lanka in talks with ADB for US\$300mn credit, more from China's AIIB, France: Treasury

Thursday April 23, 2020 09:52:26

Massive amounts of funds being mobilised

Rapid action bypassing normal protocols leaves huge risk of misuse and inefficiency

COVID 19

Effective outcomes are critical

Healthcare systems and
healthcare workers

Doctors, nurses, PHIs, PPE,
testing

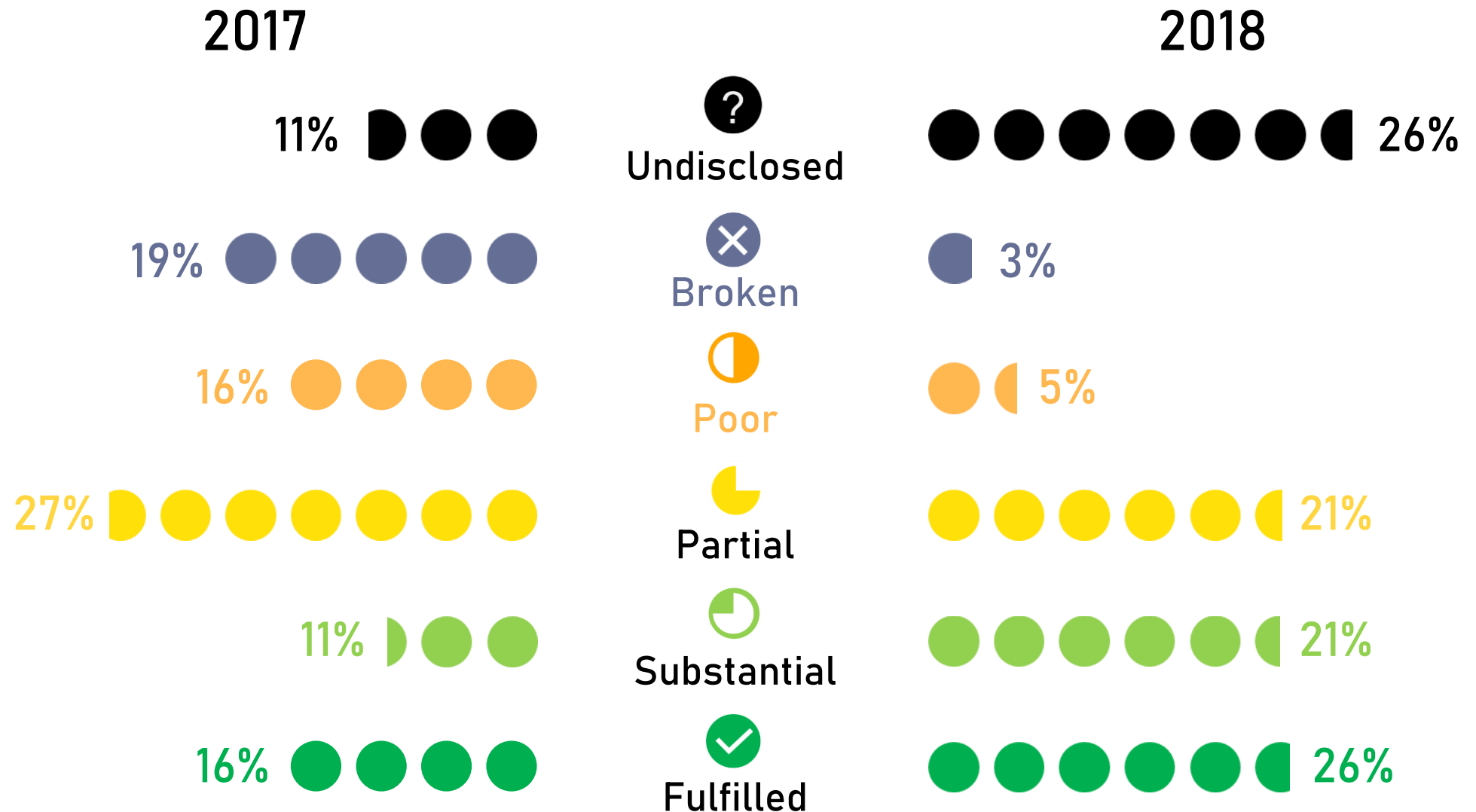
Measures to prevent the
spread of the virus

Quarantine centres

Supporting vulnerable
communities

Disabled persons, Samurdhi
recipients, senior citizens,
daily wage earners

Systemic issues in executing promises





Transparency



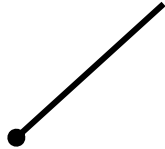
Oversight



Public
Participation



Accountability



Best outcomes



Public trust



Recommendation

Well formulated budget proposals and estimates

All revenue and expenditure proposals should be backed up with the following information:

- Detailed estimates and calculation;
- Sensitivity and scenario analysis of estimates;
- Feasibility of project;
- Identifying risks and mitigation strategies.

Moving forward from the crisis

- 0.5%
GDP growth projection 2020
(IMF)

B -
Downgraded credit rating for SL
(Fitch Ratings)

- 6.8%
Budget deficit 2019
(CBSL)

Governments budget is a roadmap of how the government will cope with the recovery from COVID

- Expenditure on health and containment of the virus
- Allocation of funding to affected sectors – tourism, exports etc.
- Support for businesses – Tax relief
- Welfare expenditure for those who have lost their income

Support of international funding agencies required

- Loans from the WB, IMF, ADB are in the process of being negotiated/ received
- Transparent and effective use of funds is required by these agencies

Recommendations

Mid Year Review

Include:

- Projections of macro forecasts and fiscal estimates
- Cover the first 6 months of budget year

In-Year Reports

Include:

- Actual revenues by individual source
- Comparisons of revenue/ expenditure to original estimates or the same period in the previous year

Comparable reports

- Data should be reported in consistent formats across budget documents

Parliament should be consulted before the Ministry of Finance

- Shifts funds between ministries/ departments
- Spends unanticipated revenue
- Reduces spending due to shortfalls in revenue

Mechanisms for public input in budget implementation

- Proactively include input of vulnerable communities throughout the budget cycle

Well formulated revenue/ expenditure proposals and estimates

Backed by:

- Detailed calculations
- Sensitivity and scenario analysis
- Feasibility studies
- Risk mitigation strategies