

# Assessment framework

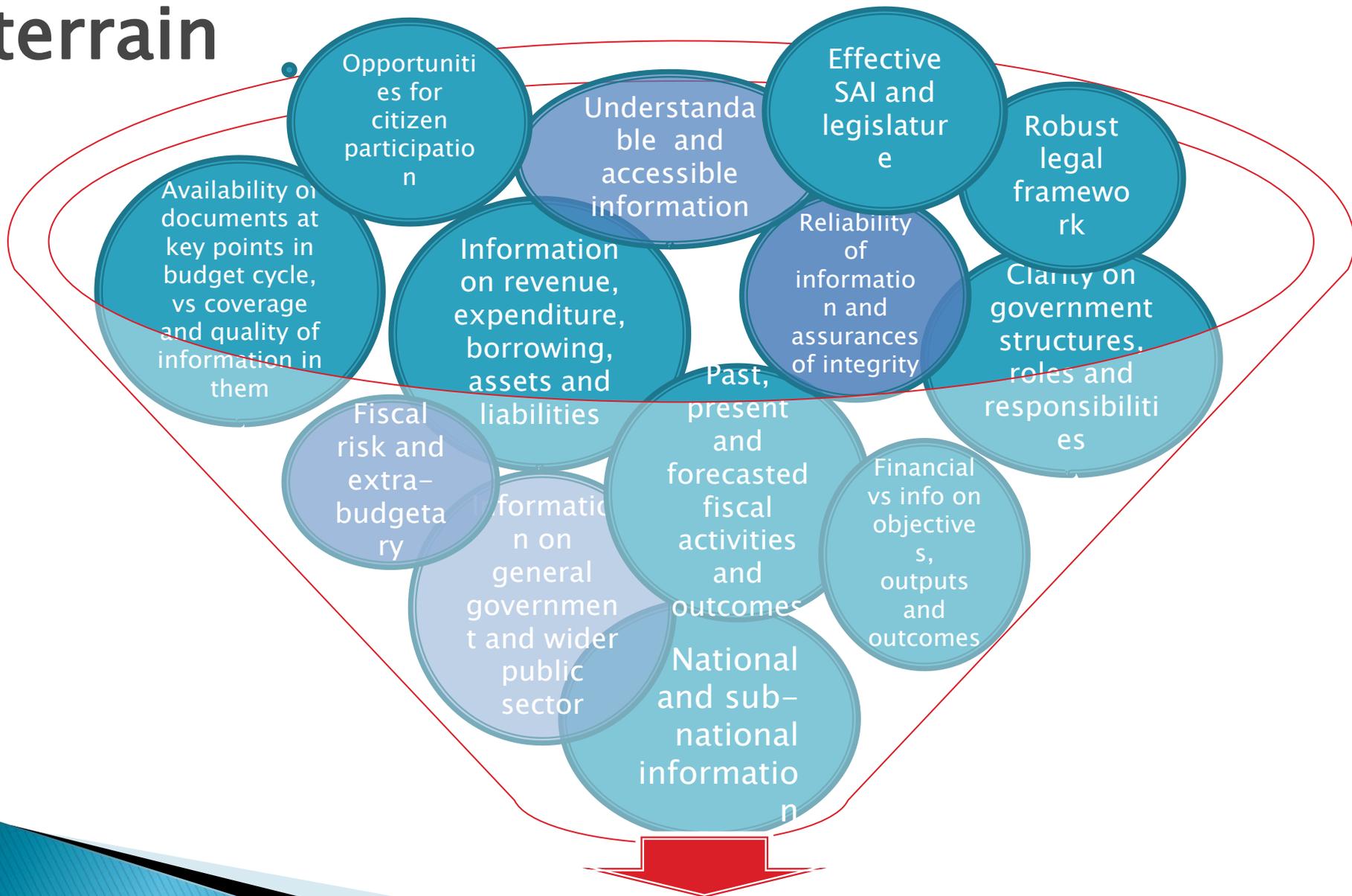
23 November 2012

CABRI WORKSHOP  
Fiscal Transparency and Participation Programme

# Purpose

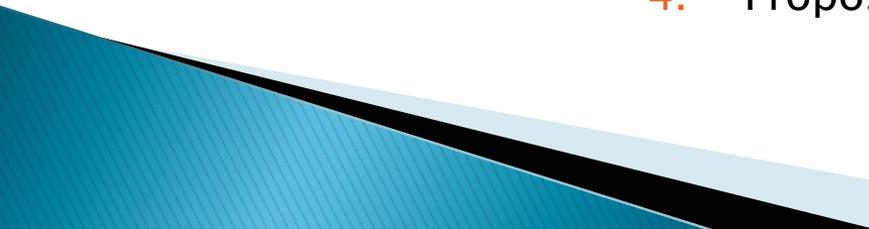
- ▶ To guide country teams to identify transparency and participation shortfalls, and priorities for reform and outline strategy
  - Process includes research, consultative workshop and preparation of output
- ▶ Uses OBI and PEFA data where available
- ▶ Covers all of transparency terrain in scan, but focuses on what is feasible and urgent.
- ▶ But also seeks to identify transparency dividends from existing systems and on-going reforms even if not urgent

# Fiscal transparency and participation terrain



**EFFECTIVE TRANSPARENCY**

# Criteria and phases

- ▶ Assessment framework identifies gaps and weaknesses in transparency terrain
  - ▶ Filters through shortfalls the addressing of which
    - Is politically feasible and
    - important and/or
    - an easy win
  - ▶ Four phases
    1. Identifying shortfalls
    2. Categorising them i.r.o political and technical feasibility
    3. For reforms that require further internal system reforms assess their urgency
    4. Propose reform priorities
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# Step 1: Identifying shortfalls

- ▶ Does the country have a full set of budget documentation?
  - ▶ What are the gaps in contents of existing documentation?
    - Reliability of information
    - Coverage
    - Are specific budgetary risks included? What improvements can be made in how they are covered?
  - ▶ Is information timely?
  - ▶ Is transparency and participation imbedded in the legal framework?
  - ▶ Clarity of roles and responsibilities
  - ▶ Independent assurance of integrity
  - ▶ Sufficient opportunity and quality of participation
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# Budget documentation list

	OECD	OBI
Pre-budget report	X	X
The budget (or executive's budget proposal), including a budget summary and supporting documentation	X	X
The enacted budget		X
A citizen's budget		X
Monthly reports on budget implementation	X	X
Mid-year report	X	X
Year-end report	X	X
Audit report		X
Pre-election report	X	
Long-term report	X	
Citizen reports		X

# Content, eg pre-budget statement

Document	Content	Is the information credible/reliable?
Pre-budget statement	<p>Should state</p> <ul style="list-style-type: none"><li>• long-term fiscal and economic policy objectives</li><li>• economic and fiscal policy intentions over the medium term.</li><li>• outturn over the past years<ul style="list-style-type: none"><li>○ revenue</li><li>○ expenditure</li><li>○ debt aggregates</li></ul></li><li>• forecast for the budget year and over the medium term.<ul style="list-style-type: none"><li>○ Revenue</li><li>○ Expenditure</li><li>○ Debt aggregates</li></ul></li></ul> <p>It should discuss the economic assumptions underlying the forecasts, and identify key areas of risk.</p>	

# Specific focuses in content across documents

- ▶ Reliability
  - ▶ Coverage
    - National, sub-national
    - General government, public sector
  - ▶ Coverage of extra-budgetary and extraordinary fiscal activities, eg
    - Extra-budgetary funds; Quasi-fiscal activities; Tax expenditures; Employee pension obligations; Contingent liabilities
  - ▶ Non-financial information, eg
    - Quality and usefulness of narrative
    - Explanation of assumptions and change
    - Setting out of objectives
    - Performance information
    - Availability of policy and expenditure reviews
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# Timeliness of information

Report	Guideline
Pre-budget report	At least one month before tabling of Budget
Budget and supporting documentation	At least three months before the start of the financial year; supporting documentation must be published simultaneously.
Citizens budget	With Budget, as well as with mid-year and year end reports.
Monthly reports	Within 4 weeks after month end
Mid-year report	Within six weeks of end of mid-year period.
Year-end report	Within 6 months of year end.
Audit Report	Within six months of year end.
Pre-election report	No later than two weeks prior to elections
Long-term report	At least every five years.

# Legal framework and institutions

- ▶ Existence and quality of legal framework
  - Inclusion of key budgeting rules
  - Effective power of the minister of finance
  - Accountability
  - Conditions for use of contingency and reserve funds
  - Requirement for independent, public audit reports
  - Participation
  - Access to Information legislation
- ▶ Compliance
- ▶ Clarity of roles and responsibilities
  - In legal framework and in practice

# Assurance of Integrity

- ▶ Supreme audit institution, eg
  - Mandate
  - Independence
  - Capacity
- ▶ Effectiveness of follow-up mechanisms
- ▶ Key internal weaknesses, eg
  - Clarification of accounting basis and standards
  - Internal oversight and safeguards for integrity of information

# Effective participation

## Civil society

Who participates?  
Organisation?  
Capacity to participate?  
Use of budget information?

## Executive

Capacity to  
→ Tailor information  
→ Manage participation  
→ Be responsive  
→ Reach and quality of dissemination

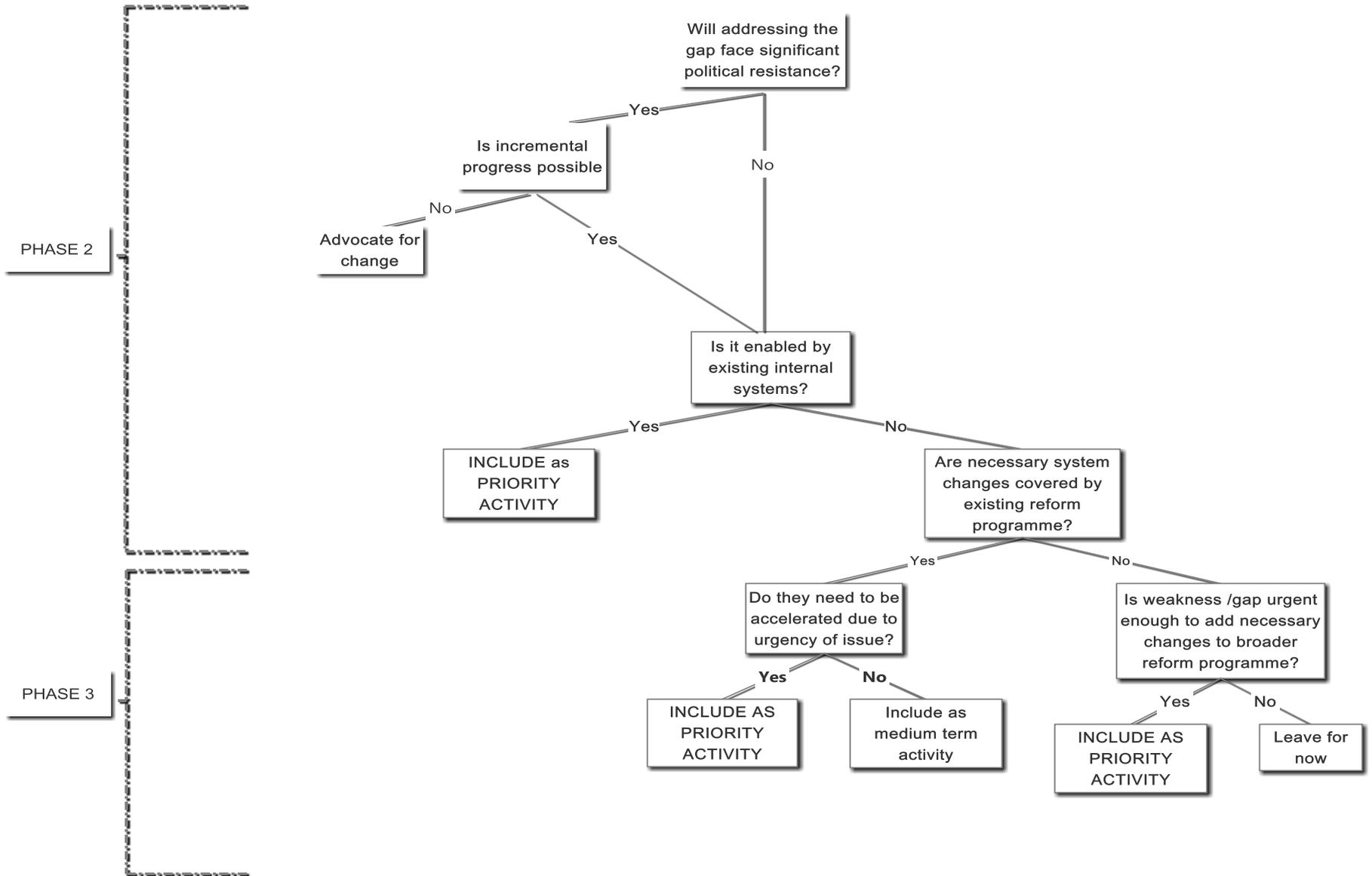
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## Parliament

What are parliaments' powers  
Capacity to engage in the budget process; Parliamentary process to scrutinise and approve budget; oversee implementation; conduct ex post review and hold to account

→ What spaces have been created for engagement between actors?  
→ How well do they function?  
→ What are important shortfalls?

# Phase 2: Political and technical feasibility



# Phase 3: Assessing importance

Rating	Description	
1	High importance	Addressing the shortfall is both <b>necessary and urgent</b> , given the importance of the issue it deals with in explaining weak fiscal and budget processes and poor outcomes
2	Medium importance	Addressing the shortfall is <b>necessary</b> to improve fiscal and budget processes and outcomes, <b>but not urgent</b> given the impact of the issue it deals with on outcomes.
3	Low importance	Addressing the shortfall would represent <b>'good to have'</b> transparency and participation, rather than necessary, given underlying issues.

# Phase 4: Propose priorities

- ▶ All shortfalls in three categories
  - Advocacy Issues
  - Reform interventions
    - Easy wins
    - Priorities
    - Medium term interventions
  - Low-priority shortfalls
- ▶ Proposals for strategy with objectives, activities and a monitoring framework