

Fiscal Transparency Workstream – 2022 Recommendations

To measure the progress of the Fiscal Openness Accelerator project by country, a set of fiscal transparency indicators were selected at the beginning of the project for the three countries partaking in the fiscal transparency workstream – Benin, Liberia and Nigeria. These indicators were mainly based on the findings of the [Fiscal Transparency Report](#) (FTR) of the U.S. Department of State; and the International Budget Partnership’s [Open Budget Survey](#) (OBS).

The set of indicators include two general indicators, one on the timely publication of the eight key budget documents assessed in the OBS, and the second on the comprehensiveness of these documents. These general indicators were then followed by country specific indicators mainly on the coverage of fiscal reporting, that is whether there is transparency pertaining to public sector institutions outside of general government. A workplan was then developed for [Benin](#), [Liberia](#); and [Nigeria](#) towards the attainment of indicator targets. GIFT also provided analysis and specific guidance on the timely publication and comprehensiveness of budgetary documents. The guidance provided to Benin can be found [here](#) and [here](#); to Liberia [here](#); and to Nigeria [here](#) and [here](#).

This document now reviews these indicators, updating GIFT/IBP recommendations in line with the findings in the latest 2021 OBS, published in May 2022, and the FTR published in September 2022. The table below shows general progress, by looking at the OBI scores obtained by the three countries in the last two rounds of the OBS. Overall, OBI scores have increased significantly from 2019 to 2021, with all three countries moving up considerably in the global ranking. Benin’s progress has been particularly impressive, having comfortably surpassed a score of 61, indicating that it has reached sufficient levels of fiscal transparency; while both Liberia and Nigeria have reached global average scores. Nigeria’s score increase of 24 points makes it one of the 2021 OBI’s biggest improvers. Nigeria also met the U.S. Department of State’s minimum requirements of fiscal transparency in the 2021 and 2022 FTR. The 2022 FTR assesses Benin and Liberia as having made significant fiscal transparency progress. This is an improvement for Liberia, whose 2021 assessment showed no significant progress.

| FOA country | 2019 | | | 2021 | | | Change | | |
|-------------|---------------------------|------------------|----------------|---------------------------|------------------|----------------|--------|------------------|----------------|
| | OBI (Global average = 45) | Regional ranking | Global ranking | OBI (Global average = 45) | Regional ranking | Global ranking | OBI | Regional ranking | Global ranking |
| Benin | 49 | 1 | 51 | 65 | 1 | 22 | +16 | - | +29 |
| Liberia | 38 | 3 | 74 | 45 | 2 | 63 | +7 | +1 | +11 |
| Nigeria | 21 | 5 | 97 | 45 | 4 | 65 | +24 | +1 | +32 |

Below, further detail is provided pertaining to the improvement seen in the rankings in each of these countries by indicator, followed by recommendations to further improve scores.

Benin

September 2022

General indicators:

1. Timely publication of eight key budget documents

The 2019 OBS showed that Benin published six of the eight budget documents in a timely manner. This was improved in the 2021 OBS, with the In-Year Report published in a timely manner such that seven of the eight documents met the OBS timeliness requirements. The Audit Report was produced only for internal use and not published.

Updated targets for selected documents:

1. Executive Budget Proposal (EBP): An OBS score of a B was recorded, to improve this further the EBP should be published at least three months in advance of the budget year, and in advance of the budget being approved by the legislature.
2. Enacted Budget (EB): An OBS score of a B was recorded, to improve this further the EB should be published two weeks or less after the budget has been enacted.
3. In-Year Reports: An OBS score of a C was recorded, to improve this to a B, quarterly reports should be published within one month of the period covered.
4. Mid-Year Report: An OBS score of a C was recorded, to improve this to a B, the Report should be published within six and nine weeks after the mid-point of the fiscal year.

2. Comprehensiveness of eight key budget documents

In the 2019 OBS, four documents had a score exceeding 61/100, indicating sufficient levels of fiscal transparency. Remarkable improvements were made in the 2021 OBS with document content scores at 67 or above for all the documents published besides the Mid-Year Review. Remarkably, as shown below, the Pre-Budget Statement got a perfect score and the Citizens Budgets a score of 92, providing great examples for other countries to improve their practices.

- Pre-Budget Statement: 100
- EBP: 70
- EB: 78
- Citizens Budget: 92
- In-Year Reports: 67
- Year-End Report: 71

Updated recommendations for selected documents:

1. Mid-Year Review: Although the score improved from 22 in the 2019 OBS to 37 in the 2021 OBS, there is still some progress to be made to obtain a score exceeding 61. In line with the disaggregated information published in budget documentation, such as

the EBP, the updated expenditure estimates published mid-way through the year should allow comparisons to be made by administrative and functional classifications as well as by individual program. Similarly, updated estimates of revenue, should include updates pertaining to the individual sources of revenue for the budget year underway.

Country-specific indicator

1. Coverage of fiscal reporting

As assessed by the 2021 OBS, a D score was obtained on question 37 owing to estimates of transfers to public corporations not being published in the EBP. Ideally information should be published in the EBP or in supporting documentation presenting for, at least the budget year, estimates covering all transfers to public corporations and a narrative discussing the purposes of these transfers.

Similarly, a D score was obtained on question 38 owing to information not being published on government's quasi-fiscal activities. It is important that this information is published such that the fiscal position of the whole of government can be assessed including the fiscal risks that some of these institutions may be posing. This is in line with the recommendation in the 2022 FTR that states that details should be published on the budget allocations to, and earnings from, major state-owned enterprises. Efforts should be made to publish this information, even if, at first, estimates are presented only for selected entities whose information is already readily used for internal purposes.

Liberia

September 2022

General indicators

1. Timely publication of eight key budget documents

The 2019 OBS recorded that only three of the eight budget documents were published in a timely manner. Liberia improved this situation in 2021, when the OBS observed that five of the eight documents were published in a timely manner. Of the remaining documents, the Pre-Budget Statement was published late, the Mid-Year Review was produced for internal use only, and the Audit Report was not produced.

Updated targets for selected documents:

1. Pre-Budget Statement: The Budget Framework Paper was made publicly available at the same time as the EBP, despite being submitted to the legislature at an earlier date, documented as being more than a month before the submission of the EBP. Going forward it should be ensured that the Budget Framework Paper is published when it is submitted to the legislature, and that this continues to be at least one month before the EBP is submitted to the legislature for consideration. To institutionalize this, it is further recommended that Section 18 of the Amendment and Restatement of the Public Financial Management Act of 2009 (PFMA) be adapted (changed) such that the Budget Framework Paper is separated from the documents included in the Budget Proposal, specifying that it should be submitted to legislature separately at an earlier date.
2. Executive Budget Proposal: The OBS score remained unchanged at a C regarding the timing of publication. The 2022 FTR recommends that this document is published within a reasonable time period. A target score of at least a B should be aimed for, with the EBP published at least two months in advance of the budget year, and in advance of the budget being approved by the legislature. This timing is in accordance with Section 17(1) of the PFMA.
3. Enacted Budget: A C score was obtained. Going forward this time period should be shortened to two weeks or less after the budget has been enacted. To facilitate this, legislation should ideally provide a timeline for the legislative approval of the budget.
4. The Mid-Year Review produced should be published within three months after the midpoint of the fiscal year.

2. Comprehensiveness of eight key budget documents

In the 2019 and 2021 OBS, only the Enacted Budget had a document score exceeding 61; however, in the 2021 OBS, the Citizens Budget and the In-Year Reports each missed this

score by only 2 points, each recording 59, with the score of 55 for Executive's Budget Proposal; and 48 for the Year-End Report remaining largely unchanged.

Updated recommendations for selected documents:

1. Executive Budget Proposal:

- Information on the macroeconomic framework/assumptions underlying the budget should be published. The core information to be presented should include a discussion of the economic outlook with estimates of the nominal GDP level, inflation rate, real GDP growth, and interest rates.
- Data on debt and on the financial position of the government should be comprehensively published. This includes information on the total debt stock and its composition for the end of the current year. The Draft National Budget for 2020/21 only included the total debt stock as of the end of May 2020 rather than the end of June 2021. It should be ensured that information is presented for the full fiscal year. Information should also be published on the composition of government debt, including interest rates on debt; the maturity profile of debt; and whether the debt is domestic or external.
- The Draft National Budget should also include information on financial assets, such as cash, bonds, or equities, including a list of these assets together with an estimate of their value. Likewise, information should be included on the nonfinancial assets, such as land, buildings, and machinery, held by the government.
- Information on contingent liabilities should be included.
- The numerical data contained in the Draft Budget should also be made available online in machine readable formats such as .csv, .xls/.xlsx, and .json to facilitate their use.
- South Africa's Budget Review documents as well as supporting excel datasheets, that can be found on <http://www.treasury.gov.za/> under the budget information tab provide good examples of how the recommendations made above can be applied in practice.

2. Citizens Budget: The executive should establish a mechanism to identify the public's requirements for budget information in the Citizen's Budget. This could be done [by leveraging the mechanisms already established under the Public Participation \[Module Workstream\]\(#\) of the FOA project](#). The publication of citizens' versions of the budget should also be extended to other phases of the budget process, beyond the enactment phase. As shown below, the Philippines publishes citizens' versions of documents across the different phases of the budget cycle, providing a good example.

Pre-Budget Statement
<https://www.dbm.gov.ph/wp-content/uploads/Our%20Budget/2021/FY-2021-Budget-Priorities-Framework.pdf>

Executive Budget Proposal
<https://www.dbm.gov.ph/index.php/budget-documents/2021/2021-people-s-budget/2021-people-s-proposed-budget>

Enacted Budget
<https://www.dbm.gov.ph/images/2020-People's-Enacted-Budget.pdf>

Year-End Report
<https://www.dbm.gov.ph/index.php/budget-documents/2019/2019-people-s-budget/2019-people-s-implemented-budget>

3. In-Year Reports: In line with the recommendations for the Draft Budget, In-Year Reports should provide actual and estimate information on government debt and its composition thereby allowing comparisons to be made between borrowing estimates and actual outcomes. South Africa’s monthly In-Year Reports that present actual information in relation to the information presented in the EBP can be found on the same website under the Communications and media tab:
http://www.treasury.gov.za/comm_media/press/monthly/default.aspx.
4. Year-End Report: In line with the recommendations for the Draft Budget and In-Year Reports, Year-End Reports should also provide actual and estimate information on government debt and its composition thereby allowing comparisons to be made between borrowing estimates and actual outcomes. Information presented should also allow comparisons to be made between planned nonfinancial outcomes and actual outcomes, and between the original macroeconomic forecast and actual outcomes.

Country-specific indicators

1. Coverage of fiscal reporting

The 2021 PEFA still scores Liberia a D on indicator PI-6 owing to donor-funded expenditures not being reported in annual financial statements, such that more than 10 percent of budget expenditures are not included in the annual financial statements of the Consolidated Fund Account. All budget operations are not included in the IFMIS platform and donor-funded expenditures are not consolidated with transactions of the fund account, such that less than 90 percent of budget expenditures are included in the financial statements. Similarly, revenues outside of government financial reports account for more than 10 percent of total revenues.

The 2022 FTR states that Liberia should make state-owned enterprise debt information publicly available; and ensure that that off-budget accounts are subject to adequate audit and oversight. In line with these recommendations, enhanced efforts should be made to improve the coverage of fiscal reporting.

2. Natural resource revenue transparency

Liberia achieved a moderate score for its Extractive Industries Transparency Initiative (EITI) implementation as detailed in the [13th Report of the Liberia EITI 2019-2020](#), published in 2022. As stated, the LEITI Act provides a robust basis for the systematic disclosures of EITI data on the extractive industries. The Ministry of Mines and Energy maintains a public mining [cadastral portal](#), while the Liberia Petroleum Regulatory Authority provides information on its [website](#) on bid procedures for oil and gas licensing rounds. However, routine government disclosures on other aspects of the extractive industries remain limited outside of EITI Reports. Liberia's multi-stakeholder group plans to develop an online portal in the coming year to automate disclosures from government. The EITI process can also be used to support ongoing or planned reforms, such as amendments to the [Minerals and Mines Act](#) and regulations for beneficial ownership disclosures. Following this Validation, Liberia [received](#) 14 corrective actions and 16 strategic recommendations for strengthening its EITI implementation, with a next Validation scheduled to commence in July 2024.

This is also in line with the 2022 FTR recommendation stating that it should be ensured that the laws or regulations for awarding natural resource extraction contracts and licenses are followed in practice; and that basic information on all natural resource extraction awards is publicly available.

Nigeria

September 2022

General indicators

1. Timely publication of eight key budget documents

The 2019 OBS assessed that Nigeria published only four of the eight key budget documents in a timely manner. This improved substantially for the 2021 OBS, with Nigeria publishing seven of the eight documents in a timely manner. The Audit Report was published late.

Updated targets for selected documents:

1. Executive Budget Proposal: While the target set of obtaining a B was met, a further improvement could be made to get an A score by increasing the time period to surpass a three-month period. To improve the predictability of when this document is published it is still recommended that a clear schedule should ideally be drafted and included in the Fiscal Responsibility Act, 2007 or in regulations/a circular flowing from legislation, as is done in the case of the Philippines in this [Circular](#).
2. Enacted Budget: While an A score was achieved, to institutionalize this, given that the current legislation only specifies the publication of the disbursement schedule, a legal reform is still recommended where a deadline for approval by the legislature is added.
3. In-Year reports: An improvement was made from a D score to a C. To improve this score, it is recommended that it be ensured that already produced reports are published within one month of the period covered. To do this, a publication schedule could be published in advance of the fiscal year and officials should be held accountable for ensuring that it is adhered to.
4. Mid-Year Review: The score of A obtained surpassed the target. To maintain this going forward, the legislative and executive arms of government should collaborate to continue the practice of issuing updated Medium Term Fiscal Frameworks, or produce a more robust Mid-Year Review document, that includes revised projections of revenues and spending.

2. Comprehensiveness of eight key budget documents

In the 2019 OBS, only the Enacted Budget had a document score exceeding 61/100. Substantial improvements were made in the 2021 OBS with document content scores at 70 or above for the following five documents:

- Pre-Budget Statement: 89
- Enacted Budget: 84
- Citizens Budget: 75

- In-Year Reports: 70
- Mid-Year Review: 74

Updated recommendations for selected documents:

1. Executive's Budget Proposal: While the score improved from 20 to 32, there is still some way to go in reaching the target of 61. Recommendations include:

- Presentation of information and data:
 - Making the document more user-friendly by providing a budget synthesis and highlights that provide the rationale for budget decisions.
 - Presenting a narrative analysis and discussion in every section. The document presents data in tables with figures, such that the more advanced readers can formulate their own analysis. However, the reason why Nigeria loses many points in the OBS regarding the narrative discussions is that it is important that the government provides its view of what the numbers imply, which simultaneously facilitates understanding of the reasoning behind certain decisions.
 - Defining an analytical structure: The document should clearly distinguish between different general topics, such as the macroeconomic framework; budget (all classifications, policy orientation and including transfers to state-owned enterprises); revenues; debt; extra budgetary funds; and transfers to subnational governments.
 - Using annexes and supporting documents to organize information in a user-friendly manner, including supplementary information provided. The publication of extensive detailed tables is in practice difficult to use and analyze. This can be overcome by breaking the tables into topics and presenting them as annexures. There should also be an option to download the complete document with annexes, as well as to download each annex individually.
 - Publishing data spreadsheets in machine readable formats, such as .csv, .xls/.xlsx, and .json, online facilitating their use.
- Regarding information and data contents:
 - The OBS 2021 has 53 questions of which an A was obtained for 11 questions; a B for 3; a C for 11; and the lowest score (B/D) for the remaining 28 questions or 53 percent of questions.
 - To improve this, all budget classifications should be presented with the proposed budget year (BY), as well as BY-2, BY-1, BY+1 and BY+2. This includes expenditure by functional classification. All classifications, including economic classification, should be compatible with international standards, such as being in accordance with the International Monetary Fund's [Government Finance Statistics \(GFS\) Manual](#) (2014).

- South Africa’s Budget Review document as well as supporting excel datasheets, that can be found on <http://www.treasury.gov.za/> under the budget information tab provides a good example of how the recommendations made above can be applied in practice.
2. Year-End Report: A score of 36 was obtained, slightly lower than the 38 obtained in the 2019 OBS. To improve this the Year-End Report should include performance information and detailed actual outcomes for expenditures. Benin’s [Year-End Report](#) scores above 70, and can be used as an example.
 5. Citizens Budget: To further improve the score, in addition to the Citizen's Guide for the Executive's Budget Proposal and the Enacted Budget, similar guides should ideally be created for all published budget documents including the In-Year Reports, Mid-Year Review, Year-End Report and Audit Reports. As shown below, the Philippines publishes citizens’ versions of documents across the different phases of the budget cycle, providing a good example.

Pre-Budget Statement
<https://www.dbm.gov.ph/wp-content/uploads/Our%20Budget/2021/FY-2021-Budget-Priorities-Framework.pdf>

Executive Budget Proposal
<https://www.dbm.gov.ph/index.php/budget-documents/2021/2021-people-s-budget/2021-people-s-proposed-budget>

Enacted Budget
<https://www.dbm.gov.ph/images/2020-People's-Enacted-Budget.pdf>

Year-End Report
<https://www.dbm.gov.ph/index.php/budget-documents/2019/2019-people-s-budget/2019-people-s-implemented-budget>

Country-specific indicator

1. Coverage of fiscal reporting

The 2019 PEFA still scores Nigeria a D on indicator PI-6 owing to information on expenditure of extra budgetary entities (a total of 532 entities) not being readily available. A joint exercise with the Budget Office of the Federation and the Office of the Accountant General of the Federation revealed that 112 extra budgetary entities reported expenditures outside the Federal Government of Nigeria’s financial reports in an amount of more than 10 percent of Federal Government expenditure. This pertains to the expenditure as well as the revenue of extra budgetary institutions.