

OPEN BUDGET SURVEY 2021 IN CONTEXT: SOUTH ASIA

February 2022



LIST OF ABBREVIATIONS

PBS Pre Budget Statement

EBP Executive Budget Proposal

EB Enacted Budget

CB Citizens Budget

MYR Mid-Year Review

IYR In Year Review

YER Year-End Report

AR Audit Report

The Open Budget Survey (OBS) is an assessment of fiscal transparency, public participation, and formal oversight in the budget process in 117 countries conducted every two years. This brief will focus on the OBS performance of 6 countries in the South Asian region: Afghanistan, Bangladesh, India, Nepal, Pakistan, and Sri Lanka.

The OBS 2021 results for the region come at a time of widening economic inequalities, perceived increases in public sector corruption, public discontent, and strained democracy in many parts of the region. These issues were compounded by the COVID-19 pandemic, which was used by a number of countries as a reason to curtail important freedoms and side-step checks and balances¹. India has been experiencing increased inter-religious tensions and concerns over the freedom of the press. Constitutional changes in Sri Lanka eroded the independence of several democratic institutions, and the dissolution of the parliament in Nepal led to political unrest in the country in the latter part of 2020. Afghanistan has seen some of the most dramatic shifts in governance and democratic structures in recent times, with the Taliban taking control of the government.

These shifts are contributing to a culture of increased political influence over government institutions, indirectly fostering a less transparent fiscal culture in some of these countries, evidenced by declining Democracy Index scores² and increasing Corruption Perceptions Index (CPI)³ scores.

Some of the impacts of this volatile macro-political environment have percolated to the OBS 2021 results as the South Asian region is the only region in the world to regress in fiscal accountability. This is an unfortunate shift since most countries in this region, particularly Sri Lanka and India, have until recently taken positive strides to maintain and improve fiscal transparency.

In terms of these countries' disaggregated performance in transparency, reflected in the Open Budget Index (OBI) score, Sri Lanka and Bangladesh ranked the lowest with a total score of 30, while Pakistan, which saw a significant improvement in their score since 2019, mainly driven by the enactment of the PFM Act in 2019, ranked highest, with a total score of 49. In terms of their performance in public participation in the budget, Afghanistan and Bangladesh both scored a total of 13. Nepal ranked highest with a total score of 24, while India, the largest democracy in the world, saw the most significant decline, ranking lowest with a total score of 4. India's public participation score over the years has seen a consistent decline, signalling that the institutions and mechanisms in place for public participation in the budget were already weakening. Finally, in terms of oversight, Bangladesh and Pakistan both scored a total of 39. Afghanistan ranked lowest, with a total score of

¹ Transparency International, Corruption Perceptions Index 2021, at <https://www.transparency.org/en/cpi/2021/index/npl> [last accessed 17 February 2022].

² Economist Intelligence Unit, 'Democracy Index 2021 The China Challenge', at https://pages.eiu.com/rs/753-RIQ-438/images/eiu-democracy-index-2021.pdf?mkt_tok=NzUzLVJJUS00MzgAAAGCuUcPpE1WNp0emem1KPGbxyRgj_3VjRixmVtHuWZBF2Tz6JRXcBODWblC6_edMBIs3tLZNYmjiArNXxk70RuxAdXybJiH0o71dFPZOE1gYyynnQ [last accessed 17 February 2022].

³ Transparency International, Corruption Perceptions Index 2021, at <https://www.transparency.org/en/cpi/2021/index/npl> [last accessed 17 February 2022].

31, while India ranked highest with a total score of 61. The summary of the scores for South Asia are as follows:

Table 1: Highest and lowest ranking countries in the region for each component of the OBS

	Highest Score
	Lowest Score

Country	OBI Score 2021	Participation Score 2021	Oversight Score 2021
Afghanistan	43	13	31
Bangladesh	30	13	39
India	37	4	61
Nepal	40	24	44
Pakistan	46	9	39
Sri Lanka	30	19	57

Source: Embargoed country results shared by the International Budget Partnership

In light of the findings from the 2021 survey, this brief will aim to take a retrospective approach to unravel and understand possible contributions to these countries' performance in these scores, considering the diverse social, economic and political contexts of these nations in the period 2017-2021. The brief will also aim to provide government policy makers and other stakeholders involved in the national budget processes in South Asia, with more regional insights and recommendations that will help advance overall governance in the national budget systems in their countries.

BUDGET TRANSPARENCY (OBI)

Strong budget transparency is a critical element of effective fiscal management and helps foster greater government answerability. It provides visibility into government budgets, helping citizens to hold their leadership accountable, facilitates better-informed public debates, and is a first step to fostering citizen participation mechanisms.

Historically, the South Asian region has been on par with the global average scores on budget transparency, though there are significant areas for improvement. However, as depicted in Table 2, while the global average transparency has been improving since 2017, the South Asian regional average has been regressing. OBS 2019 found that every region except for South Asia has at least one country that meets or exceeds the transparency benchmark for sufficient budget information according to OBS guidelines⁴. In 2021, the region recorded a further drop in the transparency score (OBI score) by 3.7 points, from 41.9 in 2019 to 38.2.

⁴ International Budget Partnership, 'Open Budget Survey 2019 7th Edition, 2020', at https://www.internationalbudget.org/sites/default/files/2020-04/2019_Report_EN.pdf [last accessed 17 Feb 2022].

Table 2: Comparison of Regional Transparency Score with the Global Average

Year	Regional Transparency Average	Global Transparency Average
2017	46.2	42
2019	41.9	45
2021	37.7	46

Pakistan recorded the largest improvement in transparency in 2021, by 20 points, as they made the PBS and CB available to the public online. The comprehensiveness of the EBP was improved by including information on expenditures by all three classifications (administrative, economic, and functional), forward looking projections for expenditure programmes, links between the proposed budget and government policy goals etc. Further, an additional set of in-year reports with macroeconomic information were made publicly available. The enactment of the Public Finance Management Act, 2019, which according to the Asian Development Bank “focuses on implementation of a Treasury Single Account; publication of tax expenditure and contingent liabilities in the budget document; submission of mid-year budget performance review to the parliament and sharing of the reports with the public; establishment of Chief Finance and Accounts Officers in the ministries and implementation of Internal Audit Function”⁵, has contributed to this improvement in the score. Furthermore, the country entered an IMF Funding Programme in 2019, which typically require enhanced standards in public finance management and reporting.

Sri Lanka recorded the largest decline in transparency, by 17 points, as they failed to produce a CB and delays were recorded in publishing the IYRs. Further, the country failed to publish the Draft Budget Estimates of 2021, which carry the majority of the information contained in the EBP.

Two common shortcomings observed in the region are:

1. Lack of consistency in the publication of the 8 key budget documents in a timely manner.

The region has been riddled with inconsistencies in making all the key budget documents available to the public. Though they recorded a slight improvement in the percentage of key budget documents being made publicly available from 63% in 2019 to 67%⁶ in 2021, they are still significantly lower than the best performing region in budget transparency; Eastern Europe & Central Asia, which made 83% of the key budget documents publicly available in 2019⁷. Out of the 8 key budget documents that

⁵ Asian Development Bank, ‘Supplement on Public Financial Management Systems in Pakistan’, 2020.

⁶ Author’s calculations based on embargoed OBS country results shared by the International Budget Partnership.

⁷ International Budget Partnership, ‘Open Budget Survey 2019 7th Edition, 2020’, at https://www.internationalbudget.org/sites/default/files/2020-04/2019_Report_EN.pdf [last accessed 17 Feb 2022].



should be published, the EBP and EB are the only two documents consistently published online by all countries in the South Asian region.

The lack of consistency in timely publication of these documents are given in Table 3.

Table 3: The publication status of key budget documents in the region during the period 2017–2021.

	Published on time
	Published late
	Not produced
	Internal documents/Hard copies

	PBS			IYR			MYR			YER			AR		
	2017	2019	2021	2017	2019	2021	2017	2019	2021	2017	2019	2021	2017	2019	2021
Afghanistan															
Bangladesh															
India															
Nepal															
Pakistan															
Sri Lanka															

Source: OBS Country Results 2017–2019 and restricted data shared by the International Budget Partnership.

As highlighted by Table 3, Afghanistan is the only country that has consistently made the PBS publicly available over the period 2015–2021. In the same period, the IYR was consistently published only by India and Pakistan, and the MYR only by Nepal. The fact that all the countries in the region have at different points in time made different documents publicly available indicates that they do have the capacity to do so.

The inconsistencies are not just observed in the actual publication of the documents but also in the timeliness of their publications. For example, in 2019, Afghanistan published the PBS late, Bangladesh and Nepal published the IRY late. In 2021 Afghanistan published the MYR late and Sri Lanka and Bangladesh published the IYR late, and India, Nepal, and Pakistan published the YER late.

Each of these documents have a role in enhancing fiscal transparency and providing the public and relevant stakeholders with key pieces of information required to evaluate government performance and the fiscal direction of the country. For example, the YER is a crucial document that reports extensively on the fiscal activities during the entire budget year. The report ideally covers all the major items included in the budget, nonfinancial performance information, important policy areas and explain the differences between the original estimates and the actual outcomes for expenditure, revenue, debt, and the macroeconomic assumptions⁸. The delays in publishing this or the document

⁸ International Budget Partnership, 'Guide To The Open Budget Questionnaire: An Explanation Of The Questions And The Response Options', 2021, at https://www.internationalbudget.org/sites/default/files/2020-04/2019_Guide_and_Questionnaire_EN.pdf [last accessed 15 February 2022]

not being published would have severe ramifications for public visibility and hinder the quality of public discourse by policymakers and citizens alike.

As with the issue of inconsistencies in the publication of the documents, the inconsistencies in the timeliness are unfortunate as this entails a country making a document publicly available but not in the time period that is ideal for the public to utilise the information in the said documents. These inconsistencies do not necessarily signify the need for systemic capacity development in government institutions, but rather a need for a stronger commitment to publishing these documents online in a timely manner according to international best practices. This is evidenced by some countries scoring substantially high transparency scores and falling into the category of sufficient information being published to the public. Two such examples are India and Sri Lanka between the period 2008-2012.

2. The documents being published do not contain all the information that should be there according to international standards.

Even though Pakistan published the EBP, EB, and IYR online in 2019, all of them had shortcomings in the information included. They failed to publish supporting documentation to the EBP online, like the Demand for Grants and Appropriations, and the Medium-term Budget Estimates. In addition, the EB did not include approved revenues by category and individual source, and IYRs failed to include comparisons of current year expenditures and revenues with either the enacted budget or for the same period in the previous year. For the 2020-21 budget, Bangladesh failed to upload the supporting Medium Term Budget Framework (MTBF), which contains allocations to administrations and sub-divisions below them.

Similarly, Sri Lanka's Mid-Year Fiscal Position Report does not qualify as a MYR as it only contains information for the first 4 months of the year as opposed to the first 6 months, and does not provide revised estimates for the macroeconomic indicators as recommended by OBS guidelines.

Similar shortcomings are observed in the documentation of the other regional countries as well.

By failing to consistently publish all key documents online in a timely manner and not including all the information that should be included according to international best practices, it inhibits the public and relevant stakeholders from gaining a wholistic view of the fiscal path and performance of the country, leading to issues in holding the government accountable.

OBS 2019 also found that the countries that achieved sufficient levels of budget transparency also have stronger democracies, lower perceived levels of corruption, higher levels of development and wealth, higher rates of tax revenue collection, and lower levels of inequality⁹. Research has also shown that countries with higher budget transparency on average rank higher in governance and

⁹ International Budget Partnership, 'Open Budget Survey 2019 7th Edition, 2020', at https://www.internationalbudget.org/sites/default/files/2020-04/2019_Report_EN.pdf [last accessed 17 February 2022]

development indicators. Open budgets have been shown to reduce corruption, enhance electoral accountability, and improve resource allocation¹⁰. Hence, maintaining open budgets and fiscal transparency can contribute to addressing wider socio-political issues affecting the region and strengthen democratic processes.

PARTICIPATION

Public participation is a vital aspect of improving public finance governance. The South Asian region scored an average of 14 in 2021. Historically, the participation scores in the region have been consistently weak, with Nepal and Sri Lanka performing comparatively better than the other countries in the region. The low participatory scores in the region cannot be solely attributed to the COVID-19 pandemic and its effects in 2020. This is because institutionally, the region does not have a strong participatory system in place. However, the pandemic did disrupt the mechanisms in place, limiting participation further.

Failure to incorporate public involvement in national policy formulation and budgetary processes is detrimental to the implementation and expected success of policies. In India, the lack of consultations with respective parties in introducing agricultural reforms in 2020 is a prime example of how such top-down decision making can be problematic and cause distrust between the national government, subnational governments and the public¹¹.

A common theme across the region is opportunities for participation being limited to the formulation stage. All six countries under consideration have some mechanisms in place to allow public input in the formulation stage of the budget. Such mechanisms include but are not limited to,

- Ministry of Finance holding townhall meetings in all provinces (Afghanistan),
- Pre budget discussions with non-profit organizations and finance ministers of each state, establishment of an online portal to submit suggestions to be included in the budget (India).

However, the mechanisms in place typically occur on an ad hoc basis, with participation being limited to selected groups of invitees and special interest groups, raising doubts on the inclusivity of the process. In many of the countries in the region, the discussions held at the formulation stage were disrupted due to the pandemic and were switched to an online forum or were cancelled.

The executive in all the countries under consideration does not and is not mandated to issue a report or any form of communication to the public to indicate if the suggestions during the pre-budget consultations are incorporated into the budget. However, certain countries do take it on themselves to issue some form of this report. In Nepal, the Revenue Advisory Committee (RAC) publishes a document including all suggestions received during pre-budget discussions but fails to show if the

¹⁰ Paolo de Renzio and Joachim Wehner, "The Impacts of Fiscal Openness", World Bank Research Observer 32, no. 2 (2017): 185–210, at <https://academic.oup.com/wbro/article/32/2/185/4064179> [last accessed 16 February 2022]

¹¹ Foreign Affairs, 'India's Stalled Rise', 2022, at <https://www.foreignaffairs.com/articles/india/2021-12-14/indias-stalled-rise> [last accessed 20 January 2022]

suggestions were incorporated into the budget. In India, the pre-budget discussions are usually followed up with a press release containing the content discussed and key participants that attended these discussions – however, in the 2021 year of assessment, such a document was not released¹². Despite the existence of such mechanisms, there is limited evidence of any follow up from the executive, implying that the mechanisms are viewed only as a formality rather than as an avenue of tailoring the budget to meet the needs of the public.

The replacement of Nepal’s unitary government system with a federal government system was accompanied with a greater level of participation¹³, allowing for participation mechanisms to occur in a more structured manner in comparison to its regional counterparts. In the formulation stage, the RAC acts as the oversight unit in ensuring public participation and carries out consultations in seven districts in the country. Nepal is the only country in the region that has mechanisms in place for public participation at the implementation stage, via platforms such as ‘Hello Sarkar’, which allows the public to submit requests which are subsequently followed up on. The country has established ‘Users Committees’ to enhance public involvement at the implementation stage of local level projects laid out in the central budget. These committees are formed by citizens who directly benefit from these projects, to build, operate, and maintain any construction work and is an example of direct public participation at an implementation stage.

Select parliamentary committees in Bangladesh and Nepal consult the public during the approval stage of the budget but fail to open consultations to the broader public. In Sri Lanka, citizens may challenge the constitutionality of budget provisions before the Supreme Court, however such practices rarely occur due to the time and resource constraints in following such processes, which inherently poses itself as a deterrent to public participation. In terms of the public’s involvement in the audit stage, Nepal and Sri Lanka are the only countries that allow public input at the audit stage, though the actual public engagement record is mixed. Nepal ensures citizen participation in performance audits and has partnered with the World Bank for funding to strengthen such participation mechanisms¹⁴.

It is evident that the South Asian region has a low level of public participation on a national level. However, there appears to be greater participation at subnational government levels (local or provincial levels). Such participation is evident in Bangladesh where the local executive (Union Parishad) conducts successful public consultations in the formation of the UP budget. The Punjab government in Pakistan formulated its budget 2021 with discussions with key stakeholders, and

¹² International Budget Partnership, Country questionnaire responses India and Nepal, 2020.

¹³ The Asia Foundation, ‘Planning-and-Budgeting-in-the-Provinces-of-Federal-Nepal’, April 2021, at <https://asiafoundation.org/wp-content/uploads/2021/06/Planning-and-Budgeting-in-the-Provinces-of-Federal-Nepal.pdf> [last accessed 20 January 2022]

¹⁴ World Bank, ‘Inclusive performance audits in Nepal’, June 2019, at <https://documents1.worldbank.org/curated/en/974291563169575811/pdf/Nepal-Inclusive-Performance-Audits-in-Nepal-Promoting-Citizen-Participation-in-Performance-Audits-in-Nepal-Facilitated-through-the-Office-of-the-Auditor-General.pdf> [last accessed 20 January 2022]

certain states in India, like Andhra Pradesh, have institutionalised social audits¹⁵ of a central welfare scheme titled 'Mahatma Gandhi National Rural Employment Guarantee Act (MNREGA)¹⁶. Such audits have successfully taken place since 2007. The Ministry of Rural Development and the Comptroller and Auditor General in India have framed a set of rules to ensure social audits of the MNREGA take place at least once every six months¹⁷, however such mechanism bore fruition only in a limited number of states. The lack of this materializing on a national level may imply that such involvements are not a priority of respective authorities. The existence of such participation mechanisms at the subnational level of governments is an indication of these countries' potential to successfully carry out a participatory budget process in the absence of any top-down participatory approach.

Participation at the subnational level is commendable, however for a successful participatory budgeting process to exist, it is vital that such mechanisms are institutionalized and prioritized at a national level. The region as a whole seems to give limited priority to the participation in the budgetary process and mechanisms in places appear to exist as means of a simple check in the box. However, it is evident that the region does have the potential to create a more inclusive participation process provided that a higher level of priority is attached to such processes.

OVERSIGHT

The role and extent of the legislative and supreme audit institutions in the budgeting process in countries is a vital component of ensuring greater accountability in the use of public money. The progress of budget oversight mechanisms among countries in South Asia remains limited; the region scored an average of 45.4 in 2021, which is the same as in 2019. South Asian nations share the similarity of reporting stronger audit oversight than legislative oversight in their budgeting processes. Over the years, almost all countries in South Asia have reported having *weak* legislative oversight over the budgeting processes in their countries. India is the only country in the region that has consistently reported having *limited* legislative oversight¹⁸.

With the exception of India, all other countries shared the practice of not presenting the executive budget proposal (EBP) to the legislative at least two months in advance of the start of the budget year, providing limited time for the legislative to debate and discuss the EBP and pass the budget before the beginning of the budget year. In India, ever since the government enacted a reform in the budget year for 2017-2018, the presentation of the EBP to the legislature has been scheduled to

¹⁵ A Social Audit is a public gathering where individuals critically assess the implementation of government programmes

¹⁶ Society for Social Audit Accountability and Transparency, Department of Rural development government of Telangana at http://www.socialaudit.telangana.gov.in/SocialAudit/FrontServlet?requestType=SAMonitoringReports_RH&actionVal=AllRep&page=RepCenter [last accessed 17 February 2022]

¹⁷ Website of the Comptroller and Auditor General of India. 'Report No. 8 of 2016 - Union Civil Mahatma Gandhi National Rural Employment Guarantee - Social Audit' at <https://cag.gov.in/en/audit-report/details/21368> [last accessed 20 January 2022]

¹⁸ International Budget Partnership, 'Country Results for India, Sri Lanka, Nepal, Afghanistan, Pakistan, Bangladesh: Open Budget Survey 2017-2019' at <https://www.internationalbudget.org/open-budget-survey/country-results> [last accessed at 21 January 2022]

happen on the 1st of February (previously, this took place on the 29th of February), allowing the legislature more time to discuss, debate and approve the budget before the commencement of the budget year on the 1st of April. However, although this reform did allow stronger legislative oversight in the country compared to others in the region in the budget formulation stage, in the budget year 2020/2021, the budget session and discussion in India was significantly affected and compromised given the disruptions resulting from multiple lockdowns to fight the corona virus pandemic. Although the budget session for the year was supposed to have 31 sitting, only 23 sittings were able to take place before the parliament was adjourned sine die in March¹⁹. The impact of the pandemic and ensuing lockdowns on budget sessions among the rest of South Asia was far greater (E.g., Bangladesh²⁰), especially since in these countries, parliamentarians had less than two months to hold effective debates on the EBPs before the commencement of the fiscal year.

A large majority of the countries in South Asia share the practice of limited legislative involvement in the budget formulation stage. Despite the practice of producing a pre-budget statement in Sri Lanka and Afghanistan, these countries reported that no full legislature or legislative committee debates over budget policies take place before the EBP is tabled in parliament. In Pakistan and Bangladesh, although the full legislature or legislative committees do debate over budget policies before the EBP is tabled in parliament, they do not approve recommendations for the upcoming budget. Nepal is the only country in the region that reported the practice of such debates taking place before the EBP is tabled in parliament *and* approves recommendations to be taken up in the upcoming budget. However, in comparison to the strength of legislative oversight in the budget process among other South Asian countries over the years, Nepal reports having one of the weakest systems- they scored a low 33/100 in 2019.

Over the years, legislative oversight in the budget implementation stage remains weak in a majority of the region²¹. India is the only exception for 2021²², where the executive was required to obtain prior approval from the legislature before diverting funds mid-year, to shift funds between administrative units and projects, start new projects or abandon approved projects if the budget has already been enacted. Even if the executive is required by law or regulation to do so, it is not always followed in practice in the rest of the countries in the region.

The limited legislative involvement in South Asia, prior to and after the tabling of the EBP and even in the case of budget implementation stems from an institutional weakness in these countries'

¹⁹ Gaurav Vivek Bhatnagar, 'Covid-19, cancelled sessions, absent debates mark the functioning of parliament in 2020', *thewire.in*, 30 Dec 2020, at <https://thewire.in/politics/covid-19-cancelled-sessions-poor-debates-mark-performance-parliament-2020> [last accessed 21 January 2022]

²⁰ 'Budget session to be cut short as MPs, JS staff infected with Covid-19', *thedailystar.net*, 18 Jun 2020, at <https://www.thedailystar.net/budget-2020-21-session-be-cut-short-mp-jatiya-sangsad-staff-infected-covid-19-1916665> [last accessed at 17 February 2022]

²¹ International Budget Partnership, 'Country Results for India, Sri Lanka, Nepal, Afghanistan, Pakistan, Bangladesh: Open Budget Survey 2017' at <https://www.internationalbudget.org/open-budget-survey> [last accessed 10 February 2022]

²² International Budget Partnership, 'Open Budget Survey 2020 Questionnaire: India' (2021)
International Budget Partnership, 'Open Budget Survey 2020 Questionnaire: Sri Lanka' (2021)

parliamentary systems. The concentration of power in the executive is systematically far more than in the legislature, consequently making practices such as debating over budget policies prior to tabling the EBP and requiring legislative approval to divert funds mid-year between administrative units and projects, start new projects or abandon approved projects after the budget has already been enacted, almost a ‘rubber stamp’-like exercise in these nations.

In terms of the strength of audit institutions in these countries, over the years, a majority of the countries reported adequate audit oversight over the budgeting processes in their countries. Only Bangladesh and Afghanistan reported having limited audit oversight²³.

A large majority of the Supreme Audit Institutions (SAI) in South Asia lack complete independence in their operations and their processes. This can have detrimental effects on ensuring audits take place in an impartial manner. Most of these countries report that the audit institutions have the full discretion to audit government institutions as they see fit. Yet the majority of South Asian countries report that legislative or judicial approval is not required to appoint the head of the SAI (Bangladesh, Sri Lanka, Pakistan, India), or that legislative and judicial approval is only required when removing the head of the SAI (Afghanistan). Nepal is the only exception in the region for 2021, where the approval of the judiciary and legislative is required to both appoint and remove the head of the SAI. It is also the only country in the region that reported employing an independent agency to audit the work of the SAI.

RECOMMENDATIONS FOR SOUTH ASIA

TRANSPARENCY

1. **Ensure consistency in the publication of all key budget documents and supporting documentation online and in a timely manner:** Government’s must ensure that key documents other than the EB and EBP are published online in a timely manner. No South Asian country has published the PBS consistently over the period 2017–2021. In the same period, the IYR was consistently published in a timely manner by only 2 out of the 6 countries (India and Pakistan), and the MYR by just 1 country (Nepal).
2. **Ensure all key budget documents produced adhere to international best practices:** Governments must ensure that the key budget documents being produced contain all relevant information and is structured according to international best practices. E.g., the MYR should assess the performance of the economy relative to the initial macroeconomic forecast, update the economic projections for the remainder of the year, provide updated estimates of expenditure, revenue, and debt, and contain information for the first 6 months of the year. It is important to note that it is not just a case of publishing all the documents but

²³ International Budget Partnership, ‘Country Results for India, Sri Lanka, Nepal, Afghanistan, Pakistan, Bangladesh: Open Budget Survey 2017–2019’ at <https://www.internationalbudget.org/open-budget-survey/country-results> [last accessed at 21 January 2022]

one of improving the comprehensiveness of the documents being published as well and maintaining it across the years.

PARTICIPATION

It is important that countries in the region incorporate public participation in all stages of the budget process.

1. **Ensure the executive publishes documents online in a timely manner, incorporating the public's input obtained at pre-budget consultations:** Mechanisms in place for public participation in the region can be further strengthened if the executive publishes documents incorporating public input obtained at the pre-budget discussions, clearly establishing how the budget addresses such inputs. E.g., New Zealand's treasury releases a report that summarises the feedback received by the public and includes the treasuries' response to such feedback as well. This allows the public to track if their suggestions are being considered ²⁴
2. **Establish mechanisms for the public to be involved in the budget implementation stage:** A key issue identified in participation in the South Asian region is its limitation in participation to the formulation stage. Creating opportunities for the public to oversee the implementation of local projects they directly benefit from, will strengthen public participation in the overall budgetary process. E.g., Nepal's User's Committees, where beneficiaries of proposals are given direct ownership over proposals creating a more inclusive budgetary process. Social Audits in some states in (E.g.: Andhra Pradesh) India are also a good example of how public participation helps increase government accountability via public participation. India should consider the implementation such initiatives on a national scale whereas other countries in the region can consider implementation of such a process.
3. **Establish opportunities for the public to participate in public hearings of the budget:** South Asian countries that do not already conduct public hearings of the budget, should commence such hearings, and allow public testimonies at such hearings.

OVERSIGHT

In order to improve greater accountability over the use of public funds, South Asian countries should strive to promote stronger legislative oversight in all stages of the budget process and strengthen audit oversight systems already in place.

1. **Provide the legislature sufficient time to debate the EBP before it is enacted:** The best practice according to international standards is 3 months. However, ensuring the EBP is tabled in parliament earlier than currently practiced in a majority of South Asian countries

²⁴ International Budget Partnership, Country questionnaire responses New Zealand, 2019.

can greatly improve legislative oversight. E.g., India saw an improvement in its oversight by increasing the time provided for EBP debate by 1 month.

2. **Ensure the executive seeks legislative approval before shifting funds from administrative units, starts new projects or abandon approved projects etc. mid-year, in practice, if the budget has already been enacted:** Many South Asian countries already have regulations in place that mandates the executive to seek approval from parliament before doing so. Governments should strengthen adherence to these regulations in practice to ensure improved legislative oversight at the implementation stage of the budget.
3. **Ensure the full legislative or legislative committees' debate on budget policies before the EBP is presented in parliament:** Given that a majority of countries in South Asia do not produce a public prebudget statement, governments should provide the legislature or legislative committees the opportunity to review, discuss and debate on the government's wider budget priorities and fiscal priorities.
4. **Strengthen the independence of SAIs:** Requiring legislative approval to both appoint and remove the head of the SAI in South Asia would enhance the independence of the SAI. E.g., Nepal requires both the approval of the legislative and the judiciary when appointing and removing the head of the SAI.
5. **Employ an independent fiscal agency to review the audit processes of the SAI:** Countries in South Asia could further enhance oversight by employing an independent agency to review and provide assurance on the audit processes conducted by the SAI.