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Timor-Leste falls short on global budget transparency index—the government continues to deny citizens the information needed to understand and influence the use of public money

Major independent global report finds that Timor-Leste continues to make only limited information available to the public and reveals that overall country budget accountability systems are deficient

Dili, Timor-Leste, 14 September 2015 – Timor-Leste failed to increase the amount of national budget information it provides to citizens enough to be considered sufficiently transparent, according to the International Budget Partnership's *Open Budget Survey 2015*. The report, the fifth of its kind, is the world's only independent, comparative survey of budget transparency, citizen participation, and independent oversight institutions in the budgeting process. Combined these components are the main pillars of accountable budget systems.

Assessing 102 countries around the world, the 2015 Survey finds that Timor-Leste has yet to improve enough to move out of the middle category on the Open Budget Index, or OBI, which uses internationally recognized criteria to give each country a transparency score on a 100-point scale. For a country to be found to be providing the public with sufficient information, it needs to score above 60 on the OBI.

Timor-Leste's OBI score of 41 means that the government makes limited budget information publicly available, it does not provide citizens with sufficient information to fully understand the budget and hold the government to account. Timor-Leste has placed in the middle category in the 2010 and 2012 rounds of the Open Budget Survey because the government is not publishing Pre-Budget Statements (Fiscal Envelope and Circular Budget) or Quarterly Budget Analysis (Mid-Year Review), and there have been inconsistencies in the publication of the Quarterly Reports (In Year Report) and the Citizen Budget.

"When the Government lacks accountability in its budget, it is very difficult for the people of Timor-Leste to be able to guarantee that their money will be used to improve their lives," said Juvinal Dias, Researcher on Economy and Natural Resources with La'o Hamutuk, which conducted the research for Timor-Leste. "The Government should publish quarterly and annual budget reports on time, and open the budget preparation process for public participation – the discussion process for the budget should not be closed to the public, as the Ad-Hoc Committee has done for the last two years."

Overall, the Open Budget Survey 2015 finds that 98 of 102 countries surveyed lack adequate systems for ensuring that public funds are used efficiently and effectively. The 98 countries fall short on at least one of the pillars of accountability (transparency, public participation, and strength of oversight); 32 of these fall short on *all three*. The widespread lack of strong budget accountability systems poses a threat to the implementation of critical

international agreements, such as the United Nations' Sustainable Development Goals and the international agreement that is expected at the 2015 Paris Climate Conference.

On the first pillar of transparency, a mere 24 countries—less than one in four— score over 60 out of 100 on the OBI and thus provide citizens with sufficient information to enable them to monitor the government's use of public money. Alarmingly, the remaining 78 countries, including Timor-Leste, that provide insufficient budget information are home to 68% of the world's population. Seventeen of these countries provide scant or no budget information to their citizens.

However, the study finds that budget transparency is generally improving—a finding consistent with previous reports. The average OBI score has increased to 45. Progress was particularly robust among some countries and regions that were previously not as transparent, including the Kyrgyz Republic (its OBI nearly tripled), Tunisia (its OBI effectively quadrupled), and Francophone West Africa.

Compounding the widespread lack of transparency that nonetheless remains is a similar lack of opportunities for public participation and oversight. With scores of 60 or less on this part of the survey, 95 of 102 countries fall short in providing opportunities for public participation. Further, the survey finds that legislative research and analytic capacity, as well as quality assurance systems in most national audit bodies, are lacking, severely compromising the ability of oversight institutions to be effective guardians of the public purse.

Timor-Leste scored 10 on the opportunities the government provides for public participation in budget processes. With regard to the strength of Timor-Leste's formal oversight institutions, the score for the legislature was 45 and the score for the supreme audit institution was 83. These could be improved if the government encouraged the public participation in the preparation of the budget, if Parliament guarantees that budget discussions and debates are more open, and if the Eventual Commission can no longer make the final decision on the budget. In addition, the Government must publish complete audit reports for the Court of Accounts, including financial declarations to the public.

Combining all three pillars, only four countries, Brazil, Norway, South Africa, and the United States, provide sufficient budget transparency, establish sufficient opportunities for public participation, *and* have adequate formal oversight institutions.

In contrast, the survey finds that 32 countries are insufficient on all three pillars of accountability. These include a number of countries that have consistently provided scant or no budget information at all: Algeria, Bolivia, Cambodia, China, Equatorial Guinea, Fiji, Iraq, Myanmar, Qatar, and Saudi Arabia.

"The public needs access to budget information and opportunities to participate throughout the budget process. Coupled with oversight by legislatures and audit institutions this contributes to a more accountable use of public money," said Warren Krafchik, Executive Director of the International Budget Partnership. "A growing body of evidence indicates such budgetary checks and balances yield better outcomes for people, especially those who are poor or vulnerable."

However, substantial progress can be achieved quickly. For instance, the survey finds that most of the least transparent countries actually produce significant budget information for

their internal use; major gains could be made at little cost by just posting these documents on the government website.

The means and mechanisms to establish these budget accountability pillars are readily at hand. Ultimately, advancing transparency, participation, and oversight almost always comes down to a question of political will.

"Timor-Leste's lack of progress in making our national budget systems more transparent and accountable is of great concern," said Juvinal Dias. "The government should take the following steps toward rapid improvement: make budget information available to the public; make opportunities available for public participation in the budget process; and strengthen fiscal oversight by the legislator and auditor."

About the Open Budget Survey 2015

The new report examines the current state of budget transparency and how it has changed over time; the degree to which opportunities for public participation in the budget process are present; and the strength of the two formal oversight institutions, the legislature and the supreme audit institution. The report is based on the International Budget Partnership's Open Budget Survey, the world's only independent comparable measure of budget transparency, participation, and oversight. The Survey is implemented by independent budget experts based in each of the 102 countries surveyed and anonymously peer reviewed by another expert on the particular country's budget. Governments in all survey countries are also invited to review and comment on the results, and many do so.

The 2015 Survey is the fifth round of this global assessment, which was first undertaken in 2006.

Pillars of Budget Accountability

The Survey consists of 140 factual questions that evaluate three pillars of budget accountability. Budget *transparency* is rated by the answers to 109 survey questions, which produce a score between 0 and 100 on the Open Budget Index (OBI). The second pillar is evaluated using 16 questions that rate opportunities for *public participation*. The final 15 questions of the Survey examine the strength of the *oversight* pillar comprised of the legislature and the supreme audit institution of each country, generating separate scores for each.

For the full report and other resources, including country-specific results, please visit: www.openbudgetsurvey.org