



## Background:

The Open Budget Initiative is a global research and advocacy program to promote public access to budget information and adoption of budget systems that provide a higher level of accountability. The International Budget Partnership (IBP), based in Washington, launched the Initiative with the **Open Budget Survey (OBS)** to assess the availability, in each country, of eight key budget documents as well as the comprehensiveness of the data contained in these documents. Furthermore, the Survey also examines the extent of effective oversight provided by legislatures and auditors, and evaluates whether governments give the public access to budget information and opportunities to participate in the national budget decision-making process. It is increasingly believed that public access to budget information, transparency and public participation in the budget process are the cornerstones of effective and accountable government. Without access to information, legislators, auditors, civil society organizations (CSOs), media, and the broader public cannot participate effectively in the decision making; nor can they hold the Executive to account for the use of public resources.

The first OBS was conducted in 2005 with its results released in 2006, and the second in 2007 with its results released in 2008. The Survey, from which the **Open Budget Index (OBI)** is calculated, is to be conducted biennially to review the progress made by countries from time to time, and provides the only independent, comparative and regular measure of the level of budget transparency and accountability around the world. In 2009, the IBP worked with CSO partners in 94 countries to collect data for its third round of the Survey. As in previous rounds, the OBI 2010 evaluates the quantity and type of information that governments in the 94 countries make available to the public in their eight key budget documents that should be issued during each budget year as per international best practices for budget transparency. The results of the OBS 2010 reflect research conducted by independent CSO researchers between June and September 2009. This is the second time Cambodia<sup>1</sup> has participated in the Survey. **Please note that this brief is mainly built on the Country Summary Findings for Cambodia, the Complete Report on OBS 2010 produced by IBP, and updates on progress of budget transparency observed since then up to May 2012. The printing of this updated version is mainly based on the demand from the public and relevant stakeholders after the dissemination of the first version of OBI 2010 brief in 2011.**

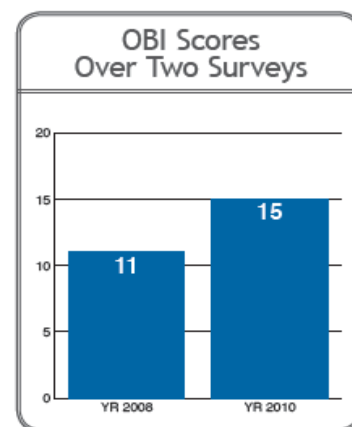
## Key Findings for Cambodia in 2010:

- *Cambodia scored 15 out of 100 in the OBI 2010. This is about one-third of the total average score (42) achieved across all 94 countries surveyed. Vietnam is the only country who scored lower than Cambodia (14) in the South-East Asian region. Thailand, by contrast, meets the survey average with a score of 42.*
- *For Cambodia, this score indicates that the government provides the public with scant information on the central government's budget and financial activities. This makes it difficult for citizens to hold the government accountable for its management of public monies.*
- *However, Cambodia's score has increased from 11 to 15 from 2008 to 2010 since the government has now been publishing the Royal Government Circular on Guidelines for Preparation of the Draft Budget Law (Pre-Budget Statement) in a timely manner.*

<sup>1</sup> The NGO Forum on Cambodia participated in this global survey to assess progress made over time by the Royal Government of Cambodia; the survey has direct links to the transparency section in the Public Financial Management Reform Program (PFMRP), which lists a number of documents to be published for the public in 2010. For details about the PFMRP, see the PFM Secretariat's website: [www.pfm.gov.kh](http://www.pfm.gov.kh).

**Public Availability of Key Budget Documents in Cambodia:**

Cambodia has made an improvement in the OBI score and budget transparency as compared to its first OBS result in 2008. Cambodia’s OBI score shows that the Royal Government of Cambodia (RGC) provides the public with scant information on the central government’s budget and financial activities during the course of the budget year. This makes it difficult for citizens to hold their government accountable for its management of the public monies, including the collection of revenues and the use of public funds in an efficient and effective way, and in influencing policy to improve the services they receive and therefore the quality of their lives.



Cambodia produces four of the seven key budget documents and publishes these in the public domain. These include pre-budget statement, enacted budget, in-year report and year-end report. These documents are available on the Ministry of Economy and Finance (MEF)’s website ([www.mef.gov.kh](http://www.mef.gov.kh)), while other budget management documents are available upon request from the MEF and in the Government’s Official Gazette. The other three budget documents that are not available to the public are executive budget proposal, (external) audit report and mid-year review. Cambodia, like other countries in South-East Asia, does not produce citizens budget. Importantly, although audit reports produced by the Supreme Audit Institution (SAI) or National Audit Authority (NAA) were published, their timing was relatively late by standards of international good practice, which require its release within two years after the fiscal year.

Cambodia’s International Budget Transparency Ranking for 2010 lists it amongst a group of 22 countries that provide scant information to the public. Cambodia and Kyrgyz Republic received an identical score, while 19 countries received lower scores and 73 countries performed better overall, based on the same index. Please see **Table 1** below for further details on Cambodia’s performance against these criteria.

**Table 1: Adequacy and Availability of Eight Key Budget Documents in 2009**

Document	Level of Information Grade*	Publication Status
<b>Pre-Budget Statement</b> (Royal Government’s Circular on Guidelines for Preparation of Draft Budget Law 2010)	B	Published
<b>Executive’s Budget Proposal/ Draft Budget Law</b> (Draft Budget Law 2010)	E	Produced, Not Published
<b>Enacted Budget</b> (Budget Law 2009)	B	Published
<b>Citizens Budget</b>	E	Not Produced
<b>In-Year Reports</b> (Table of Government Financial Operation (TOFE) in 2009)	B	Published
<b>Mid-Year Review/ Six-Month Report</b>	E	Produced, Not Published
<b>Year-End Report</b> (TOFE 2009)	D	Published
<b>Audit Report</b>	E	Produced, Not Published

\* Grades for the comprehensiveness of the information provided in each document and its accessibility are calculated from the average scores received on a subset of questions from the OBS 2010 related to each document. An average score between 0-20 (scant information) is graded as E, 21-40 (minimal): D, 41-60 (some): C, 61-80 (significant): B, and 81-100 (extensive): A.

**The Pre-Budget Statement** provides information (previous and current year macroeconomic performance and projection of the coming budget or fiscal year) that links government policies with budgets. This statement should be published before the draft budget law, and typically sets forth the broad parameters that will define the government's forthcoming budget. Cambodia publishes the **Royal Government Circular on Guidelines for Preparation of the Draft Budget Law** (Pre-Budget Statement) in the **Government Official Gazette**<sup>2</sup> since 2009 which is publically accessible at a minimal cost.

**The Executive's Budget Proposal** or Draft Budget Law<sup>3</sup> is the government's most important policy instrument. It presents how the government plans to raise revenues through taxes and other sources and spend these monies to support its priorities, thus transforming policy goals into action. In Cambodia, the **draft budget law** is produced for internal use, and not published by the RGC for public access as per international good practices in public financial management, although it is shared by legislature to a limited number of NGOs for the purpose of analysis. In November 2010, the draft budget law 2011 was released to the NGO Forum on Cambodia upon its request; however, the draft budget law 2012 was not released despite the NGO Forum's repeated requests.

**The Enacted Budget** becomes a country's law and provides the baseline information for all budget analyses conducted during the budget year. Thus, it is the starting point of any effort to monitor budget execution. In general terms, the enacted budget should provide the public with the data they can use to assess the government's stated policy priorities and hold her accountable. Cambodia publishes Promulgated Budget Law or Annual Finance Law (enacted budget) in the Government Official Gazette, but this document does not contain program level details for expenditure. The budget laws are available for download from the National Assembly (NA)'s website<sup>4</sup>; however, only the budget laws approved during its first, second and third mandate can be downloaded. It is hoped that those approved during the fourth mandate (2008-present) will be available in the near future. Also a fair number of budget laws<sup>5</sup> since 1994 to 2009, though with some years missing, is observed to be downloadable from the website of the Tax General Department of the MEF (<http://www.tax.gov.kh/taxtypes.php>).

**A Citizens Budget** is a nontechnical presentation (simplified version) of a government's budget that is intended to enable the public—including those who are not familiar with public finance—to understand the government plans for raising revenues and spending public funds. Like all other South-East Asian countries included in the Survey, Cambodia does not produce a Citizens Budget. Although the MEF once published a "budget in brief", which contained some aggregate figures of revenues, expenditure and macroeconomic indicators, in 2007; the publication has not been continued, due mainly to budget constraint. The NGO Forum on Cambodia believes that the publication of citizens budget could stimulate public demand for budget information and active participation in the budget process and monitoring.

As far as technical aspects of the budget are concerned, not only public understanding is constrained by the absence of citizens budget, relevant stakeholders such as CSOs advocating on budget related issues are also faced with difficulty in understanding budget technicalities, given the lack of simplified guiding documents on the national budget process or the budget terminologies. As observed so far, there has been no (Khmer) glossary or dictionary on budget terminologies published for public access or for encouraging public participation, except those few key words and budget terms explained in the Law on Public Finance System and the MEF's Prakas No. 1448

<sup>2</sup> The gazette and other budget documents covered in this OBS can be found on sale at the Office of General Department of Official Gazette and Computer Service under the Office of the Council of Ministers, on the MEF's website or the Cambodian Budget Website at [www.cambodianbudget.org](http://www.cambodianbudget.org).

<sup>3</sup> Draft Budget Law is titled 'Draft Financial Management Law'.

<sup>4</sup> As of June 06, 2012.

<sup>5</sup> The 2010 budget law is kept separately on the MEF's website instead.

issued on 27 December 2007 on the implementation of economic budget classification. These two documents, except those that may have been beyond our knowledge, may have been the only publically available glossary and guiding documents for CSOs and the citizens to read and understand budget classification to partly address technical constraints in the budget work. It is understood that the development of lexicons<sup>6</sup> for Public Financial Management are being undertaken. The publication of such guiding documents, if taken soon, would generate more non-government participation in the budget process as well as more capacity of line ministries/agencies in advancing the Public Financial Management Reform Program (PFMRP). More importantly, these documents that could serve as an important catalyst for stimulating public demand for more budget information, active engagement in the budget process and holding line ministries accountable for budget management, should be made widely available to the general public.

**In-Year Reports** provide a snapshot of the budget's effects during the budget year. The primary objective of publishing in-year reports is to provide a periodic measure of the trends in actual revenues and expenditures, which allows for a comparison with the budget figures and adjustments. Cambodia's TOFE or Table on State (Monthly) Budget Implementation (in-year report) provides somewhat comprehensive budget information; however, it lacks important details such as the breakdown of expenditure by line ministries, detailed explanation of the difference between the actual revenues and expenditures and the planning, and regular update or posting on the MEF's website. The timing of release of the monthly TOFE has not been consistently regular from one to another; sometimes it is released more than two months after reporting month. This late release may be due mainly to the time needed in coordinating and verifying figures across MEF's departments as well as in getting the TOFE approved by the MEF's management before releasing it on the website for official use<sup>7</sup>.

**The Mid-Year Review** provides an overview of the budget's effects at the mid-point of a budget year. Information in this report allows a government's fiscal performance to be assessed against the plan laid out in the original budget. It allows the governments, legislatures, and the public to identify whether or not adjustments related to revenues, expenditures, or borrowing should be made during the last six months of the year.

In Cambodia, there is only Article 84 of the Law on Public Finance System that requires all financial and accounting reports to be publicly disclosed. In September 2010, however, the RGC, especially the MEF published a mid-year review of 2010 budget law implementation, along with the Cambodia Macroeconomic Framework 2000-2011 on its website. This reflects the government's commitment to improving budget transparency although Article 37 of the Law only requires the submission of this document and the year-end report by MEF to the NA and the Senate by mid of the year and during adoption of the next fiscal year's budget. Such disclosure also marks a sound step the government has taken to fulfill her obligation to engage the public in the budget process, regardless of public demand, which can be low at the moment, but growing. If this initiative continues in a more systematic manner, Cambodia is likely to improve its overall results in the next round of OBS. As of present, the mid-year review of 2011 budget law implementation has not been published. The release of this six-month report or mid-year review, as well as other budget documents, may have minimal or no financial cost to the Government.

**The Year-End Report** contains information that contrasts the actual budget execution with the enacted budget. Year-end reports can inform the public and policymakers on tax policies and debt requirements, as well as on major expenditure priorities for upcoming budget years. Furthermore, information contained in this report can assist individual ministries and the public in identifying shortcomings in existing policies and programs, which can be used

<sup>6</sup> Based on information in the 2012 1<sup>st</sup> quarterly report on the implementation of the PFMRP accessed from [www.pfm.gov.kh](http://www.pfm.gov.kh) on June 19, 2012.

<sup>7</sup> Information obtained from meeting between the NGO Forum staff members and MEF officials.

to influence future directions. In Cambodia, the TOFE (year-end unaudited report) is noticeably published in the fifth or sixth month of the next fiscal year on the MEF's website. However, there is a lack of consistency between the format of budget classification used in this document as well as in-year report and that in the budget laws including budget implementation laws. This makes it difficult for both the public and CSOs to conduct any monitoring of the budget implementation which aims at holding the government accountable for budget performance. Both in-year and year-end reports are the approved TOFE published on the MEF's website.

In addition to this approved TOFE posted on the MEF's website, an aggregate breakdown of budget implementation figures by line ministries, together with the more updated TOFE, is included in the Monthly Bulletin of Statistics, which is available for sale at the MEF's Economic and Public Finance Policy Department<sup>8</sup>. These figures are provisional ones collected mostly from the General Department of National Treasury; however, there is an issue of inaccuracy, particularly for the aggregate breakdown of budget implementation figures by line ministries reported for 2010 in the bulletin as compared to those reported in the budget management document volume I (Law on Finance for Management: Law and Regulations) 2011 and 2012.

**The Audit Report** is an independent evaluation of the government's accounts (collection of revenue and expenditure) by the country's Supreme Audit Institution (SAI). It reports whether the government has raised revenues and spent monies in line with the authorized budget, and whether the government's accounts are accurate and can be relied upon to provide a reliable picture of the fiscal situation. The audit report also provides information on any problems identified by the auditors in the management of public funds during the budget year. In Cambodia, an audit report on the government's annual budget implementation must be submitted to the legislature prior to the adoption of the annual budget execution law. The report is considered a public document by Article 29 of the Law on Audit; however, it may not be publically disclosed or disclosed with detailed information omitted if it contains information treated as contrary to the national interest or commercial interest of relevant agencies of the RGC, as provided by Article 37, 38 and 39 of the law.

For the first time since its establishment in 2000, the National Audit Authority (NAA), internationally referred to as SAI, published an Audit Report on 2006 Public Financial Management (budget implementation) in September 2009 (almost 3 years after the fiscal year), and another one on 2007 Public Financial Management in October 2011 (almost 4 years after the fiscal year). Since these reports were released or made available upon request later than two years after the end of the fiscal year, it does not meet the minimum standard of international good practice, and under the OBS methodology they have been considered "Produced, but Not Published". A timely release of audit reports should improve Cambodia's overall transparency of budget process, ensure independence of the NAA and increase Cambodia OBI score in the future.

### **Public Participation and Institutions of Accountability**

Besides improving the availability and comprehensiveness of key budget documents, there are other ways by which Cambodia's budget process can be made more open. These include ensuring the existence of a strong legislature and NAA that provide effective budget oversight, as well as providing greater opportunities for public engagement in the budget process.

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<sup>8</sup> At KHR20, 000 or USD5 per copy.



**Table 2: Assessment on the Strength of Oversight Institutions**

<b>Oversight Institution</b>	<b>Strength**</b>
Legislature	Weak
SAI	Weak

\*\* Legislature and SAI strengths are calculated from the average scores received for a subset of questions from the OBS 2010 related to each institution. An average score between 0-33 is graded as weak, 34-66 moderate, and 67-100 strong.

According to the OBS, budget oversight provided by Cambodian legislature is weak because it does not: (i) have full power to amend the Executive’s budget proposal prior to the start of the year; (ii) have sufficient time, as established by standards of international best practice, to discuss and approve the budget; and (iii) hold public hearings at which the public and CSOs can testify on priorities in the Executive’s budget proposal (i.e. discussion between the Executive and the 2<sup>nd</sup> Commission of the NA on the draft budget law). In Cambodia, like Indonesia and Malaysia, budget discussion is almost closed by international best practice with no public hearings.

Besides, Cambodian legislature appears to have been constrained by the lack of sufficient budget information to allow analytical discussion or debate on the management of public funds during the adoption of the budget laws. As observed so far, budget information submitted to the NA has been significantly reduced. Since 2010, the column on estimated budget implementation of the last fiscal year was removed from the draft budget law, making it purely the allocated figures for adoption by the NA; the summarized tables on previous years’ budget implementation by different classification formats, staffing information have been seemingly removed from the explanatory note accompanying the draft budget laws. In addition, the 2010 Mid-Year Review reported to the NA released by MEF on its website provides only aggregate budget information without any attachment of detailed budget implementation figures for thorough review by the members of parliament. These constraints may limit the capacity of the Members of Parliament (MPs) to have a comprehensive overview of the budget status and issues and may not stimulate lots of debate on the draft budget law by the MPs as well as effective budget monitoring and oversight.

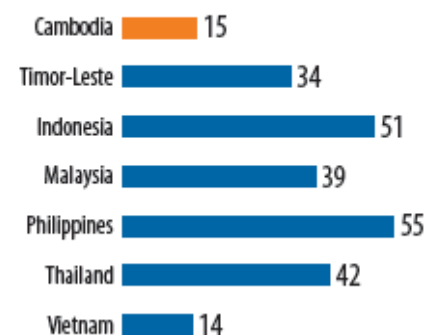
The public should be provided with opportunities to engage directly with SAI in the evaluation phase of the budget process. There are many mechanisms to provide this essential feedback loop, such as “fraud hotlines”. According to the OBS, budget oversight provided by Cambodian NAA is weak because it does not: (i) have sufficient financial and human resources to meaningfully exercise its mandate; (ii) issue timely audit reports on the final expenditures of national ministries/departments; (iii) have proper channels of communication with the public; and (iv) issue reports on the follow-up steps taken by the executive to address audit recommendations. In South-East Asia, Cambodia, Timor-Leste and Vietnam are the three countries in which the SAIs have not established such communication or made it operational. As recommended by IBP, the RGC should recognize that opening up their budget means strengthening the role of oversight institutions, and the role of the public as well. Even if information is provided by the executive branch, the absence of meaningful checks and balances is a recipe for waste, misplaced priorities, and, sometimes outright corruption.

**How Does Cambodia Compare to Its Neighbors?**

Cambodia’s OBI 2010 score is 15 out of 100, which is about one-third of the average score (42) for the 94 countries surveyed. Cambodia’s score is one of the lowest in the South-East Asian region, ahead of only Vietnam’s score of 14 while both are below the regional average OBI Score of 36; this makes it virtually almost impossible for Cambodian citizens to hold the government accountable for its management of the public money.

There are three countries in ASEAN (Indonesia, Malaysia and the Philippines) that surpassed Cambodia in terms of the number of published documents, while Thailand and Vietnam each published the same number of budget documents. The Executive's budget proposal is a common document published by all regional neighbors other than Vietnam and Cambodia. Thailand and Timor Leste produced accordingly the same number and less number of documents to/than Cambodia but were given higher OBI scores. This is because the Executive's budget proposal captures 58 of 92 questions used in calculating the OBI scores, due to its importance in informing the public of the Executive's planned revenue collection and expenditure.

#### How Does Cambodia Compare to Its Neighbors?



Cambodia can make a significant improvement by publishing the Executive's budget proposal and improve its budget transparency ranking by providing this in a timely and comprehensive manner.

**Table 3: Availability of Budget Documents by Countries in Southeast Asia 2010**

	Pre-Budget Statement	Executive's Budget Proposal	Enacted Budget	Citizens Budget	In-Year Reports	Mid-Year Review	Year-End Report	Audit Report
Cambodia	✓	IU	✓	NP	✓	IU	✓	IU
Indonesia	✓	✓	✓	NP	IU	✓	IU	✓
Malaysia	NP	✓	✓	NP	✓	NP	✓	✓
Philippines	IU	✓	✓	NP	✓	IU	✓	✓
Thailand	NP	✓	✓	NP	✓	NP	NP	✓
Timor-Leste	IU	✓	IU	NP	✓	NP	✓	NP
Vietnam	IU	IU	✓	NP	✓	NP	✓	✓

**Note:** IU: document prepared for internal use only. NP: document not prepared. ✓: document made available to the public.

### The Open Budget Survey 2010: Key Findings of the Global Survey and Message for Cambodia

The public in most of the 94 countries assessed have limited access to even basic information about their governments' revenue and expenditure. As such, they have limited ability to understand or influence their governments' budget priorities.

The general trend toward open budget is nonetheless favorable. Budget transparency is improving substantially, especially among countries that provided little information in the past. Some governments—especially those that scored very low in earlier rounds of the OBI—largely achieved these improvements in OBI scores by taking one basic and inexpensive step: they began to make available on their websites the budget documents that they had been producing but in the past had only made available to internal government audiences or donors. ***In many cases, these governments began to publish their Executive's budget proposal, arguably the most important domestic policy document produced by any government.*** For example, the Liberian and Yemeni governments published their budget proposals for the first time in 2009. These examples provide hope that the 22 governments included in the 2010 Survey can publish their Executive's budget proposals to quickly improve their budget transparency level.

**Table 4** shows that the enacted budget is the most commonly published document: only 13 percent of the countries surveyed failed to issue this document. **About one in every four countries fails to make public the Executive’s budget proposal, in-year reports, or year-end report.**

The Survey finds that public budget engagement and oversight by the audit institutions and the legislature at the global level is typically weak and is strongly correlated to the lack of budget information made available to these institutions and the public. Legislatures in a number of countries often do not have adequate power to amend the budget developed by the Executive and are not provided with sufficient time to comprehensively assess the Executive’s budget proposal before approving this into law. In only 27 countries do legislatures have unlimited power to amend the budget presented to them. In 22 countries, legislators are provided with the Executive’s budget proposal less than six weeks prior to the start of the budget year. In the implementation of the budget in 52 countries, the legislatures do not have the power to prevent the Executive from moving funds between administrative units, essentially ignoring legislative intentions. Furthermore, legislatures in only 26 countries provide the public with formal opportunities to provide testimony during budget discussions. More disturbing is that in 35 countries, all discussions about the budget between the legislature and the Executive, including hearings, are entirely closed to the public (including the media), and no public record of such meetings is subsequently provided.

**Table 4: Percentage of Countries that fail to publish, by key document**

Document	Percentage of Countries that Fail to
Pre-Budget Statement	65%
Executive’s Budget Proposal	23%
Citizens Budget	83%
Enacted Budget	13%
In-Year Reports	25%
Mid-Year Review	70%
Year-End Report	22%
Audit Report	35%

The Survey also finds that SAIs generally have some of the independence required for them to play a useful role in the budget process. Still, many lack full independence from the Executive that is desirable, and half of them report that they do not have sufficient resources to effectively undertake their audit mandates. The 2010 Survey also reveals that the overall strength of SAIs is relatively weak. Among all 94 countries in the 2010 Survey, the average score for questions assessing the strength of SAIs was just 49 of 100, slightly higher than that from 2008. In order to conduct effective oversight of budget, legislatures and SAIs require legal—preferably constitutional—authorities to specify their functions and the nature of their relationship to the Executive. The SAIs typically score much lower on questions assessing the comprehensiveness of their published audit reports than they do on those assessing their independence. This suggests that, even given their institutional limitations, the auditors could publish more information in their audit reports. Importantly, **Legislatures and SAIs can be most effective when they have a combination of legal power, research capacity, and comprehensive information on public finances.**

**The Most Closed and the Most Open: Developing Countries can also improve its budget transparency with a minimal cost**

According to the OBS 2010, the worst offenders, the countries that make scant, if any, information available to the public include: Saudi Arabia, Algeria, Chad, Iraq, Equatorial Guinea, Fiji and São Tomé e Príncipe. And the most transparent countries, making abundant data available to the public throughout the budget process include: South Africa, New Zealand, United Kingdom, France, Norway, Sweden, and United States.

It is also noted that the countries providing significant and extensive budget information include both developed and developing countries. Countries that provided the most are western developed countries, but they also include South Africa receiving the highest OBI 2010 score overall. Also of note, several relatively low-income countries like India, Sri Lanka, and Ukraine provided significant information. This shows that developing countries can achieve transparency given sufficient willingness of their government to be open and accountable to their citizens.



## **Methodology: The Open Budget Survey Based on Extensive Questionnaire**

The OBS is not an opinion or perception poll. The Survey assesses budget transparency at the national or federal level of government, evaluating the comprehensiveness of information pertaining to government revenues, expenditures, and debt, as well as performance-related data on budget targets and the actual realization of these targets. The Survey data is compiled from a questionnaire, which is completed for each country by independent researchers or a team of researchers not associated with the national government. For the 2010 Survey, researchers completed the questionnaire's 123 multiple-choice questions covering the four phases of budget development—formulation, legislative approval, implementation, and audit—based on the factual state of budget transparency in their countries as of 15 September 2009; hence national budget reports and documents as well as other developments in a country's budgeting system or practices occurring after this date are not considered in the OBS 2010. To be considered publicly available in the OBS, the budget documents have to meet two basic criteria (1) it must be published within a reasonable timeframe by the institution or agency responsible for producing the document; and (2) it must be available at a minimal cost to any person who wishes to access the document (i.e., the government must not make documents available selectively, or only to certain individuals or groups).

Each country's completed questionnaire was independently reviewed by two anonymous experts who also had no association with the government. In addition, the IBP invited the national government of 88 of the countries (including Cambodia) covered in the 2010 Survey to comment on the questionnaire completed for that country. Approximately half of these governments commented on their results; their comments are provided in the versions of the country questionnaire published on the IBP website. IBP staff members reviewed the results for each country by checking the citations and comments provided by the researchers to justify the score for each question. Furthermore, IBP staff members assessed the peer reviewers' comments and the comments from governments (when provided within the requested timeframe) and determined the final answer in consultation with the researchers. These determinations were made after considering such factors as cross-country comparability of data and consistency in the assumptions used by researchers to answer the questions.

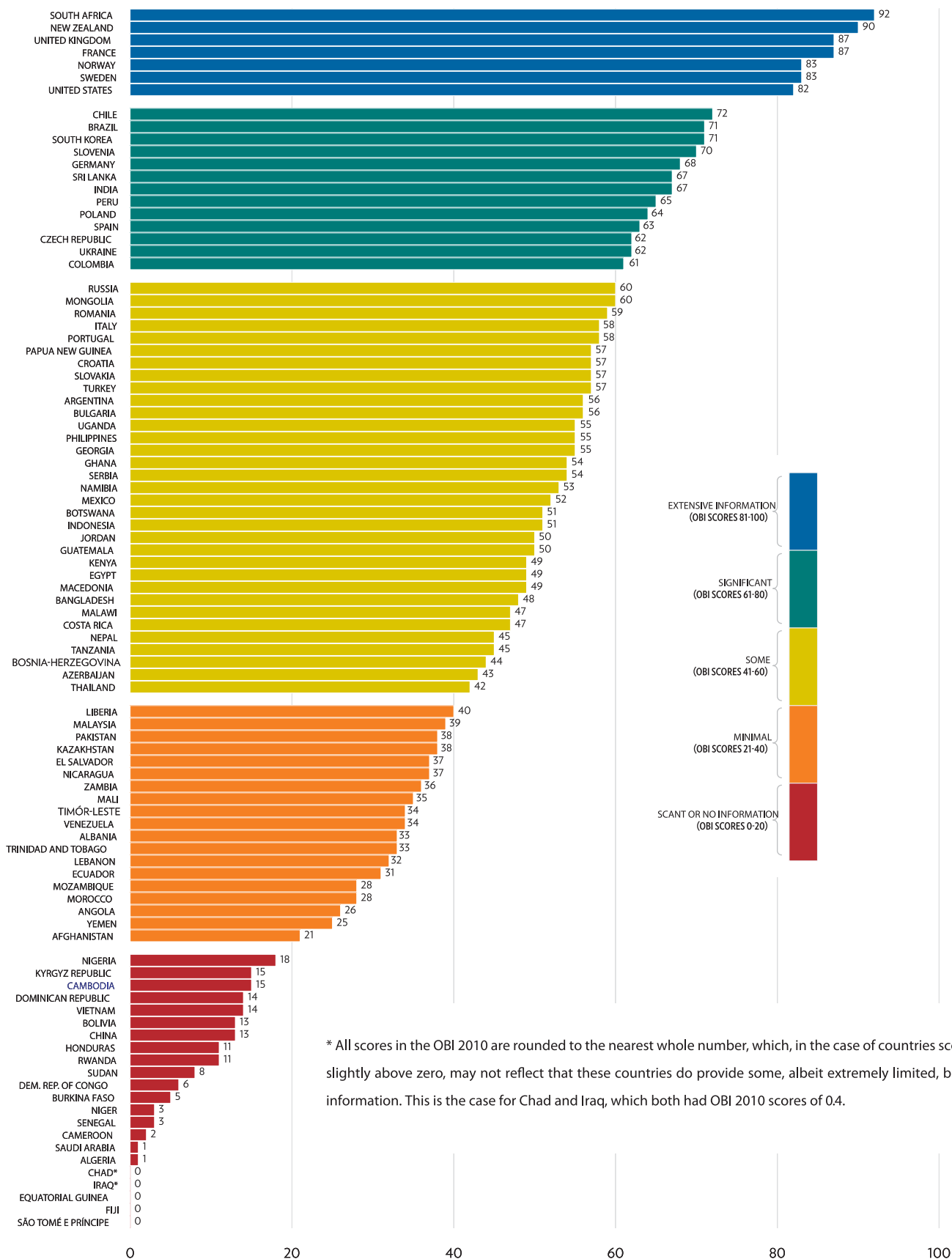
The OBI is based on calculating the averages of the responses to the 92 questions that inquired about the public availability, timeliness, and comprehensiveness of a country's budget reports. The remaining survey questions assess the strength and effectiveness of the legislatures and the SAIs (as well as their independence) in each country studied. Each of the 92 questions used to construct the OBI is assigned the same weight for a country. Scores assigned to these 92 questions are used to determine an overall transparency level. These scores are then compiled to create the OBI, an objective ranking of each country's relative level of transparency.

However, each of the eight documents assessed asks different numbers of questions. If a document is not publicly available, then all the questions pertaining to this document are automatically assigned a zero score. As a result of this scoring system, some budget documents carry greater weights than others. For example, 58 of the 92 questions used to construct the OBI scores are related to the Executive's budget proposal, so if a country does not publish this document, it receives a zero score on all 58 questions and its OBI score is likely to be very low. This emphasis is based on the Executive's budget proposal being the government's most important economic policy document. For each of the remaining documents, there are between 1 and 10 questions.

The IBP's analysis of the OBI places a country into one of five categories based on the overall OBI score for the country. (1) Countries receiving a score between 81 and 100 are categorized as providing extensive information, (2) those between 61 and 80 as providing significant information; (3) those between 41 and 60 as providing some information; (4) those between 21 and 40 as providing minimal information, and; (5) those between 0 and 20 as providing scant or no information on their budgets.

# International Budget Transparency Ranking for 2010

## OBI 2010 SCORES



\* All scores in the OBI 2010 are rounded to the nearest whole number, which, in the case of countries scoring slightly above zero, may not reflect that these countries do provide some, albeit extremely limited, budget information. This is the case for Chad and Iraq, which both had OBI 2010 scores of 0.4.

## Recommendations for Cambodia

The RGC should take the following actions with little or no cost and with support from development partners to ensure success on the transparency section of the Public Financial Management Reform Program phase II by:

- Publishing the Draft Budget Law (Executive's Budget Proposal)<sup>9</sup>, the Six-Month Report (Mid-Year Review) and the External Audit Report (by NAA) and making them available to the public in a timely manner;
- Publishing all enacted Budget Laws and Budget Execution Laws on the MEF's website<sup>10</sup>.
- Produce and publish a Citizens Budget, and relevant guiding documents addressing technical aspects of budget process and terminologies;
- Provide opportunities for the public to testify at legislative hearings or discussions about the budget, including those discussions at the 2<sup>nd</sup> Commission of the National Assembly with the Ministry of Economy and Finance. This could be achieved if the 2<sup>nd</sup> Commission were to organize public hearings prior to the full assembly debate on the draft budget law and invite participation of the public, civil society organizations, academia, research institutions, media, and other interested groups; and
- Enable the legislature and audit authority to perform comprehensive oversight of the budget process through providing more comprehensive budget information in the budget documents submitted and reported to the NA and increasing budget to NAA at least at an amount comparable to the Anti-Corruption Unit.

## Why should the Royal Government of Cambodia publish these budget documents?

The choice made by the RGC to publish these budget documents in a timely manner provides a strong message to the citizens within these constituencies. The publication of the above information will provide positive results rather than difficulties on the reform of the public financial management to the Cambodian government as well as Cambodia as a whole. This action enables more public participation in the anti-corruption efforts to which the government is paying attention, because without budget information the public will not feel comfortable and assured with current article in the anti-corruption law<sup>11</sup>. One strong argument supporting this is the citizens and CSOs may not dare to file any direct complaints on corruption suspicion against any institution or individual when there is no publicly available comprehensive budget information that the public could use to back up their stance to go for the complaint on any identified suspicion. The above action also shows that the RGC is committed to transparency and accountability in the management of public monies. The following arguments support why the government should be more transparent in budget management which deserve further consideration by the RGC and relevant stakeholders. With appropriate level of transparency,

- Cambodian citizens are (fully) aware of the government's achievement in its current work on progression of PFMRP implementation and may participate more actively in the budget process toward addressing the gap in check and balance between the Executive and legislative;
- Public view on the independence of the NAA from the government could be improved through timely publication of the audit report which allows for the NA to hold the government accountable;

<sup>9</sup> During the first publication of this OBI 2010 brief, the MEF released the 2011 Draft Budget Law (Executive budget proposal) to the NGO Forum on Cambodia on 12 November 2010, which is one day after the launching workshop of the OBS 2010 Results for Cambodia and Southeast Asia region. This response happened following the NGO Forum's request s for the draft budget law prior to the launch for its analysis and briefing for members of parliament.

<sup>10</sup> There were only the Budget Execution Law for 2008 and 2009 on the website as of May 30, 2012; and all enacted budget laws are not being kept on a single website for easy public access.

<sup>11</sup> Article 41 of anti-corruption law was critically seen by many CSOs as a threat to encouraging public participation in anti-corruption campaign. It states that *defamation by lying to the Anti-Corruption Unit or the court of any corruption acts which can lead to a wasted investigation must be punished with 1 to 6 month imprisonment, and a fine of 100,000 to 4,000,000 Riel.*

- Citizens will be able to see how efficient and effective the Government budgeting system is in contributing to the achievement of poverty reduction goals as stated in its National Strategic Development Plan and Rectangular Strategy of the government;
- The reflected Cambodian image of improved international budget transparency ranking will help the government at least partly attract Foreign Direct Investment or manage development aid towards meeting the Cambodian development agenda;
- It will contribute to the government efforts in combating corruption as well as a successful enforcement of the anti-corruption law adopted and promulgated in 2010;
- It may contribute to the government efforts in improving domestic tax and other revenue collection which may reduce Cambodia's dependence on foreign aid and help increase salary of public civil servants to a level that could afford their living conditions. Moreover, it also helps the government to be able to implement broader and effective fiscal policy and redistribution policy such as speeding up the implementation of the social safety nets or social protection program, social land concessions, and other programs for the poor and vulnerable groups.

### **The International Budget Partnership and the NGO Forum on Cambodia**

The IBP was established as part of the Center on Budget and Policy Priorities, a Washington DC-Based non-partisan non-profit research organization, in 1997 to collaborate with civil society organizations in developing countries to analyze, monitor and influence government budget processes, institutions and outcomes. The aims of the Partnership is to make budget systems more responsive to the needs of poor and low-income people in society and, accordingly, to make these systems more transparent and accountable to the public. More information on the IBP and Open Budget Initiative 2010 please visit: [www.internationalbudget.org](http://www.internationalbudget.org) and [www.openbudgetindex.org](http://www.openbudgetindex.org).

The NGO Forum on Cambodia (NGOF) is a membership organizations for local and international non-governmental organizations (NGOs) working in Cambodia. It exists for information sharing, debate and advocacy on priority issues affecting Cambodia's development. NGOF's budget project is partly supported by the IBP. More information on the NGOF please visit: [www.ngoforum.org.kh](http://www.ngoforum.org.kh).

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