



### WHAT IS THE OPEN BUDGET SURVEY (OBS)?

The Open Budget Survey is a unique research and analysis initiative that uses documented evidence and objective criteria to evaluate three pillars of budget transparency and accountability. It considers:

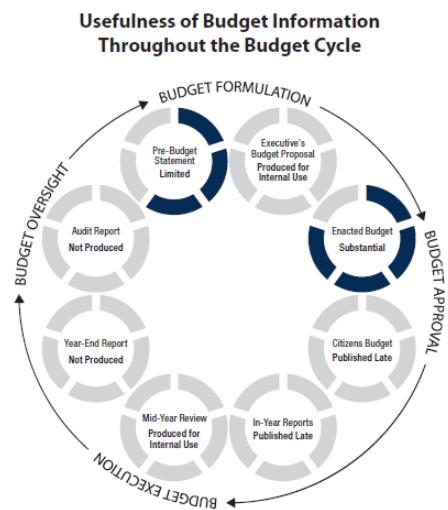
- The extent to which national or central governments provide the public with timely and comprehensive access to the eight key budget documents required by international good practice;
- The degree to which opportunities for public participation in the budget process are present; and
- The ability of legislatures and supreme audit institutions to provide effective oversight of government budgets

It is an independent, comparable and regularly measure of budget transparency and accountability produced by independent civil society budget experts not affiliated with any national government. The foundation of the Survey is a 140 question Open Budget Survey Questionnaire. The survey is conducted biennially (every two years) to review the progress made by the countries. 2015 is the fifth OBS and the survey was conducted of 102 countries. This is the fourth OBS for Cambodia. The 2015 results reflect the research conducted by independent civil society researchers based on data collected in 2014.

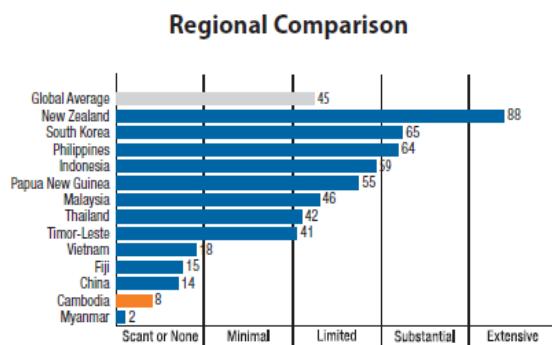
### TRANSPARENCY (OPEN BUDGET INDEX)

Drawing on internationally accepted criteria developed by multilateral organizations, the Open Budget Survey uses 109 indicators to measure budget transparency. These indicators are used to assess whether the central government makes eight key budget documents available to the public in a timely manner and whether the data contained in these documents are comprehensive and useful.

Each country is given a score out of 100 which determines its ranking on the Open Budget Index – the world's only independent and comparative measure of budget transparency.

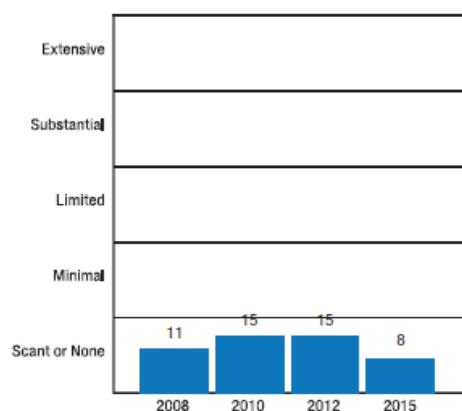


Note: The following categories are used to report the usefulness of each document:  
Not produced, Published Late, Internal Use, Scant, Minimal, Limited, Substantial, or Extensive.



Cambodia's score of 8 out of 100 is substantially lower than the global average score of 45.

### Change in Transparency Over Time



### The Availability of Budget Documents Over Time

Document	2008	2010	2012	2015
Pre-Budget Statement	●	●	●	●
Executive's Budget Proposal	●	●	●	●
Enacted Budget	●	●	●	●
Citizens Budget	●	●	●	●
In-Year Reports	●	●	●	●
Mid-Year Review	●	●	●	●
Year-End Report	●	●	●	●
Audit Report	●	●	●	●

● Not produced/published late   ● Produced for internal use   ● Published

Cambodia's score of 8 on the 2015 Open Budget Index is lower than its score in 2012.

Since 2012, the Government of Cambodia has decreased the availability of budget information by:

- Failing to publish the In-Year Reports in a timely manner.
- Moreover, the Government of Cambodia has failed to make progress in the following ways:
- Not making the Executive's Budget Proposal available to the public.
- Not making the Mid-Year Review available to the public.
- Producing a Citizens Budget but failing to make it available to the public in a timely manner.

### Detail Information of Eight Key Documents

Stage in Budget Cycle	Budget Document	Time to release based on the International Good Practice
Formulation	<b>Document 1: The Pre-Budget Statement</b> provides information (previous and current year macroeconomic performance and projection of the coming budget or fiscal year) that links government policies and budgets. Cambodia has published the Royal Government Circular on Guidelines for Preparation of the Draft Budget Law in the Government Official Gazette since 2009, which is publically accessible at a minimal cost.	The <b>Pre-Budget Statement</b> must be published <u>one month before the draft budget law</u> is submitted to the legislature for consideration.
	<b>Document 2: The Executive's Budget Proposal</b> is document that the MEF submit to the Legislature for approval. It is the government's most important policy instrument as it presents how the government plans to raise revenues through taxes and other sources, and spend those monies to support its priorities including the budget allocation to different sectors, thereby transforming policy goals into action. The Royal Government of Cambodia produces this document for internal use, but does not publish the document for public access as required by international good practice. It is noted that in November 2010, the Draft Budget Law 2011 was released by the MEF and the National Assembly (NA) to the NGO Forum on Cambodia upon its request. However, since 2011, the MEF has not released the document.	The executive budget proposal must be released to the public <u>while the legislature is still considering</u> it or before the legislature approves (enacts) the budget.
Approval	<b>Document 3: The Enacted Budget</b> is the budget that has been approved by the legislature. It becomes the country's law authorizing the executive to raise revenues, make expenditures and incur debts. The document provides baseline information for all budget analyses conducted during the budget year. In general, the Enacted Budget should provide the public with the necessary data it needs to assess the government's stated policy priorities and hold the government accountable. Cambodia publishes its annual Enacted Budget or Law on Finance in the Official Gazette. However, this document does not contain program-level details for expenditure.	The enacted budget must be released to the public <u>no later than three months</u> after it is approved by legislature.
Execution	<b>Document 4: In-Year Reports</b> provide a snapshot of the budget progress of implementing the budget	In Year report must be released to the public <u>no</u>

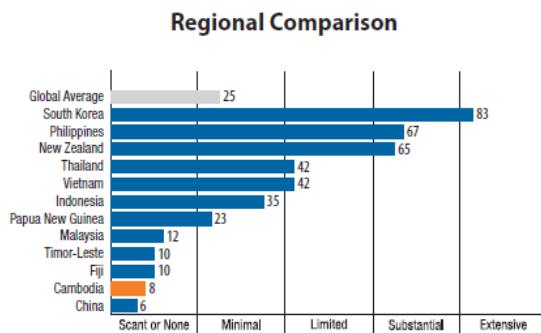
	<p>including the information on actual revenues collected, actual expenditure made and debt incurred at different interval in the fiscal year. Cambodia's In-Year Reports consists of monthly bulletin of statistic and TOFEs (Table of Public Financial Operation) on the progress of revenue and expenditure in each month and year to date. However, these reports lack important details such as breakdowns of expenditures by line ministries, detailed explanations of the difference between actual and planned revenues and expenditures, and regular updates or posting on the MEF's website/other public domain. Importantly, the monthly bulletin of statistic has not been published since 2014 due to the MEF's reconstruction of its website.</p>	<p><b><u>later than three months</u></b> after the reporting period ends.</p>
	<p><b>Document 5: The Mid-Year Review</b> provides a comprehensive update on the implementation of budget at the mid-point of a budget year. Information in this report allows the government's fiscal performance to be assessed against the plan laid out in the original budget. It allows the government, legislature, and 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, the MEF produces the Mid-Year Review for internal use only. It is important that the RGC starts publishing this document as it is an important step towards the RGC fulfilling its obligation to engage the public in the budget process and to fulfill its legal duty as stipulated in Article 84 of the law, which requires all financial and accounting reports to be publicly disclosed. Significantly, the release of this document, as well as other budget documents, requires minimal or no financial cost to the RGC because it is already produced for internal use. If this release of information occurs in a systematic manner, Cambodia is likely to improve its overall results in the next round of OBS.</p>	<p>Mid Year Review report must be released to the public <b><u>no later than three months</u></b> after the reporting period ends.</p>
	<p><b>Document 6: The Year-End Report</b> outlines the situation of the government account compare to the enacted budget at the end of fiscal year. Year-End Reports can inform the public of the government's spending by sectors and ministry and can be used by policymakers to inform budget in upcoming years. In Cambodia, OBS used to consider the TOFE and Monthly bulletin statistic as the Year-End Report. However, these documents were not considered in the OBS 2015 round.</p>	<p>The yearend report is expected to be released to the public <b><u>no later than one year</u></b> after the end of fiscal year to which it corresponds.</p>

<b>Oversight</b>	<b>Document 7: The Audit Report</b> is an independent evaluation of the government's accounts (collection of revenues and expenditures) 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. In Cambodia, audit reports on the RGC'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 it may be disclosed with detailed information omitted, if it contains information considered to be contrary to the national or commercial interest of relevant agencies of the RGC as provided by Article 37, 38 and 39 of the law. In Cambodia, these reports have been released or made available upon request later than two years after the end of the fiscal year. This does not meet the minimum standard of international good practice, which provides that "audit report expected to be available to the public no later than 18 months after end of the fiscal year." For Cambodia, the OBS methodology considered that the reports have been produced, but not published. A timely release of audit reports should improve Cambodia's overall budget transparency score in the future.	Audit report must be available to the public <b>no later than 18 months</b> after end of the fiscal year.
<b>All stages</b>	<b>Document 8: A Citizens Budget</b> 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 better understand the government plans for raising revenues and spending public funds. Since 2014, the MEF has published a "budget in brief", which contained some aggregate figures of revenues, expenditure and macroeconomic indicators. However, this budget in brief is not considered a Citizens Budget based on international best practice because it was not comprehensive or widely disseminate to the public.	Follow the timeline of document it refers to. E.g. if it is simplifies the <b>Enacted Budget</b> , it must be released <b>no later than three months</b> after the budget is approved.

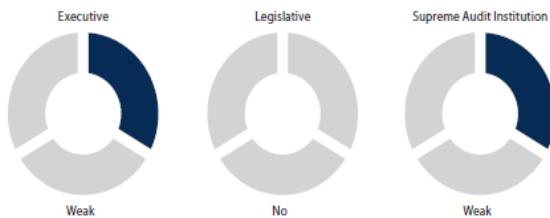
## PUBLIC PARTICIPATION

Evidence suggests that transparency alone is insufficient for improving governance, and that public participation in budgeting can maximize the positive outcomes associated with greater budget transparency. To measure public participation, the Open Budget Survey assesses the degree to which the government provides opportunities for the public to engage in budget processes. Such opportunities should be provided throughout the budget cycle by the executive, the legislature, and the supreme audit institution.

Cambodia's score of 8 out of 100 indicates that the provision of opportunities for the public to engage in the budget process is weak. This is lower than the global average score of 25.



## Elements of Public Participation



## OVERSIGHT BUDGET

The Open Budget Survey examines the extent to which legislatures and supreme audit institutions are able to provide effective oversight of the budget. These institutions play a critical role – often enshrined in national constitutions – in planning budgets and overseeing their implementation.

debate by the legislature does not take place.

Moreover, in both law and practice, the legislature is not consulted prior to spending contingency funds that were not identified in the Enacted Budget.



The legislature provides weak oversight during the planning stage of the budget cycle and limited oversight during the implementation stage of the budget cycle. The legislature does not have a specialized budget research office, and a pre-budget

## Oversight by the Supreme Audit Institution



The supreme audit institution provides limited budget oversight. Under the law, it has full discretion to undertake audits as it sees fit. Moreover, the head of the supreme audit institution cannot be removed without legislative or judicial approval, which bolsters

its independence. Finally, the supreme audit institution is provided with insufficient

resources to fulfill its mandate and has a weak quality assurance system in place.

## METHODOLOGY

The Open Budget Survey uses internationally accepted criteria developed by multilateral organizations such as the International Monetary Fund (IMF), the Organisation for Economic Co-operation and Development (OECD), and the International Organisation of Supreme Audit Institutions (INTOSAI). It is a fact-based research instrument that assesses what occurs in practice through readily observable phenomena. The entire research process took approximately 18 months between March 2014 and September 2015 and involved about 300 experts in 102 countries. The Survey was revised somewhat from the 2012 version to reflect emerging developments in accepted good practice and to strengthen individual questions. A full discussion of these changes can be found in a technical note on the comparability of the Open Budget Index over time (see address below).

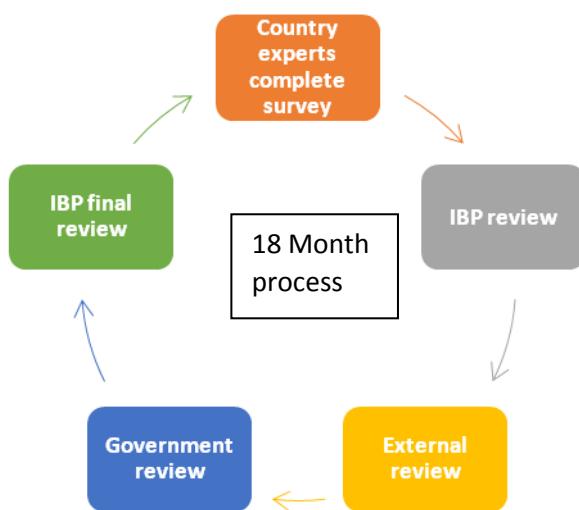
Survey responses are typically supported by citations and comments. This may include a reference to a public document, an official statement by the government or comments from a face-to-face interview with a government official or other knowledgeable party.

The Survey is compiled from a questionnaire completed for each country by independent budget experts who are not associated with the national government. Each country's questionnaire is then

independently reviewed by an anonymous expert who also has no association to government. In addition, IBP invites national governments to comment on the draft results from the Survey and considers these comments before finalizing the Survey results.

The Government of Cambodia provided comments on the draft Open Budget Questionnaire results.

Research to complete this country's Open Budget Survey was undertaken The NGO Forum on Cambodia.



## RECOMMENDATIONS

### **Improving Transparency**

The Royal Government of Cambodia should prioritize the following actions to improve budget transparency:

- Publish an Executive's Budget Proposal within the relevant timeframe (that is when the budget is sent to parliament)
- Publish a Mid-Year Review within three months of the middle of the fiscal year
- Publish in a timely manner a Citizens Budget and In-Year Reports.

### **Improving Participation**

The Royal Government of Cambodia should prioritize the following actions to improve budget participation:

- Establish credible and effective mechanisms (i.e., public hearings, surveys, focus groups) for capturing a range of public perspectives on budget matters.
- Hold legislative hearings on the budgets of specific ministries, departments, and

agencies at which testimony from the public is heard.

- Establish formal mechanisms for the public to assist the supreme audit institution to formulate its audit program and participate in audit investigations.

### **Improving Oversight**

The Royal Government of Cambodia should prioritize the following actions to strengthen budget oversight:

- Establish a specialized budget research office for the legislature.
- In law and practice, ensure the legislature is consulted prior to the spending of contingency funds that were not identified in the Enacted Budget.
- Ensure the supreme audit institution has adequate funding to perform its duties, as determined by an independent body (e.g., the legislature or judiciary).

## WHY SHOULD THE ROYAL GOVERNMENT OF CAMBODIA PUBLISH THESE BUDGET DOCUMENTS?

The Royal Government of Cambodia publishing these eight key budget documents in a timely manner would provide a strong message to international and local communities as the following:

### **International level**

- 1- Shows the government's commitment to combat the corruption as well as the successful enforcement of the anti-corruption law adopted and promulgated in 2010.
- 2- Improved image of the country and a higher OBI score will help to attract more foreign

direct investment or managing development aid. This would assist with meeting the Cambodian development agenda.

### **Local level**

- 1- The government can use more comprehensive and timely data to make better budget decisions.
- 2- Increase trust from the local communities as 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
- 3- Show the government are accountable in using the public fund based on the citizens needs
- 4- Citizens are able to see the effectiveness and efficiency of the government's budget system in contributing to the poverty

reduction and improving the economy of the country.

- 5- 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;

#### FOR FURTHER INFORMATION, PLEASE CONTACT ADDRESS BELOW:



INTERNATIONAL BUDGET PARTNERSHIP  
Open Budgets. Transform Lives.

The International Budget Partnership is an international nongovernmental organization that collaborates with civil society organizations in over 100 countries around the world to ensure that government budgets are more responsive to the needs of poor and low-income people in society and, accordingly, to make budget systems more transparent and accountable to the public. IBP has offices in Washington, D.C.; Cape Town, South Africa; Mumbai, India; and Nairobi, Kenya; and staff based in Egypt, the U.K, and Brazil.

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នគរបាលអង្គភាពសាខាអប់រំ កម្ពុជា  
The NGO Forum on Cambodia

The NGO Forum on Cambodia is a membership organization for local and international non-governmental organization that build NGO cooperation and capacity, supporting NGO network and other civil society organization to engage in policy dialogue, debate and advocacy. It works to ensure the rights of the poor and vulnerable are recognized and supported by the policies and practices of Cambodia's government and development partners and the wider community.

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