



Brand South Africa

Research - Internal Analysis The 2022 Open Budget Index

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I. What is the Open Budget Survey

Published every 2 years, the Open Budget Survey is an index of budgetary accountability, which has been instituted since 2006¹. It measures 3 main indicators, budget transparency, budget oversight, and public participation in the budgeting process. The 2021/2 report is a ranking of 120 countries, 77 of which have been assessed since the initial report in 2006. The index is published by the International Budget Partnership, a coalition of academics and civil society organizations, which focus on transparency.

The report's main assumptions maintains that participatory budgetary processes promote efficiency and accountability, and that tax compliance increases if citizens are aware of where and how funds will be spent and trust the accountability and oversight processes. It is noteworthy that the report was published in June 2022, labelled the OBS 2021, and contains results up to the end of 2020. This is as it takes time to verify and write-up such a report in light of its complexity.

Methodologically the survey assesses the 3 main indicators of accountability, participation and oversight using a survey-based approach. Budget experts from each of the 120 countries assessed are involved in the completion of a questionnaire, which is then anonymously reviewed, with governments also being provided space to comment on the findings prior to

publishing. The transparency index (OBI), which encompasses the open budget index and is the only real ranking emerging from the survey also assess a country's publishing of documents relating to the budget, including preparatory budget statements, midterm reviews, and oversight documentation. Further, it measures transparency, participation and oversight during all for processes of budgeting, formulation, execution, implementation and oversight. Moreover, it assesses the roles of the public, legislators and audit committees in the process and their influence in relation to prioritisation and oversight. Significantly it attempts to provide a picture of material and substantive participation and oversight and is not only concerned with formal mechanisms of participation and oversight.

The 2019 and 2021/2 survey also utilises the criteria adopted by the Global Initiative for Fiscal Transparency (GIFT) as a means of assessing oversight. The survey was also adjusted to increase the salience of participation, with the IBP arguing that participation would enhance accountability and thus should be prioritised. Despite the mixed approach used in collation, which includes 'harder' measures such as actual documentation, with the perceptions of analysts and academics, the Open Budget Survey (OBS), and the OBI have received very little criticism, mainly since governments also have a voice in responding to and influencing the report.

II. 2021/22 Results

The OBS and OBI 2021 was relatively unchanged from the 2019/20 report, which measured accountability indicators up to the end of 2018. Participation stayed the same, averaging a score of 14, oversight decreased to 52 from 53 in 2018, with transparency increasing to 45 from 44 in the last survey. This was despite the fact that the 2020 period encompassed the first year of the Coronavirus pandemic.

The report assessed that the mode of participation, toward virtual submissions, had meant that governments were able to continue in a very similar manner. Further, it also concluded that although the pandemic led to an increase in emergency funding, which lacked transparency, most of this spending was instituted through emergency processes and not through the normal budgetary process, and thus was not measured.

Further, it concluded that in all three indicators, participation and transparency were most exercised during the formulation and execution process and lacking during the implementation and oversight processes. Further, it assessed auditory oversight as surprisingly greater than legislative oversight; around 29 countries were deemed to have adequate legislative oversight, while 63 had adequate auditory oversight. Further, in-year

oversight decreased from 69 countries in 2019 to 51 in the 2021/2 edition. It was noted that oversight is different from actual influence, with the report finding that in many instances legislature and auditor findings were not implemented and/or budgetary processes were merely shifted away from such bodies.

Concerning transparency, it concluded that over 299 of the 960 documents that were deemed necessary for transparency were not published, with around half of the missing documents published but not made accessible. This would have increased the average to 54 were these made available. It also noted that around a third of documents published lacked adequate information for real decision making.

Participation was seen as the weakest indicator, scoring 14 on average. Only 4 countries, South Korea, the UK, Georgia and New Zealand scored above 41 for participation, with all four scoring less than the 60, which would be deemed sufficient. Further, only 19 countries have mechanisms for participation in assessing the audit report; here again the report concluded that participation in the implementation and oversight phases are lower when compared to the already low participation rates during the formulation and execution stages.

III. South Africa

South Africa maintained its position on the OBI, ranking second, a single place drop from the 2019/20 score, which is now held by Georgiaⁱⁱ. Further, the country is one of only 17 countries to publish the 8 key documents required for adequate budgetary transparency, and maintained its 100 score for auditory oversight. Significantly only a third of the 120 countries measured are deemed to have had adequate oversight, which is a score of 61 and over on the index.

However, in relation to participation, a worrying drop could be observed, with the country's score for participation decreasing by 5 from an already low 24 in the 2019/20 reportⁱⁱⁱ. This is still higher than the 14 average score for global participation. The report noted the lack of participation, especially amongst the disadvantaged as a large impediment, arguing that it should also involve more citizens and civil society organisations in the pre-approval process. Zambia, with a score of 24, is now ranked higher in relation to participation, the only indicator in which South Africa is not at the helm of regionally. South Africa remains ranked higher than Nigeria, Egypt, Brazil and Kenya in relation to the OBI and the composite more generally.

Indicator	2019	2021	Global Average 2021
Transparency	87	86	45
Participation	24	19	14
Composite Oversight	83	81	52

IV. Conclusion

South Africa remains highly rated in relation to budget accountability, scoring over 80 in the transparency and oversight indicators; it is only one of 27 countries to receive such a score in the 2021/2 version of the OBS. The drop in the participation score is worrying, however, the COVID-19 pandemic and the continued issues with digital accessibility would likely have disadvantaged South Africa in relation to countries such as Georgia, South Korea, the UK and New Zealand, which were scored highly in this indicator.

Treasury has responded, stating the country is part of the Fiscal Openness accelerator (FOA) pilot project, which will reach its fruition in 2022 and will likely result in an increase in public participation in future^{iv}. This is especially important in a context wherein accountability according to the survey has increased by 23% since 2008. 36% countries are now deemed to be providing sufficient information to allow for budget accountability, up from 23% in 2008.

References

ⁱ <https://internationalbudget.org/wp-content/uploads/Open-budget-survey-2021-1.pdf>

ⁱⁱ https://internationalbudget.org/wp-content/uploads/2021_OBS_rankings.pdf

ⁱⁱⁱ <https://internationalbudget.org/sites/default/files/country-surveys-pdfs/2019/open-budget-survey-south-africa-2019-en.pdf>

^{iv} http://www.treasury.gov.za/comm_media/press/2022/2022071501%20MEDIA%20STATEMENT%20-%20OPEN%20BUDGET%20INDEX%202022.pdf