

Introduction

Good budgeting is supported by, and in turn supports, the various pillars of modern public governance: transparency, integrity, openness, participation, accountability and a strategic approach to planning and achieving national objectives

- OECD Recommendation on Budgetary Governance

The principle of budget transparency - including the clarity, comprehensiveness, reliability, timeliness and accessibility of public reporting on public finances - is now widely accepted around the world. There are various definitions of budget transparency and fiscal transparency, but they can all be summarised in one core concept: **budget transparency means being fully open with people about how public money is raised and used.**

There are multiple reasons why budget transparency is seen as a desirable objective. Here are some of the most important recognised benefits of budget transparency:

Accountability: Clarity about the use of public funds is necessary so that public representatives and officials can be accountable for effectiveness and efficiency.

Integrity: Public spending is vulnerable not only to waste and misuse, but also to fraud. “Sunlight is the best policy” for preventing corruption and maintaining high standards of integrity in the use of public funds.

Inclusiveness: Budget decisions can profoundly affect the interests and living standards of different people and groups in society; transparency involves an informed and inclusive debate about the budget policy impacts.

Trust: An open and transparent budget process fosters trust in society that people’s views and interests are respected and that public money is used well.

Quality: Transparent and inclusive budgeting supports better fiscal outcomes and more responsive, impactful and equitable public policies.

The role of a “Toolkit on Budget Transparency”

Many international organisations, public and private, have devoted attention to budget transparency over the years. Together, they comprise the international community of practitioners, experts and advocates, with a range of complementary perspectives (see Chapter 1). Most of these organisations have produced detailed analysis and guidance on budget transparency issues. The purpose of this document is not to repeat or replace all of that guidance. Instead, it is intended that this Toolkit will serve three purposes:

1. Provide a gateway to the wealth of information, including official standards issued by international bodies with wide representation, detailed guidance and other resources on budget and fiscal transparency that are available across the international community
2. Help countries make best use of this material to self-assess their own level of budget transparency, or encourage assessments through third parties such as International Financial Institutions (IFIs), and to plan and implement an agenda of transparency-focused reform, by providing a useful digest and “checklist” of common lessons from the international experience
3. Bring together, in a collaborative way, the insights of the international community of budget and fiscal transparency so as to reinforce key messages and priorities.

By helping countries to take action on budget transparency and by pointing them towards the additional practical supports that are most relevant, in light of country-specific circumstances, this Toolkit can be a practical resource and point of reference.

How can I use the “tools” in this Toolkit?




For countries wishing to improve their budget transparency levels, there is much authoritative guidance available on the standards that should be followed, and how they should be applied across different phases of the budget cycle, from its preparation and planning stages, through to presentation, debate, authorisation, execution, reporting and accountability. There are also many resources available in a range of formats – from user-friendly to highly technical and in-depth – aimed at different practitioners and users of budget data. Not surprisingly, it can sometimes seem difficult to know where exactly to start. To help in making the best use of this material, and in deciding upon the most suitable approach for your country or institution, the following tools are provided.

Gateway to official standards and guidelines (Chapter 1): All of the official standards, legal instruments and key guidance documents relating to budget and fiscal transparency, from all of the relevant international organisations, are presented in **Chapter 1** of the Toolkit. The particular characteristics and roles of these standards / guidelines are explained, so that users of the Toolkit can decide which may be most relevant for your own purposes; and guidance is provided on how to start making use of these materials. The official standards and guidelines form the foundation on which this Toolkit is based: After gaining an introduction to the various dimensions of budget transparency provided throughout this Toolkit, users can refer directly to these materials for more detailed and definitive guidance.

Multi-dimensional map of budget transparency (Chapter 2): Depending on the institutions or sectors of most interest to users, different standards and guidance materials will be of relevance. The multi-dimensional map of budget transparency - see page 43 - is designed to help users navigate directly to the resources available in each area. The five key dimensions, based on the structure developed by OECD for **Chapter 2** of the Toolkit, are as follows:

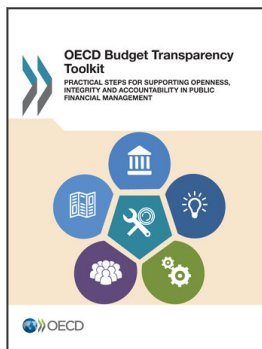
- the government (or executive branch)
- the parliament (or legislature)
- independent public institutions (including audit offices and fiscal councils)
- citizens and civil society organisations, and
- the private sector.

Toolkit Topics: The multi-dimensional approach is used as a way of structuring the guidance material throughout Chapter 2 of the Toolkit. For each of the five dimensions, a number of particular budget transparency ‘topics’ are set out in a standard format.

- Each individual **Toolkit Topic** is first identified, by letter and number, with an outline of its role and importance for budget transparency.
 - Some  **suggested starting points** within each Topic are then listed in summary form. These points provide an initial orientation on key areas for action on budget transparency, drawn from the more detailed international standards - they should not, however, be regarded as a substitute for the standards themselves. In addition, different items may sometimes be of greater or lesser relevance depending on country-specific circumstances.
- **Navigating to the international standards:** Each Topic concludes with an indication of where it is dealt with more fully in the  **International Standards and Guidance***. The various international norms and guidance materials are referenced through simple “tags” (as explained at the end of this introductory chapter). In this way, the Shared Toolkit serves as a “navigation aid” to the existing standards and guidance material, pointing the way to the detailed and authoritative material to help users take the next steps in putting budget transparency into practice.
- Beneath each of the Topics, you will find  **Examples from around the world** which, are brief illustrations of how various countries have succeeded in implementing the particular budget transparency tool or topic. The country examples are not limited to OECD countries, but include innovative and inspiring examples from every region.
- **Budget cycle action points:** The Annex (see page 99) shows cross-references from the Toolkit Topics to the distinct phases of the budget cycle, and to the (potential) roles of various institutions at each phase.

Through this common, structured approach, it is hoped that users of the Toolkit can get a good sense of the most important issues in each broad area; identify actions that can be taken to improve budget transparency; and easily find their way towards more international examples, standards and practical guidance.

* International standards are those standards that *i*) have been issued by an internationally recognised body (with wide representation of countries), *ii*) have broad applicability across different jurisdictions (widely applicable across countries), and *iii*) have been broadly endorsed through extensive consultation with relevant stakeholders, including a public consultation process.



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