

**YANGON UNIVERSITY OF ECONOMICS**  
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**BUDGET TRANSPARENCY AND PARTICIPATION AT  
LOCAL GOVERNMENT LEVEL IN MYANMAR**

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## **ABSTRACT**

The study analyzed the participation of citizens in budgeting process in local government in Myanmar. It was conducted a total of 120 respondents where 102 were ordinary citizens, 10 were government officials and 8 were ward Executive officers. The study used both primary and secondary data through interviews, questionnaires and existing literatures of on budget transparency and citizen's participation in the budget process in local government level. The study used the descriptive method. The findings from this study indicated that 89% of all respondents do not know how the budget process of local government is prepared and 95% have never participated in budget formulation at the local government level. The findings indicate that there is no effective participation of citizens in the preparation of local government budget and the knowledge of respondents on the process is low that affect the citizens participation. The study has made recommendations for improving citizens' participation at local government level where citizens can have direct participation in the budget. The recommendations are focusing government, non-state actors who can undertake some interventions that can improve citizens' participation in budgeting process.

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## **LIST OF ABBREVIATION**

IBP	International Budget Partnership
OBS	Open Budget Survey
OBI	Open Budget Index
OECD	Organization for Economic Co-operation and Development

# **CHAPTER 1**

## **INTRODUCTION**

Transparency and participation in the budget process are important strategies for sustainable development. To play an active role in the realization of their basic rights, citizens need to have access to information and opportunities to hold local authorities accountable for the delivery of public services.

Budget transparency is particularly important in local government. Globalization has given rise to a greater recognition of the role of local government, demonstrated by a widespread resort to the subsidiary principle and a growing municipal participation in public policies. The strengthening of local governments along with substantial changes in the way those governments operate has kindled the interest of stakeholders in knowing what governments do, how and at what price. Fairly often, international organizations involved in promoting budget transparency consider local governments to be ideal for testing new systems or arrangements before they are implemented at higher levels.

Historically, Myanmar's fiscal, administrative and political structures have been highly centralized. However, in recent decades, Myanmar government recently taken steps to enhance transparency fiscal information available in the public domain by publishing the Pre-Budget Statement, Executive's Budget Proposal, Enacted Budget, In Year Report and Year-end Report in addition to the Union Budget Law available to the People. The Citizen's Budget 2018-2019 or "People's Budget" was released as a commendable effort to provide some basic information to citizens and first step to increase awareness and improve budget literacy. A lot remains to be done for access to information at township or district level, but the trend is on the upside. As an illustration, States and Regions have started to publish their own citizens' Budgets since 2017 and more than 10 states and regions has joined the exercise for the 2017/2018.

### **1.1 Rationale of the Study**

Countries around the world are witnessing the emergence of new information and communication technologies (ICT) which are poised to radically change the relationship

between citizens and Governments. This trend is complemented with an increased willingness from Governments to open-up data and to create innovative channels to connect with citizens.

As a growing number of countries look to the digital economy for innovation and growth, releasing data has an important role to play. Opening-up data and in particular *financial data* (budgets, revenues, expenditures and other financial activities) has the potential to create tremendous economic and social value by improving service delivery, supporting more transparent and accountable governments, and fostering economic growth.

Budgets are one of the most important public policy instruments through which government's influence and impact economic and social development. Budgeting decisions and budget execution affect the daily life of every citizen in a country, and may have a greater impact in vulnerable groups such as the poor, which rely on an effective allocation of resources to social programs and for the delivery of basic public services.

Emerging evidence indicates that countries that have undergone “*budget transparency*” efforts coupled with participatory mechanisms are more likely to respond to people’s needs in ways that will improve their lives. Among its main benefits, budget transparency has the potential to lead to greater fiscal credibility and performance as well as cheaper international credit, improved allocations of resources which will translate into better provision of public services, particularly in social sectors (health, education etc.); while limiting corruption and wasteful spending that will have a positive impact in overall good governance outcomes.

Moreover, there are an important number of studies documenting how budget transparency efforts have contributed to higher and better spending allocations on key sectors such as education, agriculture and health when budget and expenditure data were used by citizens for advocacy and/or monitoring purposes (such as identifying gaps and leakages) that have exacted government corrective measures. For the same reasons, providing comprehensive, timely and accurate budget and financial information becomes a priority for many governments around the world and a necessary pre-condition to be able to meet people’s most immediate needs.

The Myanmar Government has joined the global trends of increased transparency as a cornerstone of modern public governance and has anchored its efforts in looking for more innovative ways to make information available to the public. It has done that by requesting provincial and local governments to improve the disclosure of financial information in order to engage with citizens in a more systematic manner.

Since first directed by the central government a number of good transparency initiatives have emerged at the subnational level with the Hunan Province leading these efforts. In 2016 and with the support of international partners such as the World Bank Group the Hunan Provincial Government started publishing the first annual Citizens' Budget Report and Budget Performance Report, and has set up an internet platform which allows an open engagement with citizens.

As the successful implementation of the envisioned transparency policy heavily relies on the cooperation of local governments, due to high degree of fiscal decentralization existent in the country

## **1.2 Objectives of the Study**

The objectives of this study are as follows:

1. To identify the budget transparency and the budgeting process in Myanmar
2. To analyze the citizen's participation in the budget process at the local government level

## **1.3 Scope and Method of the Study**

The study focuses on the respondents from citizens as an ordinary citizen, civil society organization and government office. Using simple random sampling method, a sample of 120 is selected. Survey technique will use by distributing questionnaires among the population of the study.

An analytical study is undertaken to meet the objectives of this study with the collection of both secondary and primary data. The respondents mentioned above were interviewed using a semi structured questionnaire. The analysis of data was done using the SPSS software with extensive application of simple measures such as computation of means, frequencies and percentages.

#### **1.4 Organization of the Study**

This thesis is organized into five chapters. Chapter (1) includes the rationale of the study, objectives of the study, scope and method of the study and organization of the study. Chapter (2) is the illustrations of the concept and theoretical frameworks that have been used regarding the importance budget transparency and budgeting practices in international standard. In Chapter (3), it includes the background of budget transparency of Myanmar and Budget Process in Myanmar. Chapter (4) includes the analysis the citizens' participation in budget process in Myanmar. Finally, Chapter (5) is the conclusion of the thesis, findings, recommendations, suggestion and needs for further research is described.

## **CHAPTER 2**

### **THEORETICAL BACKGROUND**

This chapter presents theories, concepts, and relevant literature on budget transparency and budgeting process in international standard. This chapter also attempts to review the relevant literature on the importance of budget transparency in the developing country and the conceptual framework of this study.

#### **2.1 Budget Transparency**

A comprehensive statement of government financial plans including expenditures, revenue, deficit or surplus and debt. The budget is the government's main economic policy document, indicating how the government plans to use public financial resources to meet policy goals. Document(s) that include the plan of the future financial activities of the government or a governmental organization. The budget is generally prepared annually, and comprises a statement of the government's proposed expenditure, revenue, borrowing and other financial transactions in the following year and , in many countries, for two or three further years.

Budget transparency refers to the extent and ease with which citizens can access information about and provide feedback on government revenues, allocations, and expenditures. Budgets are key documents since they lay out a government's priorities in terms of policies and programs. Opening up budgets is a first step toward democratizing the budget process and giving citizens a say in policy formulation and resource allocation.

Budget transparency, while not a goal in itself, is a prerequisite for public participation and accountability. A budget that is not transparent, accessible, and accurate cannot be properly analyzed. Its implementation cannot be thoroughly monitored nor its outcomes evaluated. Given the technical nature of budgets and the budget process, transparent budgets require that the information contained in budgets is presented in full as well as in simplified form, and in a timely manner.

### **2.1.1 Importance of Budget Transparency**

Budget transparency entails numerous benefits but four stand out. First, budget transparency and oversight over how resources are allocated and spent are powerful disincentives for officials to misuse or misappropriate funds, reducing the likelihood of corruption. If budgets are open to the public and effective legislative scrutiny, there is also less room for deviation from policy decisions and reversal of budget allocations. Additionally, budget transparency allows citizens to provide feedback on the quality and adequacy of services and infrastructure provided. This feedback, combined with reduced corruption, results in more efficient use of resources.

In many cases, perceptions of high levels of corruption and the opaqueness of operations lie at the heart of citizens' distrust of their governments. Opening up their books of account is likely to lead to more trust in governments.

Governments and public institutions at all levels (national, provincial, local, service delivery units) formulate budgets. However, opaque budget processes, off-budget activities, and poorly managed expenditure systems provide manifold opportunities for corruption and resource mismanagement. The Budget Transparency Feedback Loop shows the key steps involved in making budgets transparent and transforming them into tools which empower citizens to influence policy, programs, and resource allocations.

The Cameroon Budget Inquirer plainly and elegantly tackles the first two steps in the loop, disclosure and simplification. The site's potential to serve as an information dissemination device is also significant given the nature of the internet itself. However, the realization of this potential will largely depend on the site's users and the extent to which they share it with friends, family, and colleagues. We hope that by facilitating the top half of the loop, we will foster greater understanding of and discussion around budget issues, and eventually elicit citizen feedback to public officials. While the site already features functionalities which allow comments and therefore facilitate discussion, there is currently no direct link of communication to budget holders to give feedback or to deposit queries. If there is demand, such a feature can perhaps be developed in the future.

Finally, budget transparency can help generate higher revenues for governments since citizens are more likely to pay taxes if they trust that their money will be well spent.

### **2.1.2 OECD Best Practices for budget transparency**

OECD Member countries are at the forefront of budget transparency practices. At its 1999 annual meeting, the OECD Working Party of Senior Budget Officials asked the Secretariat to draw together a set of Best Practices in this area based on Member countries' experiences. The Best Practices are in three parts. Part 1 lists the principal budget reports that governments should produce and their general content. Part 2 describes specific disclosures to be contained in the reports. This includes both financial and non-financial performance information. Part 3 highlights practices for ensuring the quality and integrity of the reports. The Best Practices are designed as a reference tool for Member and non-member countries to use in order to increase the degree of budget transparency in their respective countries. The Best Practices are organized around specific reports for presentational reasons only. It is recognized that different countries will have different reporting regimes and may have different areas of emphasis for transparency. The Best Practices are based on different Member countries' experiences in each area. It should be stressed that the Best Practices are not meant to constitute a formal "standard" for budget transparency.

The budget is the government's key policy document. It should be comprehensive, encompassing all government revenue and expenditure, so that the necessary trade-offs between different policy options can be assessed. The government's draft budget should be submitted to Parliament far enough in advance to allow Parliament to review it properly. In no cases should this be less than three months prior to the start of the fiscal year. The budget should be approved by Parliament prior to the start of the fiscal year. • The budget, or related documents, should include a detailed commentary on each revenue and expenditure programme. Non-financial performance data, including performance targets, should be presented for expenditure programmes where practicable. The budget should include a medium-term perspective illustrating how revenue and expenditure will develop during, at least, the two years beyond the next fiscal year. Similarly, the current budget proposal should be reconciled with forecasts contained in earlier fiscal reports for

the same period; all significant deviations should be explained. • Comparative information on actual revenue and expenditure during the past year and an updated forecast for the current year should be provided for each programme. Similar comparative information should be shown for any non-financial performance data. • If revenue and expenditures are authorised in permanent legislation, the amounts of such revenue and expenditures should nonetheless be shown in the budget for information purposes along with other revenue and expenditure. • Expenditures should be presented in gross terms. Ear-marked revenue and user charges should be clearly accounted for separately. This should be done regardless of whether particular incentive and control systems provide for the retention of some or all of the receipts by the collecting agency. Expenditures should be classified by administrative unit (e.g .ministry, agency). Supplementary information classifying expenditure by economic and functional categories should also be presented. The economic assumptions underlying the report should be made. The budget should include a discussion of tax expenditures. The budget should contain a comprehensive discussion of the government's financial assets and liabilities, non-financial assets, employee pension obligations and contingent

### **2.1.3 Open Budget Survey (OBS), International Budget Partnership**

The Open Budget Survey (OBS) is designed to be easily understood by a broad audience. It provides clear assessment criteria through the indicators/questions and guidelines that are included in the Open Budget Questionnaire, such as a specific and measurable definition of "public availability of information." In all countries assessed, the OBS questionnaires are completed and reviewed by independent budget experts that are not affiliated to the government, or to any political party. In addition, the OBS questions are evidence-based and require citations and explanatory comments in order for answers to be accepted. This makes the OBS a uniquely independent and unbiased collection of information on the status of fiscal openness around the world.

The survey results are publicly available and can therefore be used by anyone who wishes to identify trends, progress, and fall-backs at the national, regional, and global level. Development agencies, civil society organizations, and government officials have used the results to find concrete ways to improve budget transparency. By honing in on

specific indicators and graded responses, country-level policy makers can diagnose weaknesses, identify gaps, and develop strategies for making the budget more open.

Since 2006 IBP has conducted the biannual Open Budget Survey (OBS), a unique, global, independent, and comparable measure of government practices in budget transparency, participation, and oversight. The Open Budget Survey 2015 examined 102 countries, and its next iteration (in 2017) will cover 115 countries. This makes the OBS the biggest and most regularly conducted cross-country time series on how openly national/central governments manage public finances. The data are collected through the Open Budget Survey Questionnaire, which includes a total of 142 questions and guidelines on three pillars of the accountability system:

**Budget transparency:** The public availability, timeliness, and comprehensiveness of eight key budget documents that, according to internationally accepted good practice criteria for public financial management, all countries should publish at different points in the budget process. This section of the survey is used to calculate the Open Budget Index, whereby countries are given a score between 0 and 100 and ranked according to their level of budget transparency. **Budget participation:** The opportunities governments are providing to civil society and the general public to engage in the budget process, in order to contribute and influence decisions on how public resources are raised and spent. **Budget oversight:** The role and effectiveness of formal institutions (independent fiscal institutions, legislatures, and supreme audit institutions) to understand, monitor, and influence how public resources are being raised and spent.

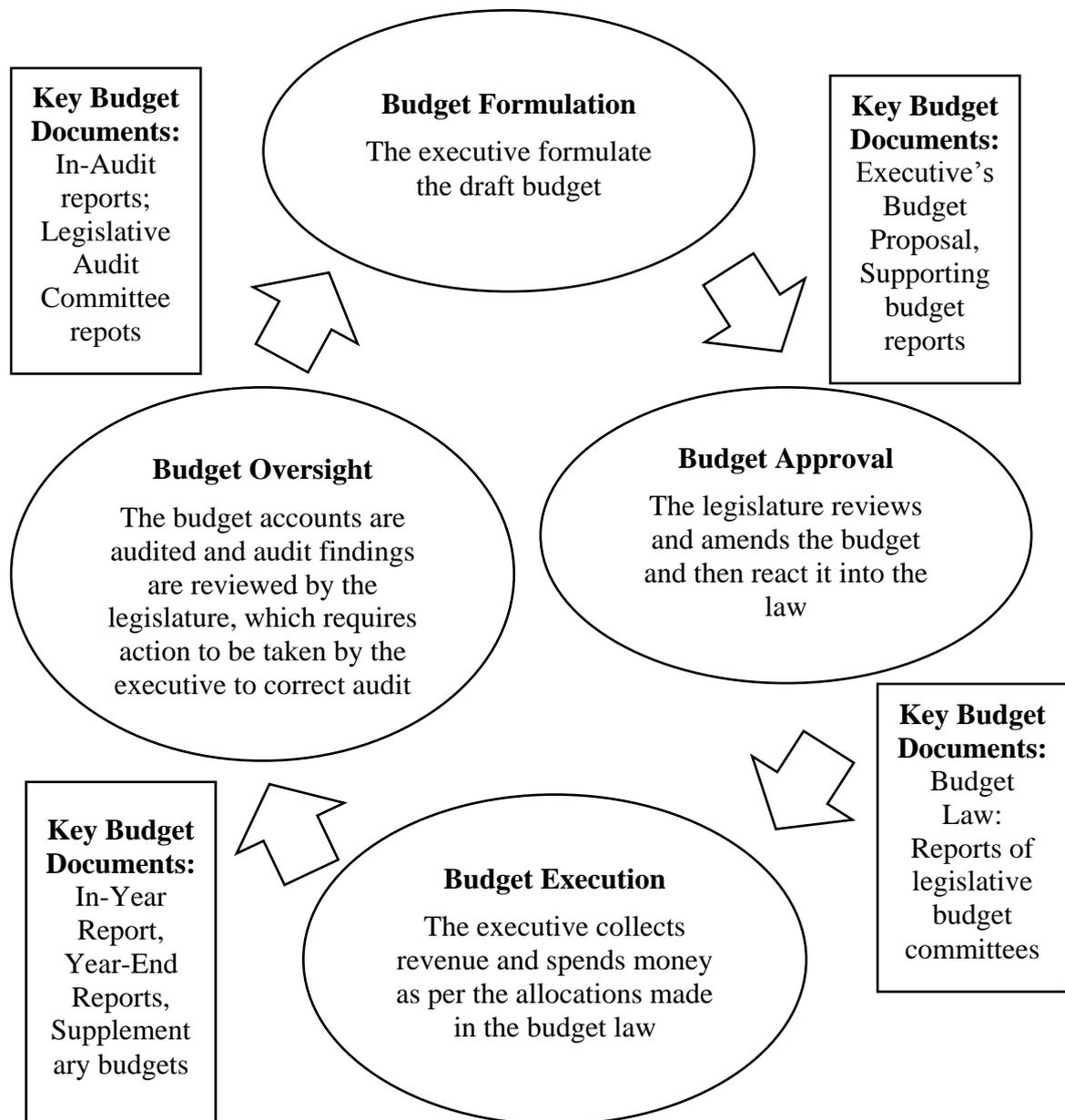
Many of the criteria used in the OBS are drawn from those developed by multilateral organizations, such as the IMF's Code of Good Practices on Fiscal Transparency, the Public Expenditure and Financial Accountability initiative (PEFA), the OECD's Best Practices for Fiscal Transparency, and the International Organization of Supreme Audit Institutions' Lima Declaration of Guidelines of Supreme Audit Precepts.

## **2.2 Budget Process**

International good practice recommends that governments publish eight budget reports at various points in the budget cycle. Increasingly, civil society organizations, donors, and governments are asking for more information on why these particular reports

are important, what a model report should contain to be considered transparent, and when these reports should be published.

Figure 2.2: Key Stages of the Budget Process and Related Budget Documents produced in each process



Source: International Budget Partnership,2012

Those eight key budget documents are as below;

- **Pre-Budget Statement:** discloses the broad parameters of fiscal policies in advance of the Executive's Budget Proposal; outlines the government's economic forecast, anticipated revenue, expenditures, and debt.
- **Executive's Budget Proposal:** submitted by the executive to the legislature for approval; details the sources of revenue, the allocations to ministries, proposed policy changes, and other information important for understanding the country's fiscal situation.
- **Enacted Budget:** the budget that has been approved by the legislature.
- **Citizens Budget:** a simpler and less technical version of the government's Executive's Budget Proposal or Enacted Budget, designed to convey key information to the public.
- **In-Year Reports:** include information on actual revenues collected, actual expenditures made, and debt incurred at different intervals; issued quarterly or monthly.
- **Mid-Year Review:** contains a comprehensive update on the implementation of the budget as of the middle of the fiscal year; includes a review of economic assumptions and an updated forecast of budget outcomes.
- **Year-End Report:** describes the situation of the government's accounts at the end of the fiscal year and, ideally, an evaluation of the progress made toward achieving the budget's policy goals.
- **Audit Report:** issued by the supreme audit institution, this document examines the soundness and completeness of the government's year-end accounts.

### **2.2.1 Budget Formulation Stage**

The first stage of the budget process takes place almost exclusively within the executive branch of government. Typically the budget office in the finance ministry

coordinates the process, during which the executive proposes the parameters of the budget, how revenues will be generated, and how these resources will be distributed. The result of this process is the Pre-Budget Statement.

For CSOs in countries in which the government issues a well-formulated Pre-Budget Statement, there is a critical opportunity to influence government policies and budget decisions. For instance, in the United Kingdom, the Institute for Fiscal Studies analyzes the government's Pre-Budget Reports and publicizes its recommendations to try to influence the government before final decisions have been made. And in Brazil, the Pre-Budget Statement must be approved by the legislature, which gives CSOs an opportunity to influence its contents.

Those that don't have access to a Pre-Budget Statement should be aware that the budget is rarely constructed from scratch. Major parts of the budget may be anticipated by drawing on evidence generated from analyses of previous budgets. While not ideal, such detective work can be used to advocate for or against things likely to be in the budget proposal. In addition, CSOs can gather public opinion on what should be in the budget and use this information, along with their own budget analysis and monitoring, to communicate needs and priorities. There may also be opportunities for CSOs to establish informal lines of communication with executive branch officials.

### **2.2.2 Budget Approval Stage**

The budget approval, or enactment, phase is when the Executive's Budget Proposal is submitted to the legislature, where the members may then debate, alter, and approve the final budget. Frequently, it is at this point that the key issues in the debate over the budget are established. Ideally, the legislature has the authority, resources, and time to review the executive's proposal and make amendments. In practice, the legal framework for the budget process or the political system in a country may limit the impact the legislature can have on the budget.

Many legislatures are also hampered by their lack of staff and budget expertise. Nevertheless, these constraints do not close off all options. In most countries, legislators can engage in budget issues by holding hearings, establishing special committees, requesting information from the executive branch, or having public debates. The process ends when the budget is adopted by the legislature, either intact or with amendments. The

budget also can be rejected by the legislature and, in some countries, replaced by the legislature's own proposal. The outcome document from this approval process is known as the Enacted Budget.

### **2.2.3 Budget Execution Stage**

The budget execution stage is when funds are actually raised and spent to implement the policies, programs, and projects outlined in the enacted budget. This stage can be somewhat of a challenge for civil society groups looking to ensure the budget is implemented as intended, as they typically have limited options for engagement. Governments differ widely in how they regulate and monitor spending to ensure adherence to budgets. In some cases, the treasury (or finance ministry) exercises strong central control over spending. In cases where departments have more autonomy over managing their budgets, treasuries monitor expenditures through such requirements as regular reporting by each department of its spending.

In practice, budgets generally are not implemented exactly as they were approved; in many cases funding levels in the budget are not adhered to and, through such practices as *virement* (i.e., the executive shifts funds that were allocated to one area to another during the budget year), authorized funds are not spent for the intended purposes. Deviations can result from conscious policy decisions or in reaction to changing economic conditions, but concerns arise when there are dramatic differences between the allocated budget and actual spending that do not correlate with any measurable policy. Sometimes these cases result from outright abuse by the executive, but they may also reflect the effects of a poor budget process and technical problems that make it difficult for the executive to implement the budget in line with what was enacted into law. For instance, the budget may not be clear about the intended purposes of particular funds, and weak monitoring and reporting systems can limit the availability of information that the executive needs to monitor the flow of expenditures.

### **2.2.4 Budget Oversight Stage**

Budget oversight includes a number of activities that aim to measure whether public resources have been used appropriately, effectively, and efficiently. At the end of the fiscal year, the executive branch should report its financial activities to the legislature

and the public, as well as to an independent and professional supreme audit institution (SAI).

Nearly every country in the world has a functioning SAI that is mandated with checking whether public funds are being managed properly and in line with the law and sound financial management practices. Depending on the country, SAIs can be named the Office of the Auditor General (in Westminster systems), the Court of Accounts (in Napoleonic systems), or the Board or Commission of Audit (in parts of Asia and Latin America). SAIs assess the proper use of public funds by conducting financial audits that examine the legality of financial transactions, as well as the efficient and effective use through performance audits. SAIs then submit their findings and recommendations for addressing identified problems to the legislative committee responsible for oversight, which then should convene hearings to discuss the major findings and call on the executive to act on the recommendations. The SAI should also release its Audit Report to the public in a timely way after the end of the fiscal year.

## **CHAPTER 3**

### **BUDGET TRANSPARENCY AND BUDGET PROCESS IN MYANMAR**

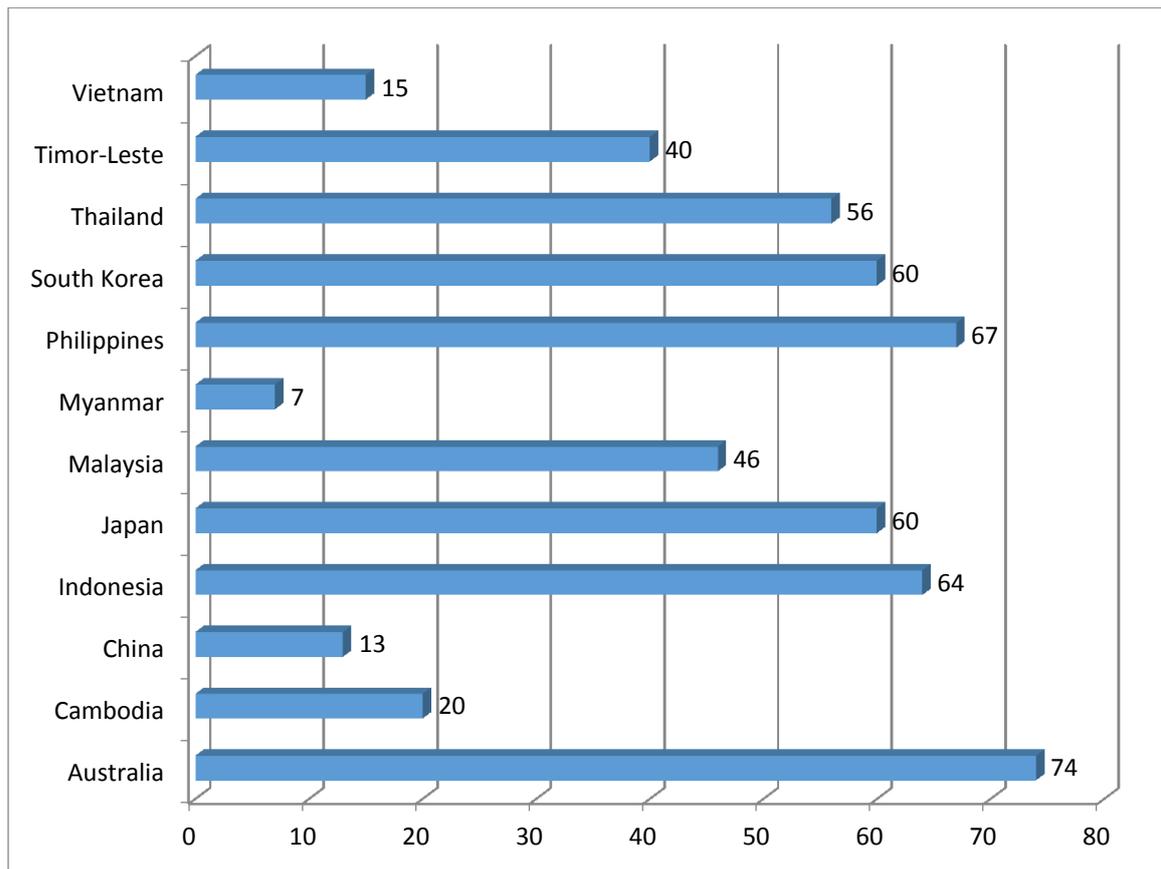
In this chapter, it introduces background and the practices of Myanmar Open Budget Survey 2017. The next part of this chapter contains the information of respondents, who have been participation in the budget process. It provides a systematic analysis of survey data including descriptive statistics on the demographic data of respondents.

#### **3.1 Myanmar Open Budget Survey 2017**

Considering the importance of government budgets in people's life, countries around the world are advancing concrete efforts to enhance budget transparency. These efforts include making budget information available to the public and gathering academics, researchers, media and citizens' interest to learn about it, while exploring opportunities to engage them in more meaningful manners (i.e. influence how resources are allocated or monitoring how are they spent). The main objective of these initiatives is to make the budget process more representatives of citizens' demand and improving their perception about their gain in the country economic development.

The Open Budget Survey (OBS which was first launched in 2006) rates the level of financial openness of participating countries by measuring three aspects of how governments manage their public finances: 1) Budget transparency, 2) Participation, and 3) Oversight. Regarding the first aspect, the OBS measures the amount, level of detail, and timeliness of budget information governments make publicly available through eight core budget reports, namely 1) Pre-Budget Statement (PBS), 2) Executive's Budget Proposal (EBP), 3) Enacted Budget (EB), 4) *Citizens Budget (CB)*, 5) In-Year Reports (IYR), 6) Mid- Year Review(MYR), 7) Year-End Report (YER), and 8) Audit Report (AR). Each country is given a score between 0 and 100 that determines its ranking in the Open Budget Index (OBI).

Figure 3.1: East Asia & Pacific Comparison Open Budget Survey 2017



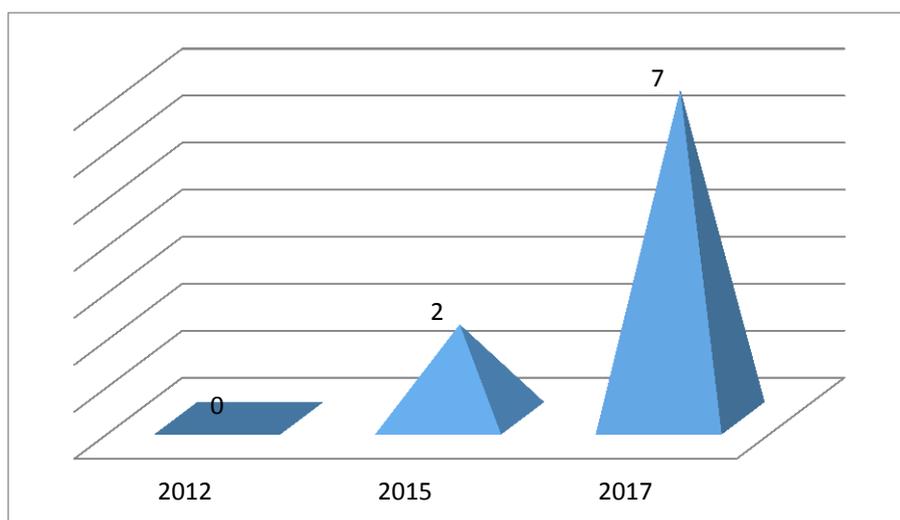
Source: Open Budget Survey 2017, International Budget Partnership

As budget transparency initiatives started growing, other organizations have also joined efforts to provide a broader picture on the advances made by different governments in releasing fiscal and financial information for public consumption. In September 2013, the World Bank published a study on the use of Financial Management Information Systems (FMIS) in support of open budget efforts, and in 2015 released the FMIS and Open Budget Data (OBD) Global Dataset which has been used to monitor the effects of FMIS on publishing budget execution performance, identify potential improvements in budget transparency, and provide some guidance on the effective use of information systems platforms to publish open budget data. Both the OBD Global Dataset allow participating countries to identify their current fiscal transparency gaps, and to report to local and international communities on achievement made regarding budget openness.

### 3.1.1 Performance of Myanmar's Open Budget Index

Myanmar has been part of the **Open Budget Survey (OBS)** in 2012, 2015 and 2017 the last one in 2017. Despite an important number of initiatives advanced in the country (particularly at the state level), Myanmar scored 7 out of 100 in 2017, is slightly higher than its score in 2015 see in figure 3.1.1.

Figure 3.1.1: The OBI Score for Myanmar change overtime



Source: Myanmar's Open Budget Index 2017, IBP

Since 2015, Myanmar has increased the availability of budget information by; publishing the Year-End Report in Online; increasing the information provided in the Enacted Budget. However, Myanmar has failed to make progress in the following ways; not making the Executive's Budget Proposal available to the public in a timely manner, not making the In-Year Reports available to the public in a timely manner and not making the Pre-Budget Statement, the Mid-Year Review and the Audit Report available to the public see in Figure 3.1.1A.

Figure 3.1.1A: Myanmar's Public availability of budget document from 2012 to 2017

Document	2012	2015	2017
Pre-Budget Statement	●	●	●
Executive's Budget Proposal	●	●	●

Enacted Budget			
Citizens Budget			
In-Year Reports			
Mid-Year Review			
Year-End Report			
Audit Report			

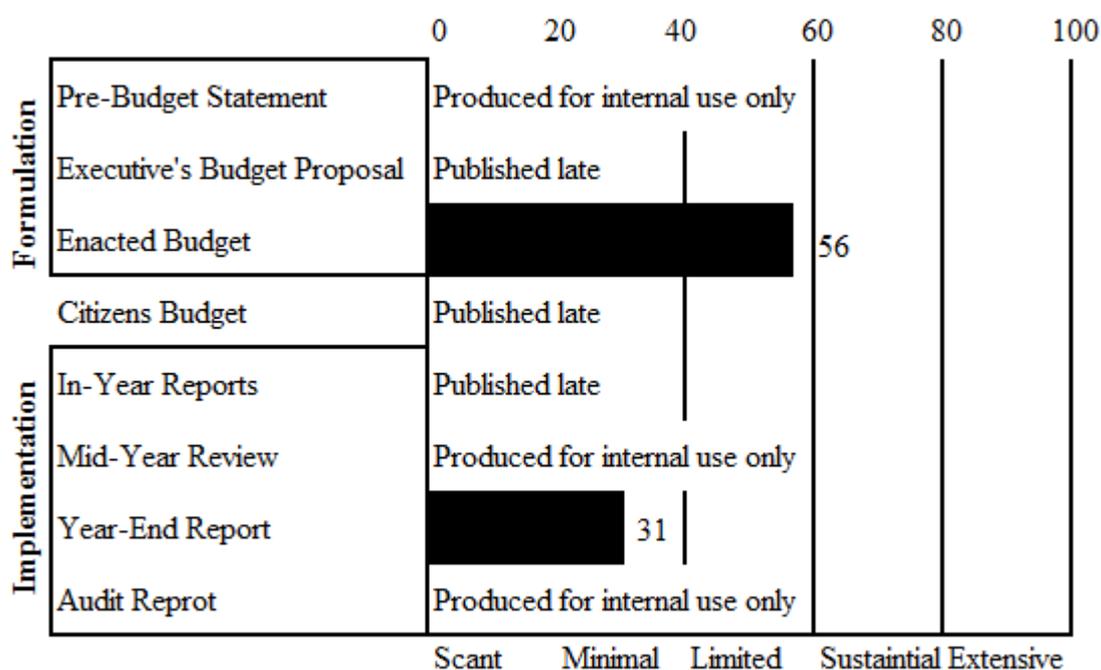
 Available to the public   
 Not Produced  
 Published Late, or Not Published Online, or Produced for Internal Use Only

Source: Myanmar Open Budget Survey 2017, IBP

When comparing Myanmar with the other countries in the region Thailand, Vietnam, Timor-Leste, Indonesia, Philippine and Cambodia, the country is ranking considerably behind in the index as shown in the table below. Myanmar has improved its disclosure of budgetary information, making available online key documents such as (i) the Executive’s Budget Proposal (ii) the enacted budget (iii) in-year (monthly/quarterly) reports (iv) Mid-Year Report (v) Year-End Report shown in figure 3.1.1B.

Recognizing the need for transparency, the government in FY 2015-2016 released its first Citizen’s Budget. With the publication of the Citizen’s Budget 2016-2017 and 2017-2018 in the following years, the government demonstrated its willingness to continue to provide some basic information to the public, and to increase awareness and improve budget literacy as a first step. The Citizen’s Budget explains the concept of revenue, expenditure and budget, and defines terms such as budgetary expenditure, supplementary grant, and revised estimate. It lists the roles of ministries and organizations in the budget cycle, the composition of the Financial Commission, macroeconomic indicators for the MTF, and the macroeconomic indicators for determining transfers to state and region government.

Figure 3.1.1B: Useful information provided in the key budget documents that Myanmar publishes



Source: Myanmar's Budget Survey 2017, IBP

### 3.2 The Budget Process in Myanmar

Myanmar's budget process begins around August, when the Ministry of Finance and the Ministry of National Planning and Economic Development issue a budget schedule outlining the expected timelines for submitting budget proposals for Union ministries, departments, administrative entities, and SOEs.

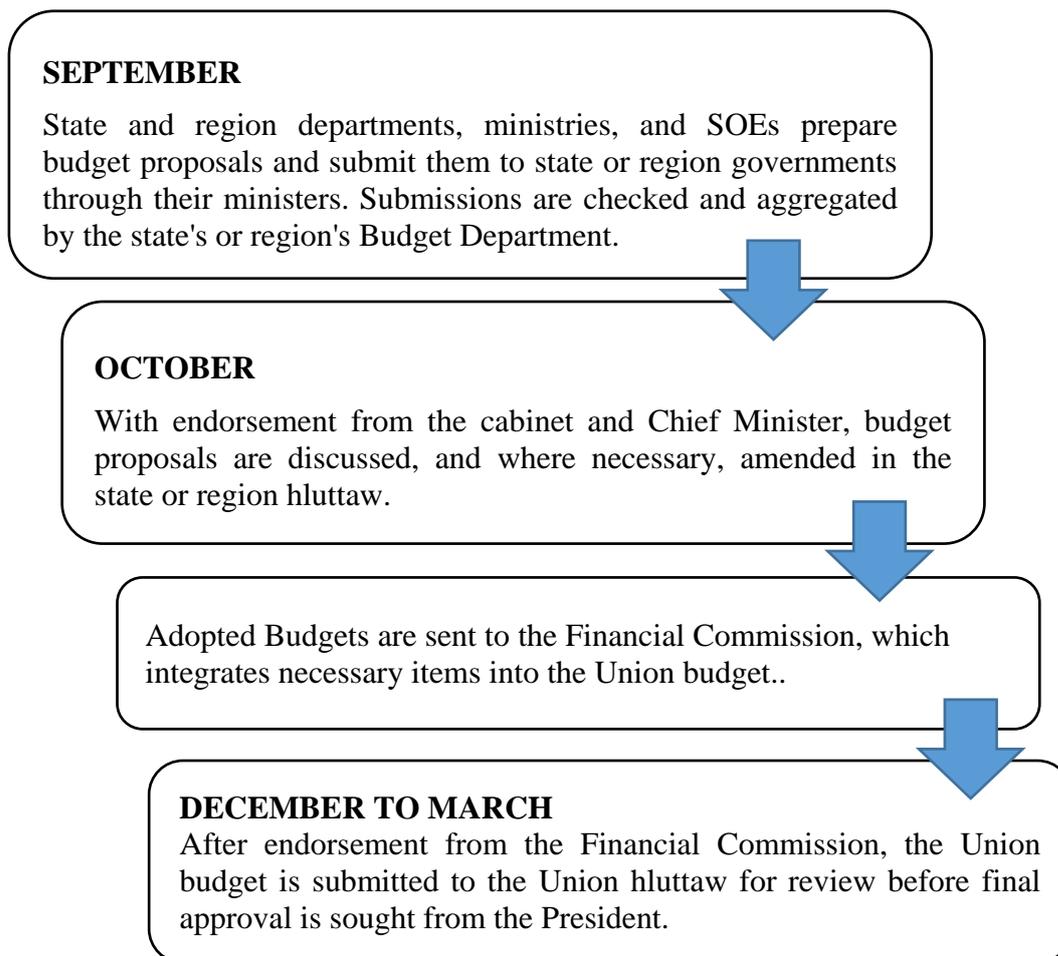
Around November, Union budget proposals are submitted to the Financial Commission, led by the first Vice President, for initial review and amendment where necessary (Box 1). Upon endorsement, the Financial Commission then submits the budget to the Union Hluttaw for review and approval before final approval is sought from the President.

State and region departments, administrative entities, and SOEs generally submit their individual budget proposals to their respective Budget Departments in September. The Budget Department, under the direction of the state or region Finance Minister, then

consolidates these proposals and, where necessary, makes changes before submitting them to the Chief Minister.

The Chief Minister, after discussion with the state or region cabinet, will submit a proposal to the state or region hluttaw for discussion (generally in October). If approved, state and region budget bills are then sent to the Union Finance Minister, who submits them to the Financial Commission, led by the second Vice President, for checking and, where necessary, amendment. Funding required by states and regions are incorporated into Union expenditure by the Financial Commission through grants/aid before being submitted to the Union Hluttaw for discussion and final approval by the President.

Figure 3.2: State and Region Budget Preparation Process



Source: State and Region Public Finance in Myanmar, 2015

More than halfway into the fiscal year, the government prepares a supplementary budget which, following a similar process to the regular budget, allows for additional

financial resources to be requested by government entities and SOEs. It is understood that similar to the normal budget process the ‘Supplementary Appropriation Law’ (or supplementary budget) is reviewed by the Financial Commission and once approved by the Union government will form the basis for state and region supplementary budgets. Although the supplementary budget incorporates revised estimates of expenditure, revised revenue figures are not explicitly released as part of this process.

After parliamentary approval, funds are allocated to Union departments and ministries by the Union level Ministry of Finance, via the Myanmar Economic Bank (MEB). At the state and region level, approved resources from the Union are first transferred to state and region Budget Departments before being distributed to subnational entities through the MEB.

**Box1: Key Duties and Functions of the Financial Commission**

The Financial Commission was established under the 2008 Constitution as part of wider decentralization efforts. Key roles of the Financial Commission are to harmonize the Union budget with state and region budgets, to recommend the provision of supplementary funding, and to advise on financial matters. Core duties of the Financial Commission as outlined in Section 230 of the 2008 Constitution include:

- a) The budgets of the Union ministries and Union level organizations are to be vetted by a Vice-President assigned by the President, and the estimated budgets of the Union level organizations including the Union ministries are to be submitted to the Financial Commission.
- b) The budgets of the region or state are to be vetted by the other Vice-President assigned by the President, and the estimated budgets of the region or state are to be submitted to the Financial Commission.
- c) The Financial Commission shall:
  - i. submit to the Pyidaungsu [Union] Hluttaw with recommendation for the Union Budget which includes the expenditure of the Union territory, a supplementary finance as suitable to the regions or states from the Union Fund, giving grants as a special matter and permitting loans;
  - ii. to advise financial matters that should be undertaken;
  - iii. carry out the duties assigned by the Pyidaungsu Hluttaw through the promulgation of law for the emergence of a substantial financial system.
- d) The Financial Commission shall submit with recommendation to the President, the Bill of Union Budget, which includes Union Budget, the distribution of suitable funds from Union Fund accounts to regions or states, the provisions or funds as a special case and disbursing of necessary loans for submission them to the Pyidaungsu Hluttaw.

## CHAPTER 4

### DATA ANALYSIS, PRESENTATION AND DISCUSSION OF FINDINGS

This chapter is about data analysis, presentation and discussion of findings. When all questionnaire had been collected and coded, data sheet was developed. The data were then entered into SPSS data sheet. After data entering was completed, data cleaning was done to eliminate any errors in data before the data were analyzed and transformed into tables and graphs. Discussion of findings is also included in this chapter.

#### 4.1 Demographic profile of respondents

The study involved 102 ordinary citizens and 18 government officials comprising of government officials in the planning department, community development department, ward Executive Officers (WEO) from Yangon Region. All the 120 respondents responded to questionnaires to make the research complete each group have in local government budget formulation. Initially the sample planned was 10 government officials, 10 ward government officials, and 130 ordinary citizens. In order to reduce the risk of missing respondents the number of questionnaires was increased to minimize the missing number of the sample size.

##### 4.1.1 Gender of respondents

The respondents to the questionnaires from the group who were 102, 60% were male while the remaining 40% was female. Among 18 government officials government officials consisted of 18 respondents 93% were male while female were only 7%. By combining the two groups, male respondents were 70% versus female 30%. More details about the sex of respondents are found in Table 4.1.1. This table indicate the both male and female actively participated in the research therefore responses in the research depict the views from both sexes.

Table 4.1.1 : Gender of the respondents

Gender	Frequency	Percent
Male	72	60

Female	48	40
Total	120	100

Source: Survey data (2019)

#### 4.1.2 Marital Status of Respondents

The respondents to the questionnaires from the group ordinary citizens 63% were married while the remaining 37% were single found in Table 4.1.2

Table 4.1.2: Marital Status of the respondents

Marital Status of Respondents	Frequency	Percent
Single	44	37
Married	76	63
Total	120	100

Source: Survey data (2019)

The table above indicates that 63% of respondents are in marriage followed by singles. Therefore the responses in this study have much of the ideas from the group of those in marriage than other groups.

#### 4.1.3 Age Groups of Respondents

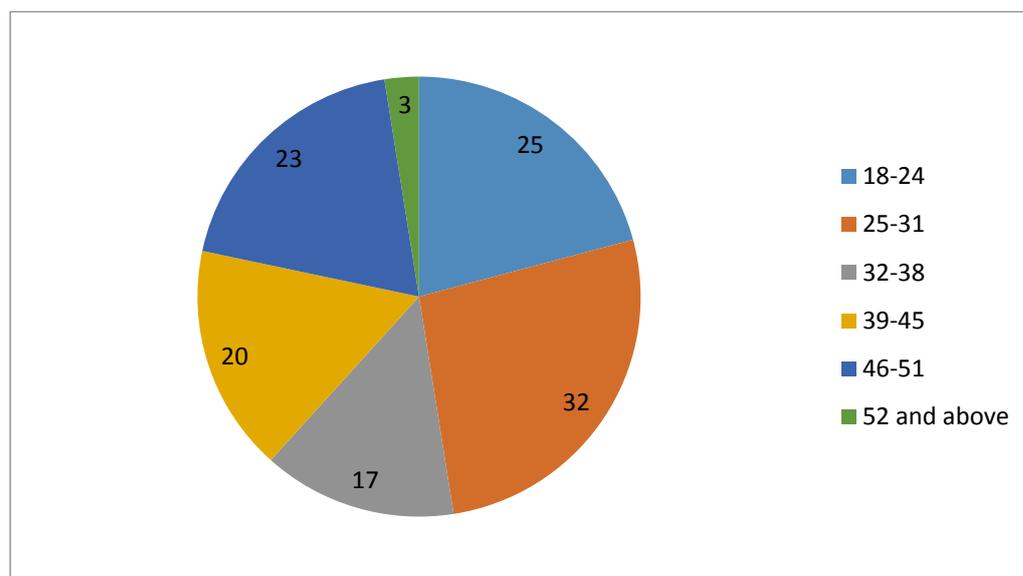
The findings show that the ages of respondents were distributed across age groups. The age group leading others is the age between 25 to 31 with 27%, the age between 18 to 24 were 21%, the age between 46 to 51 were 19%, the age between 39 to 45 were 19% and the age between 32-38 were 14%. Those with the age of 52 years and above were 3%. For more details see Table 4.1.3. It's clear that almost all age groups participated in the research.

Table 4.1.3: Age groups of Respondents

Age of Respondents	Frequency	Percent
18-24	25	21
25-31	32	27
32-38	17	14
39-45	20	17
46-51	23	19
52 and above	3	3
Total	120	100

Source: Survey Data, 2019

Figure 4.1.3: Age groups of Respondents



Source: Survey Data, 2019

#### 4.1.4 Educational Level of Respondents

The findings of this study indicate that the educational level of both groups of respondents was mainly covered by those with primary education. Sixty five percent (65%) had primary school education, 26% had Certificate Level, and 17% had bachelor degree and 12% Professional Level. The figure 4.1.4 below indicates the education level of groups of respondents.

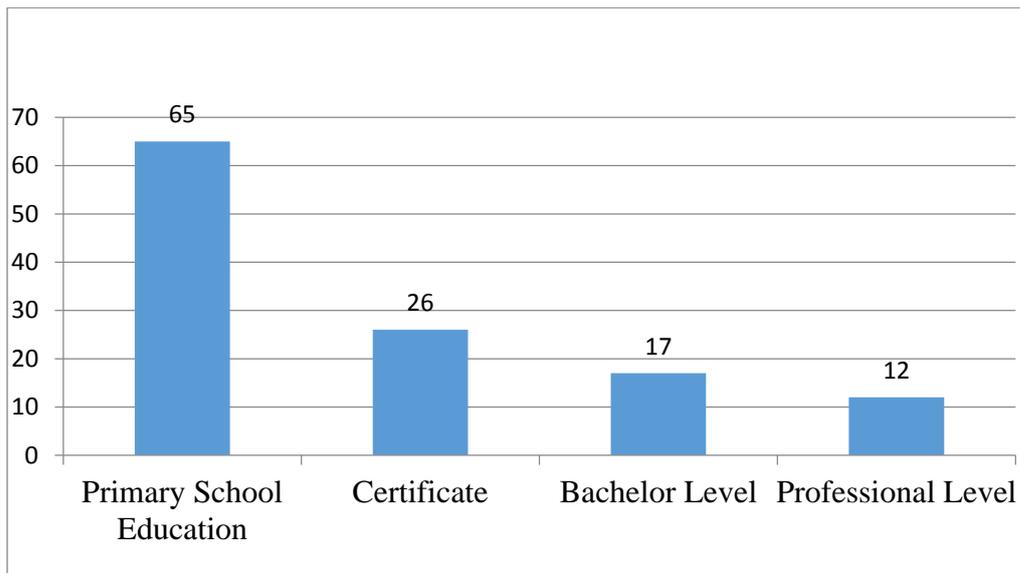
From this figure 4.1.4 shows that the majority of the respondents have primary education only and this may result to their little understanding of the local government budget process comparing to those with higher education.

Table 4.1.4: Level of education of the respondents

Education level of Respondents	Frequency	Percent
Primary School Education	65	54
Certificate	26	22
Bachelor Level	17	14
Professional Level	12	10
Total	120	100

Source: Survey data ( 2019)

Figure 4.1.4; Level of education of the respondents



Source Survey data (2019)

## 4.2 Employment status and jobs of Respondents

The survey involved 120 respondents who are employed and unemployed. By measuring the respondent's employment, the researcher knew the citizen's ability for understanding on local government process.

### 4.2.1 Employment Status of Respondents

Findings indicate that 36% of all respondents are employed while 64% are not employed. The researcher thought it is necessary to know employment status of respondents so as to understand their ability for understanding on local government budget processes. These data are further illustrated in Table 4.2.1 below.

Table 4.2.1: Respondent's Employment Status

Category of Responses	Frequency	Percent
Yes	43	36
No	77	64
Total	120	100

Source: Survey, 2019

From the details above shows that from the group of citizens who responded to this research were not employed and this is a result of their little education and this affect

their understanding towards local government budget processes and their rights to participate in formulating ward budgets as their constitutional right.

#### 4.2.2 Types of Jobs of Employed Respondents

On the study on types of jobs of employed and unemployed respondents the results show that; 15 % of the employed respondents are employed as public servants while 64% are employed by Civil Society Organizations (CSOs) or by private sector and the rest 21% are self-employed. These information are summarized in Table 4.2.2,

Table 4.2.2: Respondents' Employed jobs

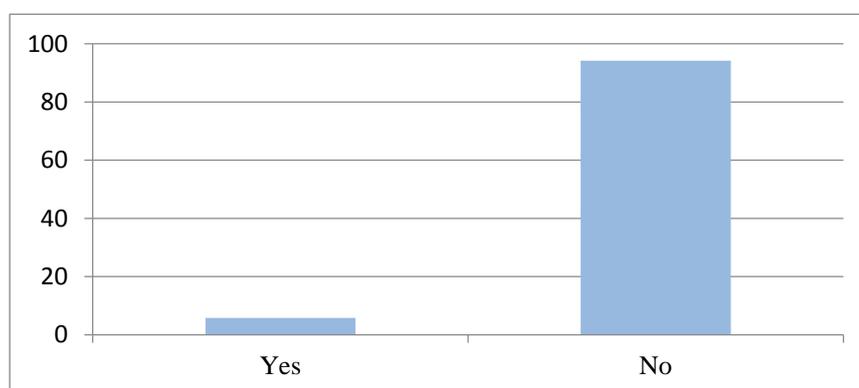
Job Category of Respondents	Frequency	Percent
Public Servant/ Government Official	18	15
CSO/ Private Sector	77	64
Self Employed	25	21
Total	120	100

Source: Survey Data, 2019

#### 4.3 Knowledge of Respondents on how the local budget prepared government

The research findings reveal that from the ordinary citizens 6% of all respondents has knowledge on how local government budget is prepared while 94% do not know as shown in figure 4.3 below.

Figure 4.3: Respondents Knowledge on how the local budget prepared government



Source: Survey Data, 2019

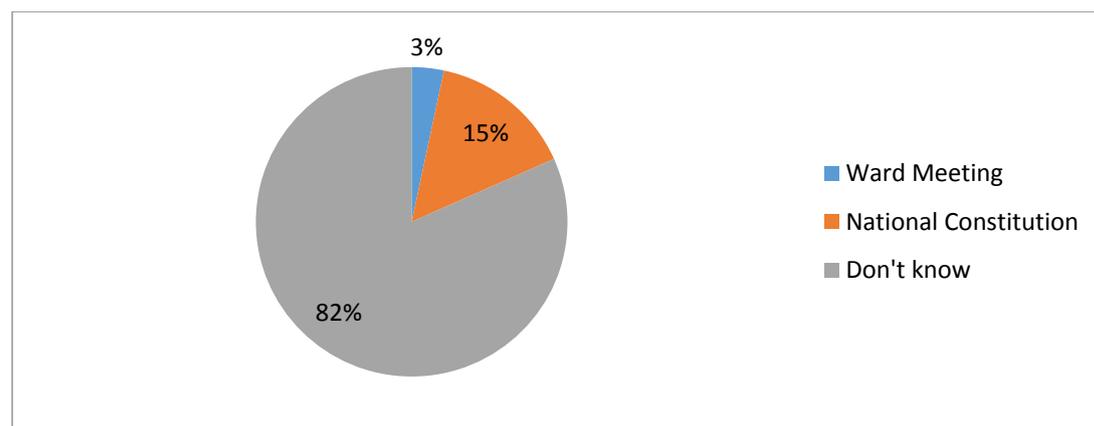
Results above shows that, though government has provided a guideline for local government budget formulation citizens have no idea of it and this result to many of them

not participating in budget formulation as it requires and this led to violation of their primary right of understanding and participating in budget preparation.

#### 4.3.1 Knowledge of local government budget process

From the study it was revealed that, few ordinary citizens who understands local government budget process got the knowledge through ward meetings 3% and by reading national constitution 15% while 82% do not know the process for local government budget as shown in the figure 4.3 below.

Figure 4.3.1: Knowledge of local government budget Process



Source: Survey Data, 2019

#### 4.4 Respondent's participation in budget formulation at ward level

On the study whether citizens participate in local budget formulation 98% of respondents from the ordinary citizens responded that citizens do not participate in budget formulation at ward level while 3% of all respondents from ordinary citizens said that they participate. Table 4.4 illustrate further below.

Table 4.4: Participation on budget formation in ward level

Responses	Frequency	Percent
Yes	3	3
No	117	98
Total	120	100

Source: Survey Data, 2019

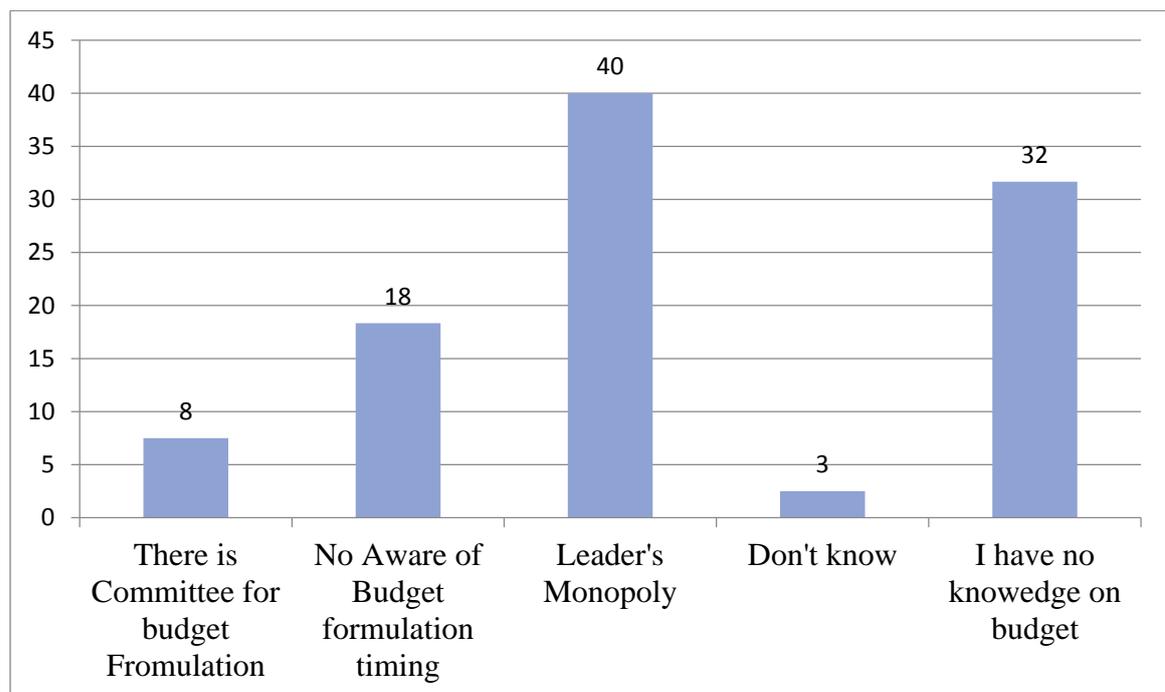
From the data above it shows that citizens have lack of opportunity to participate in budget formulation from the ward level and the implementation is also very poor that's why only very few citizens understand.

#### 4.5 The Reason of citizens did not participate in ward budget formulation

From the research findings there are various reasons as to why citizens did (do) not participate in village budget formulation. 40% of respondents from government officials said that citizens do not turn- up for meetings, 35.7% said they see it as wastage of time, 11.9% of respondents said citizens were not involved and 11.9% of respondents said they don't know why citizens did not participate in village budget formulation.

Research findings from the ordinary citizens on why they do not participate in ward budget formulation; 40% said was because of government officials monopoly, 32% said they lack of knowledge about budgets, 18% said they are not aware of budget timings, 1% said that this question was not applicable to them, 8 % of ordinary citizens respondents said there is committee for budget formulation and 3% of respondents said they do not know as shown in figure 4.5 below;

Figure 4.5: Respondents did not participate in Ward budget formulation



Source: Survey Data, 2019

On responding the question on how often citizens participated on budget formulation for the last three years, respondents from the ordinary citizens responded that; 100% of all respondents said they have never participated as shown in the table below 4.5A;

Table 4.5A: Citizens participated in budget formulation for the last three years

Responses	Frequency	Percent
Have never	120	100
Once	0	0
Twice	0	0
More than twice	0	0
Total	120	100

Source: Survey Data, 2019

#### **4.6 Respondents Informed of Citizens Rights to Participate in Ward Budget Formulation**

On the study to understand if respondents were informed of citizen's rights to participate in ward budget formulation, research findings reveal that 3% of ordinary citizen's respondents said that they were informed of their rights to participate in village budget formulation while 97% all respondents said they have not been informed of their rights to participate in ward budget formulation as shown in table 4.7 below.

Table 4.6: Respondents Aware of Citizens Rights on Budget Formulation

Responses	Frequency	Percent
Yes	4	3
No	116	97
Total	120	100

Source: Survey Data, 2019

The table 4.7 shows that citizens were not informed of their rights to participate in ward budget formulation. From the above data, shows that citizens and their government officials have different understanding that; while government officials claim citizens were informed of their rights citizens themselves claim not to be informed and this brought contradiction and this made the researcher to conduct an interview with some government officials and the findings reveal that; government officials have the information but that information is not imparted to all citizens. One leader claims that; Citizens were required

to get the information during setting ward priorities and by follow up on income and expenditures. Other one said that this information is provided in village meetings and council meeting. Other said that the information is available in Local Government guideline book and from the national constitution.

#### **4.7 Accessibility of budget document to participate in budget process**

From the research finding, 81% of all respondents are not accessible the document while 19% of all respondents from ordinary citizens said that they participate. The researcher thought government should share the budget document to the citizens for the effective participation in the budget processes. Table 4.7 shows as below.

Table 4.7: Access to Budget Documents for information of the local government level

Responses	Frequency	Percent
Yes	23	19
No	97	81
Total	120	100

Source: Survey Data, 2019

## CHAPTER 5

### SUMMARY, CONCLUSION AND RECOMMENDATIONS

This chapter basically comprises of summary of major findings from the study conclusions for both findings and discussion presented in chapter four and finally there commendations. Through an empirical investigation, the study has pointed out that most of citizens are not involved in the budgeting process for local government from the township level as per national guidelines. Below are the summary of findings, conclusions and recommendations

#### 5.1 Findings and Discussions

The summary of findings presented in this chapter is arranged in line with the objectives of this research. The findings have answered the research questions and hence responds to all objectives of the study as summarized below.

The findings indicate that the knowledge of respondents on the process is low that affect he citizens participation. The low knowledge is found among citizens as well as government officials at ward level.

Findings in this research indicate that there is no effective participation of citizens in the local government authority budget formulation from the ward level due to factors analyzed in this report. Those factors include costs needed to run ten days meetings in each village to formulate the ward plans, avoiding unnecessary delay, limited time for consultations due to few days given to ward leaders to finish the process and submit ward budget to the district council and poor response from the community in attending meetings.

The findings in this research have indicated factors hindering citizens' participation in the local government budgetary process include leaders' monopoly of the process, limited knowledge of citizens on budget related issues and their right to participate, not being aware of when the budgeting process starts and the presence of budget committee.

It's concluded that the citizens participation in budget formulation in local government is at low level where even those who participate through budget committee do not know that it's their right instead a privilege. The evidence has indicated that 94%

of all citizens participated in the research did not know that participating in the budgeting process was their right and 98% of citizens interviewed have never participated in the budgeting process.

## **5.2 Recommendations**

The government should take initiatives to educate citizens' right to participate in the budgeting process as it always does on voting. Mechanism should be put in place for higher leaders such as region and national to know whether citizens participated in the budgeting process or not so that village leaders who do not allow citizens participation are made accountable.

The recommendations for civil society is to develop projects that increase citizens knowledge and understanding of their right to participate and advocate to village leaders to comply to the government guidelines on budget formulation for local government ensuring citizens direct participation.

Lastly, both the local and central government institutions and citizens have to understand the importance of active involvement and information sharing to promote the development of Myanmar.

## **5.5 Need for Further Study**

Based on recommendations of this study, a further study need to explore on the impact on the local government budget process when the citizen's participation changed and need to more focus on the specific sector such as education, health and development of citizen participation in the budget process .

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## **APPENDIXES**

### **APPENDIX (I)**

#### **Budget Transparency and Participation at local Government level in Myanmar**

##### **Survey Questionnaire**

I am a student of MBF, Yangon University of Economics and I would like to take this opportunity to explore the view of all of you for my final research paper that is crucial to my master degree. This survey is to explore your perception on citizen participation in the budgeting process in the local government level. Kindly answer the following questions that will take not more than ten minutes of your time. Completion of this information is voluntary and its confidentiality is assured. No individual data will be reported. Your kind help is very much appreciated.

#### **SECTION (A)**

##### **Respondent's Profile**

Instruction: Please read the following questions carefully and answer.

1. Indicate your sex?

**Male**

**Female**

2. Please indicate your Marital status?

**Married**

**Single**

3. What is your age group?

**18-24 Years**

**25-31 Years**

**32-38 Years**

**39-45 Years**

**46-51 Years**

## 52 Years and above

4. Please indicate your level of Education?

- Primary Education Level**
- Certificate Level**
- Bachelor Level**
- Professional Level**

6. Are you employed?

- Yes**
- No**

**If yes, what is your job?**

- Public Servant or Government official**
- Civil Society Organization (CSO)**
- Self Employed**

## SECTION (B)

Instruction: Click the best answer and fill the answer and give reasons whenever you are asked

7. As a citizen' do you have an access to budget documents for information of the local government offices of your area?

- Yes**
- No**

If the answer is "No" why don't you have an access to budget document of the local government offices of your area?

- They are confidential**
- I am not interested**

**It takes so long to get such documents**

**I don't know**

If the answer is "Yes" where can you, as a citizen, access government budget document?

**From public meetings**

**In public facilities/office notice boards**

**From Media**

**I don't know**

8. Have you ever participate in budget formulation of your ward?

**Yes**

**No**

If yes, how do you participate?

-----  
-----

If no,why?

-----  
-----

9. How many times have you participated in the last three years?

**Once**

**Twice**

**More than twice**

10. Have you every participated in budget formulation in your ward?

**Yes**

**No**

If yes, how do you participate?

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-----  
If no, why didn't you participate?  
-----  
-----

11. Are you informed that is your right to participate in budgeting formulation at ward level?

**Yes**

**No**

If yes, how do you know?

-----  
-----

12. What are your suggestions on how the government can improve citizens' participation in budget formulation in ward Level?

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Thank you for your cooperation