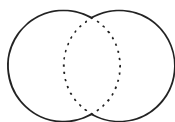


# Nepal

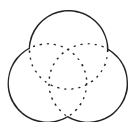
## Overview



### Transparency:

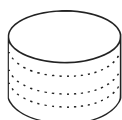
**50** /100

(Open Budget Index score)



### Public Participation:

**31** /100



### Budget Oversight:

**46** /100

## About the survey

Government budget decisions – what taxes to levy, what services to provide, and how much debt to take on – have important consequences for all people in society. When governments provide information and meaningful channels for the public to engage in these decisions, we can better ensure public money is spent on public interests.

**The Open Budget Survey (OBS)** is the world's only independent, comparative and fact-based research instrument that uses internationally accepted criteria to assess public access to central government budget information; formal opportunities for the public to participate in the national budget process; and the role of budget oversight institutions, such as legislatures and national audit offices, in the budget process.

The survey helps local civil society assess and confer with their government on the reporting and use of public funds. This 9th edition of the OBS covers 125 countries.

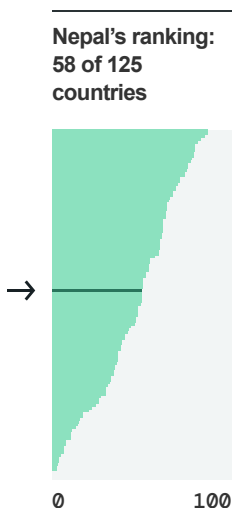
Visit [www.internationalbudget.org/open-budget-survey](http://www.internationalbudget.org/open-budget-survey) for more information, including the full OBS methodology, the 2023 Global Report, findings for all surveyed countries, and the Data Explorer.

# Transparency

This part of the OBS measures public access to information on how the central government raises and spends public resources. It assesses the **online availability, timeliness, and comprehensiveness** of eight key budget documents using 109 equally weighted indicators and scores each country on a scale of 0 to 100. **A transparency score of 61 or above indicates a country is likely publishing enough material to support informed public debate on the budget.**

Nepal has a transparency score of **50** (out of 100).

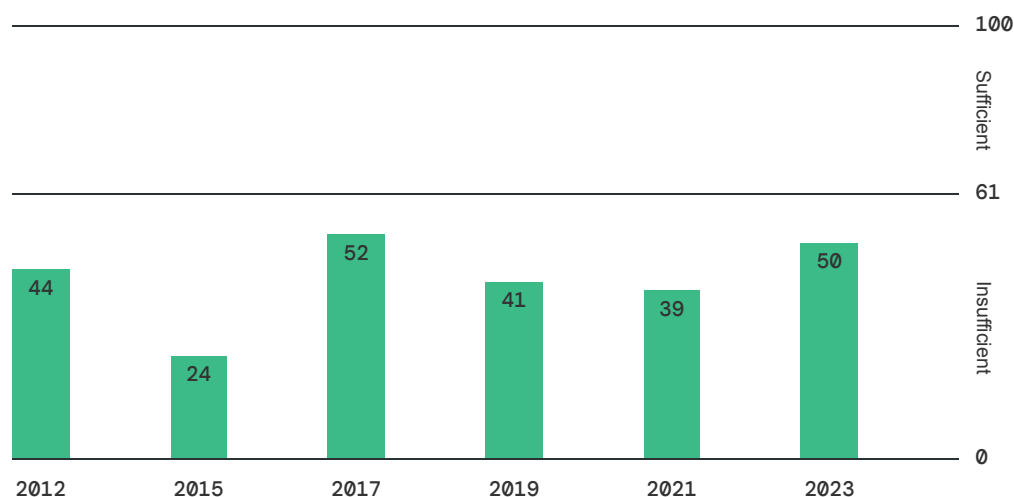
## Transparency in Nepal compared to others



Global Average	45
India	51
Nepal	50
Sri Lanka	37
Bangladesh	37
Pakistan	30
Afghanistan	0

0 Insufficient 61 Sufficient 100

## How has the transparency score for Nepal changed over time?



# Public availability of budget documents in Nepal

## KEY

- Available to the Public
- Published Late, or Not Published Online, or Produced for Internal Use Only
- ⊘ Not Produced

Document	2012	2015	2017	2019	2021	2023
Pre-Budget Statement	⊘	⊘	⊘	⊘	⊘	⊘
Executive's Budget Proposal	●	●	●	●	●	●
Enacted Budget	●	●	●	●	●	●
Citizens Budget	⊘	⊘	⊘	⊘	⊘	⊘
In-Year Reports	●	●	●	●	●	●
Mid-Year Review	●	●	●	●	●	●
Year-End Report	●	●	●	●	●	●
Audit Report	●	●	●	●	●	●

# How comprehensive is the content of the key budget documents that Nepal makes available to the public?

## KEY

61-100 / 100

41-60 / 100

1-40 / 100

Key budget document	Document purpose and contents	Fiscal year assessed	Document content score
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.	2022-23	Not Produced
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.	2022-23	58
Enacted Budget	The budget that has been approved by the legislature.	2022-23	28
Citizens Budget	A simpler and less technical version of the government's Executive's Budget Proposal or the Enacted Budget, designed to convey key information to the public.	2022-23	Not Produced
In-Year Reports	Include information on actual revenues collected, actual expenditures made, and debt incurred at different intervals; issued quarterly or monthly.	2022-23	67
Mid-Year Review	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.	2021-22	63
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.	2020-21	43
Audit Report	Issued by the supreme audit institution, this document examines the soundness and completeness of the government's year-end accounts.	2020-21	62

Nepal's transparency score of **50** in the OBS 2023 is substantially higher than its score in 2021.

## What changed in OBS 2023?

Nepal has increased the availability of budget information by:

- Publishing the Year-End Report online in a timely manner.
- Increasing the information provided in the In-Year Reports.

## Recommendations

Nepal should prioritize the following actions to improve budget transparency:

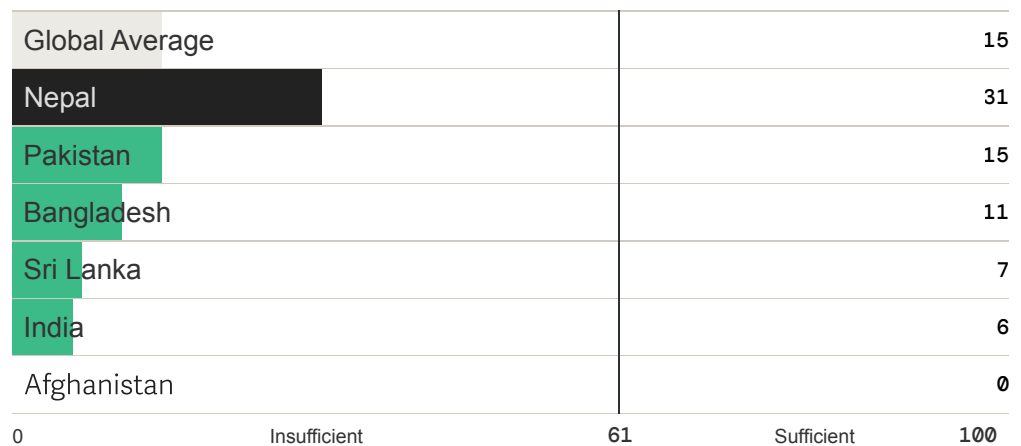
- Produce and publish the Pre-Budget Statement and Citizens Budget online in a timely manner.
- Include in the Executive's Budget Proposal data on the financial position of the government, data on the macroeconomic forecast and data on estimates of expenditure arrears.
- Publish a glossary of budget terms along with Executive Budget Proposal to improve budget literacy.
- Improve the comprehensiveness of the Enacted Budget as well as other budget documents by publishing disaggregated and machine readable data.
- Include in the In-Year Reports (monthly and quarterly Economic Bulletins), actual expenditures for administrative classification, functional classification, and individual programs, including information of the budget execution at the sub-national level (provinces and municipalities).
- Include in the Year-End Report comparisons between planned revenues and actual outcomes, comparisons between planned nonfinancial outcomes and actual outcomes and comparisons between the original macroeconomic forecast and actual outcomes.

# Public Participation

The OBS assesses the formal opportunities offered to the public for meaningful participation in the different stages of the budget process. It examines the practices of the central government's executive, the legislature, and the supreme audit institution (SAI) using 18 equally weighted indicators, aligned with the Global Initiative for Fiscal Transparency's [Principles of Public Participation in Fiscal Policies](#), and scores each country on a scale from 0 to 100.

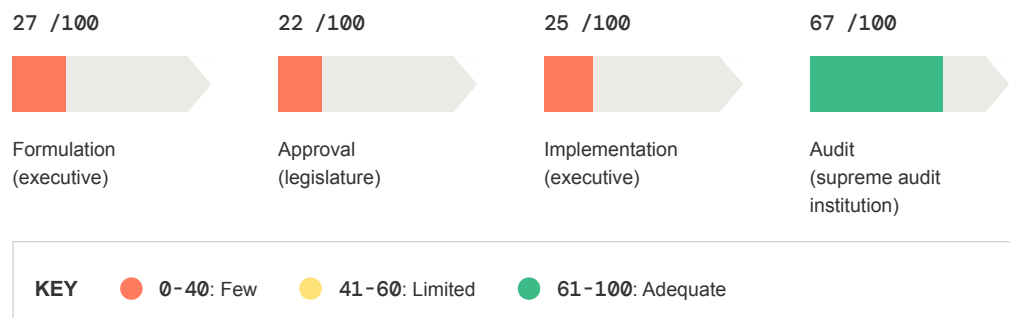
Nepal has a public participation score of **31** (out of 100).

## Public participation in Nepal compared to others



For more information, see [here](#) for innovative public participation practices around the world.

## Extent of opportunities for public participation in the budget process



## Recommendations

Nepal's Ministry of Finance has established pre-budget submissions during budget formulation and online reporting during budget implementation but, to further strengthen public participation in the budget process, should also prioritize the following actions:

- Continue and sustain the practice of pre-budget consultations with stakeholders, including at the provincial level, and submit its report to the Parliament. Additionally, the Ministry of Finance and the Revenue Advisory Committee should have a practice to inform the citizens on which recommendations and inputs received were used to improve budget policies.
- Improve the existing mechanism called “Hello Sarkar” by providing the public with information on how citizens’ inputs have been used to assist in monitoring the implementation of the annual budget.
- Actively engage with vulnerable and underrepresented communities, directly or through civil society organizations representing them.
- Implement the actions of the National Strategy for Public Engagement in Public Financial Management, which was published jointly with the PEFA secretariat and after extensive consultations with civil society.

Nepal's Federal Parliament of Nepal has established public hearings related to the approval of the annual budget, but should also prioritize the following actions:

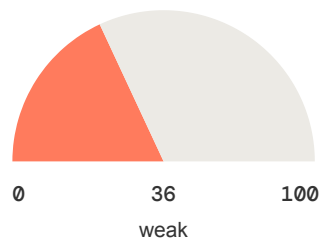
- Allow any member of the public or any civil society organization to testify during its hearings on the budget proposal prior to its approval.
- Allow members of the public or civil society organizations to testify during its hearings on the Audit Report.

# Budget Oversight

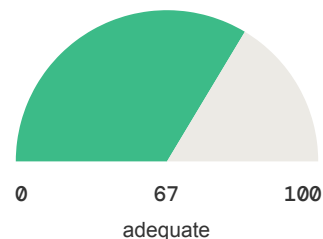
The OBS examines the role that legislatures and supreme audit institutions (SAIs) play in the budget process and the extent to which they provide oversight; each country is scored on a scale from 0 to 100 based on 18 equally weighted indicators. In addition, the survey collects supplementary information on independent fiscal institutions (see Box).

The legislature and supreme audit institution in Nepal, together, provide limited oversight during the budget process, with a composite oversight score of **46** (out of 100). Taken individually, the extent of each institution's oversight is shown below:

## Legislative oversight



## Audit oversight



**KEY**    ● 0-40: Few    ● 41-60: Limited    ● 61-100: Adequate

## Recommendations

Nepal's Federal Parliament of Nepal provides weak oversight during the planning stage of the budget cycle and weak oversight during the implementation stage. To improve oversight, the following actions should be prioritized:

- The Executive's Budget Proposal should be submitted to legislators at least two months before the start of the budget year.
- Legislative committees should examine the Executive's Budget Proposal and publish reports with their analysis online.
- A legislative committee should examine in-year budget implementation and publish reports with their findings online.



- In practice, ensure the legislature is consulted before the executive shifts funds specified in the Enacted Budget between administrative units or reduces spending due to revenue shortfalls during the budget year.
- A legislative committee should examine the Audit Report and publish a report with their findings online.

To strengthen independence and improve audit oversight by the Nepal Office of the Auditor General, the following actions are recommended:

- Ensure audit processes are reviewed by an independent agency.
- Mainstream engagement of citizen organizations in the performance audit based on the existing experience and evaluation. Make proactive disclosure of information specified in the Right to Information Act an indicator of performance audit.
- Incorporate in the audit guidelines institutional arrangements of CSOs engagement also in the follow-up of audit recommendations.

### **The emerging practice of establishing independent fiscal institutions**

Nepal does not have an independent fiscal institution (IFI). IFIs are increasingly recognized as valuable independent and nonpartisan information providers to the Executive and/or Parliament during the budget process.

*\*These indicators are \*not\* scored in the Open Budget Survey.*

# Methodology

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- Only documents published and events, activities, or developments that took place through 31 December 2022 were assessed in the OBS 2023.
- The survey is based on a questionnaire completed in each country by an independent budget expert:  
Taranath Dahal, Krishna Sapkota, Subash Dahal  
Freedom Forum  
Thapathali, Kathmandu, Nepal
- To further strengthen the research, each country's draft questionnaire is also reviewed by an anonymous independent expert, and in Nepal by a representative of the Ministry of Finance and by a representative of the Office of the Auditor General.