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DEPARTMENT OF STATE

[Public Notice 8213]

2012 Fiscal Transparency Report

AGENCY: Department of State

ACTION: Notice

SUMMARY: The Department of State hereby presents the findings from the 2012 Fiscal Transparency review process in its first annual Fiscal Transparency Report. This report describes the minimum standards of fiscal transparency developed by the Department of State, identifies the countries that did not meet the standard, and indicates whether those countries made progress toward meeting the standard.

FY 2012 Fiscal Transparency Report

The Department of State hereby presents the findings from the 2012 Fiscal Transparency review process in its first annual Fiscal Transparency Report. Fiscal transparency is a critical element of effective public financial management, helps build market confidence, and sets the stage for economic sustainability. Transparency also provides a window into government budgets for citizens of any country, allowing them to hold their leadership accountable. The International Monetary Fund defines fiscal transparency as “the clarity, reliability, frequency, timeliness, and relevance of public fiscal reporting and the openness to the public of the government’s fiscal policy-making process.”

For the United States, reviews of the fiscal transparency of countries that receive U.S. assistance via their central governments help to ensure that U.S. taxpayer money is used appropriately and creates a dialogue with governments to improve their fiscal performance, leading to greater macroeconomic stability and better development outcomes. This year, the Department assessed more than 140 countries that received or were considered for U.S. foreign assistance via their central governments.

The Department of State, Foreign Operations, and Related Programs Appropriations Act, 2012 (Div. I, P.L. 112-74) (SFOAA) prohibits U.S. assistance to the central government of any country that does not meet minimum standards of fiscal transparency, unless the Secretary of State determines that a waiver is important to the U.S. national interest. For countries that did not meet the minimum standards, the Department of State also determined whether those governments made progress toward meeting those standards.

This report describes the minimum standards of fiscal transparency developed by the Department of State, identifies the countries that did not meet the standard, and indicates whether those countries made progress toward meeting the standard.

Fiscal Transparency Review Process

The Department of State assessed fiscal transparency in more than 140 countries in which central governments were receiving U.S. foreign assistance. The Department examines whether countries meet minimum standards of fiscal transparency, and whether the country has made progress in meeting those standards. Progress on fiscal transparency often includes publishing adequate budget documents, improved monitoring, or more robust accounting procedures that detail expenditures.

The Department used information from U.S. embassies and consulates and international organizations such as the International Monetary Fund and multilateral development banks. U.S. diplomatic missions engaged with foreign government officials, nongovernmental and international organizations, and civil society to obtain information for these assessments.

Using this information, for countries that did not meet the standard, U.S. diplomatic missions developed and implemented actions plans to work with governments, international organizations, and nongovernmental organizations (NGOs) to improve the availability, reliability, and content of budget documentation. Such plans present short and long-term actions and goals that the foreign government can take, often with assistance from multilateral institutions such as the World Bank and IMF already engaged in similar efforts, to improve budget transparency. Examples include implementing a financial management system to help provide internal controls, approving freedom of information legislation, funding NGOs to provide training on budget oversight, or coordinating with international organizations to monitor budget transparency issues.

Minimum Standards of Fiscal Transparency

The SFOAA provides that the minimum standards of fiscal transparency developed by the Department shall include standards for the public disclosure of budget documentation, including:

- Receipts and expenditures by ministry
- Government contracts and licenses for natural resource extraction, to include bidding and concession allocation practices

The fiscal transparency review process evaluated whether the central governments of countries receiving U.S. foreign assistance publicly disclosed budget documentation and related

data, including receipts and expenditures by ministry. The review also assessed the existence and public disclosure of standards for government contracts and licenses for natural resource extraction, including bidding and concession allocation practices. To meet the minimum standards of fiscal transparency, budget data generally should be:

- **Substantially Complete:** Budget documents should provide a substantially full picture of a country's revenue streams, including natural resource revenues, and planned expenditures. Therefore, a published budget that does not include significant cash or non-cash resources, including foreign aid or the balances of special accounts or off-budget accounts, would not be considered transparent. This picture should include, in some fashion, financial results of state-owned enterprises. The review process recognizes that military and/or intelligence budgets are often not publicly available for national security reasons.
- **Reliable:** Budget documents and data should be reliable, meaning that they are timely and accurate. Actual receipts and expenditures should reasonably correlate to the budget plan. Significant departures from planned receipts and expenditures should be explained in supplementary budget documentation that is publicly disclosed in a timely manner.
- **Transparent:** "Public disclosure" is broadly interpreted to mean that the information is available on-line, at government offices or libraries, on request from the ministry, or for purchase (nominal fee) at a government office.

The Department recognizes that the specific circumstances and practices that undermine fiscal transparency differ between countries. The review process takes a tailored approach in evaluating countries to make a determination of whether or not the central government provides

an adequate level of budget detail to enable participation, monitoring, and feedback from civil society groups.

Conclusions of Review Process

For fiscal year 2012, the Department reviewed more than 140 countries where central governments receive U.S. government assistance to determine which countries did not meet minimum transparency standards. Of those 140 countries, 34 were determined to be non-transparent; 32 of those non-transparent countries made progress in meeting the minimum standards of fiscal transparency.

The following table lists the 34 countries found non-transparent, including information on whether the Department made a determination of progress or no progress.

U.S. Department of State
 FY 2012 Fiscal Transparency Report
 Pursuant to the Department of State, Foreign Operations and Related Programs Appropriations
 Act, 2012 (Div. I, P.L. 112-74) (SFOAA)

Countries whose central governments received or were considered for SFOAA assistance assessed to be non-transparent	Progress	No Progress
Afghanistan	X	
Algeria	X	
Angola	X	
Burma	X	
Cambodia	X	
Cameroon	X	
Central African Republic	X	
Chad	X	
Cote d'Ivoire	X	
Dominican Republic	X	
DRC	X	
Egypt	X	
Equatorial Guinea	X	
Ethiopia	X	
Gabon	X	
Guinea	X	
Guinea Bissau	X	
Haiti	X	
Kyrgyz Republic	X	
Lebanon	X	
Libya	X	
Nicaragua		X
Niger	X	
Saudi Arabia	X	
Somalia	X	
South Sudan	X	
Swaziland	X	
Suriname	X	
Tajikistan	X	
Turkmenistan	X	
Uzbekistan	X	
Vietnam	X	

Countries whose central governments received or were considered for SFOAA assistance assessed to be non-transparent	Progress	No Progress
Yemen		X
Zimbabwe	X	

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Date

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