

# #ACK CORRUPTION

Nepal April 2023

## ARTIFACT 1



# BUDGET AND OWNERSHIP TRANSPARENCY

Create ideas that lead to greater budget transparency for government agencies and beneficial ownership transparency in the private sector.

*Note: This problem statement is about two kinds of transparency – **budget transparency** and **beneficial ownership transparency** – that hackathon teams are invited to strengthen through a novel, technology-based solution. Teams can choose to focus on just one or on both. Teams are encouraged to develop solutions that address the needs of a specific audience and location, taking into account their specific use case(s) and pain points.*

## INTRODUCTION

Each year, governments at national and subnational levels make spending plans for things like infrastructure, defense, social programs, and other public services that affect the lives of citizens, and these are formalized in budgets. At the same time, investments by private companies impact markets, jobs, and communities. When there is greater transparency about government spending plans, and publicly available information about who owns and benefits from companies and investments, citizens can hold governments accountable to fix problems and deliver results.

### KEY CONCEPT: TRANSPARENCY

Before diving into the details of government budgets and business ownership structures, it's important to clarify the term transparency. In the context of government or business, transparency means openly and honestly sharing information about decisions, spending, and activities. In regards to this topic, the more governments make their budgets and activities readily available and easy to understand (for example, through an [open budget data portal](#)), the more citizens can hold their leaders to account, identify mistakes or errors, and root out corruption. Moreover, scientific studies show that transparency works. For example, when citizen rights to public data are codified through a [Freedom of Information](#) (FOI) law, long-term perceptions of corruption [improve](#).

### KEY CONCEPT: CORRUPTION

Corruption is what happens when individuals in positions of entrusted power make decisions that [benefit them privately](#) at the expense of the general public. For example, when government officials award [lucrative government contracts](#) to poorly-qualified friends or family members, or announce a construction project and then secretly receive a portion of its funding through



[a kickback](#), that's corruption. In innumerable ways, corruption hurts society, and marginalized groups are [disproportionately affected](#), including in [South Asia](#).

Corruption also happens in the [private sector](#). For example, when powerful interests, such as a large company or rich investor, evades rules or laws through bribery, embezzles funds from a public contract, extorts a customer or a government leader, or launders stolen funds, that's corruption. In addition to other social costs, corruption in the private sector hurts development and undermines free markets and fair competition.

## KEY CONCEPT: BUDGET TRANSPARENCY

Budget transparency is when governments willingly share information about their spending plans with the public. In addition to providing information, governments should also invite public feedback in public spending decisions and have effective oversight mechanisms to ensure that government bodies follow through with spending plans. Proactive citizens and civil society groups (including [in Nepal](#) and multiple [organizations](#) in [India](#)) play an essential role by tracking and monitoring what budget information is available and providing feedback.

Prominent global organizations committed to budget transparency include [International Budget Partnership](#) (IBP), which "advances public budget systems that work for people" in over 120 countries (including [India](#), though not yet Nepal, Bangladesh, or Pakistan) and regularly publishes the [Open Budget Survey](#). IBP's mission emphasizes that budget transparency isn't sufficient by itself and should be part of a collection of measures in a country, like freedom of information laws and open procurement procedures, that work together to ensure that government spending is monitored, inclusive, and serves the needs of citizens and communities.

Furthermore, the [Global Initiative for Fiscal Transparency](#) (GIFT) is leading a global effort to have open budget policies share common data standards and practices. Among the several tools and learning modules that may be useful to your team, GIFT's [Open Data Fiscal Package](#) is especially important. It was developed in coordination with Open Contracting Partnership's Open Contracting Data Standard (which you'll find on the HackCorruption brief about Open Contracting). The goal of this package is to not only make government budget data easy to visualize, share, and reuse, but also make budget and open contracting traceable using commons standards. GIFT's website also shares case studies of local open budget efforts in [India](#), [Bangladesh](#), and [Nepal](#).

Finally, while it is essential to make budgets open to the public, many citizens will need help to understand what the budget data means and how it affects them. South Africa is a case in point. As this [blog recounts](#), a few years after South Africa made national budgets open to the public, the country launched the [Vulekamali website](#) to help demystify the technical information contained in the government budgets. In South Asia, the beta [OpenBudgetIndia](#) website

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website serves a similar purpose. With these examples in mind, HackCorruption teams can evaluate what raw budget data is available and how comprehensible it is to citizens as they brainstorm new technology solutions.

## KEY CONCEPT: BENEFICIAL OWNERSHIP TRANSPARENCY

In 2015, Ukraine launched the [world's first](#) publicly available national register of beneficial owners. In the past decade, over [a hundred more countries](#) have launched or announced national databases (or registers) of beneficial owners – the individuals who ultimately own, control, or benefit from a company or other asset – in an effort to achieve **beneficial ownership transparency**. Beneficial ownership data are especially important when they can be used to unmask the beneficiaries of certain trusts and shell companies.

[Shell companies](#) are transactional vehicles that are [not inherently illegal](#), but they can be misused for illegal or corrupt purposes. Shell companies can be set up by registered agents, [obscuring beneficial ownership](#). This means that they can be registered with a degree of anonymity and then used to hide illegal funds and avoid monitoring and sanctions. Beneficial ownership transparency removes the anonymity and makes money laundering and other illicit activities are harder to get away with.

Beneficial ownership databases can reveal red flags signalling that corruption or illicit activity may be happening. For example, the [UK register](#) showed that out of 3.1 million companies, 3,000 listed their beneficial owner as someone with an address in a tax haven. It was also uncovered that 76 beneficial owners share the same name and birthday as a person on the U.S. sanctions list. These red flags can be used by citizen groups and investigative journalists to [“follow the money”](#) and expose corruption.

While several national beneficial ownership registers are public and can be accessed by citizens and journalists, some are only available to law enforcement, and others impose access requirements such as fees. Your team can view a world map with information about national beneficial ownership regimes for over 120 countries [here](#) (click through to your country's profile pages for more specific information), and you can find BOI implementation tools [here](#). For more data links from your country, see the second Key Information section below and the Appendix.

## KEY PROBLEM: HARD-TO-ACCESS DATA

In many countries, including in South Asia, information about beneficial owners and government budgets can be hard to come by. Indeed, the region's only beneficial ownership register in India is [accessible only](#) to financial institutions and competent authorities. Nonetheless, proactive citizens (and hackathon teams) may find that secondary data sources can take you a long way. Social media posts and public statements by public officials often provide information

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about budget plans. Social media and investigative journalist databases like [OCCRP Aleph](#) and [ICIJ Datashare](#) can also be mined to track down beneficial owners.

Furthermore, citizens in many countries can exercise their right to public data by submitting [Freedom of Information](#) (FOI) requests. For example, Connected Development (CODE), an Africa-based NGO, has published a [step-by-step guide](#) for “following the money” using social media, FOI requests, and organizing local stakeholders to demand action and information from local government. After consulting relevant country FOI laws (see Key Information section below), HackCorruption participants may want to read through the [#SaveShakira](#) case study on pages 6-7, the FollowTheMoney steps on page 16, and the [FOI petition template](#) in the guide’s appendix.

## KEY PRINCIPLE: TECHNOLOGY CAN...

Now that you’ve reviewed the concepts above, take a moment to consider your purpose at HackCorruption. Without recreating any tools that already exist (“re-inventing the wheel”), your hackathon team has been tasked with brainstorming, refining, and then building a basic prototype of a technology solution that will advance efforts to achieve budget and/or ownership transparency. To help get the creative juices flowing, the following list (inspired by this [academic article](#) and [OECD report](#)) can remind you that technology can...

- **Facilitate Transparency** by harnessing groups of people to demand openness, or by making difficult-to-access or difficult-to-understand data more intelligible and actionable
- **Raise Awareness** by leveraging networks of citizens through SMS, messaging apps, and social media
- **Increase Understanding and Engagement** by using easy-to-follow and interactive mediums like videos, animations, infographics, audio/podcasts, and chatbots
- **Improve Monitoring** using scripts, algorithms, smart-alerts, machine learning, or AI to cut through noisy data and identify relevant risks, errors, and behavior.
- **Sharpen Decision-Making** by using smarter data collection methods, gathering feedback through surveys and questionnaires, tracking trends and seizing on important moments in real time, or applying best practices identified by new generation AI like ChatGPT
- **Enhance Security** by anonymizing the identities of private citizens who give constructive feedback to government and who might otherwise be targeted for their actions
- **Facilitate Discovery** by crowd-sourcing data points and leveraging groups of people to parse data and make discoveries (see [Bellingcat](#), [iFollowTheMoney](#), and [Shaasan](#))
- **≠ And more:** Drawing on the technologies you follow, what other impacts are missing from the list? Take a minute to make your own addition(s).

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## KEY INFORMATION: NATIONAL BUDGET TRANSPARENCY IN SOUTH ASIA

You can view a world map organizing what public information is being shared by over 120 national governments, including for India, Pakistan, Nepal, and Bangladesh, using [this link](#) (click through to country profile pages for links to specific data). The table below summarizes what budget and other related public information are published by these national governments in South Asia, and you can find links to public data for each country using the links in the last column. HackCorruption participants are also invited to investigate whether government budgets are available the local (municipality, state) level as well.

Country:	India	Pakistan	Nepal	Bangladesh
Public Access to Last Year's National Budget?	Yes (Partial)	Yes	Yes	No
Public Access to Current Year's National Budget?	No	No	No	No
Freedom of Information Law?	Yes	Yes	No	Yes
List of Public Data Links (Look Under "De Facto Components")	<a href="#">Link</a>	<a href="#">Link</a>	<a href="#">Link</a>	<a href="#">Link</a>

## KEY INFORMATION: BENEFICIAL OWNERSHIP TRANSPARENCY (BOT) ACTIONS IN SOUTH ASIA

Take a look at the table below to learn more about the BOT commitments and policies being implemented by governments in South Asia, and use the BOT Country Profile and Report links to learn more.

Country:	India	Pakistan	Nepal	Bangladesh
Central Beneficial Ownership Register?	Yes	No	No	No
Is the Register Public?	No	No	No	No
Commitment to Create Central Register?	No	Yes	Yes	Yes
Commitment to Make Register Public?	No	Yes	Yes	Yes

Country:	India	Pakistan	Nepal	Bangladesh
BOT Country Profile: OpenOwnership.org	<a href="#">Link</a>	<a href="#">Link</a>	<a href="#">Link</a>	<a href="#">Link</a>
BOT Country Report:	<a href="#">Link</a> <a href="#">Link</a>	<a href="#">Link</a>	<a href="#">Link</a>	<a href="#">Link</a>

## KICKSTART ACTIVITY (OPTIONAL):

Do a google search on your local government (at the subnational level if possible) and try to find out what budget information is publicly available. Are multiple years available, including the current year? Are there local non-profit organizations tracking the budget and implementation process? Given the information available, could you imagine a tool that would improve or strengthen budget transparency as it currently stands, or that could strengthen accountability to citizens in your area?

Alternatively, do a Google search on your country's beneficial ownership transparency regulations (Tip: [this map](#), referenced earlier, could be a good place to start). Are there publicly available data on the beneficial owners of major assets and businesses in your country? Has your country committed to international standards or agreements on the availability of BO data? (Tip: You can find information quickly using the links in the table above and the Appendix below.) Could you imagine a tool that would improve or strengthen beneficial ownership transparency as it currently stands, or that could reduce private sector corruption in your area?

## APPENDIX

*Note: Use this appendix to dive more deeply into the tools and initiatives that already exist in South Asia, as well as similarly themed work that has been done around the world. While the goal is to avoid re-creating the wheel, your team may find that existing ideas and initiatives can be usefully applied to a specific context in your region.*

### Existing Dashboards, Tools, and Initiatives in South Asia:

<b>India</b>	<p>Government of India, Ministry of Finance - <a href="#">Union Budget Website</a></p> <p>National Budget - 2023-24 <a href="#">Budget Speech</a>, <a href="#">Highlights</a>, and <a href="#">Analysis</a></p> <p>Local NGO - <a href="#">Open Budgets India</a></p> <p>Regional NGO - <a href="#">CBGA: India Budget Data Visualizations</a></p>
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<p><b>Pakistan</b></p>	<p>Government of Pakistan - <a href="#">Budget Publications 2022-23</a>          Government of Pakistan - <a href="#">Financial Accounting and Budgeting System</a>          Regional NGO - <a href="#">CBGA: Information kit on the federal budget of Pakistan, 2011</a></p>
<p><b>Nepal</b></p>	<p>Government of Nepal - <a href="#">Ministry of Finance</a>          Legacy Public Data Website - <a href="https://data.mof.gov.np/">https://data.mof.gov.np/</a>          Nepal Economic Forum - <a href="#">Key highlights of Budget 2022-23</a>          Regional NGO - <a href="#">CBGA: Information kit on the budget of Nepal, 2011</a></p>
<p><b>Bangladesh</b></p>	<p>Government of Bangladesh - <a href="#">Budget Portal</a>          Government of Bangladesh - <a href="#">Integrated Budget &amp; Accounting System (requires login-in)</a>          International NGO Report - <a href="#">U4: Review of citizen-led accountability efforts in Bangladesh, 2018</a>          Regional NGO - <a href="#">CBGA: Information kit on the budget of Bangladesh, 2011</a></p>

## Budget and Ownership Case Studies from Around the World

Case Study: [Making Open Budgets Accessible to Citizens in South Africa](#)

Case Study: [Budget Transparency in Israel](#)

Case Study: [Latin American and African BOT Registries](#)

Case Study: [Beneficial Ownership Transparency in Mongolia](#)

Case Study: [BOT Registry in Canadian Provinces](#)



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