

Characteristics of Public Budgets in 5 Latin American Countries

The Latin American Network for Legislative Transparency is a network of civil society organizations in Latin America that promote transparency, access to information and responsibility in the congresses of the region. Their mission is to elevate transparency standards in the Legislative Branches of the region by actively promoting good practices.

The Network works to ensure representative, transparent, and accessible Congresses that are accountable and efficient.

The present document will discuss characteristics of the budgetary process in the following countries: Argentina, Chile, Colombia, Mexico, and Peru. The role of the Legislative and the Executive Power in it, and other information of interest in the subject will be discussed as well.

Are there specific constitutional deadlines for the submission of the budget by the executive, the analysis of the budget, and its publication? Define each one.

Argentina: The National Office of Budget, under the authority of the Office of the Treasury Secretary of the Ministry of Economy and Production, receives the preliminary drafts of the budget from various institutions of the National Public Administration.

After a thorough analysis of the results of the previous years and the politics and objectives of government programs, and taking into consideration those preliminary drafts, the *Budget Bill* is elaborated. This bill is first evaluated and discussed in the Headquarters of the Cabinet of Ministers, then submitted for consideration to all the government areas and, finally, sent to Congress of the Nation before September 15th to be processed and, subsequently, approved¹.

Chile: The Political Constitution specifically indicates that the President of the Republic should present the Budget Bill to the National Congress at least three months in advance of the date it should go into effect. The congress has 60 days from its presentation to attend to the budget. Finally, the Budget should be completely processed by December 1st of the year before it goes into effect.

Colombia: The National Government presents the draft of the annual budget of incomes and expenditures to the economic commissions of the Senate and the Chamber each year during the first week of April, which will be presented in its final form on July 20th to

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Congress. The National Government must submit the plan of the General Budget of the Nation to be considered by the Congress through the Ministry of Estate and Public Credit during the first ten days of each legislature, and it will contain the plan of incomes and expenditures, and the fiscal result. The commissions of the Senate and the Chamber of Representatives have until August 15th to determine if the plan does not conform to the rules of the constitutional law, in which case the plan will be returned to the Ministry of Estate and Public Credit. That organism will have until August 30th to submit it again with the corresponding amendments to Congress.

The commissions of the Senate and Chamber of Representatives will decide on the final budget expenditures before September 15th. The commissions will approve the project before September 25th and the plenary sessions will commence on October 1st each year.

Mexico: The deadline for the Federal Executive to send its proposal of the Budget of Expenses of the Confederacy is September 8th. The Chamber of Deputies has the sole authority to analyze, discuss, and approve the report before November 15th of that year.

In the event that the Executive assumes its assignment on December 1st, which occurs every six years, the proposal can be sent until December 15th. The Chamber of Deputies will have the same power and the proposal should be approved no later than December 31st.

The Political Constitution of the Mexican United States indicates, in Article 74, Part IV, that the submission of the Budget of Expenditures of the Federation may be extended at the request of the Federal Executive, whenever it is justified. The secretaries of corresponding offices should report on the reasons that motivate the request for an extension.

There is no deadline for the proposal to be published in the Official Journal of the Federation, although the proper procedure is to make it before December 31st.

Peru: The President of the Republic must send the Budget Bill to Congress before August 30th. The Congress discusses and approves it in coordination with the Executive Power. If the signed Budget Law is not sent to the Executive Power by November 30th, this plan comes into effect.

Does the Executive have the authority to veto the budget, or are there some areas or branches that the Executive cannot modify?

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Argentina: Congress can increase or decrease the various public expense items, and include others that were not in the original plan. After the Congress of the Nation approves the budget bill, it passes to the Executive Power to be examined and, subsequently, enacted as law. If the Executive Power has objections, it has ten business days to return it to the Chamber of Deputies. Within these ten days, the Executive Power may exercise the power of the veto, meaning it can dismiss all or parts of the Budget Bill.

Chile: As occurs with all bills, the Executive can veto the budget approved by the chambers. The remarks made in the veto should be directly related to the main or foundational ideas of the project, unless they have been considered in the respective message. Additionally, throughout the particular discussion of the project, only the executive can fulfill instructions that alter the expenses and taxes established in general or special laws and decrease expenditures classified as variable expenses, or the ones which divide or rename them inside their respective classifications.

Colombia: The Ministry of Estate and Public Credit is the government's communication agency with Congress in budgetary matters. Consequently, only this official department can request, as a spokesman of the government, to create new revenues or other incomes; change income rates; modify or transfer expense items included by the government in the budget plan; and consider new expense items and the authorizations to assume loans.

Mexico: The "presidential veto" is not included in the Political Constitution of the Mexican United States. However, the Federal Executive has the power to make remarks to the approved report. All items can be modified.

Peru: The congressional representatives do not have the initiative to create or increase public expenses, except for internal changes in the Congress' expenses. Therefore, in principle, nothing that has not been previously approved by the Executive should be included in the Bill sanctioned by Congress.

If the proposal of the budget is not approved, does the budget of the current year take effect?

Argentina: If the sanction of the Budget has not been executed in a timely manner, the Law of Public Accounts stipulates that the budget of the previous year should act as a substitute "to the end of the continuity of the services"².

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Chile: In the event that the proposal of the budget is not approved, the budget of the previous year takes effect. This also occurs if the established deadlines are not observed.

Colombia: If the plan of the general budget of the nation has not been presented in the first ten days of regular sessions, the National Government will issue a decree before December 10th that the budget of previous year should take effect, adhering to stipulations in Article 348 of the Political Constitution. The government may reduce expenditures and consequently eliminate or consolidate jobs when deemed necessary, taking into consideration the income and revenue estimated for the fiscal year. The budget of the previous year is the one which has been enacted or adopted by the government and liquidated for the fiscal year underway.

Mexico: In the event the proposal of budget is not approved, the budget of the previous year takes effect.

Peru: In the event the proposal of the budget is not approved, the one sent by the Executive Power takes effect.

In the approval of the last five budgets, has there been any kind of conflict?

Argentina: The budget submitted by the National Executive Power for 2011 is one of the current topics on Argentina's agenda nowadays. In the Chamber of Deputies of the Nation, the opposition succeeded in stopping the project to enter the Commission of Budget and Estate, avoiding the possibility of approval that the governing party sought for it. The session was embroiled in accusations from both sides of the dispute, such as buying of votes and subtle orders to leave the chamber for some deputies.

The subsequent meeting of the Commission of Constitutional Matters, which was directed at examining these shocking accusations, resulted in a scandal, leading to physical violence in one case.

The regular sessions of the Chamber of Deputies have closed at November 30th. The plan has not been discussed previously, and the ruling party has still refused to extend them, which concluded in the National Executive Power's announcement that it would govern with the current budget.

The most important complaints in relation to the budget concern the statistical underestimation that allows the Executive Power to include surpluses for discretionary

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use. At the same time, many complaints from opposing sectors are related to the possibility that budget reallocations would not permit the budget to be an instrument of real planning for the economy.

Chile: The discussion of the Budget Bill for 2010 was conducted in an orderly manner and in compliance with the deadlines. Every item was approved; however, the ones which generated the most debate were interior ministry, housing, and education. The major conflict occurred when the Chamber of Deputies rejected the general secretary of the government's budget because the opposition in the parliament considered some of the minister judgments to be disrespectful and offensive. Therefore, the ruling party accused the opposition of having violated the political agreement that the joint committee had agreed to develop for the 2011 budget. Finally, after the Senate made several amendments, the chamber approved all the items on the budget.

Colombia: There was some conflict concerning the budget of public universities. Due to this conflict, an additional item for \$160 billion pesos was approved in the budget.

<http://www.elespectador.com/economia/articulo167775-congreso-aprobo-presupuesto-2010-1483-billones-de-pesos>

Mexico: There was no conflict at all.

Peru: There was no serious conflict, only debates on budget priorities.

On the matter of transparency: Have the agencies responsible for transparency gradually reduced their budgets?

Argentina: The external control of the patrimonial, economic, financial, and operating aspects of the national public sector is one of the powers of the Legislative Branch. The Legislative Power's examination and review of the performance and overall situation of the public administration is supported by the reports of the General Audit of the Nation. The General Audit of the Nation, in the Congress of the Nation's field, is the agency of external control of the Budget of the Nation. The General Audit of the Nation's budget has not been diminished, at least in absolute terms.

Chile: The Council for Transparency's current budget has not diminished with respect to the one of the previous year because the Institution is still in a phase of gradual implementation of its abilities. In general terms, the budget for 2009 dedicated much of

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the funds for equipment and initial installation, while the budget for 2010 placed an emphasis on building a budget based on the needs of the Council. The 2011 budget includes strengthening the internal capacities and improving the services for citizens and obligated government entities. The budget of the General Finance Office of the Republic did not increase much from the previous year. Year 2009: \$46.076.307 and 2010: \$49.388.255.

Colombia: The general budget of the Nation is composed of the following parts:

The budget of expenses or law of appropriations. It includes appropriations for the judicial branch, the legislative branch, the General District Attorney's Office of the Nation, the Attorney General's Office of the Nation, the Ombudsman of the Town, the General Finance Office of the Republic, the National Registry of the Civil State (which includes the Electoral National Counsel, the departments, the ministries, the administrative departments, the public establishments and the National Police), distinguishing among operation expenses, public debt service and investment expenses, classified and detailed exactly how the regulations indicate.

1. In the attorney's office, the budget has been increased.

2. The finance office currently has a deficit of 24.3 billion:

http://www.larepublica.com.co/archivos/ECONOMIA/2010-08-19/gobierno-deberia-ajustar-presupuestocontraloria_108288.php

Mexico: There have not been any budget reductions in this area.

Peru: There have not been any significant reductions in the budget.