

The national budget is one of the main policy documents issued by governments. It is a tool for understanding government priorities and policy objectives, as well as how the executive branch plans to manage public finances. Budget transparency, as defined by the OECD, is the full disclosure of relevant fiscal information in a timely and systematic manner. Although countries might have different budget reporting systems, increasing the level of transparency throughout the budget process (preparation, approval, execution and audit) is essential for upholding public sector integrity and increasing the participation of citizens and non-government organisations in the budgetary process. Openness and transparency can ultimately lead to better public sector performance by facilitating citizen monitoring of governments and minimising the inappropriate and inefficient use of public resources.

Several factors affect the extent of budget disclosure, namely: governmental efforts to ensure the quality and integrity of information, the legal framework regulating the disclosure of information, the existence of a clear chain of responsibility within the budget process, and the degree of legislative participation in the budget process. These are core elements underlying transparency in the budget process.

The information included in the executive budget is increasing among LAC countries. Over three-quarters of the surveyed LAC countries (17) publish the government's medium-term fiscal policy objectives as well as the budget proposal. Furthermore, most LAC countries, with the exception of Barbados and Jamaica, produce a pre-budget report that is published prior to the budget proposal and is meant to encourage debate on budget aggregates and their potential effect on the economy. Eight LAC countries publish the methodology and macroeconomic assumptions underlying the budget. These assumptions determine budgetary calculations. Their failure to accurately replicate reality can have major implications on government deficit/surplus and its ability to uphold fiscal objectives and maintain the soundness of macroeconomic policy. Although the majority of LAC countries use models to conduct sensitivity analyses, Brazil, Mexico and Paraguay are the only countries that publicly provide such information.

Beyond publicly providing budgetary information, certain governments release citizens' budgets, which are easy-to-understand summary documents of the main features of the annual budget as presented to the legislature, including explanations and definitions of technical terms. In addition to reporting and explaining budget decisions with simplicity and clarity, citizens' budgets can help facilitate policy analyses and promote accountability. In

LAC, 59% of the surveyed countries publish citizen budgets, compared to a lower percentage among OECD member countries (47%).

Methodology and definitions

Data refer to 2013, drawing on the 2013 OECD Survey on Budgeting Practices and Procedures. Respondents were predominately senior budget officials in LAC and OECD countries. Responses represent the countries' own assessment of current practices and procedures. Data refer only to central/federal governments and exclude budgeting practices at state/local levels.

A budget circular is a document/memorandum issued by the central budget authority to guide line ministries/agencies in the formulation of their initial budget proposals/budget estimates. A budget circular, for instance, may contain information or guidance on automatic productivity cuts, medium-term or annual expenditure ceilings, etc.

A citizens' guide to the budget is defined as an easy-to-understand summary of the main features of the annual budget presented to the legislature. It should be a self-contained document that explains what is in the annual budget proposals and what their effects are expected to be. While containing links or references to more detailed documents, the guide should not require readers to refer to them, or to know their contents, in order to understand the guide.

Further reading

- Carlitz, R. (2013), "Improving Transparency and Accountability in the Budget Process: An Assessment of Recent Initiatives", in *Development Policy Review*, Vol. 31, S. 1, pp. 49-67.
- OECD (2002), "OECD Best Practices for Budget Transparency", *OECD Journal on Budgeting*, Vol. 1/3, OECD Publishing, Paris, <http://dx.doi.org/10.1787/budget-v1-art14-en>.
- Petrie, M. and J. Shields (2010), "Producing a Citizens' Guide to the Budget: Why, What and How?", *OECD Journal on Budgeting*, Vol. 10/2, OECD Publishing, Paris, <http://dx.doi.org/10.1787/budget-10-5km7gkwg2pjh>.

Figure and table notes

Data for Chile and Mexico refer to 2012.

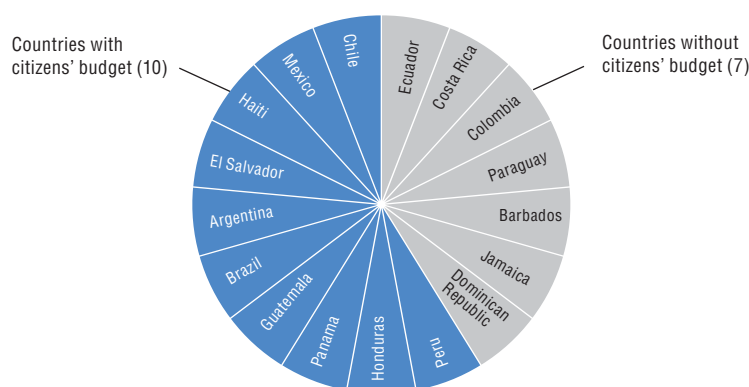
4.9. Budgetary information made publicly available (2013)

	Medium-term fiscal policy objectives	Budget proposal	Budget approved	Methodology and economic assumptions for establishing fiscal projections	Sensitivity analyses of fiscal and/or macroeconomic models	Budget circular	Independent reviews/analyses of macroeconomic and/or fiscal assumptions	Pre-budget report	Long-term perspective on total revenue and expenditure
Argentina	●	●	●	○	x	○	x	●	x
Barbados	●	○	●	○	x	○	x	x	○
Brazil	●	●	●	●	●	○	x	●	x
Chile	●	●	●	●	○	●	x	●	x
Colombia	●	●	●	●	○	●	●	●	●
Costa Rica	●	●	●	●	○	●	○	●	x
Dominican Republic	●	●	●	○	○	○	x	●	x
Ecuador	●	●	●	●	○	●	x	●	x
El Salvador	●	●	●	○	○	●	x	●	○
Guatemala	●	●	●	○	○	●	○	●	x
Haiti	○	●	●	○	○	○	x	●	x
Honduras	●	●	●	○	○	●	○	●	x
Jamaica	●	●	●	●	○	○	●	x	○
Mexico	●	●	●	●	●	○	x	●	x
Panama	○	●	●	○	○	○	○	●	○
Paraguay	x	●	●	●	●	●	x	●	x
Peru	●	●	●	○	○	○	x	●	x
LAC total									
● Publicly available	14	16	17	8	3	8	2	15	1
○ Not publicly available	2	1	0	9	12	9	4	0	4
x Not applicable	1	0	0	0	2	0	11	2	12
OECD total									
● Publicly available	31	32	32	27	20	17	16	14	14
○ Not publicly available	1	0	0	6	11	14	9	3	3
x Not applicable	1	1	1	0	2	2	8	16	16


Source: 2013 OECD Survey on Budget Practices and Procedures.

StatLink  <http://dx.doi.org/10.1787/888933090650>

4.10. Use of citizens' budget (2013)



Source: 2013 OECD Survey on Budget Practices and Procedures.

StatLink  <http://dx.doi.org/10.1787/888933090327>



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