

OPEN BUDGET
SURVEY
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8
EDITION

Latin America and the Caribbean

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Challenges and improvements in open budgeting practices in Latin America and the Caribbean

Introduction

The fiscal decisions reflected in the public budget range from what taxes to levy and how much debt to incur, to what public services to provide and with how many resources. All these decisions can hinder or guarantee access to rights. The crisis caused by the COVID-19 pandemic especially affected women, children and adolescents, people with disabilities, the elderly, poor people, socio-spatially segregated people, indigenous communities, members of the LGBTQIA+ community and displaced people.¹ It also brought to light how inequitable access to basic services is - including health care, drinking water distribution and Internet access, among others.

According to data published by ECLAC,² the extreme poverty rate in the region has increased from 13.1 percent of the population in 2020 to 13.8 percent in 2021, a 27-year setback. This means that the number of people in extreme poverty has increased from 81 to 86 million. Nevertheless, ECLAC estimates that poverty would have been greater in 2020 if countries in the region had not adopted pandemic-response measures, such as emergency income transfers. In other words, the public budget has been a key tool to lessen the burden of the pandemic, and transparency was essential for the budget to achieve the necessary impact.

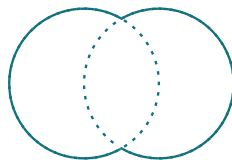
¹ See: Inter-American Commission on Human Rights Press Release, March 20, 2020 (<https://www.oas.org/es/cidh/prensa/comunicados/2020/060.asp>), Declaration of the Inter-American Court of Human Rights 1/20, April 9, 2020, "COVID-19 and Human Rights: Problems and challenges must be approached from a human rights perspective and with respect for international obligations." (https://www.corteidh.or.cr/docs/comunicados/cp_27_2020.pdf); and press release from the Department of Global Communication of the United Nations Organization (<https://www.un.org/es/coronavirus/articles/un-working-vulnerable-groups-behind-covid-19>).

² Economic Commission for Latin America and the Caribbean. 2021. See: <https://www.cepal.org/es/comunicados/pobreza-extrema-la-region-sube-86-millones-2021-como-consecuencia-la-profundizacion-la>

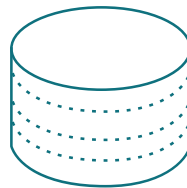
When analyzing the results of the Open Budget Survey (OBS) 2021 edition for Latin America and the Caribbean,³ we see that — with some exceptions — the region is close to consolidating budget systems that provide citizens with the kind of information necessary to understand their governments' spending. Not so in the case of public participation, whose low results reflect a critical need to make budget and public resource management decisions truly open and democratic. To promote a constructive dialogue that highlights successful experiences, points out challenges and raises possible solutions, we will analyze trends in the OBS 2021 evaluation of the region and develop recommendations to improve transparency, oversight and citizen participation in the public budget.

Analysis of the results according to survey pillars

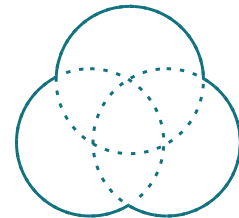
On the Open Budget Index scale from 0 to 100, 61 points are needed to meet the minimum threshold for an informed public debate on each country's budget. The overall results indicate that, broadly speaking, the region maintains the levels achieved in previous years. However, it has not yet reached the desired threshold (61 points) in any of the pillars.



Transparency



Oversight



Public participation

	Transparency	Oversight	Public participation
2017	50	57	15
2019	51	55	17
2021	52	56	16

The averages in this table include the 17 countries that are comparable from 2017 to 2021.

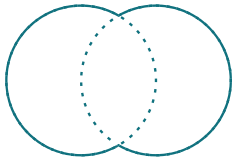
While showing a general trend, the results omit the particularities of the countries that make up the region. The following sections provide a deeper look at the findings of the survey for each of the pillars, taking into account the different circumstances for countries in the region.

³ The measurement for the region is made up of 18 countries: Argentina, Bolivia, Brazil, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Jamaica, Mexico, Nicaragua, Paraguay, Peru, Trinidad and Tobago, Venezuela.

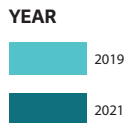
a) Transparency

The transparency pillar assesses the availability, timeliness and content of eight key budget documents that should be widely accessible during the budget cycle. With 52 points, the average for the region is almost 9 points below the minimum threshold.

Transparency in LAC, 2021 vs. 2019



Mexico	82	82
Brasil	81	80
Republica Dominicana	75	77
Guatemala	65	64
Costa Rica	57	63
Honduras	59	61
Peru	76	61
Chile	55	60
Columbia	47	50
Jamaica	42	50
Argentina	58	50
Paraguay	46	47
Ecuador	38	46
Nicaragua	41	42
El Salvador	46	41
Trinidad y Tobago	30	34
Bolivia	12	20
Venezuela	0	0



Some countries' scores, such as El Salvador, Argentina and Peru, fell because they published some documents measured by the OBS too late or included less detail than in previous years.⁴ These setbacks in published information can be attributed, in part, to isolation measures implemented during the COVID-19 pandemic and the constraints these measures imposed on budget discussion, approval and accountability procedures.⁵ At the same time, pandemic-related expenditures spawned an array of irregularities. During the first months of 2020, government overspending was detected in several countries. For example, in Ecuador, there were overpriced masks⁶ and mortuary bags,⁷ causing the attorney general's office to open more than 160 investigations.⁸ In Argentina, the Ministry of Social Development bought overpriced food for shelters and soup kitchens.⁹ In Paraguay, irregular purchases of pandemic supplies by the Ministry of Public Health and Social Welfare,¹⁰ the National Directorate of Civil Aeronautics¹¹ and the state-owned company Petr leos Paraguayos¹² were detected.

“The Ecuadorian government launched the open information platform for public procurement with the aim of making these processes transparent.”

These situations became a source of public debate and led governments to take steps to prevent future problems. Ecuador launched an open information platform for public procurement to make government spending more transparent. In Argentina, the National Procurement Office published information about how supplies were secured during the health emergency, and the Minister of Social Development dismissed officials involved in irregularities. In Paraguay, a website was created to publish all expenditures, contracts, acquisitions, subsidies and debts incurred related to the COVID-19 pandemic.

4 In El Salvador, the Preliminary Document (PBS) was published late, the Mid-Year Review document has not yet been published, and only citizen versions of the approved budgets are produced. In Argentina, the Progress Report (PBS) and the Budget Proposal (EBP) did not include relevant data for the OBS, and the Investment Account Audit Report (AR) had not been published at the time of the survey. In Peru, the Macroeconomic Projections Update Report 2020 - 2023 (PBS) and the Yearly Evaluation Report on Budgetary Management (YER) were published late, and the Audit Report (AR) presented incomplete information. In Argentina and Peru, the absence of information on macroeconomic projections was justified by the economic uncertainty generated by the pandemic.

5 In many countries, legislatures ceased to function regularly for a few months, giving the executive greater discretion in modifying budget items for key health and social protection policies. For example, the National Congress of Argentina approved in mid-May 2020 the modifications made by the executive branch at the beginning of the pandemic (two months earlier). On May 18, 2020, the Bicameral Commission of Legislative Procedure of the National Congress met (broadcast by the official channel of the Senate: <https://www.youtube.com/watch?v=J-y2s9D5eEM>) and dealt with a series of Decrees of Necessity and Urgency issued by the executive between the months of March and May. Discussion of its validity is available at: <https://www.youtube.com/watch?v=J-y2s9D5eEM>, and shorthand versions of the sessions can be consulted at: <https://www.senado.gov.ar/parlamentario/sesiones/busquedaTac>.

6 See: <https://www.contraloria.gob.ec/CentralMedios/SalaPrensa/23824>

7 See: <https://www.elcomercio.com/actualidad/contraloria-sobreprecio-compra-bolsas-cadaveres.html>

8 See: https://www.google.com/url?q=https://gk.city/2021/06/22/delitos-durante-pandemia/&sa=D&source=docs&ust=1648745623159433&usq=AOvVaw0U2syaRXMc56etc_LM0zBG

9 See: <https://acij.org.ar/coronavirus-sobreprecios-en-alimentos/>

10 See: <https://www.ultimahora.com/contraloria-confirma-que-compra-estuvo-viciada-irregularidades-n2886463.html>

11 See: <https://www.google.com/url?q=https://senac.gov.py/index.php/noticias/es-iniciada-una-investigacion-en-relacion-un-proceso-de-adquisicion-de-mascarillas-de-proteccion-en-la-direccion-nacional-de-aer&sa=D&source=docs&ust=1648745741591143&usq=AOvVaw1NUQrE08vY-U86rWjWagoN>

12 See: <https://independiente.com.py/contraloria-fiscaliza-posible-denuncias-de-corrupcion/>



A woman holds a paper that says: "Coronavirus, go away." Ruslana Iurchenko / Shutterstock

To better manage the [Covid] emergency, some countries implemented new transparency and accountability measures,¹³ therefore improving their performance in these areas. For example, in Ecuador, in addition to publishing documents that were released too late in previous years,¹⁴ regulatory reforms were implemented to promote fiscal sustainability, the forecast between revenues and expenditures and the possibility of monitoring compliance and limits on public indebtedness. In Bolivia's case, the considerable rise in its score is explained by the fact that the Budget Proposal (EBP) was published prior to its approval.

In a few countries, such as Peru and Costa Rica, information was published as open data, and their scores, which had already met and exceeded the minimum threshold for transparency, improved further. In Peru's case, information on the draft budget and the budget law was disclosed as open data.¹⁵ Costa Rica prepared and published the mid-year budget review with explanations, and they improved the completeness of the Citizens' Budget (CB). Mexico and Brazil are among the countries that top the podium in the region, but they still fell short in some areas. The Mexican government has not improved its level of transparency with respect to the trusts.¹⁶ The Brazilian Congress, meanwhile, approved the 2021 budget after the legal deadline, impacting the budget execution for that year¹⁷ and slightly reducing its score.

Finally, it is worth highlighting Venezuela, which stood apart from the other countries in the region since, for the third consecutive time, its score was zero because the key budget documents were not published. Some were not made public —something that happened in 2018 with the fiscal control reports run by the Comptroller General of the Republic and in 2020 with the budget modifications. Other documents were not produced at all — such as the audit report. In addition, a regressive regulation on access to public information was adopted. The survey's findings for Venezuela are not surprising given the country's tenuous political environment, which, as the OHCHR reported in 2019, has been punctuated by systematic human rights abuses directed at, among others, government critics.¹⁸

13 Many of these measures were analyzed in the IBP report entitled "Managing Covid Funds: the accountability gap", available at: <https://internationalbudget.org/covid/>

14 In the case of Ecuador, the improvement is mainly due to the timely publication of the Mid-Year Report and the three Quarterly Budget Reports. In 2020, the Ministry of Economy and Finance signed a letter with Grupo FARO - the organization in charge of measuring civil society - through which it committed to publish budget documents on time.

15 See: https://www.mef.gob.pe/es/?option=com_content&language=es-ES&Itemid=100751&view=article&catid=182&id=5761&lang=es-ES y https://www.mef.gob.pe/es/?option=com_content&language=es-ES&Itemid=101158&lang=es-ES&view=article&id=2327

16 See: <https://www.imf.org/en/Publications/CR/Issues/2018/10/03/Mexico-Fiscal-Transparency-Evaluation-46282>

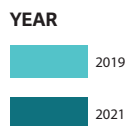
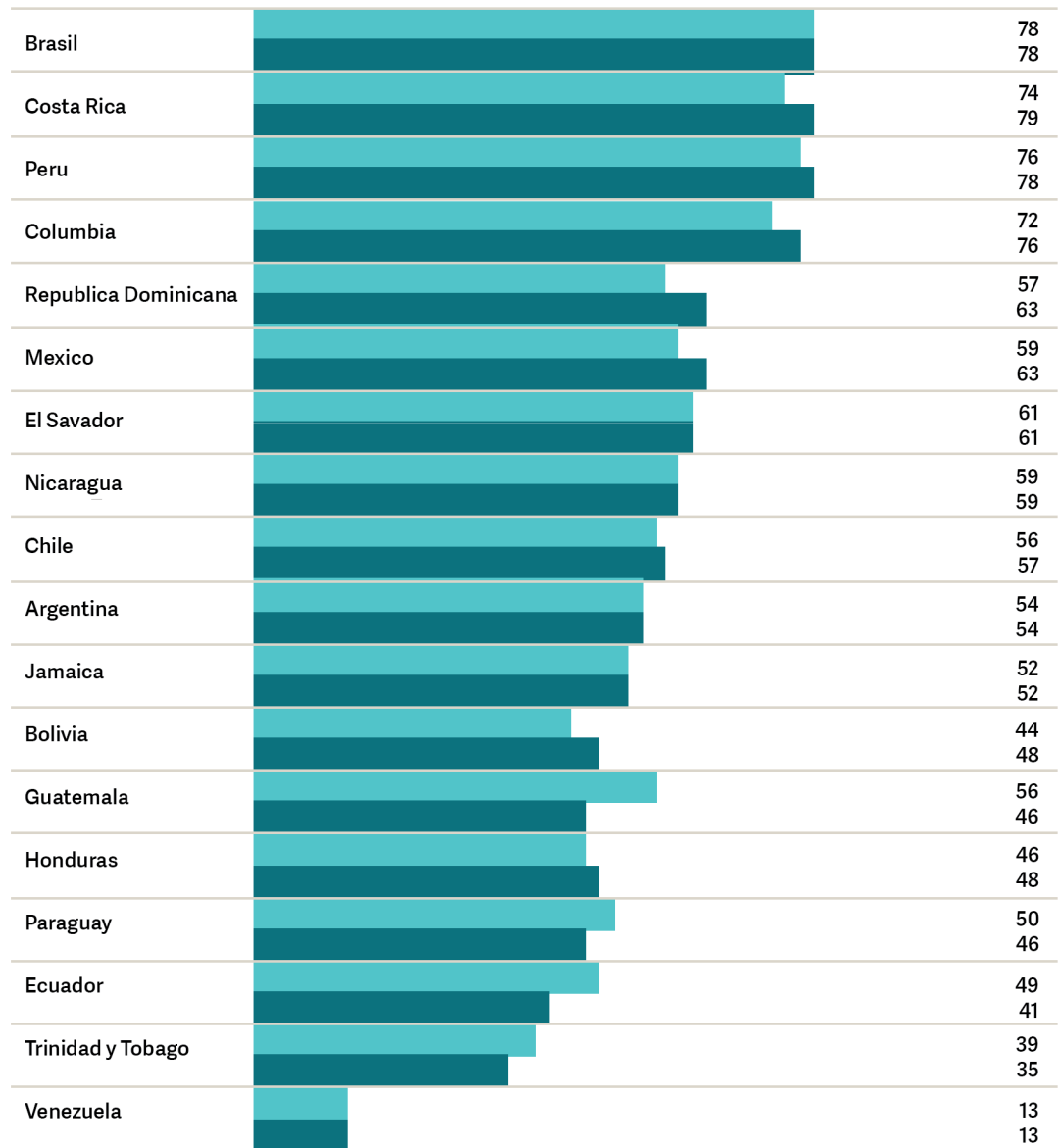
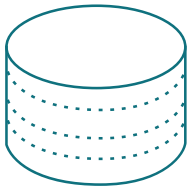
17 See: <https://www12.senado.leg.br/noticias/materias/2021/03/18/com-tres-meses-de-atraso-orcamento-deve-ser-votado-na-proxima-semana>, <https://www.cnnbrasil.com.br/business/deputados-aprovam-texto-base-do-orcamento-de-2021-no-congresso-falta-o-senado/>, <https://exame.com/economia/com-atraso-bolsonaro-sanciona-orcamento-de-2021-com-vetos/>, <https://todospelaeducacao.org.br/noticias/atraso-na-aprovacao-do-orcamento-da-uniao-prejudicou-execucao-orcamentaria-do-mec/>

18 See: <https://www.ohchr.org/es/2019/07/un-human-rights-report-venezuela-urges-immediate-measures-halt-and-remedy-grave-rights?LangID=S&NewsID=24788>

b) Oversight

The oversight pillar, which assesses the role of legislatures and supreme audit institutions in the budget process, rates each country on a scale of 0 to 100, based on 18 indicators. The average for the region is 55.

Vigilancia in LAC, 2021 vs. 2019



Venezuela, at the bottom, is markedly below the average, while only 6 of the 18 countries assessed reach or exceed 61 points. These countries are Costa Rica, Peru, Brazil, Colombia, Dominican Republic, Nicaragua and El Salvador. The rest scored below the threshold, and all countries generally scored higher on audit institution oversight than legislature oversight. This divergence between the audit institutions and the legislatures may be a result of their constitutional responsibilities: the former, with a strictly technical role, has an explicit monitoring mandate, and the latter is supposed to exercise some form of control as a body representing the citizens.

Most countries have adequate audit oversight scores,¹⁹ reflecting the existence of robust checks on the year-end reports sent by executives to legislatures and their timely publication. Some countries, such as Peru, have shown substantial improvements in OBS 2021. There, the comptroller's office implemented concurrent control mechanisms for large investment projects and special situations, such as health emergencies. Similarly, in Jamaica, the Ministry of Finance requested that the supreme audit institution carry out special, real-time monitoring of pandemic-related initiatives to prevent irregularities. As a next step, it would be desirable for this type of audit to be extended to other priority policies, beyond the health emergency.

“Some countries, such as Peru, have shown substantial improvements in OBS 2021.”

As far as legislatures,²⁰ the average score for 2021 was 49. The average remained basically unchanged from 2019 even though their operations were impeded by pandemic-related closures and other constraints. That said, Guatemala and Ecuador showed significant decreases in OBS 2021. Guatemala lacked an independent fiscal institution to provide information during the budget process, and while the legislature oversaw execution of the budget, it did not publish reports of its findings or analysis. Also, Guatemala's legislature, which is constitutionally required to approve or reject the budget liquidation audit report (YER) on an annual basis, had not fulfilled its obligations. In Ecuador, the legislature could not secure the necessary votes for the approval of the budget proposal (EBP).

Notably, even in the countries with the best scores, weaknesses in the supervision and control of budget modifications continued to pose problems throughout the year. For example, Peru's legislature does not have a technical office evaluating the budget on a permanent basis. A counterexample of that can be found in Argentina: The Congressional Budget Office, an institution created in 2016, publishes monthly budget modification reports and makes its own macroeconomic projections, allowing for exhaustive monitoring of national public spending, including changes throughout the fiscal year.

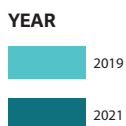
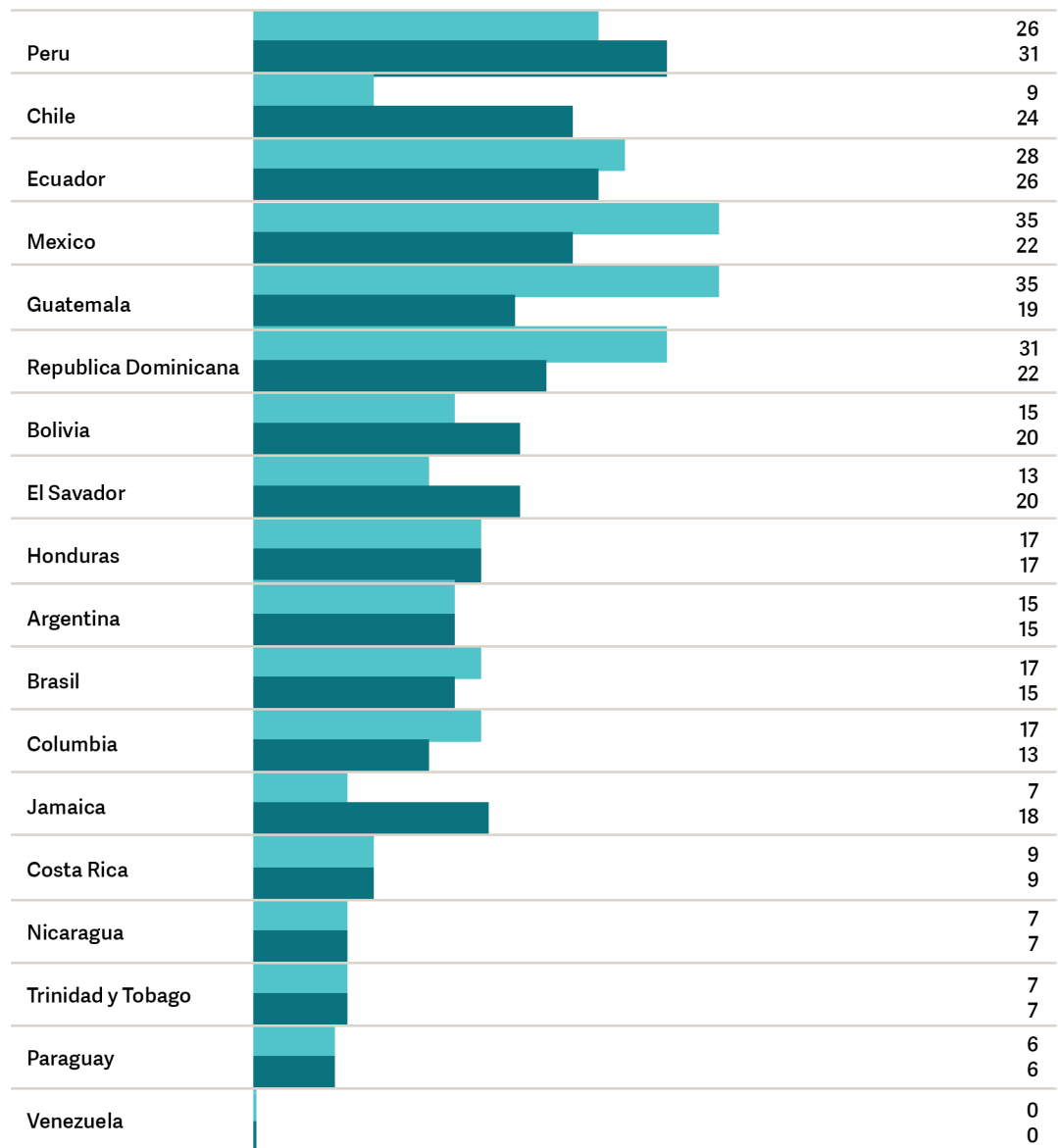
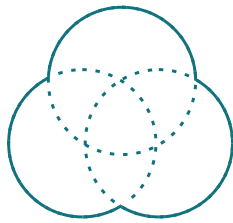
¹⁹ Detailed information by country can be consulted here: <https://docs.google.com/spreadsheets/d/1fnPgX-bmYPQkXva6SUXvfOC10jZX7m036eJmclxCpCo/edit#gid=902076924>

²⁰ Detailed information by country can be consulted here: <https://docs.google.com/spreadsheets/d/1fnPgX-bmYPQkXva6SUXvfOC10jZX7m036eJmclxCpCo/edit#gid=217568848>

c) Public participation

The last pillar of the OBS evaluates public participation in the different stages of the budget process, based on formal opportunities given by the executive branch, legislature and supreme audit institutions.²¹ As with the previous pillars, scores are reported on a scale from 0 to 100, and 61 meets the desirable threshold. Of all three pillars, countries in the region performed the worst in public participation. The best result is just 31 (Peru), and only 6 countries exceed 20 points (Chile, Ecuador, Mexico, Dominican Republic, Bolivia and El Salvador).

Public participation in LAC, 2021 vs. 2019



²¹ The measurement uses 18 indicators, which comply with the GIFT (Global Initiative for Fiscal Transparency) Principles of Public Participation in Fiscal Policies Available at: https://fiscaltransparency.net/principios_pp/?lang=es

Despite being among the best scorers, Guatemala, the Dominican Republic and Mexico show decreases since the last survey. In these cases, the executive and legislative branches failed to use all the available mechanisms to promote accountability and public participation, which can be explained, in part, by the constraints imposed by governments to reduce the spread of COVID-19. In addition, and this applies to the entire region, mechanisms for citizen participation in the management of public resources are completely absent.

“Bolivia, Jamaica and Chile showed progress, the latter standing out with an increase of 13 points, due to the fact that in 2020 the Ministry of Finance created the Public Expenditure Commission, a consultative body on the implementation of policies and public spending that guaranteed the participation of civil society in the implementation of actions tending to face the pandemic.”

While Bolivia, Jamaica and Chile all show progress, Chile stands out, raising its score by 13 points. This rise can be attributed, in part, to the Ministry of Finance’s creation, in 2020, of the Public Expenditure Commission,²² an advisory body that was designed to guarantee civil society’s participation in overseeing the implementation of pandemic-related policies and the related public spending. However, the commission's work lasted only one year, and there is no evidence that the Ministry has taken the advisory body’s recommendations into consideration. Chile’s participation score also improved because the Congress held a public hearing on the health budget.²³

Even in the highest-scoring countries, specialists, think tanks and civil society organizations were not given real opportunities by the executive or legislative branches to shape draft budgets. There are cases in which these types of instances existed but were not used, such as the public consultations in Brazil's National Congress, where more than 200 public policy councils that promoted citizen participation have been canceled and the right to information protected by the Access to Information Law has been limited.²⁴

22 See: <https://comisiongastopublico.cl/> y <https://internationalbudget.org/wp-content/uploads/IBP-Chiles-Institutional-Response-to-COVID-19.pdf>

23 See: https://www.senado.cl/appsenado/index.php?mo=comisiones&ac=sesiones_celebradas&idcomision=618&tipo=3&legi=0&ano=2020&desde=0&hasta=0&comi_nombre=Tercera%20Subcomisi%C3%B3n%20Especial%20Mixta%20de%20Presupuestos%20&idsesion=15781&idpunto=%SESIONES_CELEBRADAS_IDPUNTO%&fecha=19/10/2020&inicio=15:02&termino=21:10&lugar=Videoconferencia&listado=2

24 See: <https://www.inesc.org.br/en/organizacaoes-civis-pedem-a-oea-que-investigue-a-falta-de-transparencia-do-governo-na-crise-do-novo-coronavirus/> and <https://www12.senado.leg.br/noticias/materias/2020/04/30/stf-confirma-decisao-que-impede-restricoes-na-lei-de-acesso-a-informacao>

In Peru, which is one of the best cases, the legislative budget committees only received comments from citizens through a virtual platform, and these comments did not generate analysis or response documents. The Ministry of Economy and Finance did set up an e-mail address to receive comments on the draft budget and the budget law, but there were no mechanisms to express opinions during the implementation and evaluation phase, leaving this function to the [Round Table for the Fight against Poverty](#), which is not binding. Nor are there any specific instances of public participation facilitated by the Supreme Audit Institutions, on their audits of the year-end accounts.



A woman makes traditional handicrafts in Cusco, Peru. Willian Justen de Vasconcellos / Unsplash

Conclusions

This report shows that some of the trends occurring in Latin America and the Caribbean distinguish it from other regions, but the range of results within the region reflects how diverse the area is. The scores for each country are dissimilar, and the findings for one country are not the same for others even when income levels, political environment, democratic status or other common characteristics are present. Venezuela, Nicaragua and El Salvador were the exception, and the results for these countries are similar. Despite this heterogeneity and the resulting difficulty in constructing a common narrative around the findings, we note that global standards for fiscal transparency and accountability seem to carry weight in most countries in the region, and these countries have had established budgetary systems that can generate and publish the necessary information on the use of public resources. For this reason, consistent improvements have been observed in both pillars since the OBS began to be measured.

“This report shows some regional trends that distinguish Latin America and the Caribbean from other regions, but it also exhibits great diversity.”

Just to mention a few of the many factors that may explain why these standards have taken root, several countries have had strong connections to international financial markets, financial institutions and networks such as GIFT (Guatemala, Colombia, Mexico, Dominican Republic, Costa Rica, Chile, El Salvador, Argentina, Brazil, Paraguay and Uruguay). The internationalization of these relationships has been a catalyst for many states to try to incorporate good practices. In addition, many governments have had professional public servants within their finance and budget ministries who are not only technical experts in their fields, but who have held their positions for several years (such as Brazil, Argentina and Colombia, among others), which can explain the resilience of many public fiscal management systems in the face of changes in government.

Finally, another incentive for states to consolidate best practices in the transparency pillar has been to meet the requirements necessary to access external financing markets on favorable terms. In these countries, a strong and independent civil society, which has been able to use the media as a sounding board, has also meant favorable pressure and sustained demand for complete and timely budget information. Nevertheless, even in countries with consolidated democratic processes and political/government alternation — such as Ecuador, Paraguay, Argentina and Chile, just to mention a few — adequate budget transparency was unachievable.

The region's overall results in the public participation pillar are very low. It's important to note that the standards in this area have been developed more recently than the ones developed for transparency and oversight. In the area of supreme audit institutions, there are usually more mechanisms for civil society involvement. Meanwhile, ministries of finance and legislatures tended not to have mechanisms for citizen consultation or participation, and in the cases where they did exist — through surveys or hearings — they were not institutionalized. In some cases, policy-

executing units had participatory mechanisms, but these mechanisms are not contemplated in the OBS, which, for the executive branch, only evaluates economy, treasury or finance ministries, or the central coordinating body, and mechanisms strictly related to the budget process. The greatest shortfall in the region continued to be the lack of inclusive mechanisms that guarantee genuine participation of the different vulnerable and structurally excluded groups in budget decision-making.



A number of Mexican government officials speaking at a press conference. Fundar

Recommendations

During the pandemic, the United Nations, ECLAC²⁵ and other international organizations emphasized the need to expand social protection for disadvantaged groups.²⁶ The United Nations Special Rapporteur on extreme poverty and human rights²⁷ analyzed the impact of governments' crisis-response measures and determined that they were insufficient to meet the needs of the most disadvantaged sectors. It urged states to establish solid social protection floors that would truly eradicate poverty and reduce inequalities. To achieve a robust social protection system, fiscal policy must promote real equality and be socially fair, sustainable, transparent, participatory and accountable.²⁸ In this sense, an improvement in the indicators evaluated by the OBS would not only allow for more useful information and greater citizen involvement in the execution of public spending, but also reduce the risks of corruption, improve the provision of services and hold governments accountable for their decisions.

“Budget transparency and the strength of the surveillance and participation mechanisms in the budget cycle are fundamental tools for monitoring the execution of public policies aimed at fulfilling rights. Without them it is very difficult to demand effective strategies to guarantee efficient and egalitarian policies.”

Mechanisms for budget transparency, oversight and participation are fundamental tools that provide insight into how equitable public policies are designed and implemented. Without these tools, it is very difficult to demand effective strategies to guarantee efficient and egalitarian policies. In other words, to improve the management of public policies, evaluate their impacts and decide on the adequacy and relevance of these policies based on evidence, it is essential for countries to improve their standards of transparency, participation and accountability. With this in mind, a series of recommendations aimed at improving transparency, oversight and public participation in budgetary matters in the region are listed below.

²⁵ See: <https://news.un.org/es/story/2022/01/1503172>

²⁶ The United Nations Independent Expert on the effects of foreign debt has recommended doing so through the implementation of an emergency universal basic income for the low-income and informal sectors of the economy. See: https://www.google.com/url?q=https://www.ohchr.org/Documents/Issues/Development/IEDebt/20200414_IEDebt_urgent_appeal_COVID19_sp.pdf&sa=D&source=docs&ust=1648851868462188&usq=AOvVaw3svk-t7if4L11qa2HARrHC

²⁷ See: <https://www.ohchr.org/sites/default/files/Documents/Issues/Poverty/Covid19.pdf>

²⁸ See: Human Rights Principles in Fiscal Policy. Available at: https://derechosypolitica.fiscal.org/images/ASSETS/Principios_de_Derechos_Humanos_en_la_Politica_Fiscal-ES-VF-1.pdf

a) Transparency

In 10 countries the Pre-Budget Statement (PBS) was not yet published and in eight countries the Mid-Year Review (MYR) was not published. Its publication is very important, given the mid-year changes that come with, for example, emergencies such as the pandemic. These two documents are followed by the Audit Report (AR), which six countries did not publish, and the Citizens Budget (CB), which four countries did not publish. Three countries had not published the periodic budget execution reports (IYR) and the Year-End Report (YER). Promoting their development and timely publication is recommended.

In terms of the quality of published information, the region's execution reports (IYRs) and Enacted Budgets (EP) have very good scores, while the Executive's Budget Proposal (EBP) and the Year-End Report (YER) scores are below 60. These low scores are, in many cases, caused by a failure to publish complete information on fiscal performance indicators, multi-year expenditure estimates, tax and non-tax revenue policies and priorities, and borrowing and debt estimates. Publishing more comprehensive EBPs and YERs is recommended.

The OBS welcomes the creation of useful open data portals in several countries to facilitate timely monitoring of public spending and citizen oversight. However, the challenge of getting more people to learn how to use these portals and leverage the information for citizen oversight remains. This, in turn, must be accompanied by the timely and comprehensive publication of documents explaining this data since these explanations usually contain important narratives.

b) Oversight

In cases where it does not exist, it is recommended that an independent technical office within the legislative branch be created. This office would evaluate the budget on a permanent basis, thereby improving the legislatures' discussion of budget policy before the executive's draft budget is presented, furthering the timely execution of the budget and promoting consultations with the executive on diversions or modifications in funds during the budget year. A good model can be found in Argentina's Congressional Budget Office, which publishes monthly budget modification reports and makes its own macroeconomic projections, allowing it to monitor national public spending, including spending changes, throughout the fiscal year.

It is also recommended that governments adopt ex-ante or real-time budget evaluations for large investment projects as well as for social protection programs that help people in vulnerable situations or during unusual circumstances, such as health emergencies. In most countries, the evaluation of budget execution is ex-post, which hinders the corrective benefits of concurrent or real-time evaluations.

c) Public participation

The absence of citizen participation mechanisms in the management of public resources is one of the most widespread problems in the region. Institutionalizing instances of inclusive and accessible public participation in the different stages of the budget process is recommended—that is, during design, discussion, execution and accountability. In all cases, historically discriminated groups should be prioritized, and it is imperative that channels be created so that they can participate actively — directly or through the civil society organizations that represent them — and their needs taken into account. In this regard, Chile, which saw the creation of the Public Expenditure Commission within the executive branch during the pandemic, was a bright spot in the region. The executive branch should promote formal and sustained mechanisms to involve the public in the formulation of the budget and in overseeing its implementation.

At the same time, the legislative branch should institutionalize participatory mechanisms in meetings about the draft budget and in hearings about the audit report on the investment account. Supreme audit institutions should establish formal mechanisms for participation in relevant audit investigations on the implementation and accountability of public spending, especially on the audit document of the closing of the budget year. In all cases, it is important that the institutions maintain records documenting any involvement by specialists, think tanks, civil society organizations and anyone else who uses the available mechanisms.

Finally, ECLAC, the Organization of American States, the Development Bank of Latin America - CAF, the Latin American and Caribbean Organization of Supreme Audit Institutions (OLACEFS), the Inter-American Center of Tax Administrations (CIAT), ParIAmericas and GIFT should take a more active role in promoting improvements in the aforementioned indicators and in the institutions relevant to their fields, including parliaments, ministries in charge of budget design and execution, and budget oversight bodies.



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