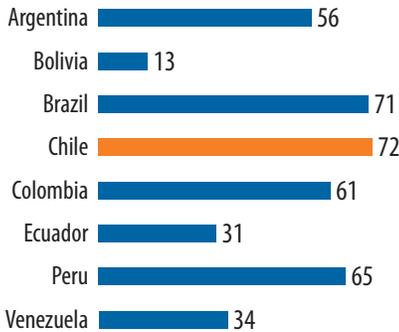




Overall score: **72** (Out of 100) Provides significant information to the public in its budget documents during the year.

How Does Chile Compare to Its Neighbors?



Key Findings

The scores for 92 questions from the Open Budget Survey 2010 (see text box) are used to compile objective scores and rankings of each country’s relative transparency. These scores constitute the Open Budget Index (OBI).

Chile’s OBI 2010 score indicates that the government provides the public with significant information on the central government’s budget and financial activities during the course of the budget year. While some deficiencies remain, the amount of information published is generally sufficient for citizens to assess how their government is managing public funds.

Chile’s OBI 2010 score is 72, which is the highest in the South America region.

Information in Public Budget Documents

Adequacy & Availability of Eight Key Budget Documents

Document	Level of Information Grade*	Publication Status
Pre-Budget Statement	E	Not Produced
Executive’s Budget Proposal	A	Published
Enacted Budget	A	Published
Citizens Budget	B	Published
In-Year Reports	B	Published
Mid-Year Review	B	Published
Year-End Report	C	Published
Audit Report	C	Published

* Grades for the comprehensiveness and accessibility of the information provided in each document are calculated from the average scores received on a subset of questions from the Open Budget Survey 2010 related to each document. An average score between 0-20 (scant information) is graded as E; 21-40 (minimal) is graded as D; 41-60 (some) is graded as C; 61-80 (significant) is graded as B; and 81-100 (extensive) is graded as A.

An **Executive's Budget Proposal** is the Chilean government's most important policy instrument. It presents how the government plans to raise revenues through taxes, fees, and other mechanisms and spend these monies to support its priorities, thus transforming policy goals into action. Chile publishes a comprehensive budget proposal. However, it lacks information that can help explain the relationship between the government's revenue and expenditure plans and its policy and macroeconomic goals. This information is important if the executive wishes to facilitate a broader debate about planned expenditures.

A **Pre-Budget Statement** provides information that links government policies and budgets. This statement should be published before the Executive's Budget Proposal and typically sets forth the broad parameters that will define the government's forthcoming budget. Chile does not produce a Pre-Budget Statement. Chile does not produce a Pre-Budget Statement.

An **Enacted Budget** becomes a country's law and provides the baseline information for all budget analyses conducted during the budget year. It is the starting point of any effort to monitor the execution of the budget. In general terms, the Enacted Budget should provide data the public can use to assess the government's stated policy priorities and hold it to account. Chile publishes a comprehensive Enacted Budget.

A **Citizens Budget** is a nontechnical presentation of a government's budget that is intended to enable the public — including those who are not familiar with public finance — to understand a government's plans for raising revenues and spending public funds. Chile publishes a comprehensive Citizens Budget.

In-Year Reports provide a snapshot of the budget's effects during the budget year. The primary objective of publishing In-Year Reports is to provide a periodic measure of the trends in actual revenues and expenditures, which allows for comparisons with the budget figures and subsequent adjustments. Chile publishes fairly comprehensive In-Year Reports.

A **Mid-Year Review** provides an overview of the budget's effects at the midpoint of a budget year and discusses any changes in economic assumptions that affect approved budget policies. Information in this report allows a government's fiscal performance to be assessed against the plan laid out in the original budget. It allows the government, legislature, and the public to identify whether or not adjustments related to revenues, expenditures, or borrowing should be made during the last six months of the year. Chile publishes a fairly comprehensive Mid-Year Review.

A **Year-End Report** contains information comparing the actual budget execution to the Enacted Budget. A Year-End Report can inform policymakers' discussions on tax policies and debt requirements, as well as on priorities for major expenditures in upcoming budget years. Further, information contained in this report can assist individual ministries and the public in identifying shortcomings in existing policies and programs and can be used to influence future directions. Chile publishes a Year-End Report that lacks comprehensiveness.

OPEN BUDGET SURVEY 2010

Chile

The International Budget Partnership's Open Budget Survey assesses the availability in each country assessed of eight key budget documents, as well as the comprehensiveness of the data contained in these documents. The Survey also examines the extent of effective oversight provided by legislatures and supreme audit institutions (SAI), as well as the opportunities available to the public to participate in national budget decision-making processes.

Research to complete this country's Open Budget Survey was undertaken by:

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An **Audit Report** is an independent evaluation of the government's accounts by the country's supreme audit institution (SAI). It reports whether the government has raised revenues and spent monies in line with the authorized budget and whether the government's accounts of its revenues and expenses are accurate and provide a reliable picture of the fiscal situation. The Audit Report also provides information on any problems identified by the auditors in the management of public funds during the budget year. Chile publishes an Audit Report, but it is not comprehensive.

Public Participation and Institutions of Accountability

Beyond improving access to key budget documents, there are other ways in which Chile's budget process could be made more open. These include ensuring the existence of a strong legislature and supreme audit institution (SAI) and providing greater opportunities for the public to participate in the budget process.

Are oversight bodies effective?

Oversight Institution	Strength**
Legislature	Weak
SAI	Strong

** Legislature and SAI strengths are calculated from the average scores received for a subset of questions from the Open Budget Survey 2010. An average score between 0-33 is graded as weak; 34-66 is moderate; and 67-100 is strong.

According to the Open Budget Survey, budget oversight provided by Chile's legislature is inadequate because it does not:

1. have full powers to amend the Executive Budget Proposal at the start of the year;
2. have full powers to approve any amendments made to the budget over the course of the fiscal year; and
3. hold open budget discussions at which the public can testify or allow the public to be present during legislative hearings at which the executive testifies on its proposed budget.

According to the Open Budget Survey, budget oversight provided by Chile's SAI, while generally strong, is still deficient because it does not have adequate legislative scrutiny of audits; and once the audit recommendations are released, there is no adequate reporting on the follow-up steps taken by the executive to address audit recommendations for remedial action.

Recommendations

Chile should:

- begin to produce and publish a Pre-Budget Statement;
- increase the comprehensiveness of the Year-End Report and Audit Report;
- provide opportunities for the public to testify at legislative hearings on the budget; and
- increase the powers of the legislature to amend the budget and to be consulted, even when the executive is formulating its budget proposal.