



■ Provincial Budget Transparency in Argentina

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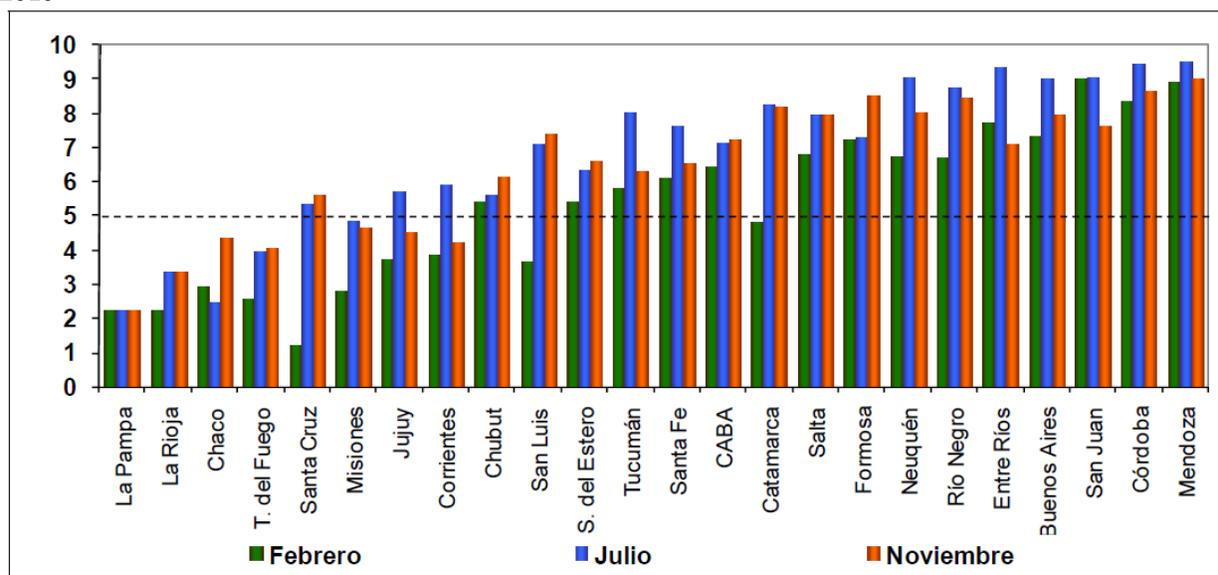
3. Overall Results Index

The index was conducted on three occasions during 2010. The first results were released in February, and facilitated the selection of the provinces that were subject to further study of its budget process. In July, we conducted the second round in each province in order to assess the stability of the February results, which significant changes were found. Twenty two of the twenty four jurisdictions surveyed increased their score, a province (La Pampa) maintained its score ranking last in the rankings with 2.25 points, and the province of Chaco was the only one whose score declined, but only 0.2 points.

In November, the last round of the index was conducted and again there were considerable differences with previous results. This time only eight jurisdictions had increased their scores, including Chaco (1.85 points), Santa Cruz (0.25 points) and Tierra del Fuego (0.10 points). Fifteen provinces' score declined, Buenos Aires and Cordoba were part of this group, the first reduced it by 1.05 points and the second by 0.8 points. Finally, three provinces remained had no change in their score, including Salta.

In **Figure 2** presents the results obtained by each of the 24 jurisdictions. The provinces are ranked according to the average in the three measurements.

Figure 2. ITTPW (Provincial Website Budget Transparency Index) results for all provinces. Measurements of February, July and September 2010



Source: Authors.

More importantly, the period it takes every province to publish its budget information is not the same, thus affecting the results you get each in the index at different times of the year. For example, the provinces that publish quarterly information will have better scores when measured on the month following the end of each quarter (April, July, October and January), and the provinces will publish its report annually better results earlier that year-end. The existence of a unified system

among all the provinces to present their respective budget information would facilitate comparisons of this type.

4. Case Studies

Córdoba

The budget process in the province. Regulatory framework.

The Financial Management Act 9086 establishes guidelines for development and approval of the provincial budget. In Article 16, establishes the Directorate General of Budget and Investment Public as the lead unit in the budget process. It is responsible for the preparation, presentation and evaluation of the budget.

According to Article 144 paragraph 11 of the Provincial Constitution, the Executive must submit the budget proposal 45 days before the end of the ordinary period. If the Executive doesn't, the Legislature could enact a budget based on the current budget. On the other hand, if the Legislature does not approve the December 31 the current budget law is automatically extended (article 24).

Any change made after the submission of the proposal should be properly communicated to the legislature (Article 23). Once the budget is approved, the Executive has been delegated powers. The 9086 law provides for the possibility of unanticipated costs in the budget to "force majeure situation." In turn, it permits the executive to modify the budget to certain limitations: 1) you can not change the financial execution of year 2) you can not change the total allowable debt and 3) may not reduce the funds allocated to social services for a amount greater than that arising from the share that corresponds to this purpose on the total non-investment savings. If the aim Science and Technology wasn't considered as a part of the social services cluster, this regulation would be adhered to.

Case Analysis

Budget Process

In the case of the province of Cordoba, the Budget Directorate, Ministry of Finance, is responsible for developing the budget proposal which is then forwarded to the Legislature. Respondents agree that the main actor in formulating the budget is the governor. They also mention the various ministers as relevant actors.

In the responses two instances are highlighted where citizens can have input to modify the budget: first, previous meetings with government officials and on the other, the public hearing to be held in the Legislature after the submission of the draft law.

Budget presentation to the legislature

Respondents say the budget is submitted to the legislature for their review within the deadlines set by the provincial constitution. **Table 2** shows the dates of submission of the budget proposal in the last four periods.

Table 2. Presentation of the draft budget to the Legislature. Córdoba. Years 2008-2011

Date establish by article 144 of the provincial constitution to present the budget to the legislature	45 days before the expiration of ordinary periods (17 November)
Budget Year:	Date of Presentation
2008	14 November 2007 (within time limits)
2009	19 November 2008 (not within time limits)
2010	28 October 2009 (within time limits)
2011	17 November 2010 (within time limits)

Source: Authors

The actors also consulted agree that it is during the review process in Legislature that lawmakers are more likely to change. However, the responses differ when it comes to the stage at which legislators are more likely to amend the budget and cover the whole legislative process: informal meetings, block meetings, public hearings, etc. The Legislature usually requests reports from the Executive, and respondents agree that the Minister of Finance who usually tends to answer.

Budget Amendments

Although the legislature has unlimited authority to amend the draft budget submitted by the Executive, in practice these amendments are subject to review by the House holding the approval authority. There is a subtle difference between the responses of legislators, according to whether or not they have the authority. Opposition lawmakers say the changes introduced by the Legislature are minimal to effectively review all levels of programs and government.

The Legislature and the Judiciary can affect its own budget. The Legislature retains the ability to modify the composition and total amounts of the budget at any time.

In terms of executive powers, as seen in the section of the regulatory framework of the provincial budget process, the Executive has certain limitations to amend the budget once approved. However, one respondent mentioned that the governor often used "super powers" that allow the executive to make changes not covered by existing laws. In fact, in this province draft legislation has been presented to limit the use of this option since, for example in 2009, the amended totaled to \$ 923,700,000 of the budget. These changes must be reported ex post to the Budget and Finance Committee. The consulted official visited acknowledged that the changes are sent but they are not subject to legislative review.

Reports on implementation and accountability of the Year

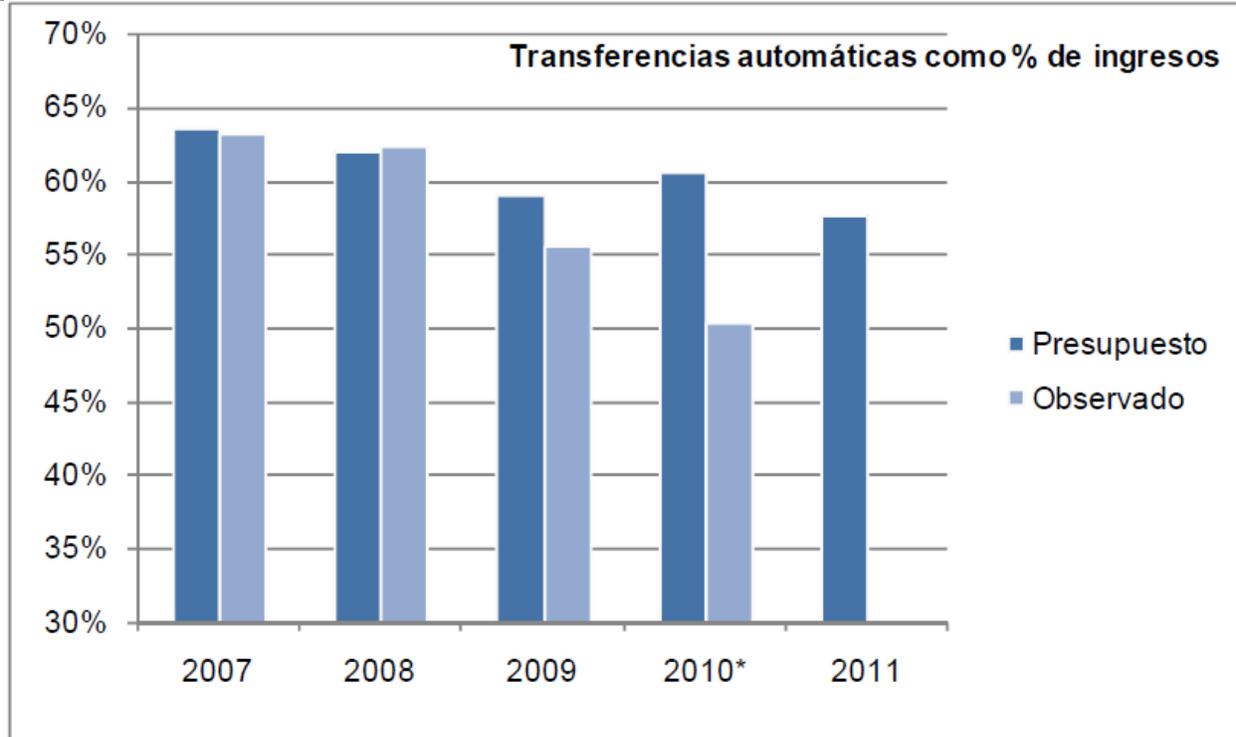
The Comptroller General of the Province presents execution reports less than a quarter after the end-period, which coincides with the responses expressed by the interviewees. For its part, the Investment Fund presents their report less than six months after the end-period. On their website

you can find the quarterly reports on implementation and Investment Accounts for the period 2002 to 2009.

Intergovernmental fiscal transfers and financing plans nation-provinces

In the past two years the province of Córdoba significantly decreased its reliance on automatic transfers from the national government. In **Figure 3** you can see this progression in the percentage of the provincial budget that represent such transfers.

Figure 3. Córdoba: percentage of automatic transfers from the national government in the provincial budget. Years 2007-2011



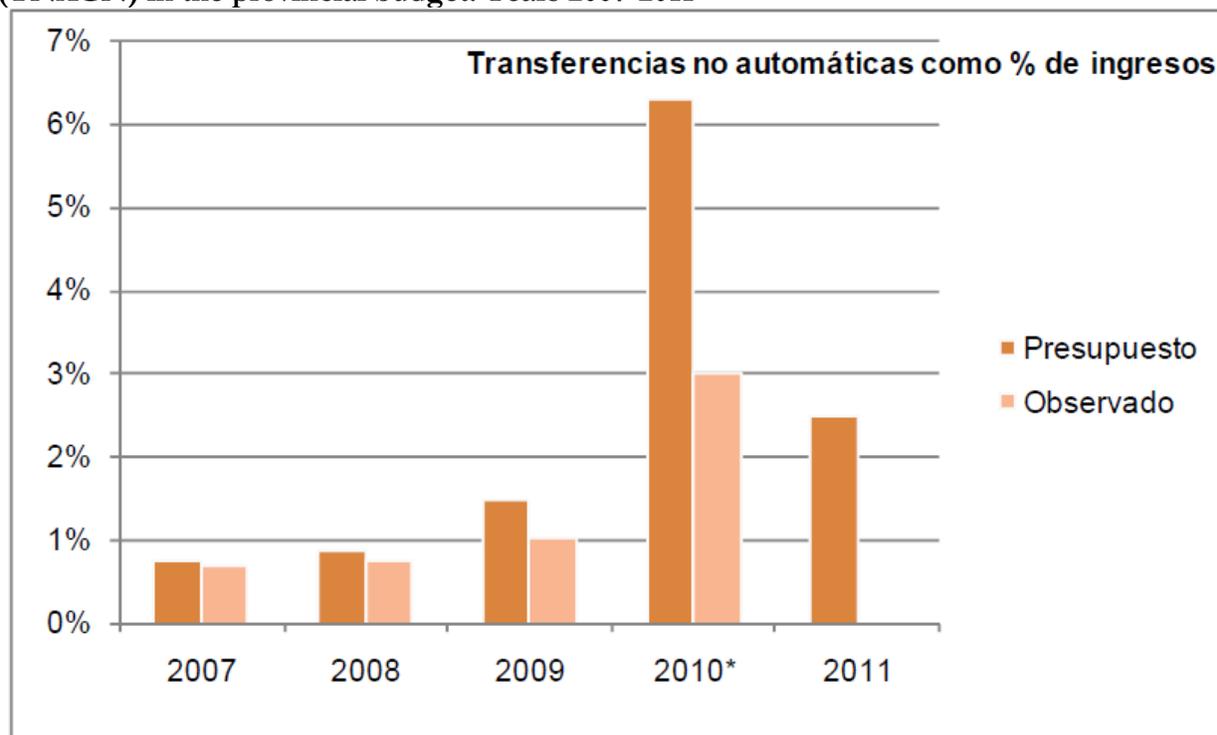
* According to 2011 Budget estimates

Source: Authors based on the budget and budget execution provincial data

There are small differences in the responses expressed in this point, which is related to the degree of openness of the budget and the review they receive. Transfers enter as General Revenue, unearmarked. One response said that combined with other specific. The funds are credited in a predictable way, while there is an interviewee who says that delays may occur or changes in the amounts. If the funds were transferred over the level of the approved budget, those transfers are incorporated directly.

In the case of non-automatic transfers, the reliance of the province is less and not exceed 10% of revenues. This can be seen in **Figure 4**.

Figure 4. Córdoba: percentage of non-automatic transfers from the national government (TNAGN) in the provincial budget. Years 2007-2011



* According to 2011 Budget estimates

Source: Authors based on the budget and budget execution provincial data

Respondents agree that the transfers do not have automatic specific area, other than a respondent who contends that some are considered general revenues and executed at the Executive's discretion. All state that the amounts can be both larger and smaller than budgeted, but in recent years show that the amounts received were lower than budgeted.

Regarding the control exercised by the Federal Tax commission of transfers by the Nation, the responses were varied. Some said they had no knowledge about their operation and others argued that the Commission issues decisions and that the national government fulfills these requests.

Finally, when asked about the financing plans Nation-Provinces most agree that the conditions for each province are not the same and that negotiations are conducted bilaterally. Only one answer, which comes from the ruling party, is that some conditions are equivalent for all provinces.

Transfers to municipalities

The interviewees agree that data on transfers to municipalities are clear and contain all relevant information. The differences between the different responses are due to detail that has that information. On the website of the government of Córdoba, one can see be updated information on these transfers, by municipality.

Endnotes

Córdoba province is among the top five scores of the Index. This case study shows that the province satisfactorily adheres to the requirements of current legislation on budget transparency. The differences in the responses of provincial legislators are related to aspects that could be considered subjective, such as judgments about how detailed the information. To illustrate this point we note that all responses agreed on the questions concerning the attainment of the stated time, and differed as to the importance of the amendments made by the Legislature. In this sense, we observe a pattern of responses whether or not the respondents belong to the ruling party.

These differences could be solved by specifying the kinds of the information that the provincial government is obliged to submit. Additionally, there are still areas of discretion in budget management, especially in unanticipated resources and some funding from the national government.

Buenos Aires

The budget process in the province. Regulatory framework.

Article 103 of the Constitution provides that the provincial legislature shall adjust annually the calculation of revenues and expenditure budget. If the Executive does not submit the draft budget and revenues laws for the following year by 31 August, the Legislature could begin its review and adopt the budget based on existing laws.

If the fiscal year begins without the legislature approving a new expenditure and revenue law, the previous year's expenditures and revenue law will be implemented.

Law 13 767 (Financial Management) states that "any increase in total budget expenditures envisaged in the draft submitted by the provincial executive, must have the related financing (Art. 28).

In Article 37 of the Financial Administration Act and its implementing decree (3.260/08), establishes the Provincial Legislature as responsible for decisions affecting the budget and the total expected amount of debt. The Executive may have budgetary restructuring it deems necessary within the approved total budget for each law, which includes modifications that involve administrative costs, capital expenditures and distribution aims within their respective budget headings. The Executive may not amend the budget and the total amount of debt expected. For its part, the delegation of authority for budget restructuring will be determined annually by the Legislature, and this authority may be carried out by two mechanisms: Decrees and Resolutions.

In the case of the Budget Act 2011, the Executive is empowered to make changes to the budget appropriations, with certain limitations (Article 17):

- 1) No transfers may be available in the following cases:
 - a) Some jurisdictions, except that they originate from changes to the Ministerial Law No. 13,757 and its amendments.
 - b) Between the Central Administration, decentralized agencies and Security Institutions Social.

These limitations do not apply when the source or destination of the transfer is the Jurisdiction Assistant Treasury Obligations and Credit Emergency, whose credits may transfer between themselves, whatever the budget classification.

- 2) the amounts may not be extended to "Reserved Expenses and Emergency Situations," adopted by this Law

3) Do not be debited the Home Game 1 "Personal expenditures" (except that the destination of Jurisdiction credit is Assistant Treasury Obligations and Credit Emergency)

Decree 4502/98 (which orders and regulates the text of the Law 10,189, *Permanent Supplementary Budget*) empowers the Executive to amend the General Budget, "incorporating the specific items needed or increasing the already provided limits, when required to make expenditures arising by adherence to laws, decrees and National Conventions in force at the provincial level." It also enables the executive to increase the revenue and expenditure of the Special Accounts (institutionally classified as such) when evidence that the actual revenue collection of the year will be higher than estimated and may for that purpose to create items that may be necessary.

Finally, Article 38 of the Financial Administration Act states that any law authorizing expenses not foreseen in the General Budget shall specify the sources of funds used for its funding.

Case Analysis

Budget Process

The provincial budget is made in the Provincial Budget Undersecretary of Revenue, Ministry of Economy. The province is divided into jurisdictions budget (eg ministries, provincial enterprises, etc.). There is also a residual jurisdiction in which records are centralized expenses (Treasury Notes).

The provincial budget is an inertial preparation, which means it builds on the previous year's budget and made some adjustments based on the projection of resources and debt service (principal and interest).

As in the budgets of other provinces studied, guidelines of wage increases are not included, because the province defines them in joint after approving the budget. Since salary and wages constitutes the largest fraction of the budget (about two thirds), after approving the budget, it quickly readjusted to decrees in order to cover the wage increase this year.

One interviewee said that in general, citizens do not directly participate in the formulation of the budget directly, and businesses, interest groups and chambers do through its power to *lobby* the legislature and other government sectors. The most relevant actors provincial budget process are the Ministry of Economy, the Chief of Staff, some deputies and senators (especially those that make up the budget and finance committees). Also influential are some of the ministries (Infrastructure and Education, mainly).

Another of the sources revealed that since the budget is no longer centrally planned, there are not many requirements for its preparation. Most pressures occur during the year to generate reallocations. The channel paths to which these pressures are the governor, ministers and some lawmakers close to the government.

Based on the analysis, one respondent concluded that "the provincial budget is not a tool of central planning, as it should be. Over time it has become a purely formal checks of the implementation of expenditure of the jurisdictions with the aim of financial management of expenditure. That is subsequent authorizations to do the jurisdictions to with the aim of financial management of expenditure. That is, subsequent authorizations to do the jurisdictions to expand or reallocate items allow the Ministry of Economy to restrict or relax the execution."

Budget presentation to the legislature

For the budget presentation to the Legislature, some respondents argued that the government complies with the schedule established in advance by law, others argued that the executive has difficulty adhering to most of these dates. Another source said that the schedule established in advance by the province is inconsistent with national regulations. This is because the Executive Branch must submit to Congress the budget on September 15, while the province must do so on 31 August. And to define the provincial budget is needed national macro-fiscal framework. This problem has been mentioned by officials from other provinces. Thus, in the last five years, the provincial budget was submitted late to the legislature, as shown in **Table 3**:

Table 3. Presentation of the draft budget to the Legislature. Buenos Aires. Years 2008-2011

Date establish by article 103 of the provincial constitution to present the budget to the legislature	31 August
Budget Year:	Date of Presentation
2008	19 December 2007 (not within time limits)
2009	26 November 2008 (not within time limits)
2010	21 October 2009 (not within time limits)
2011	4 November 2010 (not within time limits)

Source: Authors

Respondents agreed that the stage where lawmakers have more input to make changes to the budget is during the discussions in the committees on Budget and Finance. However, the fact that the project is presented (in some cases) so late, reduce the time available for discussion at committee. In fact, in times when the project was submitted in late December, it was discussed and approved on tables, without going through the discussion in committees.

One respondent explained that another important moment in the attempt to influence legislators in the budget allocation is the time when the provincial executive sends a bill with high economic implications (eg, a tax reform to expand current levels of collection). This generates multiple negotiations for budget allocations for certain jurisdictions or geographical areas.

There is a possibility that the Finance and Budget Committees (of Representatives and Senators) request reports or information on budget issues to the Executive. When we consulted with respondents about the frequency with which this practice occurs, some argued that these requests are made only a few times a year. Others, however, mentioned that it is usual that legislators require clarification on technical considerations, budget adjustments, transfers of funds to municipalities and debt.

Budget Amendments

On this point, all respondents agree that the Legislature has legal authority to amend the budget bill received from the Executive. They also agree that, in practice, this power is limited. They usually can not change the amount of spending because in such cases, should also increase revenue. Given this, the modifications made are usually aimed at changes in spending allocation (least frequent), or items relating to the authorization of indebtedness or special powers delegated to the Executive.

The instance of excellence that has the Legislature to affect the budget discussion is the approval itself and the previous discussion in committee (in case it happens). However, as already mentioned, changes in these instances tend to be much smaller, given that the Executive has the powers to amend budget ("superpowers") during the implementation phase. These reallocations that take place during the year generate a constant negotiation among all political sectors.

As mentioned in the section on the regulatory framework of the provincial budget process, the budget law each year to impose certain criteria governing the powers of the Executive to amend the budget. In the case of the Budget Law 2010, Article 16 authorizes the Executive to introduce expansions in the budget appropriations, to the extent they are financed with estimated increases over the amounts budgeted for resources and public debt. These extensions may be exercised in respect of expenditures to be financed wholly or partially non-repayable contributions from: the national government, other States; other Provinces, Municipalities, Corporate Entities of national or international or Individuals. At the same event that the Executive Budget provides for the extension, shall report to the Legislature on the use of the authorization granted by this section, accompanied by the report of the Comptroller General of the province and increased resource allocation for the same.

Reports on implementation and accountability of the Year

Regarding performance reports, respondents say they usually have a delay of one quarter or less. However, on the website there is a performance report that corresponds to the cumulative budget of 2009, and monthly reports on the provincial financial statements, published until June 2010.

Furthermore respondents were consulted on the General Account for the period, which according to provincial law (Law 7.764/71 Accounting and amendments) must be made before 30 April each year. Some of them argued that it is filed within six months or less at the end of the fiscal year. However, in other cases, said the report is delivered past the twelve months after the end of the fiscal year. In any case, neither the Accounts nor the Court of Auditors publish on its website the final execution or reports.

Regarding the role of the Court of Auditors, one of the respondents mentioned the need for this and all control bodies are reviewed and updated in its procedures. In his view, these agencies should conduct more audits and inspections in a timely manner, since many times the comments are made with years of delay, and are usually mere formalities without delving into the substance of the issues discussed.

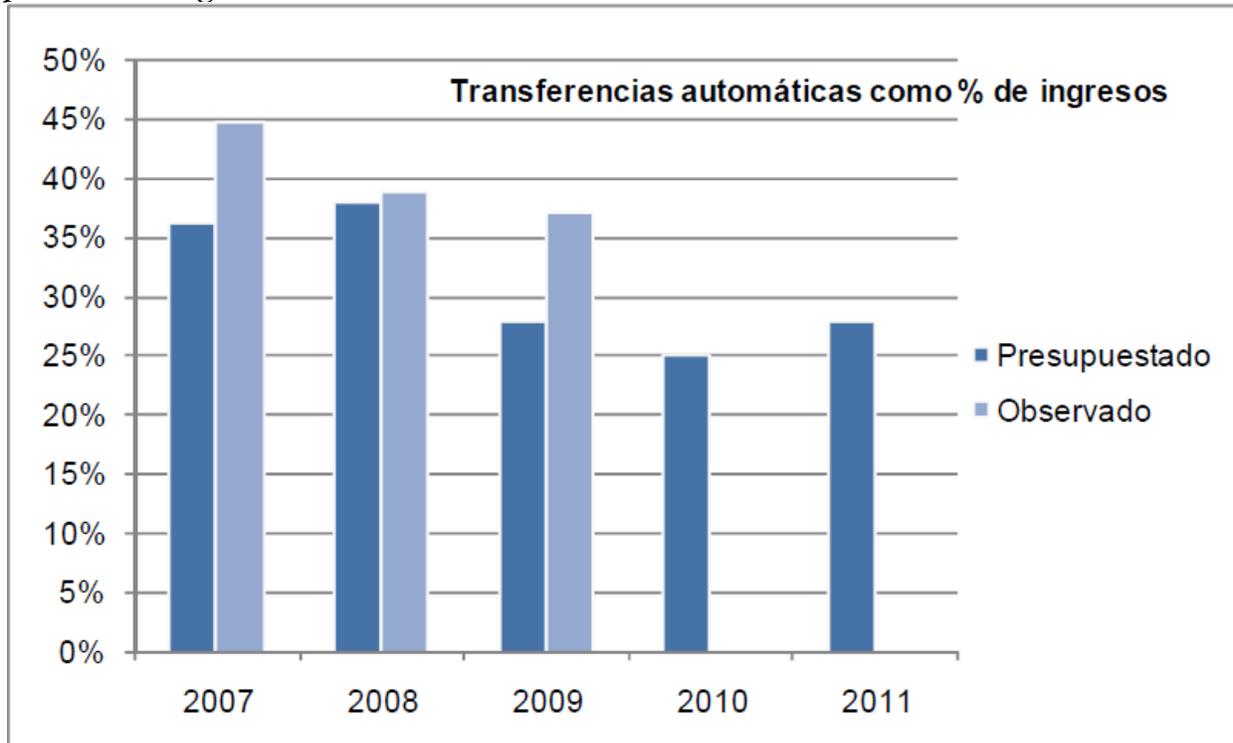
Another of the interviewees argued that the Court of Auditors is who makes the formal analysis of expenditure execution, and that usually comes to take between 2 and 3 years after the execution of the exercise to make their reports. For its part, the Legislature is the body that validates the budget during the year and deviations that may have occurred in the execution of the immediately preceding financial year.

Intergovernmental fiscal transfers and financing plans nation-provinces

Respondents were asked about transfers received by the province from the Nation. As for the percentage of automatic funds in the budget, they vary from 29% of current revenues and 32% of total expenditure. In **Figure 5** shows the percentage accounted for automatic transfers projected

in the total amount of the budget and actually received transfers of total current revenues that had the province each year.

Figure 5. Buenos Aires: percentage of automatic transfers from national government in the provincial budget. Years 2007-2011



The observed data for 2010 has yet to be published

Source: Authors based on the budget and budget execution provincial data

The interviewees agree, and it turned out, that transfers from the central government are clearly specified in the provincial budget. As will be seen in the other provinces, is consistent with some of these transfers are earmarked, although the largest proportion of them (as received by partnership), enter the province as General Revenue, which means they are freely available to the provincial government.

In terms of accreditation own funds, respondents argued that is usually done on a regular basis (generally not subject to delays), since there is an automatic mechanism between the Treasury Department's Office, the National Bank, Bank of Buenos Aires Province and the provincial Ministry of Economy.

There is a possibility that in case of transient failures or emergency cash, the provinces agreed with the Ministry of Finance to obtain advances on account of the shares in the proceeds of national taxes¹. In the case of the province of Buenos Aires, is a practice that regularly goes, since there are other mechanisms to apply for funding in such cases: e.g. Financial Assistance Programs

¹ This regulation established in Article 97 of the Permanent Complementary Law on the National Budget 11,672. It establishes that such advances shall be repaid within one month of award, through deductions from the proceeds of taxes as partnerships.

(PAF), the ATN (Contributions from National Treasury) or loans from the Provincial Development Trust Fund (FFDP).

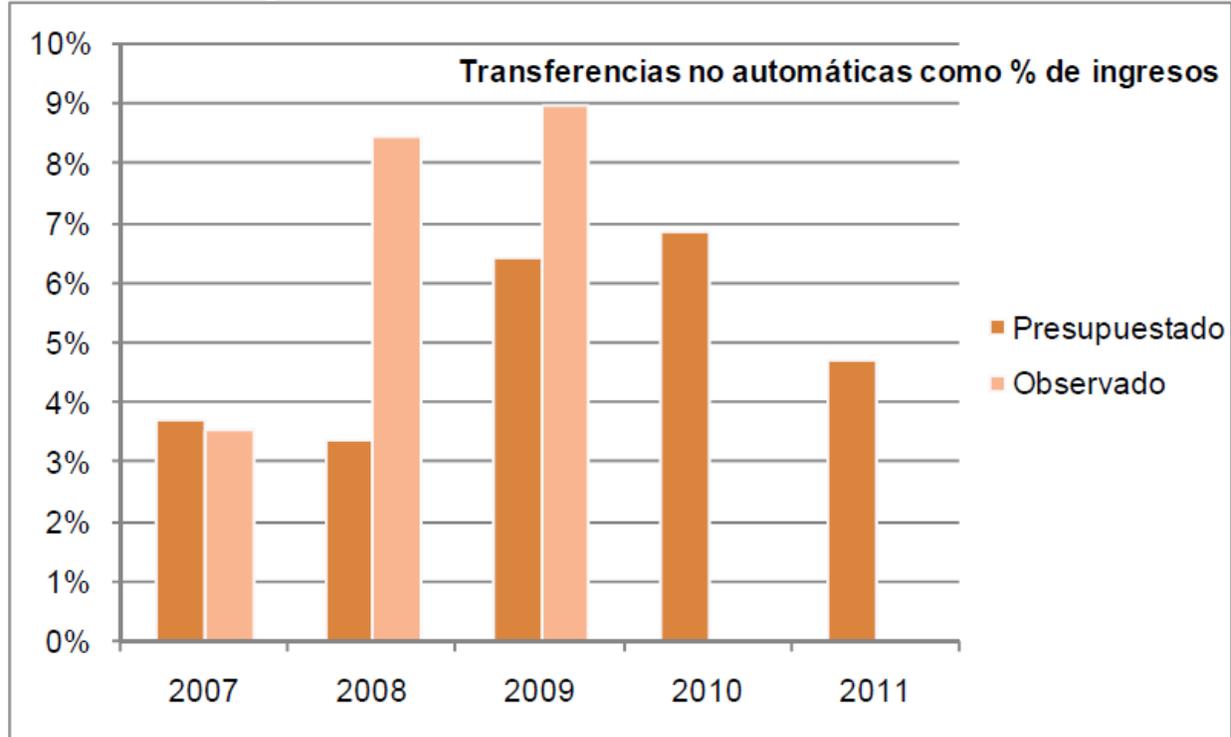
Given the situation in which automatic transfers received are greater than budgeted, these funds are incorporated into the budget through Executive Orders allocating such appropriations.

Concerning the actions of the Federal Tax Commission (IFC), some respondents claimed to know the control it exerts on the clearance of funds by the Nation. Another source said that the Commission has a financial advice, which is responsible for monthly monitoring of the actual distribution among provinces with the budgeted distribution is calculated on the basis of national revenue and the rules of distribution of resources. The resolutions of this Commission are not binding, and some respondents argued that the national government will not obey. Others mentioned that there are still pending discussions on various issues of federal transfers (eg the threshold of 34%, the pre-sharing of 15% to Social Security Fund, the autarky of the AFIP, etc.), Which remain under discussion between the jurisdictions and the national government. Some of these issues are reflected in decisions of the CFI, but it is not clear whether they were or not fulfilled by the national government.

Besides receiving transfers automatically by the province, there a number non-automatic funds that the federal sends for various purposes. Regarding the importance of these non-automatic transfers in the provincial budget, one respondent argued that this rate is volatile from year to year. In the implementation of 2009, non-automatic current transfers and capital from the national government accounted for approximately 11% of total budget expenditure. However, the most significant amount of non-automatic transfers are not reflected in the form of transfers and capital flows, but typically occur as financing through loans from the government.

In **Figure 6** shows the evolution of the dependency of the province of Buenos Aires with respect to non-automatic transfers.

Figure 6. Buenos Aires: percentage representing non-automatic transfers from the national government in total provincial revenues. Years 2007-2011



The actual data for 2010 has yet to be published

Source: Authors based on the budget and budget execution provincial data

According to respondents, these transfers are not complete and clearly specified in the provincial budget, and negotiations are taking place during the execution of the budget, so that can not be reflected in the budget before (although it should be reflected in the execution of the months in which they are received).

The vast majority of these non-automatic transfers usually have a specific destination, although there may be cases where discretion is used. If the funds received under this heading are higher than budgeted, they are handled the same way by automatic transfers surplus or tax revenue, are incorporated into the provincial budget through Executive Orders, without prior discussion in the Legislature about their allocation. There will be under-spending, if no other income or borrowing compensates for this lack of resources.

Finally, with respect to the financing plan that the nation offers to the provinces, respondents were asked about how each jurisdiction have access to such facilities. All agreed that in general match the loan terms (interest rate and terms) but that political factors are that negotiations for access to them are carried out bilaterally.

Transfers to municipalities

Regarding the publicity of the transfers from the province to municipalities, respondents claimed to not know whether there is such information, nor did they mention that there is but in aggregate. However, if it is true that in the supporting budget documents contain aggregates, it was

found that the Federal Provincial and Municipal Coordination publishes the amounts executed transfers to municipalities with a high degree of detail.

Endnotes

The results of the Province of Buenos Aires in different ITTPW rounds were fluctuating. In February he received a score of 7.35 in July rose sharply to 9 points, ranking among the six jurisdictions with the highest score. In November, it declined to 7.95 points, however continued to be located above the average (which in this measurement was found to be 6.15 points).

Buenos Aires public, in general, all information requested in the survey. In fact, the province published budget reports higher degree of disaggregation, so that changes in scores were based mainly on the level of updating that had such information.

Despite presenting highly detailed budget information, a point to note is that this information is not accessible in a flexible and practical, because:

- It is found scattered in the websites of various agencies (government of the Province Ministry of Economy, various ministries, Accounts of the Province).
- Sometimes it is compressed in formats that require the previous installation of specific software (WinZip in this case).
- While it provides a high amount of information is not clearly identified (labeled) for an ordinary citizen can access it².

The degree of budget transparency in the province would be optimal if it succeeds in creating a dedicated portal on the topic, where detailed yet simple and easily accessible information is available to any non-expert citizen wishing to obtain it.

Salta

The budget process in the province. Regulatory Framework

Article 68 of the provincial Constitution provides that the Executive initiates the legislative process of the budget. This law should be sent to the Legislature by August 31 each year, with the corresponding Public Works Plan. It also provides that any law or ordinance, or authorizes expenditure should indicate the source of funding. Such costs and resources should be included in the first budget law to be approved, under penalty of forfeiture.

The same article in turn determines what should be the priorities for public spending and investment: Education and Culture, Health and Social Security; branches of government and its ministries, and Public Works.

Moreover, Article 127 states that if the Executive does not submit the draft budget before the due date, the Legislature can begin their review and enact the budget based on existing laws. If

² For example, in the case of the Implementation of the budget or financial statements, to unzip a Zip file, there are over a hundred pictures with names too abbreviated ("consctas1", "FIN1", "item2", "OG_11", etc.), which generates high difficulty finding the sought information.

the fiscal year begins without the legislature approving a new expenditure and revenue law, the previous year's expenditures and revenue law will be implemented. The same article specifies that the Budget Law should include all the resources and expenditures of the central treasury, finance decentralized parastatal estates and fix the number of permanent posts of permanent and temporary. Further provides that the Legislature cannot go into recess without passing the budget.

The province also has a Fiscal Discipline Act passed in 1999 (Law 7030). It imposes guidelines relating to fiscal balance, the debt, to control provincial expenditures and budget execution. However, do not set conditions on the changes can be made after approval of the budget. The mechanisms for the implementation of these changes are outlined in the annual Budget Act and the Provincial Accounting Act.

This Accounting Law (Decree Law 705/57 as amended), Article 8 provides that the Executive may authorize unforeseen budgetary expenditures for compliance with election laws, to comply with court decisions and court settlements, when epidemics, floods and other unforeseen events that make indispensable immediate government action. In any event, the Executive is required to account for the budget amendment to the Legislature.

This Act further establishes that any law authorizing unforeseen expenses, should determine the impact on preventive financial balance for the year (Article 7). The budget appropriations may not be used to aim or object other than the statement in the respective allocation (Article 14). In addition, Article 15, no commitments can be incurred without any credit available, except where provided for in Article 8.

For its part, the powers established in the budget laws each year are more lax authorizing the Executive to amend the provincial budget when it is "indispensable" (without citing specific reasons), allowing the executive to add new items or modify the amounts or existing allocations. In the provincial budget bill for the year 2011 (Article 19), this allocation should be allowed when outlays originated in laws, decrees and conventions in force in the area of the province, international, national or interprovincial, as well as the incorporation of items for works or services financed by users and / or contribution enhancements. The authority granted is limited to contributions that are available for that purpose in such laws, decrees and / or agreements. It is also valid for the inclusion of items relating to various national contributions or other sources received by the Province. In all cases must have the approval of the Ministry of Finance and Public Works.

It also allows you to incorporate budgetary surplus occurs by the items already and executed in the current or previous years. Any such changes must be communicated to the Legislature within 10 (ten) days.

Case Analysis

Budget Process

The province of Salta has great budget culture from the mid 90's. Halfway through the fiscal year, the executive sends an instruction to all jurisdictions with a respective "budget ceiling." These ceilings are consistent with the previous year, setting a one-time expenses, based on an estimated growth rate, prioritized by sector.

46% of the consolidated budget is made for courses of action (for programs). The set of independent agencies and state companies, not consolidated budgetary terms, account for 14% of

the total provincial budget. The breakdown of revenue and expenditure is published in spreadsheets attached to the provincial budget law. 46% of the consolidated budget has not expressed targets and indicators.

In terms of revenue and expenditures in line with the national classifier, and are based on the Manual on Budget Classifications for the Provincial Public Sector approved by the Permanent Forum on Budget and Finance Directorates of Argentina. The same was confirmed in the province by Decree 4689/97.

In terms of estimates of income, national budget projections are taken into account in terms of GDP, inflation and exchange rate.

With regard to the actors of the budget process, all respondents agree that one of the most important actors is the Ministry of Finance, since it is responsible for preparing the budget document. In turn, emphasize that unions, citizens and entrepreneurs come to the rest of the ministries, the Legislature, the mayors or the Governor himself (according to the degree of affinity they have with each one), when they intend to influence the budget.

Budget presentation to the legislature

Respondents agree that in the province of Salta does not deadlines set by the Constitution for the budget submission to the Legislature by the Executive. The rationale, as mentioned by respondents in the province of Buenos Aires, is the need to have the guidelines of the national budget to finish the province. The national budget, as stated, is presented in the middle of September each year, which makes the submission of the provincial budget to the Legislature before that date.

Table 4 shows the dates of submission of the budget for the last four periods:

Table 4. Presentation of the draft budget to the Legislature. Salta. Years 2008-2011

Date establish by article 68 of the provincial constitution to present the budget to the legislature	31 August
Budget Year:	Date of Presentation
2008	14 December 2007 (not within time limits)
2009	25 November 2008 (not within time limits)
2010	28 October 2009 (not within time limits)
2011	9 November 2010 (not within time limits)

Source: Authors

All respondents agree that the stage of the budget process in which legislators have greater influence to shape their views and make changes to the draft budget, is during the discussion phase at the Legislature, although some point out that in cases where the Executive has a majority (as at present), the ability to observe or change is very limited.

It also stresses that the Legislature has control over the budget execution process. Because there are monthly performance reports, in case you need clarification, the lawmakers contact from the executive and request explanations.

Budget Amendments

With respect to budget changes, the Legislature may change the budget both in its internal distribution as the total amount. However, stakeholders consulted agree that during the approval of the budget big changes aren't usually made. Generally the total amount remains constant. Some respondents acknowledged that spending on public works are very important (approx. 18%), and in general while legislators do not change the total amount they do in their geographical distribution.

Once approved the budget, the Executive has certain powers to modify the distribution and amounts of items (see section **The budget process in the province. Regulatory Framework**). One of the sources claims that the government is relatively restricted to make such changes as there is a significant percentage of the budget is not flexible (eg Personal expenditure).

Some of the rules governing the changes that the executive budget can make are reflected in these budget laws or related ordinances. For example, Decree No. 263, Distribution of Budget 2010 provides the following guidelines in relation to expenditure, changes may only provide transfers within the same subsection, so that in any case it must involve a reduction or overall reinforcement same. Also, in no case be arranged transfers from the Capital Expenditure to Current Expenditure, being necessary for this and any other restructuring or transfer not covered in this article, the implementation of it by decree (Article 10).

Reports on implementation and accountability of the Year

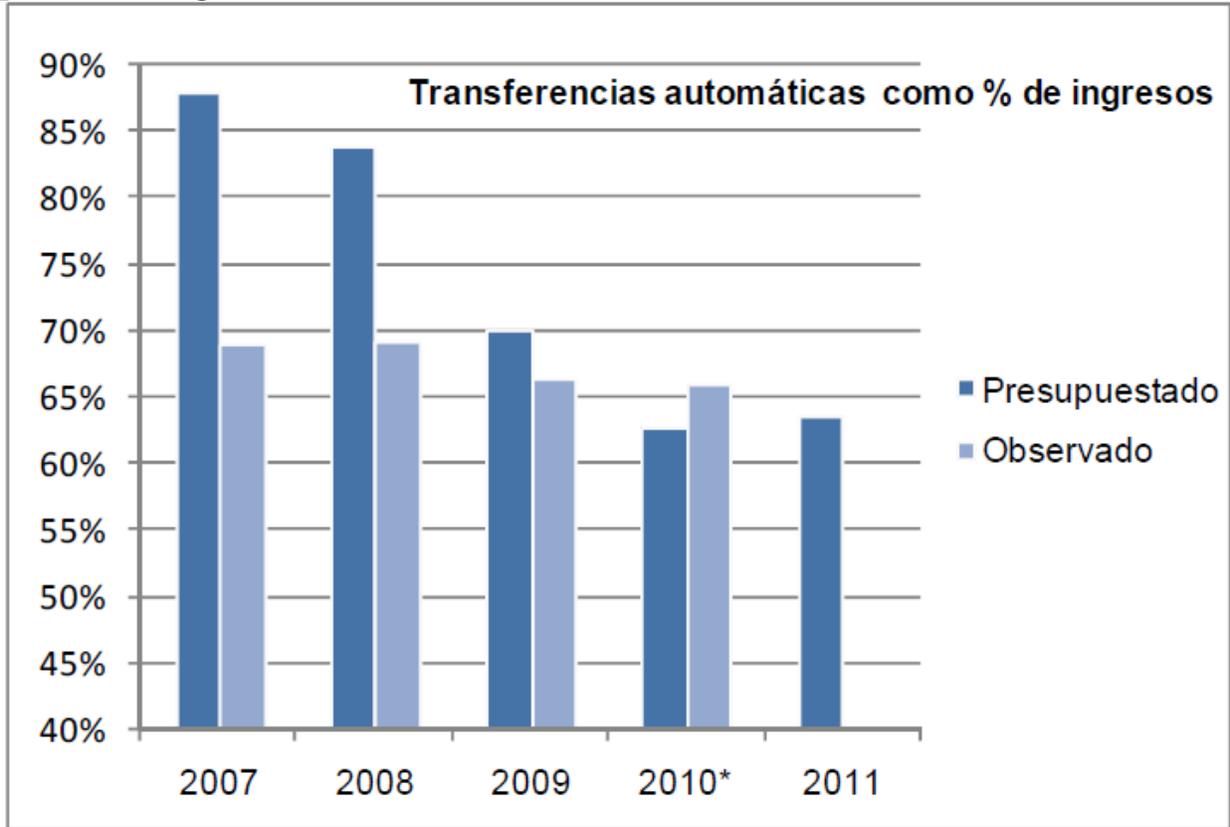
The progress reports of the provincial budget are presented with less than a quarter lag. Not the General Account for the period, which is made by the Accountant General of the Province and all official sources consulted agree that their release is made after 12 months of completion of the exercise, even though by law must be filed the Executive to be submitted to the Legislature by July 31 each year.

At the time of this work, the website of the Public Accounting publishes data up to 2006 even though the Legislature was presented to the General Account for the year 2007. The final account was approved for 2005. Notably, the Accounting Act provides that "if at the close of the fifth regular session after its submission, there was no finding by the Legislature, the general account of the year are automatically considered approved" (Article 53).

Intergovernmental fiscal transfers and financing plans nation-provinces

In the last five years, the province of Salta has reduced its dependence on automatic transfers from the national government. In **Figure 7** shows this progression, measures such transfers as a percentage of the provincial budget.

Figure 7. Salta: percentage of automatic transfers from national government in the provincial budget. Years 2007-2011



* Accumulated Until Oct 31, 2010

Source: Authors based on the budget and budget execution provincial data

All actors in the provincial budget process interviewed agree that the national government transfers are clearly defined in the budget. They enter the province as General Revenue that is freely available, except in cases of transfers sent directly to special funds such as FEDEI (Electricity Development Fund of the Interior) and the FCT (Compensatory Fund Rate). There was also consensus that the crediting of funds by the nation (during the last two administrations) was performed on a regular and predictable basis. In the case of Partnership funds and other machines, the accreditation is fortnightly. Some players acknowledged some arrears on Accreditation of resources for social programs and more lag even in the case of funds to carry out public works.

Respondents revealed that in the event that funds received are higher than budgeted, they are automatically incorporate into the budget without prior discussion in the Legislature on its final destination.

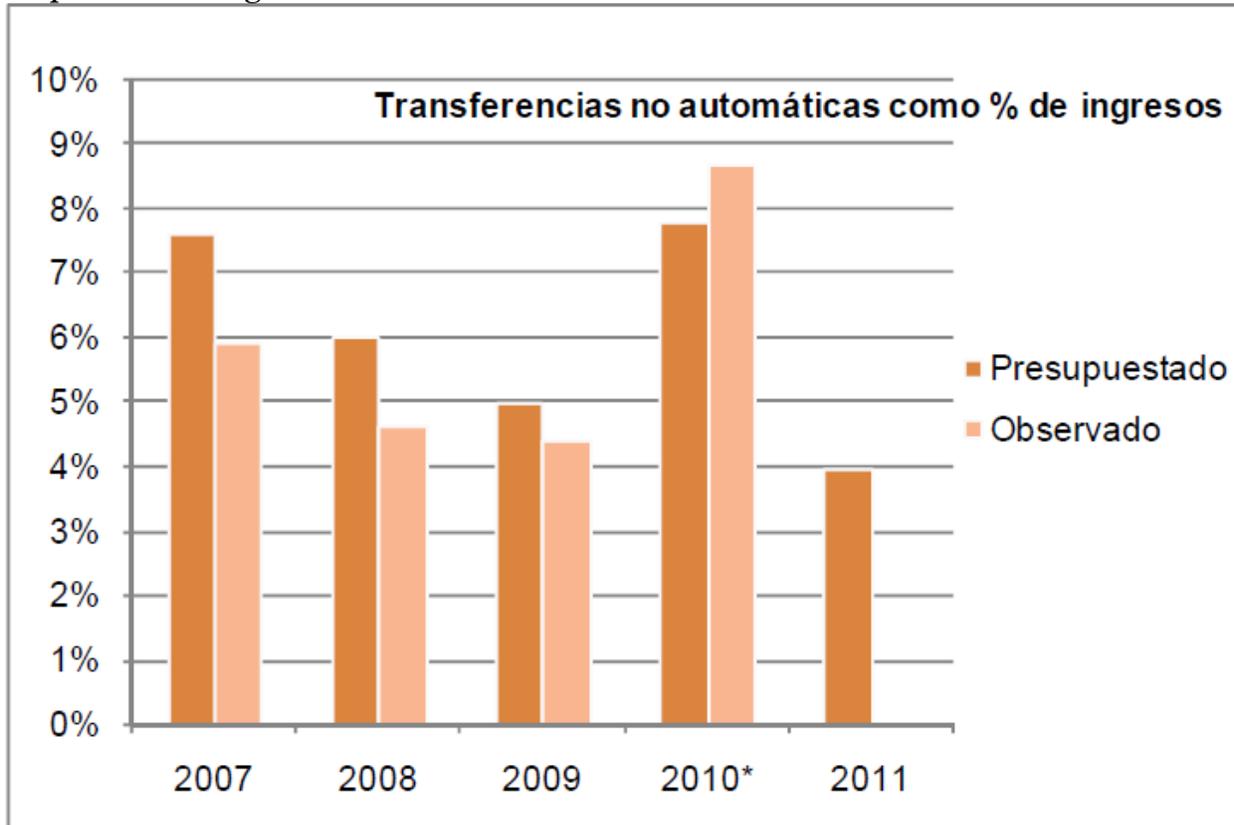
With respect to payments on account of partnership, it was argued that the province of Salta doesn't request them, although this practice is recurrent in other jurisdictions.

Asked about the actions of the Federal Tax Commission, officials agreed that it often checks on funds that the Nation sent to the provinces. However, when asked if the national government

used to fulfill the resolutions of this body, they mentioned that this happens only in some cases. During 2010 there have been decisions of the Commission affecting the province of Salta.

The provincial government agency with respect to non-automatic transfers from national government, is substantially lower (less than 10% of budget). This is reflected in **Figure 8**.

Figure 8. Salta: relative proportion of non-automatic transfers from national government in the provincial budget. Years 2007-2011



* Accumulated Until Oct 31, 2010

Source: Authors based on the budget and budget execution provincial data

Regarding such transfers there are differences between the actors interviewed. When consulted on the allocation of the non-automatic transfers, some argue that they have always earmarked and other states that such transfers sometimes enter the province as "Revenue General" and are used at their discretion.

When asked about the possibility that the non-automatic amounts are not automatically sent by Nation may be higher than the original approved level, again there are answers arguing that this does not happen in any case, and others, who say that on the occasions that the transfers received are greater anticipated, are incorporated in the executive budget without consulting the Legislature, and spent without specific criteria. These same people never mention that received smaller amounts than expected, given that the budget these transfers tend to be undervalued. However, that figure was seen in 2007, 2008 and 2009 the amounts received were lower than expected.

Finally, regarding financing plans nation-provinces, all parties agree that there is a general and accessible legal framework for these programs to receive funding from the Nation to the provinces, but that when accessed, the ends up being bilateral negotiation by each jurisdiction and the allocation criteria are not being clear enough.

Transfers to municipalities

On this last point of the questionnaire, all respondents agree that both the budget and performance reports have clear and detailed information on the amounts transferred by the province to each municipality and the geographic allocation of public works with their respective funds. However, when making measurements of the index, such information could not be found, and only agreed to the total amount of transfers to municipalities (without specifying how much was sent to each).

Endnotes

The province of Salta has achieved average results in the various measurements of the index. In February, it scored 6.8 points and 7.95 in July and November. Most of the information presented is properly detailed and with a lag of a quarter. Its main shortcoming in the province is the lack of a detailed report on public sector debt.

Regarding the analysis that emerges from the answers of the interviewees, it was found that the province has a considerable degree of budget transparency. The areas for improvement can be summarized as follows:

- Adjust legislation to the deadline for submitting the budget to the Legislature later than the date on which presents the national budget. Or, begin to present in advance to facilitate further discussion among lawmakers. While the respondents contend that depend on the national budget in order to complete the provincial budget, the national government presents their budget in mid-September, and the province of Salta usually disclose the budget itself between November and December.
- Submit in a timely manner to the General Account for the period, and is processed and approved within a reasonable period of time.

Once achieved these goals, the province of Salta might move towards greater openness in their budget documents to its citizens, since in many cases is not enough just having these documents available on the website, but are most useful to the public if are presented in a clear and simple manner that favors the understanding of non-experts in budgetary matters. This can be achieved by creating a “citizen's budget.”

Santa Cruz

The budget process in the province. Regulatory Framework

Provincial Law 760 provides the content and structure of the provincial budget and the approval procedure. In its article 3 refers to the General Directorate of the Budget as the body responsible for its preparation.

As defined in Article 104 of the Provincial Constitution, August 31 every year is the deadline for submission of the budget. If the Executive fails to comply, the House could enact a budget based on the previous year's budget. In case of not having a budget approved for the start of the financial year to January 1, the previous year's budget is executed. In conjunction with the draft of a

new budget, the Executive shall submit a report on the previous budget, as set out in Article 119 of the provincial constitution.

Once the budget is approved, any new expenditure incurred must specify a revenue source as provided in Article 7 of the Act 760. Furthermore, article 8 says that the executive can perform have certain exceptional costs (such as war or epidemic health) reporting on them to the Legislature. Article 7 of the 2193 Act allows the Executive to incur expenditures resulting from adherence to national laws, provided these do not affect the outcome of the budget.

Article 10 of Law No. 3114 of 2010 budget authorizes the Executive to make amendments to the budget revenues and expenditures when revenues exceed its forecast and in the same proportion. It also gives a period of 10 days to report to the Legislature these changes. At no time may alter the outcome of the budget. Article 11 ° of the Act, designates the Ministry of Economy and Public Works to make these changes.

Case Analysis

While he tried for six months to get the cooperation of officials from the ruling and opposition in the province, we could not get answers to the questionnaires conducted.

Given this situation, it was impossible to further analyze the case of Santa Cruz. What may be mentioned, is that the provincial government also failed in terms of budget presentation to the Legislature, as shown in **Table 5**.

Table 5. Presentation of the draft budget to the Legislature. Santa Cruz. Years 2008-2011

Date establish by article 104 of the provincial constitution to present the budget to the legislature	31 August
Budget Year:	Date of Presentation
2008	23 December 2007 (not within time limits)
2009	10 March 2009 (not within time limits)
2010	25 November 2009 (not within time limits)
2011	9 November 2010 (not within time limits)

Source: Authors

As can be seen, in 2008 and 2009 not only missed the deadline to submit the budget to the Legislature, but that this body received the document after the first quarter after the start of the year.

We should have documented in these paragraphs that Santa Cruz scored very low on the Index of February (1.2 points), but in the two subsequent measurements it improved, reaching more than five points in both. Anyway, the information available on official web pages is not sufficient to allow a detailed analysis of the status of budget transparency in this jurisdiction.

Chaco

The budget process in the province. Regulatory framework.

In accordance with Article 141 of the Provincial Constitution, the Executive must submit to the Chamber of Deputies, before 30 September, the draft general budget bill and the resource plan,

together with a projection of costs and investments for the rest of their administration. If it did, the Chamber may extend the current budget.

Article 119 of the Constitution establishes the House of Deputies responsible for adjusting annual budget expenditures and resource calculation. Before 31 December each year, the House must enact this law also, the Legislature is also responsible for approving the General Account of the financial year.

The Financial Management Act 4787 provides that in cases of extreme necessity and during the recess of the Legislature, the Executive Branch in general agreement of ministers can spend postponed expenditures or not incur expenditure under the general law of budget, but must account to the Chamber immediately.

Concerning budgetary changes should follow the following scheme:

- a) The modifications within the scope of the legislature, judiciary, electoral court, Council of the Judiciary, State Attorney's Office, Court of Accounts, Office of Research Administration, General Accounting, Treasury, decentralized agencies and entities with special institutional arrangements (eg those related to Social Security and gambling), be approved by resolution, regulation, agreed or equivalent of the highest authority of each of such entities and jurisdictions.
- b) Changes within the purview of the government and the programs or projects funded by the national government or international agencies, will be made by resolution of the Governing Body of the Budget System: The Directorate General of Finance and Budget Planning, based on the application the highest authority of the jurisdiction.
- c) The Executive Order may make changes involving the use of global accounts of expenditures included in the budget to address the strengthening or creation of other (extra credit or similar).

Any amendment, except those introduced by decree of the executive branch should be compensatory within the jurisdiction or entity (in the case of subparagraph "a") or in all jurisdictions (in the case of clause "b"). No adjustments may be made to increase current expenditure by decreasing capital expenditures. Any amendment which does not fall under the conditions mentioned in the previous paragraph may be approved without an Act of Congress.

Case Analysis

Budget Process

The executive decree established annually by the general guidelines for the formulation of the draft budget. These guidelines set out the goals and priorities of the government, the possibilities and financial constraints, and overall allocations or priorities of the application of resources to different sectors or programs consistent with the existing financial and government objectives. In turn, the Directorate General of Finance and Budget Planning (governing body of the budget system) submits technical instructions for the preparation of draft sectoral (in each jurisdiction or government agency).

Before 30 June each year, the Ministry of Economy, Industry and Employment (Coordinating Body of the Financial Management Systems), announces to the highest authorities of the jurisdictions and entities mentioned guidelines.

Those jurisdictions and institutions must submit to the Directorate General, the proposed budgets of their respective areas of competence (so-called "sectoral budget proposals), before 31 July. It analyzes and using them, builds a comprehensive draft budget. If such sectoral projects did not meet the guidelines established, the Directorate develops alternative proposals. The draft document is submitted to the Executive through the Ministry of Economy, for its consideration.

According to interviews, in practice, in the event that any actor want to affect (modify) the budget in the first place goes to the highest authorities of each jurisdiction (ministers of the area), second to the Minister of Economy and ultimately to the Governor of the Province. If no reply, it goes to the Budget and Finance Committee of the Chamber of Deputies.

Among the best known examples, unions tend to go to the legislators. The most important in the province are the unions of state employees. The teachers unions are putting pressure on the media, the Education Minister and the Executive. Social movements such as the MTD (Unemployed Workers Movement), CCC (Classist and Combat), the MIJD (Independent Movement of Retirees and the unemployed) and so on., Go directly to the Executive.

Budget presentation to the legislature

The executive prepares the bill and sends it to the House within the stipulated time, along with a copy of sectoral projects received from the legislative branch, the Judiciary, the Court of Auditors, the Office of Administrative Investigations and other constitutional bodies.

Respondents acknowledge that the government adheres to a defined timetable for the submission of the draft budget, and that in fact 15 years ago is presented on the regulatory deadline. **Table 6 shows** the dates of submission of the last four years.

Table 6. Presentation of the draft budget to the Legislature. Chaco. Years 2008-2011

Date establish by article 141 of the provincial constitution to present the budget to the legislature	31 September
Budget Year:	Date of Presentation
2008	28 September 2007 (within time limits)
2009	30 September 2008 (within time limits)
2010	30 September 2009 (within time limits)
2011	30 September 2010 (within time limits)

Source: Authors

The project presented to the Legislature is a synthetic budget, including the level of heading to the second digit of the budget classifier. This budget is not classified by program or its purpose and function. The legislative branch, given prior clearance by the Finance and Budget Committee, must be treated before 31 December each year.

The stage of the budget process in which legislators have greater influence to shape their views and make changes in the proposed budget is the time when it is reviewed by the Committee on Finance and Budget. However, several respondents argued that in general, few real opportunities to make changes to the budget submitted by the Executive.

With regard to requests for clarification on the proposed budget by the Executive Budgetary Committee recognized that in certain situations require clarification or the presence of Minister of Economy in the sessions.

Budget Amendments

The Legislature has the power to amend the budget prior to approval, but within certain limits: overall increases are prohibited; the executive cannot increase recurrent costs and salaries. What may change are the items within the Legislature's own budget. Also lets you change the destination of the rest of the line-items, but according to those interviewed this is not a practice frequently performed.

A practice that itself is recurrent is to shift minor items within each jurisdiction, where items are allocated and reallocated between goods and services and transfers. Some programs may also have an assignment that was not finally made effective and the credit is allocated to other programs, whether current expenditure or capital expenditure. The legislature also makes changes in the amounts of transfers to municipalities and within its own budget. No changes are often made in the budgets and programs of works from National.

Regarding the modifications that the executive can make, Articles 52 to 56 of the provincial Act 4787, stipulate that these alterations may only be adopted in accordance with the following restrictions: must be shifted in nature within the jurisdiction or entity and may not increase reducing current expenditure outlays of capital. The amendments adopted will be considered invalid without adjustment to these provisions. One interviewee said that increasing the total budget amount, you must send a bill to the Legislature, recognizing that this practice is held once a year (usually toward the end) to regulate all changes made by the Executive.

Reports on implementation and accountability of the Year

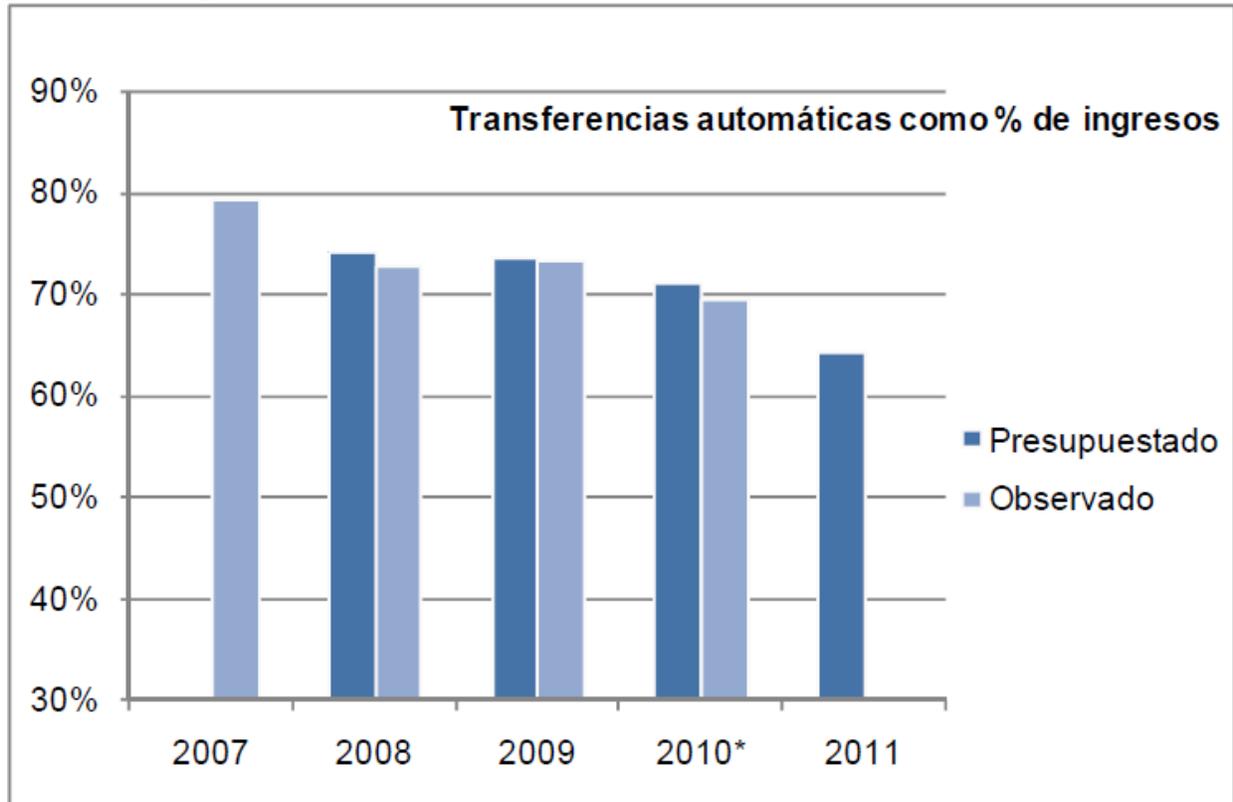
According to respondents, the execution reports submitted by the province are monthly and are published with a quarter of delay or less. However, in the first two rounds, remnants of older information were found in that period. Currently (January 2011), the final performance report is published quarterly and contains budget information accumulated from January to September 2010 (third quarter). In the previous years, the Accounts of the province were published on its website where the execution of expenditure and revenue for the period 2003 - 2006, skipping 2007, 2008 and 2009.

Regarding the accountability of the year, Article 118 of the 4787 Act provides that the Court of Auditors should review the legal and formal aspects of the General Account for the period, and submit to the Legislature for review by 30 June each year. However, all respondents agree that this deadline is not met. The General Account is presented between 6 and 12 months after completion of the exercise. Usually has a few comments by the Court of Auditors and is approved with zero observations by the Legislature. In addition, the General Accounts for the Year couldn't be found on any government website.

Intergovernmental fiscal transfers and financing plans nation-provinces

Chaco is a province with greater reliance on national transfers. For automatic transfers, respondents did not agree on the percentage of the total budget of the province they represent. Their responses ranged from 50% to 85%. **Graph 9** shown below illustrates the importance of these transfers on provincial finances in recent years.

Figure 9. Chaco: percentage of automatic transfers from national government in the provincial budget. Years 2007-2011



* Accumulated Until Sept. 30, 2010

We did not find 2007 supporting budget documents

Source: Authors based on the budget and budget execution provincial data

Respondents argued that these transfers are clearly specified in the provincial budget laws, but some of these laws and their attached spreadsheets have not been found (for example, for 2007).

Funds for automatic transfers received by the province have different purposes. Most of them enter the Provincial Treasury as "General Revenue." Others, have earmarked expenditures as the FEDEI (Special Development Fund of the Interior Electric, which as its name suggests is involved in the realization of works of electricity) and FO.NA.VI. (National Housing Fund, for housing construction). Other encumbrances of transfers automatically entering the province are: a) 33% of what goes for Federal Partnerships should be designed (by law) to education, b) 16% of what goes by Federal Partnership joined to income Conurbano Surplus plus a percentage of the amounts entered by the Income Tax, must be allocated to municipalities; c) 17% of net Partnership should be spent on Health. All these are affectations that have been made by provincial laws.

All the interviewees argued that the accreditation of these funds in the province of Chaco was performed on a regular and predictable, except for FEDEI and FO.NA.VI. that by entering another accounting system can have some delay. In the event that transfers are more than the original approved level, the executive tends to assign them to different purposes, and year-end sends a bill to the Legislature to incorporate these resources to the provincial budget.

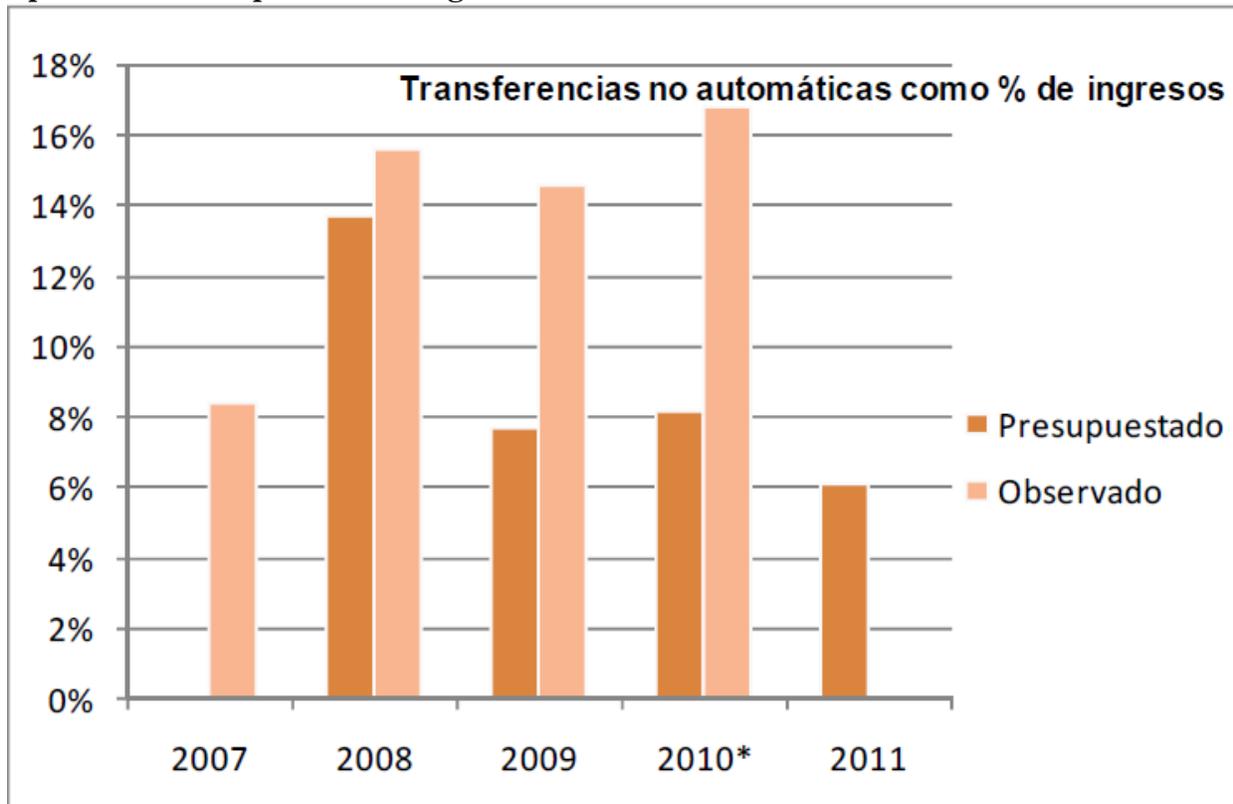
Regarding the advances on the partnership, one respondent mentioned that these transfers have been timely, but was not required a refund with interest. Various requests were made on specific occasions due cyclical factors. In 2010, for example, there was no Financial Assistance Program (FAP) for the province, therefore you must request this type of payment. Other years have been requested by other circumstantial reasons, but not common practice.

As mentioned previously, the body responsible for monitoring compliance with the Federal Partnership scheme is the Federal Tax Commission. In the case of checking inconsistencies, issues resolutions and general rules were made to address them. However, some respondents mentioned that since those resolutions are not binding on the parties have not always abided by the national government.

The national government in turn transfers funds to Provinces. In the case of Chaco, respondents were consulted these funds represent a percentage of total provincial budget, their responses varied from 10% to 20%. One reported that no funds be transferred automatically, there are issues "policies" that favor their receipt by certain provincial governments.

Graph 10 shows the amount that these funds represented in the provincial budget for 2007-2011.

Figure 10. Chaco: percentage of non-automatic transfers from the national government represented in the provincial budget. Years 2007-2011



* Accumulated Until Sept. 30, 2010

We did not find 2007 supporting budget documents

Source: Authors based on the budget and budget execution provincial data

All agreed that such transfers are clearly identified in the provincial budget. However, it was extremely difficult to find such information on the websites of the provincial government agencies.

Some of these transfers have a specific assignment, however, most of them are used with some discretion by the provincial government. Contributions from the National Treasury (ATN), for example, are designed in theory to cover the deficit of the provinces, and therefore are considered within each budget as General Revenue. The remaining funds will usually be subjected to public works.

According to one interviewee “non-automatic transfers do not come alone as a unilateral decision of his presidency, but before reaching step by the province. When a whole province, there is money available for such transfers must go to Buenos Aires to seek such a transfer in accordance with the needs at that time submit.”

As shown in **Figure 10**, the amount budgeted for this purpose is clearly surpassed by the end of the year. In these cases, the province allocates resources based on policies defined themselves by the Executive. These funds are credited to the budget by decree at the end of the year the Executive Branch submitted a bill to the Legislature to incorporate the resources and expenditures already made with them.

If funds are found to be below the approved level (may occur in cases of economic crisis), the province may resort to issuing bonds or borrowing (external or internal) to carry the items they were budgeted. However, it rarely happens that the amounts received are lower because, according to what was mentioned by one respondent, these funds are generally sub-budgets.

Finally, regarding the financing plans of the Nation, respondents were asked about the conditions for access. One of them said it is a bilateral negotiation and politics. The priority, at its option, always the province of Buenos Aires. Once you agree with it, the rest of the provinces begins trading. In general, these plans are intended only to highly indebted provinces.

Transfers to municipalities

Regarding transfers to municipalities in the province has a Participation Law Municipal stating that the allocation of resources is done by applying objective criteria for distribution. This law establishes a stable rate of revenue sharing to municipalities 16% of provincial revenues. Thus, the province created an internal system that has two co-participation funds:

Municipal Participation Fund (FPM), which is composed of 5 resources: 2 of provincial origin (Stamp Tax and IIBB) and 3 national origin (Partnership Federal Surplus Greater Buenos Aires and Monotributo). Deducts from this fund is 15.5% for municipalities. The remaining 0.5% is the Municipal Solidarity Fund (WSF), which is given only 10 municipalities (the newest of the county and / or those with fewer capabilities to collect.)

According to some sources, there are times when the provincial government, grants municipalities other transfers, but this deal is done purely political criteria. “The provincial government carries out public works in the different municipalities without an objective criterion for investment, and there are also discretionary funds allocated to certain municipalities (advances that make grants and contributions Provincial Treasury).”

Endnotes

According to the Index, the province of Chaco can be considered a jurisdiction with low level of budget transparency. None of the three rounds managed to score 5 points, which represents half the total that could be obtained, and placed among the three provinces of lower score. Their score for the month of February was 2.9 points, 2.5 in July and in November was an improvement reaching a score of 4.35.

The main weaknesses relate not only with the explicit lack of certain budgetary information (eg date and detailed reports of provincial government debt), but also with its organization. It was extremely difficult to find the required information in the Index, as was scattered in the websites of various government agencies, and repeatedly bit simpler formats for reuse (eg scanned documents, which makes data search within the document itself or the transfer of information to a new one).

With respect to respondents, some of them were aware of the weaknesses of the province in this area, which is a positive feature. In fact, had a website that centralizes much of the information requested, but has not yet been loaded budget information relevant³.

Importantly, it has not been able to interview officials, lawmakers and former officials from non-government parties, which somewhat skews the results to be obtained in this analysis.

Tierra del Fuego, Antarctica and South Atlantic Islands **The budget process in the province. Regulatory Framework**

The Provincial Constitution states in Article 67 that the General Budget of the Province will be established by law before the start of the year, and will be the basis that all the provincial administration abides by. It will contain expenses, even those who have been authorized by special legislation, accompanied by a detail of the activities and programs to be developed in each organizational unit budget. To this end, the Executive will send the bill to the Legislature by August 31 each year.

The lack of approval of the Budget Law of January 1 of each year that should go into effect, involves the automatic renewal of existing lines at the end of the immediately preceding year.

For its part, the Financial Administration Act 495 provides that the General Budget will be the governing body of the Budget System of provincial public sector (Clause 16). Article 28 of this law states that any increase in total budget expenditures envisaged in the draft submitted by the provincial executive must have the related financing.

Article 38 provides that any law authorizing expenditures not foreseen in the budget must specify the sources of funds used for financing. The following article empowers the provincial executive to provide authorizations for expenditures not included in the General Budget Law for funds needed to handle cases of epidemics, floods, earthquakes or other disasters.

In such cases the legislature convened to inform these authorities must act in the same report, together with the evidence from which to judge the inability to deal with situations that

³ <http://economia.chaco.gov.ar/> Sección: Información económica.

motivated within regular estimates or available balances attributable to budget items. These authorizations provided are incorporated into the General Budget.

Case Analysis

Budget Process

The Provincial Financial Management Act (No. 495) stipulates that the Executive Branch will determine annually the general guidelines for the formulation of the draft General Budget Law. The Ministry of Economy determines the schedule of activities to comply, stating their responsibilities and deadlines for implementation, and with the Treasury Department coordinates the process and the submission of the proposal.

In practice, the provincial budget is scheduled by a Resolution of the Minister of Economy and working with each of the various government ministries begins in April. The formulation of the budget is decentralized and performed by cost center and its corresponding physical input converter budget.

During the month of July, each area develops their budget for a provincial system designed to consolidate this information. It is verified in real time by staff of the General Budget Directorate, making comparisons between resources and expenditure. In August, there are meetings with the heads of each of the areas and, if necessary, appropriate modifications are made (increases or decreases).

Respondents agree that the dominant actors in the budget process are the Provincial Executive (Governor and Ministers, especially in the Economic Minister) and the legislature, lawmakers in space that make up the Budget Committee.

Budget presentation to the legislature

All interviewees agreed that the Executive adheres to a public calendar preset for this presentation. In fact, **Table 7** can verify that the provincial budgets of the last four years (2008-2011) were submitted by the Executive to the Legislature within the deadline. Should the proposal be submitted too late, it is considered that the Governor has seriously misconduct him/herself.

Table 7. Presentation of the draft budget to the Legislature. Tierra del Fuego. Years 2008-2011

Date establish by article 67 of the provincial constitution to present the budget to the legislature	31 August
Budget Year:	Date of Presentation
2008	31 August 2007 (within time limits)
2009	31 August 2008 (within time limits)
2010	31 August 2009 (within time limits)
2011	31 August 2010 (within time limits)

Source: Authors

The instance in which legislators have greater influence to affect the budget for discussion is at the Budget and Finance Committee. This is where the various changes are made before approval.

During the administration of Fabiana Ríos this committee is chaired by an opposition lawmaker, and who usually requests clarifications from the Executive on projected expenditures in the budget.

It is worth mentioning that although the government has complied with submitting the draft budget on time, but for the years 2008 and 2009 have not been approved by the Legislature. In both years, the Governor had issued a decree to extend the Act 723 of 2007 budget.

Budget Amendments

According to the responses of most respondents, the Legislature has legal authority to amend the budget. In general, especially now that there is an opposition majority, changes are often made to the items of expenditure (not to the resources), covering only some levels of the provincial government and some programs.

The Executive can also modify the approved budget allocation and even the total amount. These powers are delegated by the legislature to the executive in each budget bill. In the case of the Budget Act 2010, Article 12 authorizes the Executive, Legislative and Judicial, oversight institutions, to perform restructurings and modifications deemed necessary within the overall total costs determined in the law. This total can only be increased if more resources or to obtain additional funding or when there are surplus funds whose transfer from one year to the next is justified. Also, decentralized organizations may propose amendments to the budget, which must be approved by the Provincial Executive, after examination of the Ministry of Economy.

Reports on implementation and accountability of the Year

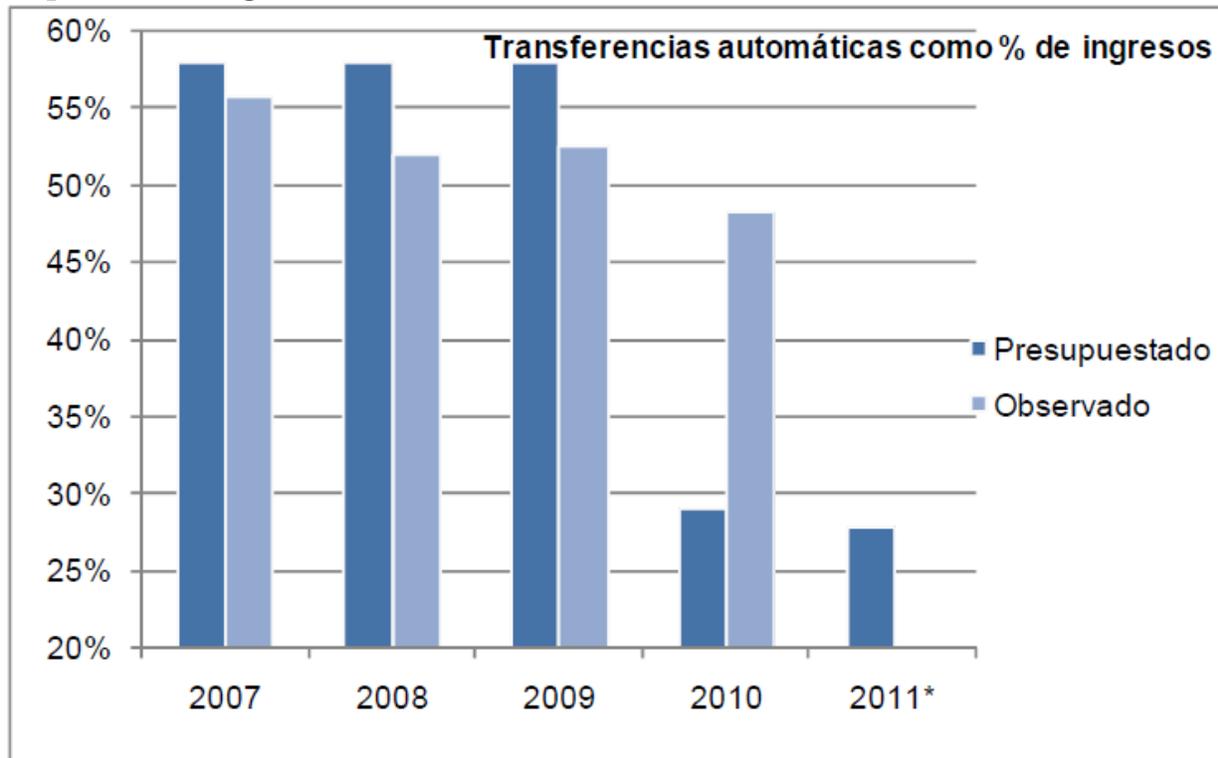
By law, the Executive is required to submit the General Account for the year up to ninety days after the start of the regular session in the provincial legislature. In general, generally occurring in May.

A striking fact of the provincial law is that the Court of Auditors has only one month after the submission of the General Account for the period, to opine on the material presented. In practice, this is not enough time for scrutiny. This clause produces a level of approval by the Auditors to be very low, in fact in the history of the province approved only one account, for Fiscal Year 2008. One of the officers surveyed said that in general, the Court works during exercise in controlling the information produced, before and after carrying out checks on all affected proceedings involving public funds. Despite this, the Court fails to give its opinion within the stipulated time.

Intergovernmental fiscal transfers and financing plans nation-provinces

Respondents agreed that automatic transfers that the national government represent about 50% of its total budget. **Figure 11** illustrating its evolution in the period 2007-2010.

Figure 11. Tierra del Fuego: percentage of automatic transfers from national government in the provincial budget. Years 2007-2011



* The 2011 budget was approved by the legislature but vetoed by the Governor Fabiana Ríos.
 Source: Authors based on the budget and budget execution provincial data

This type of transfer is clearly specified in the provincial budget. For the analysis that the Legislature, the accounts are added, but this detail is required when the executive attends the Commission. Of the total of these transfers, some have specific allocation (for example, certain programs), while others have no earmark and enter into the coffers of the province as general revenues. Most respondents argued that there are usually no delays in the accreditation of these funds by the Nation.

When consulted about the use of the provincial government of advances from the central government of the shares in the proceeds from national taxes, respondents revealed that there was such exceptional progress, with several months delay, especially in the first Ríos administration. These funds were mainly used to cover the payroll. At present, however, recognize that it is necessary to resort to this remedy, since in the case of needing funds, the executive was authorized to borrow short term (within a month) with the Banco de la Provincia.

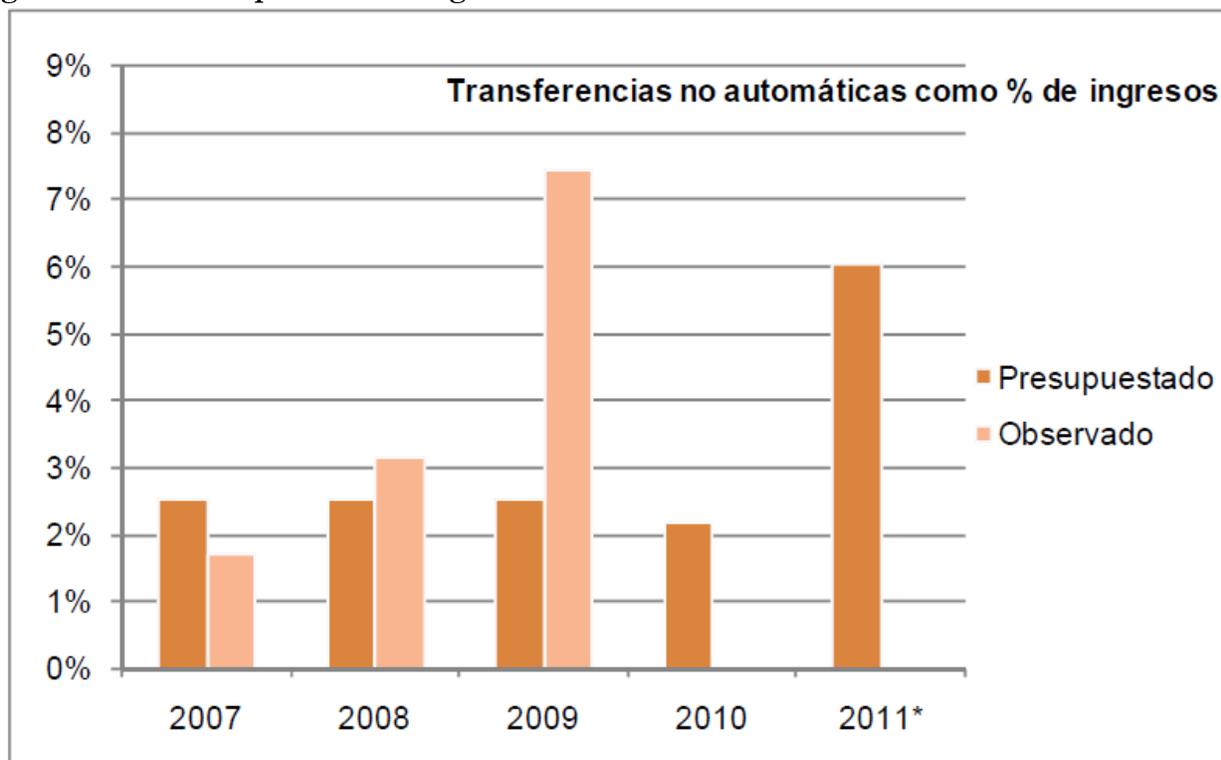
In the event that transfer amounts are higher than the levels approved, these additional funds are incorporated into the budget with two main objectives: reduce the order of indebtedness approved by law and reduce deviations in the implementation of the budget. This incorporation of the executive is usually done through the authority previously delegated by Legislature.

With regard to the actions of the CFI (Federal Tax), all agreed that it exerts a periodic check on the clearance of funds that correspond to each province. However, when commenting on the

Executive's adherence of the resolutions of the Commission by the national government, respondents disagreed: some argued that the nation respects all resolutions, others mentioned that only some are otherwise respected and in one instance the past year and a half the Commission had not issued any decision regarding the province of Tierra del Fuego. This was apparent in the published on the website of IFC, which did not include any that affect the province since 2006.

Regarding non-automatic transfers, respondents were consulted on what percentage they represented in the approved budget. Some argued that these transfers represented less than 5%, others less than 10% and others 7 to 10%. In **Figure 12** you can see the percentage that the funds are not automatic in the income of the province.

Figure 12. Tierra del Fuego: percentage of non-automatic transfers represent the national government in the provincial budget. Years 2007-2011



* The 2011 budget was approved by the legislature but vetoed by the Governor Fabiana Ríos.
Source: Authors based on the budget and budget execution provincial data

Some respondents noted that such transfers are clearly specified in the national budget, however, others argued that only details which are specific allocation. Thus, it may be that some of these transfers are earmarked, while others are left available to the provincial executive for use with their own criteria.

In the event that funds are transferred over the executive branch usually delegated (by the provincial budget law) the power to incorporate these resources to the budget. This should incorporate adding thereto the items of expenditure, to balance the addition of resources. One interviewee said that in general, estimates of national resources at the provincial project are lower

than those presented in the national project, due to lack of information at the time of local development, therefore it is not surprising that the remittance is greater than expected.

Otherwise, if sent by National resources are lower than expected, can be given two options: a) if it is freely available and there is some basis for a resource freely available overspending, performing a reallocation of resources; b) if a specific resource, will underspend of expenditure items, as specified involvement funds can only be accrued if they have funds in bank accounts.

Regarding the financing plans for the provinces released by Nation, respondents were asked if the arrangements for access to them could be considered objective and fair. Most agreed that the criteria for the provinces are included in these plans are partially transparent and equitable. In general some of the conditions are often different for each province, and the final allocation depends on a bilateral negotiation between each jurisdiction and the Nation.

Transfers to municipalities

Finally, when asked about the information provided by the province for the funds who transferred to municipalities, they explained that it exists within the Budget Act a section shows the transfer to each municipality or commune, per share. However, it doesn't non-automatic amounts transferred to each sub-jurisdictions.

The same response was obtained against the question concerning the publication by the Executive of the criteria for the geographical allocation of expenditure to the municipalities and the amounts assigned to each. All argued that the high distribution coefficients are published at the same time it published the amounts received by each municipality. However, no mention of the advertising of other criteria for allocating funds to municipalities (not automatic).

Endnotes

The responses about the quality of the budget process in the province of Tierra del Fuego, not as different from the rest of the provinces studied. However, this province's score on the three rounds of ITPS has been substantially lower. In the first round, the province received a score of 2.55 out of 10 points. The second, held in July, the province had a score of 3.95, and the third from November 2010 called the province with 4.05 points. In all three cases the province was among the four jurisdictions with the lowest scores.

However, note that in December 2010 in the province launched a web portal available to the public with a series of budget documents and other sectors (education, salary, etc.), which is very valuable to improve the transparency of government actions. This portal⁴, even better, is a huge advance in the state of budget transparency website in the province.

In the case of a repeated evaluation at present, and only with the information published on this portal, the result of the province would improve by seven points. In fact, if one would modify the presentation of some of this information, would include publication of budget documents (e.g. budget laws in previous years, detailed reports of debt, General Account of the year, etc.), the result the index would increase dramatically to become part of the best performances provinces. With these advances, Tierra del Fuego can be considered as a successful case for improvements in budget transparency.

⁴ <http://gestiontransparente.tierradelfuego.gov.ar>

Conclusions

In this study we have analyzed the degree of provincial budgetary transparency of Argentina, with particular focus on six jurisdictions. Their study is relevant because the provinces are responsible for implementing much of government spending (about 45%), which is mainly intended to cover social services (education and health among the most significant in the amount representing) to the population.

To assess the overall state of budget transparency this index was implemented to verify availability, the degree of detail and delay of 10 key budget documents in provincial finances. When conducted three times during the year 2010, the results were remarkable.

- Of a total of 10 possible points, the average score in February for twenty-four jurisdictions was of 5.33. Of these, 14 exceeded this score.
- In July, the average of all jurisdictions was 6.8 points. 15 provinces performed better than the average.
- The last round, conducted in November, averaged 6.16 points. 15 provinces were again higher than average results.

From this, we can say that more than half of the jurisdictions have a considerable degree of budgetary transparency (above average). The most noteworthy Mendoza (averaging over 9 points) and Cordoba, San Juan, Buenos Aires and Entre Ríos (averaging more than eight points). There are also eight provinces whose transparency is relatively low; these are (in order of lowest to highest): La Pampa, La Rioja, Chaco, Tierra del Fuego⁵, Santa Cruz, Misiones, Jujuy, Corrientes and Chubut.

⁵ Tierra del Fuego was below average in all three measurements, but the progress made in December in budget transparency and as a province it is currently located above the average.