

The Road to Budget Transparency in Argentina

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CONTENTS

INTRODUCTION	3
THE ARGENTINE CONTEXT	3
1991-2004: GROWING ROMANCE WITH BUDGET TRANSPARENCY	4
2005-2011: DISAPPOINTMENT AND DECEPTION	7
2012-2016: TOWARD A HAPPY ENDING?	13
PENDING BATTLES	15
CONCLUSIONS	18

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INTRODUCTION

An analysis of budget transparency at the national level in Argentina in the period 2006-2015 shows the country to be stuck in the mid-range of international rankings. The Open Budget Index (OBI), an independent global assessment of budget transparency, places Argentina consistently near the middle of its ranking, with scores that range between 40 and 60 points on a 100-point scale. Although the index shows a slight improvement from 2006 to 2015, the small shifts have been more a consequence of changes in the methodology of calculation than reflect real changes in the availability of key budget documents.

Argentina does produce six timely and relatively exhaustive documents across the different stages of the budget cycle: a Pre-Budget Statement, an Executive's Budget Proposal, an Enacted Budget, In-Year Reports, a Year-End Report, and an Audit Report. These six documents have remained relatively stable in content, degree of detail, length, and punctuality. Of course, some aspects of these documents could be improved, and Argentina has not produced either a Mid-Year Review or a Citizens Budget and is not planning to do so in the short term.

However, full budget transparency is not achieved simply with the publication of these eight documents, and there is more to budget transparency than meets the eye. Argentina's record in related areas is mixed. In some years, the government has seemed more committed to budget transparency and passed laws that established the obligation of publishing plenty of information and sticking to deadlines. In other years, there were marked delays and discontinuities in the publication of budget information, as well as the approval of laws and the implementation of practices which made it possible to lower the quality of budget information. These inconsistencies are described in the following sections, along with some speculation about their potential causes.

THE ARGENTINE CONTEXT

Some background on Argentina is necessary to fully understand the nation's efforts to achieve budget transparency. In 1983, Argentina recovered its democracy. The presidency of Ricardo Alfonsín (1983-1989) was characterized by negative growth rates, fiscal crises and hyperinflation. The 1980s were a time of struggle and have been described as a lost decade for most Latin American countries.

In 1989, Carlos Menem began his presidency, which lasted 10 years. In 1991, with a currency board in place, Argentina achieved economic stabilization. This period was characterized by a significant economic recovery (except during the Mexican crisis of 1995 and the Brazilian crisis of 1999). Many of the policies implemented were inspired by the "Washington Consensus," in close cooperation with

international financial institutions: privatization, trade openness, downsizing of the state, and improving public financial management systems.

In 2000 and 2001, President Fernando De la Rúa took over. The currency board was stretched to its limits, with a negative impact on the real economy and the financial system. The government tried to stabilize matters with fiscal adjustments, but at the end of 2001, the crisis became inevitable and the president resigned. The currency board was eliminated, and the exchange rate initially shot up by 600 percent. Argentina declared defaults on its debts, and the economy plunged. Eventually, Eduardo Duhalde was appointed president and prepared the nation for a transition to a new government.

In mid-2003, Néstor Kirchner took office. The economy was already on a recovery path, and inflation was still low despite the jump in the exchange rate. There was both a fiscal and a trade surplus, which led to optimism on the trend of macroeconomic variables. But in 2006, inflation started rising again, just as Kirchner's wife, Cristina Fernández, was running for the presidency. Meanwhile, tension was building between the executive branch and the media.

Fernández won the elections, but the enmity between the federal administration and the most important newspapers and media groups intensified. Nevertheless, President Fernández completed a total of eight years in office. During those years, the fiscal surplus disappeared, and inflation increased, while the economy became more unstable. The international financial crisis affected domestic growth and led to reduced funding for a previously vigorous civil society.

At the end of 2015, all presidential candidates sought to separate themselves from the former president and defended a number of institutional changes, including transparency. Mauricio Macri subsequently won the election, but the economy has not been growing, while inflation and the fiscal deficit have remained high. Although the governing party is in minority in Congress, it has nevertheless been possible to pass a range of laws, including a law on public access to information.

1991-2004: GROWING ROMANCE WITH BUDGET TRANSPARENCY

In 1992, Law 24156 on Financial Management and Control Systems was approved. This law set the basis for a new system of public financial management. In fact, it is said that a real national budget did not exist before. Employees of the budget office claim that the innumerable folders of yellowing and disordered papers could, at most, account for accrued income and expenses.

In 1983, when the nation recovered its democracy, with a government committed to building democratic institutions, why didn't it immediately set up a system to use the budget as a planning

tool? Certainly, rampant inflation – and even a hyperinflationary crisis – partly explain the difficulties with creating and maintaining a well-functioning budget process. Economic stability, which started in 1991, enabled policy makers to extend their planning horizon.

The intention of the law on financial management was to define the rules of the budget game. Transparency was not its main goal. However, after the law was implemented, budget transparency increased substantially. The general policy was to disclose information. Very possibly, closer ties with international financial institutions, such as the Organization of American States (OAS), the International Monetary Fund (IMF), the World Bank (WB), and the Inter-American Development Bank (IADB) also helped shape these policies.

In 1996, Law 24629 added the obligation to produce data on expenditures by geographic distribution, In-Year Reports on budget execution, and the Pre-Budget Statement. The law mentions Congress as the direct recipient for these documents.

In contrast, in 1999 Law 25152 (Fiscal Convertibility Regime) explicitly mentions the obligation to make certain budget information public and freely accessible. The main objective of this law was to establish fiscal discipline rules by capping increases in primary spending and in the fiscal balance. It also imposed the obligation to create an anti-cyclical fiscal fund, and it called for the creation of a multiannual budget, extending further the planning horizon of policy making. But the law also advanced budget transparency by establishing a long list of types of budget information that should be freely disclosed to the public and determining that the Supreme Audit Institution – the *Auditoría General de la Nación* (AGN) – should monitor its implementation every three months.¹ Until today, the information disclosed by the government only partially fulfills those obligations.²

Law 25400 (Federal Commitment towards Fiscal Discipline) of 2001 raised the stakes by expanding the commitment to fiscal discipline and budget transparency to include provincial governments in addition to the national government. This law actually embodied a compromise between the national and the provincial governments.³ Article 13 in that law extends the obligation to publish budget-related information to the national and provincial levels of government and states that the information should be made available immediately upon request or should be accessible through digital platforms.⁴ The wording of Article 13 shows the advances made in IT systems during the previous period, which provided a new impetus for a redefinition of budget transparency. Moreover, the commitment to transparency and discipline from the provincial governments came about because in a federal system

¹ See article 8 of the original version of Law 25152.

² See AGN, “Informe especial. Cumplimiento del art. 8° - Ley 25.152. Gerencia de control de la Cuenta de Inversión.” (2016).

³ The provincial governments include the 23 Argentine provinces as well as the City of Buenos Aires, which has a provincial hierarchy.

⁴ The oldest snapshot of the National Budget Office’s website (where most budget information is organized) can be traced back to 2001 in the web archive. This does not preclude the possibility that the site was created earlier.

the national government is not the sole source of fiscal operations. In Argentina, around a half of public expenditures are administered by the provinces.⁵

In 2000, the federal government's anticorruption office started a debate on a draft Freedom of Information law, with the support of several international organizations and the active participation of civil society.⁶ The project suffered certain delays and setbacks in Congress. Nonetheless, in 2003 the government approved Decree 1172/2003 granting access to public information. It established that all the information produced by or for the executive branch of government should be freely available to the public. The mention of the right to access public information and the possibility of participating in the elaboration of the ensuing regulation are the innovative aspects in this decree.

By 2004, Law 25917 on federal fiscal responsibility clearly mentioned the obligation for both the national and the provincial governments to publish on their respective web pages their budget laws, the multiannual budget projections, quarterly In-Year Reports on budget execution, and information on public debt and public employment, as well as data on the compliance with the fiscal discipline rules established in the law.⁷ It conformed to certain requirements from the IMF, which actually demanded a reform to the federal co-participation regime in order to maintain its support to the government. But that reform was too difficult to pass as it required the unanimous acceptance of all provincial legislatures; hence, the government pushed this fiscal discipline agreement instead.⁸

In summary, the period starting in 1991 through to 2004 was marked by the creation of a set of new rules for the budget process. Several laws defined who had to produce what kind of budget information, as well as spelling out its contents and classifications, and when and how it should be made public. This process was enabled by the stabilization of the country, particularly with regard to inflation. Other contributing factors were the influence of international financial institutions, as well as demands from civil society organizations.⁹ During this period, there was a gradual shift from putting the accounts in order, to making budget information readily available by allowing access to

⁵ See Luciana Díaz Frers, "In Debt with the Constitution: the Coparticipation Regime, Its Problems and Solutions," *Public Policy Brief/ Recommendation 58* (CIPPEC, 2008).

⁶ See more details in Oficina Anticorrupción, "Elaboración Participada de Normas: un espacio abierto para el debate de las decisiones públicas," (2004). This document mentions the Organization of American States (OAS), the British Council, the Inter-American Dialogue, Article 19, Transparency International, and the Konrad Adenauer Foundation as the main international organizations participating in this project. The list of civil society participants includes academic experts and institutions, numerous grassroots organizations, journalist associations, private enterprises, public servants, and more than 20 think tanks. More information can be found in Marta Oyhanarte, "Fundamentos de mi trabajo y de mi renuncia," (2009).

⁷ See articles 7 and 32.

⁸ See Luciana Díaz Frers, "Lecciones importadas: la responsabilidad fiscal en Chile, Brasil y Argentina," PowerPoint presentation for the National Senate for the 9th Seminar on Fiscal Federalism (September 2006).

⁹ This was clear in the process that culminated in the passing of Decree 1172/2003 of Access to Public Information and the Law 25917 of Fiscal Responsibility.

information systems, including at provincial level, publishing in websites, and promoting participation in the elaboration of regulations.

2005-2011: DISAPPOINTMENT AND DECEPTION

One of the first symptoms of change in the following years was the gradual rupture with the IMF.¹⁰ Although the Argentine government sought loans, it decided not to accept the conditions set by the IMF. In 2004, Argentina stopped new agreements with the IMF and, in early 2006, it canceled all its debts with it. This tense relation was more evident with the IMF than with other international financial institutions. Yet even documents from the World Bank acknowledge the failure to move forward on transparency and modernization during this period.¹¹

Tension was also growing with the main national newspapers and the media groups behind them. At first, President Kirchner started publicly addressing the open editorials of newspaper *La Nación*. But increasingly, there were run-ins with the newspaper *Clarín* as well. During the following presidency, the tension only grew.

In terms of regulations, Law 26124 of 2006 (known as the Law of Superpowers) modified a key article of the Law on Financial Administration (24156), which had been approved in 1992. Initially, the law restricted certain modifications to the Enacted Budget. Specifically, any change between capital and current spending, or from below to above the line, or classified by function (social, economic, debt services, etc.) required congressional approval. Truth be told, the executive government made extensive use of Decrees of Necessity and Urgency to make numerous changes to the budget. Indeed, 2006 was the last year in which a budget increase was approved by law and not by decree. Thereafter, the Chief of Cabinet was allowed to make all the necessary changes to the budget, leaving to Congress only the decision with regard to the total amount and the level of indebtedness. Allowing such changes, particularly the shift of expenses from below-the-line financing to above-the-line expenses meant that congress no longer had real control of the level of fiscal deficit.

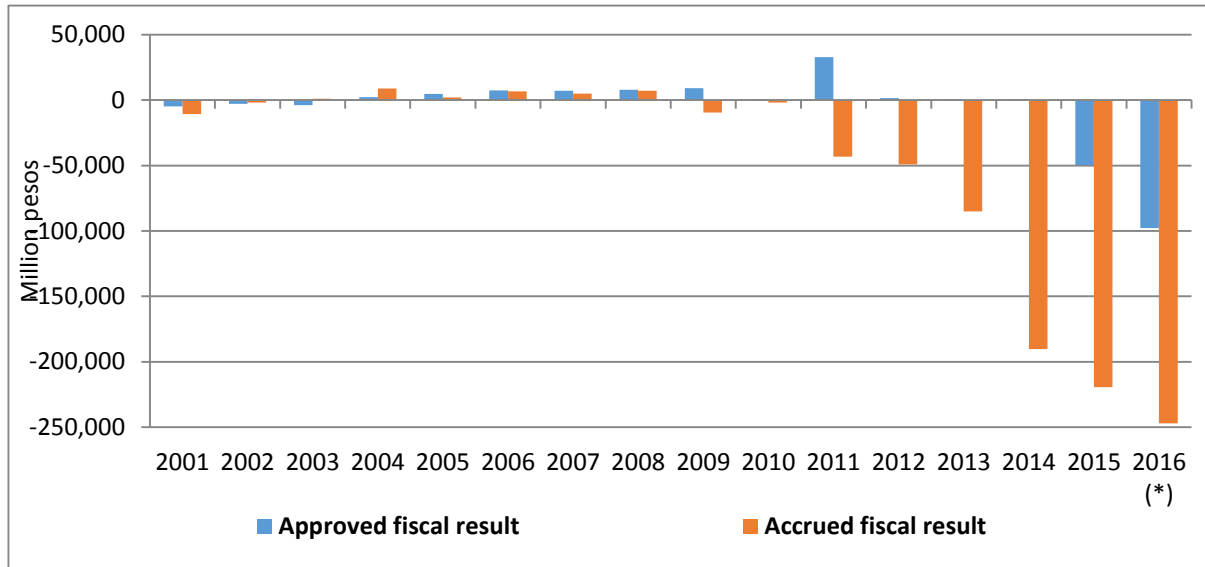
It also became common practice to increase the total amount of the budget. That still required either a law or a Presidential Decree. Law 26122 of 2006 (Legal Regime for Decrees of Necessity and Urgency) facilitated a simpler process for the approval of decrees. As a result, the difference between

¹⁰ Many newspaper articles refer to the breakdown in the dialogue with the IMF. See for example, David Cufre, "En la relación con el FMI, el sentimiento es mutuo," *Página/12*, 6 November 2005. For a longer perspective on the relation between the Argentine national government and the IMF, see also Carlos Arbia, "El día que Néstor Kirchner echó al FMI de Argentina y también a Alfonso Prat-Gay del BCRA," *Infobae*, 19 September 2016.

¹¹ One example is the under execution, delays, and limited achievements of certain loans, such as "Modernization of the State II." For more details, see "Argentina - Second State Modernization : P101170 - Implementation Status Results Report : Sequence 16." (Washington, D.C. : World Bank Group), available at <http://documents.worldbank.org/curated/en/947891468217778847/Argentina-Second-State-Modernization-P101170-Implementation-Status-Results-Report-Sequence-16>.

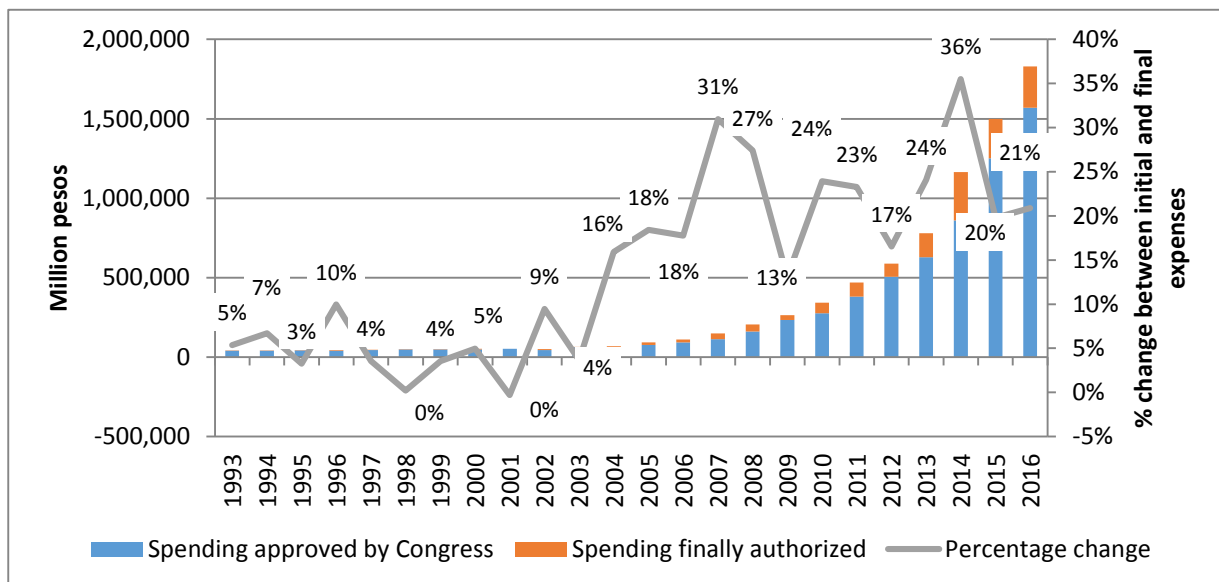
the expenses approved in the Enacted Budget and the accrued expenses tended to increase over the period.

FIGURE 1. THE DIFFERENCE BETWEEN APPROVED AND ACTUAL FISCAL BALANCE, IN MILLION PESOS (CURRENT PRICE)



Source: Enacted Budget and Year-End Report for each year. 2016 figures are preliminary.

FIGURE 2. THE DIFFERENCE BETWEEN APPROVED AND ACTUAL SPENDING



Source: Enacted Budget and Year-End Report for each year. 2016 figures are preliminary.

At the beginning of 2007, the national statistics system took a hit when the government interfered with the National Institute of Statistics and Censuses (INDEC).¹² The inflation index was altered with the objective of denying the increasing inflationary pressures during an election year. As a result, the Survey on Household Expenses carried out in 2004/2005 was never published, contrary to previous practice.¹³ The survey is used to estimate consumption in different households and to build the basket of goods included in the consumer price index.

With the manipulation of the consumer price index, several other measures were affected as well. The most immediate consequence of not having a credible price index was the loss in credibility of the measure of poverty. The impact was also seen in the measure of Gross Domestic Product (GDP). And, subsequently, several other indicators measured in terms of GDP lost their value.

In 2009, at the height of the international financial crisis, the Argentine national and provincial governments were not able to meet the requirements for fiscal responsibility set out in the law of 2004. Hence, Law 26530 suspended the cap on indebtedness and redefined the limits on spending in such a way that it was impossible to judge whether the requirements of the 2004 law had been met. Thereafter, the monitoring of fiscal responsibility lost much of its transparency.

Also at the end of 2009, when the Budget Proposal for 2010 was sent to Congress, the executive branch created a Plan for Priority Investments. This program promoted capital investment. But the accounting trick that made this possible was that, until the works were concluded, the spending would not be computed as capital spending but carried below-the-line as “advance payments to suppliers.”¹⁴ In addition, the transfer of profits from the Central Bank reduced the credibility of the financial information released by the national government. In fact, the lack of credibility of this information generated a debate on how best to measure the fiscal result through other calculations, such as net indebtedness.¹⁵

As the state grew, its transparency decreased. Public enterprises and fiduciary funds were created and enlarged, thus creating extra-budgetary pockets that were beyond the control of Congress and outside the limits of the national administration. Two remarkable examples of public enterprises that do not show up in the budget are *Aerolíneas Argentinas* and *Yacimientos Petrolíferos Fiscales* (YPF), the national airline and the national oil company respectively. The Year-End Report of 2001 showed eight fiduciary funds, which are not part of the national budget; by 2015, there were 15 such fiduciary

¹² For a detailed chronology of these events, see Francisco Play, “El INDEC, la máquina de la mentira,” *La Nación*, 4 February 2015.

¹³ The National Survey on Household Expenses is done at irregular intervals. The latest correspond to the periods 1996/97, 2004/05, and 2012/13. However, the survey for the period 2004-05 shows just some preliminary results and contains very incomplete information. The others present more detailed information.

¹⁴ See article 17. In Spanish, the budget line is *Anticipos a Proveedores*.

¹⁵ See, for example Alcides Saldivia, “Formulación de un presupuesto nacional en serio,” *Revista ASAP* 54 (2015).

funds. These funds show a very low level of detail with regard to income and expenses in comparison to the rest of the public administration, though aggregate information is presented. This practice was prohibited in Article 13 of the Fiscal Responsibility Law (25917). However, it has been common practice to create such funds through presidential decrees.¹⁶

Even more visibly, budget-related information that had been available started to disappear, or its publication was delayed. One of the first websites that suffered some changes was *Siempre*. This program monitors and evaluates social programs, and it once provided detailed information on the geographical distribution of social spending programs and extensive reports on the evaluation of such spending. As early as 1999, this program suffered a setback when it published a report that admitted an increase in poverty.¹⁷ As a result, the head of the office was transferred to another area, and its budget was reduced. Yet the information remained public. During 2003, other changes took place, with a gradual shift from technical experts to political appointees from Santa Cruz, the province where the president came from. In those years, one of the reports was strongly criticized by the Ministry of Health, which had some methodological objections. Because those in charge were political appointees and not technical experts, they were unable to defend the methodology in those reports. Instead of strengthening the methodology or the process of revision, they simply removed the reports from the website. They were produced and used internally, mostly to have information on the social situation of the provinces, but they were not released for publication. Thus, during 2005 and 2006, the website displayed an “Under Construction” sign. In 2007, the website reappeared, but it had lost all its reports. It was merely an institutional site that listed its objectives.

The *Quarterly Bulletin on Social Security* also disappeared temporarily. And in 2011, the Multiannual Budget for the period 2011-2013 was not published. In addition, the Direction of Analysis on Public Spending and Social Programs of the Ministry of Economics discontinued that agency’s publication of a long and detailed series of reports on consolidated spending by the national government, the provinces, and the municipalities. In this last case, the person who was responsible for producing the reports claims that this data stopped being published because public spending as a percentage of GDP started being incoherent. The consumer price index had affected the GDP calculations and brought visible inconsistencies in other variables.

There was also a temporary freeze of the Citizens’ site, which presented very detailed historical and updated information on budget execution. This website seemed to be frozen for about half a year, from the end of 2011 to mid-2012. The closing of the year 2011 was important, since the proposed budget for that year was rejected by Congress. Therefore, the budget for 2010 should have been extended. But final numbers were not available until after the Year-End Report was presented. This

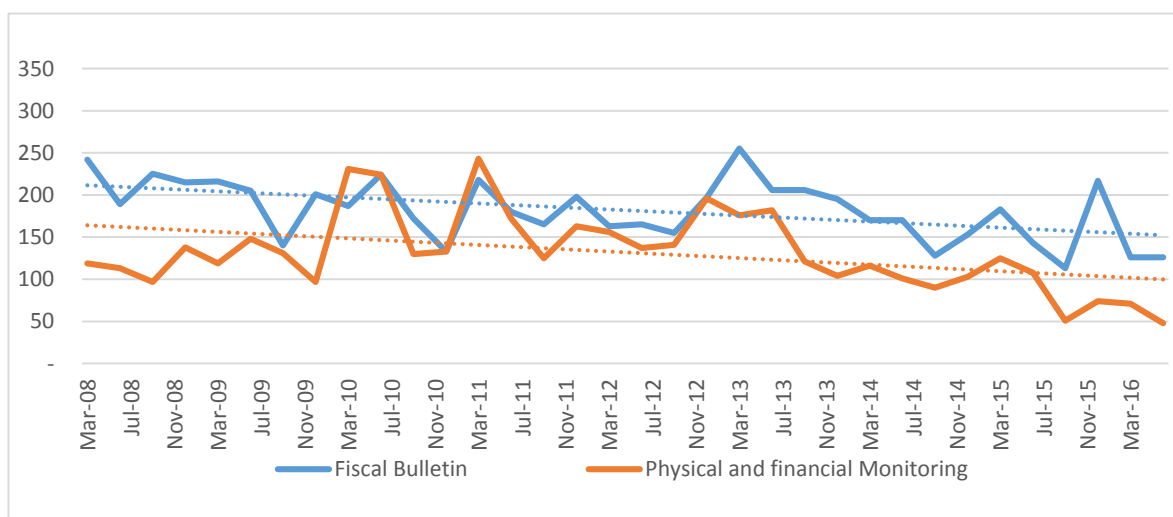
¹⁶ See, for example, the creation of a fiduciary fund for the financing of a hospital in El Calafate: Decree 225/2015. In its article 7, it states that the fund is outside the reach of the Law 24156 of Public Financial Management.

¹⁷ See Ismael Bermúdez, “Desplazaron a la responsable de un informe sobre la pobreza,” *Clarín*, 9 June 1999.

suggests that the publication of final figures was delayed in order to head off negative comments that would have appeared in the media. However, the people in charge of the office have claimed in personal interviews that the freeze was due to a technical problem in migrating from the old Citizens' website to the new Citizens' website. The new website was more navigable and, it allowed more flexible cross-classifications of the expenses. However, the geographical allocation of funds, one point that was often criticized in the media, was gone.¹⁸ Former officials in the office claim that the registration of the geographic allocation of expenses was too imperfect to be published. In addition, the old website published data since 1998, while the new one published only data from 2007 onwards. It is said that the systems for storing data had changed, which allegedly made it impossible to present old data through the renovated platform.

Some publications, like the quarterly *Fiscal Bulletin*, which presents an analysis on the differences between the approved budget and the actual budget spent, as well as relevant information on public employment, suffered delays that reached almost nine months after the period analyzed. All timeliness was thus lost. The following graph charts the trend in the delay of two publications: the *Fiscal Bulletin* and the quarterly reports on the physical and financial monitoring of programs. Although the long-term trend is a decrease in the delay, it is also possible to see that delays peaked between 2010 and 2012 and fell thereafter. According to public officers in this area, the delay in the *Fiscal Bulletin* is due to the fact that it is produced by several offices within the finance ministry, each one with different priorities. Particularly relevant were the delays for the chapters on debt, which is deemed to be sensitive information.

FIGURE 3. DELAYS IN THE PUBLICATION OF TWO QUARTERLY BULLETINS (DAYS BETWEEN PERIOD ANALYZED AND PUBLICATION)



Source: Data provided by the Direction of Budget Evaluation.

¹⁸ See, for example, Luciana Díaz Frers "Los datos oficiales muestran que hay un mapa para el injusto reparto del gasto social," *La Nación*, 10 August 2003.

What these events show is a big drop in the government's commitment to budget transparency. The growing deficit, rising inflation, growing tensions between the government and the media (and all those who published a critical view), and the growing arbitrariness of budget spending might have contributed to the government's reluctance to publish detailed, updated, and truthful budget information. Bad news could be delayed, and delays could be justified on the basis of methodological weakness in some cases, poor revision processes in others, or a lack of a complete and detailed calendar of publications. Clearly, transparency was not an important objective for the government during this period.

Despite the fact that much information was not disclosed to the public, some progress was seen within the government. Each ministry had its own accounting and registration system, but during this period those systems were unified and migrated to a web platform, thus providing an updated database. Also, since 2007, indicators of results were created for some programs, with the aim of moving toward a results-oriented budget. There was also progress in the elimination of paper and the creation of digital documents and signatures. Finally, there was intensive work with the provinces in order to create homogeneous classifications for all budget items. The focus shifted from publishing information toward improving the information systems, which would eventually help the management of public funds.¹⁹

A separate note is needed for the AGN (*Auditoría General de la Nación*, the Supreme Audit Institution). The AGN is governed by a board of seven auditors: three are chosen by deputies and follow the proportional representation in the lower house of Congress, while three are chosen by senators, also following the representation in the upper house. The seventh auditor, who manages the institution, is chosen by the main opposition party. The AGN is an autonomous external control agency that reports to Congress. Hence, the AGN is independent of the executive branch and has therefore had a very different trajectory in terms of transparency. In 2000, Audit Reports were published on the website 30 to 60 days after they were approved by the Parliamentary Mixed Commission in charge of the revision of accounts, a delay that was clearly not necessary.

In 2002, the AGN decided that its reports would be published on its website immediately, without waiting for the approval by the Parliamentary Mixed Commission, and this decision enormously reduced the delay. Admittedly, the conclusions and recommendations of the AGN are not binding for the audited institutions. They were initially conceived to be informative for Congress, but as their reputation grew and dissemination widened, they became more useful for the media and civil society. Since 2008, the topics discussed in the auditors' meetings have also been published, and since 2009, those meetings have been open to the public and transcripts of the sessions posted on the website.

¹⁹ For a more detailed account of the results achieved, see Subsecretaría de Presupuesto, "Hitos de la Subsecretaría de Presupuesto (2004-2015)," (June 2015); and Consejo Federal de Responsabilidad Fiscal, "Responsabilidad Fiscal 2005-2015: Reglas Fiscales Sustentables para el Estado Nacional, Provincias y Municipios," (2015).

This meant that, if a certain report was discussed but not approved, the content of that discussion would be publicly available. So even if an official majority tried to prevent the publication of a report, this effort would be known.

The opening of the audit sessions to the public and the media helped, in the first place, to spark the dissemination of many reports, some which have had widespread impact in the media. Among these have been, for example, recent reports on Aerolíneas Argentinas, on ports, on trains, on house-building, on subsidies, and on a football program. In a virtuous cycle, the effect on the media had a corresponding effect on the way reports are made. That is, many of the initial members of the AGN came from the former Tribunal Superior de Cuentas, similar to an internal auditor, with a natural bias toward formal and preformatted reports; currently, auditors take into consideration that the media now forms part of its target audience.

Over the same period, the AGN also started a participatory planning process, informally since 2003 and more formally after 2014. This made the institution more accessible in its planning process: audit objects are not only defined by AGN staff and Congress but also by what civil society suggests through these participatory processes.²⁰ The fact that the AGN is governed by a representative of the political opposition explains this increase in transparency and participation.

2012-2016: TOWARD A HAPPY ENDING?

The internal advances mentioned above eventually made renewed progress on budget transparency possible. One of the first examples was the reappearance of the Citizens' site with updated information on budget execution. The good news was that the new platform could be more easily navigated and allowed a more personalized organization of the information. However, it did not come without a cost. The old website had published information since 1998 and classified that information according to its geographic location. The new website did not publish geographic data and displayed information only from 2007 onward. Only very recently, the Citizen's site started publishing very detailed information in open data format, including geographical allocation of spending and all other categories of income and spending.

The Social Security Bulletins also reappeared, but a methodological change rendered the information contained in the old issues (which were no longer published) incomparable. Also in 2013, some indicators of results were published in the Year-End Report for the first time, so a gradual shift toward a results-based budget could begin.

²⁰ For more details, see Asociación Civil por la Igualdad y la Justicia, "Planificación participativa en la Auditoría General de la Nación Argentina," *Iniciativa TPA*, 2011.

By the end of 2013 and the beginning of 2014, a new GDP series was published. Although long delayed, the publication of this series was welcome, because many figures did not make much sense without it. However, even today, the old series and the new one do not match perfectly. Some claim that the motivation for publishing the new series was to save the government the expense of paying the coupons of GDP-tied bonds.

With the change in government in 2016, a new era of access to information seems to have started. Right at the beginning of the new government, the Ministry of Modernization was created, and the executive branch signed Decree 117/2016, which laid out a plan for the opening up of public data. But even more important, Law 27275 on the Right to Access Public Information was approved. There are several differences with Decree 1172/03. First, modifying a law is much more complicated than changing a presidential decree. But more important, the decree only obligated the executive branch, while the new law applies to the whole national public sector and even beyond. It also covers firms that provide public services, firms that are publicly owned (as majority or minority shareholder), political parties, trade unions, and universities. This new law also establishes the need to create an independent body to oversee its implementation. There is innovation in terms of active transparency (not in response to a request of the citizens but as an initiative of the government) that obliges certain public jurisdictions to provide information in open data format.

In general, this new law clearly establishes that most information produced or held by the government belongs to the public. In particular, article 32 is very relevant for budget transparency since it enumerates a long list of information that should be open to the public. The actual wording implies that the unified and updated systems that the government uses for analyzing its budget information should be accessible to the public at large.

The law gives the government one year to adapt to the new legislation. The reasons for such a change seem to have grown from the new government's belief that it needed to differentiate itself from the previous government, which had not given transparency much priority. In fact, in the last presidential campaign, all candidates included transparency on their agenda. The passage of the law seems to signal a commitment to the promises made in the presidential campaign. It remains to be seen whether the government will attain its ambitious goals.

A further basis for optimism lies in the fact that, at the end of 2016, Congress approved two laws. Law 27342 somewhat restricts the power of the Chief of Cabinet to modify the budget that was part of Law 24156 on Public Financial Management and limits the absolute discretion granted by Law 26124 on Superpowers. It sets a percentage cap of possible modifications to the budget that the Chief of Cabinet can make after informing the Budget Commissions in Congress but without having to resort to a law. The second law, Law 27343, creates a Congressional Budget Office to provide Congress

with in-depth analysis on budget-related issues. Together, these laws strengthen the role of Congress in the budget process.

BOX 1: PROVINCIAL TRANSPARENCY

CIPPEC's experience in promoting provincial budget transparency seems worthy of mention here, too.²¹ Inspired by the Open Budget Index for national governments, the fiscal policy team at CIPPEC created a budget index for provincial transparency. The index was not based on international best practice standards, but rather on a domestic legal standard: it measured how much of what the provinces are requested to publish by certain laws they actually publish. Thus the Mid-Year Review and the Citizens Budget are not evaluated, but they are tracked. The index measures the time span for which the information was presented (the longer the period covered, the higher the points awarded); the possibility of monthly, quarterly, and annual data; the publication of different classifications of budget information; the format (read-only pdf, excel spreadsheets, documents, comma-separated values, or other reusable data format), ease of navigation, etc.

When this index was created, provincial governments seemed more eager than the national government to participate in dialogues on these issues. A very useful strategy to promote improvements was to send an unpublished draft to the provincial budget offices with a letter that pointed to the strengths and weaknesses of each province, including suggestions for improvements. Several provinces immediately published information which they already had but had not released. These improvements were eventually noted in the final document published. Those documents were picked up by national and provincial media and had more impact than the national budget transparency index.

A question arises as to why this sort of index was more influential at the provincial than at the national level. First, the fact that the index measured the fulfillment of an obligation rather than an international standard made it less vulnerable to being promptly discarded as an external imposition on the provinces. Second, the provincial governments had a somewhat more open dialogue with civil society organizations and the media than did the national government. The concentration of power in the executive branch of the national government made it less open to the agenda of transparency during this period.

PENDING BATTLES

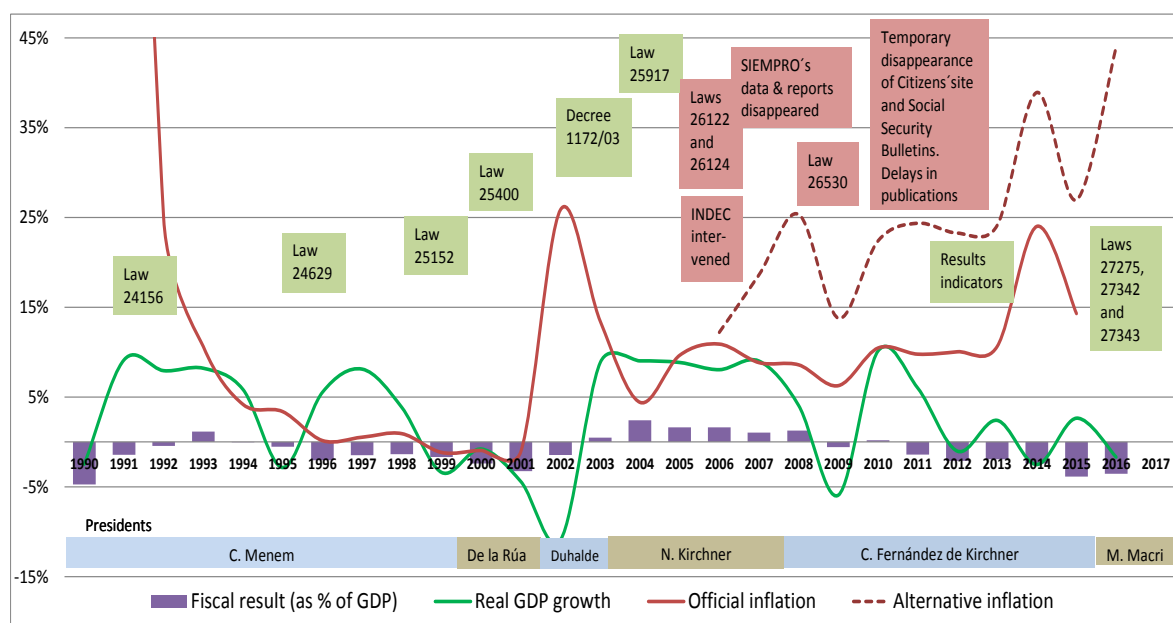
In order to synthesize the findings of this report, the Figure 4 below depicts selected events related to budget transparency, accompanied by the evolution of key variables, such as real GDP growth,

²¹ CIPPEC (Center for the Implementation of Public Policies toward Equity and Growth) is a think tank that was highly involved in promoting the law of public access to information and also in promoting budget transparency.

inflation (the official index and an alternative index built from an average of unaltered provincial statistics) and the fiscal balance (as a percentage of GDP). In addition, a line below the chart shows the different presidential terms. This graph shows three clearly distinct periods in terms of the evolution of budget transparency for Argentina at the national level.

The upcoming challenges are many. The recently approved laws (on budget transparency, on limits to modifying the budget, and on the creation of a Congressional Budget Office) open some promising opportunities to increase budget transparency (and wider transparency in general) and enhance the role of Parliament. However, Argentina has had extensive experience with laws that promised a lot but failed to deliver. There is a saying in Argentina that goes: “*Hecha la ley, hecha la trampa,*” meaning that once a norm is in place, there is a lot of creativity put into finding ways to circumvent it or to ignore it altogether.

FIGURE 4. A TIMELINE FOR BUDGET TRANSPARENCY IN THE ARGENTINE CONTEXT



Source: Author's own elaboration

To improve budget transparency, some important actions are necessary:

- Disclose budget data by opening access to the system in which budget data is stored. Currently, the e-Sidif is a transactional base, meaning that each ministry registers its transactions in this system online. Allowing public access to this system might well overload its capacity. However, BI is a consultation platform currently open to certain public officials only. This system could be adapted to provide public access to detailed budget data.

- Include access to data on beneficiaries of public spending, as well as the classification by geographic allocation. The problem of incorrect information is a good reason to improve the registry, not to restrict access to it. In addition, the citizen's website should present the information on the initially approved budget. This would simplify the monitoring of all budget changes.
- Provide historical information. Although the law presumes that all information stored by the public sector should be made public, when it comes to active transparency, it focuses on present information. Whenever possible, an effort should be made to also provide historical data in an open format.
- Clarify certain rules for accounting. In particular, registering capital spending as "advance payments" to providers and thereby distorting the magnitude of the fiscal balance should be avoided. There is a database on real public investment (BAPIN, *Banco de proyectos de inversión*) that could serve as a platform for an improved registration of capital spending.
- Restore the credibility of the government's calculations of fiscal balance. No accounting tricks should be used, particularly those regarding transactions within the national government, such as transfers from the Central Bank (quasi fiscal deficit) or the social security system.
- Consolidate fiduciary funds and public enterprises in the budget, in accordance with the laws of public financial management and fiscal responsibility. Aside from its effect on budget transparency, this would provide a more accurate picture of the size of the public sector, in terms of income, expenses and employment.
- Produce plausible and sound macroeconomic projections. In the past, the macroeconomic projections included in the budget seemed more like political propaganda than a useful tool for policy design.
- Resume the stimulus for provinces to publish their budget data. While the role of municipalities (the third level of government) has grown, municipal data are still lacking.
- Methodological explanations need to be provided to improve the use of data by the public. For instance, in some cases, spending reports refer to different levels of government that sound very similar for users who do not work for the government. Central Administration, National Administration, National Public Sector are all different sets of jurisdictions. In addition, budget data for earlier years includes transfers to the provinces while more recent data do not. When

it comes to resources, the same problems apply: tax collection figures do not match up when taken from different sources.

- Some reports stopped being published because of methodological shortcomings. What is needed is methodological strengthening. This is the case, for example, for the consumer price index, but it does not end there. Revision processes for reports should also be more clearly defined.
- To avoid long delays, reports should respect a previously released calendar of publications. The implementation of such a calendar should clarify the responsibilities of different areas of government and facilitate coordination and clarification of the revision process.
- Finally, the two documents which Argentina does not publish could be produced. The Citizens Budget would be an innovative product. The Mid-Year Review could be an adapted version of the quarterly Fiscal Bulletins, with a section commenting on the evolution of macroeconomic projections and the impact on the budget.

CONCLUSION

After the stabilization of the economy in the early 1990s, incremental public financial reforms led to improvements in budget transparency. The role of international financial institutions and civil society in advancing the reform agenda brought substantive results, at least until 2005. The national government was able to move forward, first by stabilizing the economy and putting the accounts in order, then by moving to make budget information available, allowing access to its information system, including provincial governments, publishing information online, and finally promoting participation in the elaboration of regulations.

But the evolution of the legal and regulatory framework toward more budget transparency did not prevent setbacks. From the end of 2004 until 2012, transparency in general and budget transparency in particular fell from the national public agenda. The impact of adverse changes in social and economic variables (the return of inflation, a less stable economy, the growing fiscal deficit, and some deterioration in poverty indices), coupled with the national government's growing distrust of international financial institutions and of civil society, led to the reversal of several previous achievements.

By 2012, some internal improvements had been made. For example, the e-Sidif was implemented, which was a much better way to register and store budget information. Then there were advances that sought to recover some of the gains that had been lost. These include the Citizen's website and

the Social Security Bulletins, for example. Then some results indicators were put in place. All of these changes were driven by the government's need to improve the management of funds.

During the election campaign of 2015, most presidential candidates tried to differentiate themselves from the previous administration and thus gave transparency an important place in their manifestos and public statements. As a consequence, the new government has pushed (and an opposition Congress has approved) a set of laws that pursue active transparency and a more important role for Congress in budget debates. Yet these new regulations are just now in their implementation phase, and it remains to be seen whether budget transparency will eventually improve.