

## INDEX OF BUDGET TRANSPARENCY<sup>1</sup> IN FIVE LATIN AMERICAN COUNTRIES: ARGENTINA, BRAZIL, CHILE, MEXICO AND PERU

This report summarizes the findings and methodology for a five-country study of budget transparency in Latin America. It begins by giving the general results of the study, before providing quick summaries of the results for each country. The report then presents a short introduction to the study's origins. The report concludes with three appendices: the first fleshes out the definition of budget transparency used here; the second presents the methodology employed in further detail; and the third shows the specific results for individual questions, grouped into 14 areas or variables, by country.

### GENERAL RESULTS

- *Argentina, Brazil, Chile, Mexico and Peru all have deficient scores on budget transparency.*
- *With the exception of Chile, the system of accountability is highly ineffective.*
- *The citizens of all five countries lack input into the decisions regarding the allocation and execution of public spending in all of the cases.*

The index of budget transparency developed by a group of civil and academic institutions in five Latin American countries reveals that Argentina, Brazil, Chile, Mexico and Peru are failing in the transparency of their public spending.

The study, which was carried out by means of a wide survey<sup>2</sup> of experts and key users of budgetary information, indicates that the biggest absentee in the budget process is the citizenry. The study also finds large deficiencies in the accountability systems and in the production of accessible and timely information regarding the use of public resources.

The index of budget transparency for Latin America, in contrast to other studies of perceptions, is complemented by a detailed analysis of the legal framework of the budget process in each one of the countries, undertaken by a group of experts. This makes it possible to determine whether the lack of transparency is due to legal gaps or a deficient application of budget legislation.

The index reveals that all five countries are lacking budget transparency. On a scale of 1 to 10, the average score for the five countries is close to five. The country with the best score is Chile, with almost six points; Peru is located in the opposite extreme, with a score of 3.7 out of ten. Argentina, Brazil, and Mexico are technically tied with a score of five.

#### General results of the survey

Country	Perceptions Index
	<b>1 to 10</b>
<b>Chile</b>	5.9
<b>Brazil</b>	5.1
<b>Argentina</b>	5.1
<b>Mexico</b>	5.0
<b>Peru</b>	3.7

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<sup>1</sup> See Appendix 1.

<sup>2</sup> See Appendix 2.

It is worth noting that the opinions of experts and key users regarding budget transparency change somewhat once they are confronted with the specific questions of the survey. In all the countries, with the exception of Brazil, the scores fell by about seven percent when the interviewees learned of the diverse components of transparency.

This score reflects general perceptions regarding transparency. The survey also offers a detailed analysis of specific aspects of the budget process,<sup>3</sup> which indicates where governments and society ought to take urgent action to improve the degree of budget transparency.

The three areas in which all the countries need urgent action are citizen participation, accountability, and the access to and timeliness of the information. The identified weaknesses in these areas undermine fundamental aspects of the democratic relationship between the government and society.

The area in which these countries fared worst was citizen participation. The percentage of positive scores oscillates between six and 21 percent with, on average, only 11 percent of the questions in this area receiving a positive response. (A “positive response” means that a question was answered with a 4 or 5, with an answer of 5 indicating maximum transparency and an answer of 1 indicating no transparency.) Although the lack of citizen participation is a phenomenon common to many countries around the world, the degree of social exclusion in the countries considered requires a reexamination of the role that should be carried out by those that finance and should benefit from public spending. (An analysis of the legal framework of transparency indicates that the laws in the five Latin American countries examined do not provide mechanisms for citizen participation; that is, the lack of citizen participation is not simply a case of laws not being implemented, but is rooted in the laws themselves.)

The second noteworthy element in the study refers to the lack of accountability. With the exception of Chile, all countries received low scores: between 19 and 25 percent of the responses in this area were positive. Generally, the causes are located in the weaknesses of the systems of budget control, especially in the independent institutions that monitor the budget. For example, the level of positive perceptions of supervisory audits is less than fifteen percent in Argentina, Mexico and Peru. The lack of accountability in Mexico is especially significant when it comes to the accountability of federal officials, where it receives only seventeen percent positive opinion, the lowest in the countries studied.

Another element worthy of concern pertains to the accessibility and timeliness of budget information. This aspect clearly links with the two prior ones. In the first place, the interest of the citizenry and its desire to participate are inhibited if it does not have information regarding the use of public resources. In the second place, a necessary condition for creating checks and balances that favor accountability is the production of understandable and timely information for the sources of control, whether they be institutional or the citizens. The results of the survey speak for themselves: Chile, even though it fares best of all in this area, received a positive score of only 26 percent. Peru is at the other extreme; it has the poorest evaluation of accessibility and timeliness of information with scores of fifteen and nine percent, respectively.

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<sup>3</sup> See Appendix 3.

*Phases of the Budget*

To understand Table 1, it is important to know that the criterion for comparing the level of transparency in each phase (and from country to country) is the average grade (between one and five) in the areas surveyed. (As noted, five means that those interviewed perceived it as very transparent, and one that they perceived it as not at all transparent).

**Table 1: Phases of the budget**  
*Average score of 1 to 5*

*Percentages of Totally Agree (= "transparent")*  
*And of Totally Disagree (= "not transparent")*

	<u>Most transparent</u>				<u>Least transparent</u>
<b>Formulation:</b>	Chile	Mexico	Argentina	Peru	Brazil
Average	3.36	2.67	2.57	2.47	2.47
% Totally Agree	50%	34%	31%	30%	27%
% Totally Disagree	26%	49%	55%	56%	53%
<b>Approval:</b>	Chile	Argentina	Brazil	Mexico	Peru
Average	2.80	2.79	2.63	2.44	2.39
% Totally Agree	30%	36%	27%	29%	26%
% Totally Disagree	41%	45%	48%	57%	59%
<b>Execution:</b>	Chile	Brazil	Argentina	Peru	Mexico
Average	3.16	2.71	2.40	2.38	2.36
% Totally Agree	36%	26%	20%	22%	20%
% Totally Disagree	26%	42%	56%	56%	55%
<b>Supervision or Monitoring:</b>	Chile	Brazil	Mexico	Argentina	Peru
Average	3.07	2.31	2.27	2.19	1.89
% Totally Agree	37%	16%	20%	16%	11%
% Totally Disagree	31%	54%	58%	58%	72%
<b>General Economic Information:</b>	Chile	Argentina	Brazil	Mexico	Peru
Average	3.53	3.15	3.15	2.75	2.66
% Totally Agree	50%	42%	38%	32%	28%
% Totally Disagree	23%	33%	31%	44%	45%

First, looking at Table 1, it is evident that no country is perceived to be very transparent (that is, with an average of four or higher) in any of the five phases of the budget process.

Second, of the countries, Chile is clearly perceived as the most transparent in all the budgetary phases. Argentina and then Brazil follow. Peru was perceived as the least transparent country.

Third, Mexico falls into fourth or fifth place in three of the five phases. The only phase in which it scores better-than-average is in the formulation of the budget. Argentina scores relatively well in the area of general economic information, which reflects the respect received by the producers of economic data in this country, such as the INDEC, its Economic Ministry and its central bank.

## **RESULTS BY COUNTRY**

### **Argentina**

Beyond the results of the survey, the survey response rate in Argentina merits comment. It was, by far, the country with the lowest percentage of those surveyed responding (14.9% versus 61.4% in the case of Peru or 71.6% in the case of Chile). The most notable trend was the low response rate among Argentinian parliamentarians (see Table 2). While in Peru about 44% of the legislators that were contacted responded to the survey (and more than 50% in Chile), in Argentina only 10% answered the survey. Furthermore, the legislators also stood out for their frankness. While fifteen (of 154) answered the survey, 59 legislators (38% of all those surveyed) responded explicitly “they did not want to participate in the survey.”

**Table 2: Response Rate to the Survey of Perceptions**

	<u>Surveyed</u>	<u>Participated</u>	<u>Response Rate</u>
<b>Argentina</b>			
Parliamentary	154	15	9.7%
Non-parliamentary	<u>40</u>	<u>14</u>	<u>35.0%</u>
<i>Total</i>	194	29	14.9%
<b>Peru</b>			
Parliamentary	52	23	44.2%
Non-parliamentary	<u>49</u>	<u>39</u>	<u>79.6%</u>
<i>Total</i>	101	62	61.4%

Even though the Argentine legislators were reached during an electoral period, it is still difficult to understand their strongly negative response. Though it is true that Argentina has been a democracy for a few years, it seems that the low response rate reflects a lack of commitment to providing information to the citizenry. The voters had recently given clear signals of discontent with the political class in the October elections, but the majority of the politicians, unfortunately, still did not seem to understand their obligations to the citizens.

### *General Results*

1. In the document of the *institutional/legal framework*, all the countries have higher scores than in the *survey of perceptions* (see Table 3). This shows that the existence of a legal framework oriented toward transparency does not guarantee transparent budgetary practices, which depend upon the level of application of the law. This gap between the legal framework and the actual implementation of the framework is especially notable in the Argentine case. Argentina scores well in terms of the laws on the books (700 out of 1000), but significantly less well when it comes to the perception of budget transparency in practice (5.1 out of 10).
2. The analysis of the results in the survey shows that the answers by legislators tend to be more positive than the responses of the rest of the population of experts.

**Table 3: Legal/Institutional Framework and Perceptions**

	<u>Assessment of Legal Framework</u> <i>Out of 1000 points</i>	<u>Index of Perceptions</u> <i>1 to 10</i>
<b>Argentina</b>	700	5.1
<b>Brazil</b>	636	5.1
<b>Chile</b>	733	5.9
<b>Mexico</b>	507	5.0
<b>Peru</b>	598	3.7

**Notes:** The legal framework score is on a scale of 0 to 1000.  
The index of perceptions is an average on a scale of 1 to 10, of not transparent to transparent.  
The 1 to 10 scale measured for this question on overall impressions. A scale of 1 to 5 was used for individual questions on specific issues.

3. The survey asks, “In the event of an irregularity in the execution of the budget, is it possible to identify those whom are responsible?” Argentina has the highest level of “Completely disagree” with 78% (Mexico is second with 63%). Even the legislators strongly share this negative opinion.
4. When the survey asks if “the recommendations of the General Accounting Office of the Nation (AGN) have helped combat corruption,” only 12% of the Argentines surveyed believe that they have (including 40% of the legislators and 0% of the other experts). The AGN consistently receives scores of very little transparency. It should also be said that the AGN functions as an instrument of the Congress instead of being independent.
5. More positively, in response to the question, “In general, do the institutions that generate national statistics act with complete independence from the Executive?” 49% of the Argentine experts answer with “Completely agree.” It seems clear that the Argentines surveyed appreciate the work of the INDEC (the statistics agency) and the quality of the statistical information produced by the Ministry of the Economy and the Central Bank.

### ***Brazil***

#### *Weak Areas*

Brazil scores very low in the areas of citizen participation, oversight, internal control, and access and timeliness of information.

The country receives a low grade in the area of participation, but unlike in the other countries this is not its lowest grade.

## *Chile*

The budget process is well-defined by law in Chile. It follows the framework of the Political Constitution of the Republic, the Law of Financial Administration of the State, and the Law of the General Basis of the Administration of the State.

In such a context, the principal protagonist is the Executive branch. The Political Constitution grants the President of the Republic the exclusive initiative to propose laws that are related to the Financial or Budget Administration of the State.

In this global legal framework, the different actors in the process have their actions regulated by the permanent organic and special laws, as well as by decrees and other annual provisions. These last define, in detail, the powers and responsibilities of the various actors, but they also can be the objects of modifications.

In this context, the initiative of the authority plays a determining role in the development of the budget process. In effect, in those areas in which the law defines a framework of action and delineates a group of roles sufficiently ample for the actors, it is left up to the authority to choose which way to carry out their functions.

The survey of perceptions of the Transparency of the Public Budget in Chile reveals, in part, the existing weaknesses with regard to citizen participation in the budget process. At the same time, however, it indicates a relatively positive response by the experts to some of the recent efforts of the political authorities to advance toward a greater degree of transparency. Even in certain areas in which legal provisions do not require compliance with certain acts, the experts perceive that they are executed, signifying the existence of favorable conditions for transparency.

Considering that 60% of those surveyed in Chile are defined as profoundly knowledgeable about the national budget, and that they rated the level of transparency as approximately a six on a scale between one and ten, it is worth breaking down the analysis to the level of the areas in which the experts perceive the greatest weaknesses and the greatest strengths. Even in the most critical areas, the evaluation of budget transparency by the national experts in Chile was significantly more positive than that of the experts in other countries.

### *Weak Areas*

According to the perceptions of those surveyed, Chile fares the weakest in the following areas:

1. Citizen participation in the budget, particularly when it comes to the incorporation of public opinion in the formulation and approval of the budget.
2. Access to information and the timeliness of its delivery, especially in the stages of formulation and oversight-supervision.
3. The internal comptroller due to the perception that the recommendations of the institutions for internal supervision are generally not considered during the exercise of the budget.

4. Finally, only a third of those surveyed classified the powers of the legislature as sufficient to modify the proposed law for the budget.

#### *Best-evaluated Areas*

With respect to the areas receiving the best evaluation, the following were highlighted:

1. The delivery of information regarding the macroeconomic criteria with which the budget is formulated.
2. The quality of the information and the statistics provided by the principal institutions that generate them, which is especially due to the very positive perception regarding the veracity of the data delivered by such institutions.
3. The allocation of the budget, attributable to the explanations delivered by the executive regarding the allocation criteria.
4. The capacities of the External Comptroller, especially for the high frequency with which its work is classified as trustworthy.
5. Finally, a favorable perception exists regarding the information delivered by the executive about the public debt.

#### *Mexico*

##### *Weak Areas*

On the general perceptions index, Mexico scored at a level comparable to that of Argentina and Brazil. Nevertheless, the particular study of the Mexican case suggests interesting elements of analysis that distinguish it from the rest. These elements, moreover, have special relevance since the creation of a Law for Access to Governmental Information is now under discussion and since the Chamber of Deputies is discussing the presidential initiative of the Expenditure Budget of the Federation.

The index shows that the weakest areas in the Mexican case are the following:

- Citizen participation in the budget process;
- Oversight of federal officials;
- The role of the internal comptroller;
- The timeliness of and access to information regarding public spending; and
- The supervision of federal resources.

In the case of participation, the perception regarding the absence of known mechanisms by the population to incorporate their opinion in the formulation as well as in the approval of the budget stands out. The “positive classifications” in these items (that is, when respondents gain a score of 4 or 5 out of 5) are only five percent.

In the case of the oversight of federal functionaries, the approach in Mexico received positive scores less than ten percent of the time. This reflects the perception that credible sanctions in the cases of misuse of resources and corruption are non-existent, the ignorance on the part of the public regarding the personal assets of the functionaries, the perception of high degrees of negligence and irresponsibility of those that operate spending, and the public ignorance of the labor benefits received by the functionaries.

At the same time, the role of the internal comptroller is perceived to be inadequate. There is little impact to its recommendations and little verification of the compliance with the goals of government programs. This prior point results in a low level of confidence in the Secretary of the Comptroller before the eyes of the population considered, such that it grants only 18 percent and 12 percent positive responses to these two specific aspects. It also highlights the perception that the budgetary resources for national defense are not well supervised—an item to which respondents only gave positive answers 7 percent of the time.

Finally, the perceptions on the access and timeliness of the information are negative, with just 22 percent of the answers being positive. The access to information is graded with special harshness during the execution and supervision of the budget, with only 19 percent and 16 percent positive answers respectively. The timeliness of the information suffers from low scores particularly in the stages of formulation and supervision, with positive perceptions of only 13 and 14 percent. It is worth noting as well that favorable responses were registered only 9 percent of the time for the presentation of information on the programmatic goals of government programs during the execution of spending.

## *Peru*

It is evident that the current government has a large task pending in the issue of budget transparency and accountability to citizens. Next, some of the interesting results will be indicated that came to light following a detailed analysis of the different criteria that were used in this study to characterize budget transparency.

### *Peru compared with the rest of the countries in the region*

When the expert opinions are compared for each country, one observes that they coincide in that the conditions of transparency are unfavorable. Chile constitutes the exception, such that its experts tend to score it as a country with favorable conditions for transparency. Although similar results are observed among the countries, it is possible to observe that the Peruvian government has an arduous task pending in certain topics and that they have obtained important accomplishments in other aspects

Among the topics that the experts perceive to be the most unfavorable for transparency in Peru are scarce citizen participation in the discussion of the budget, the quality of the allocation of state resources made by the government, the capacity of the General Comptroller of the Republic to supervise public resources, the process of accountability, the quality of the information about the budget that is distributed, and also the timeliness of this information.

With regard to the topic of the quality of *citizen participation in the budget* one observes that only six percent of the responses are positive when the experts are asked about the existence of mechanisms to incorporate citizen opinion during the design and the approval of the

budget, and about the dissemination of information concerning the impact of governmental spending.

One of the most important problems that the country has had in the last decade has been the deficient role of the institutions in charge of supervising the use of state resources: the General Comptroller of the Republic and the Institutions of Internal Oversight of public institutions.

As has already been mentioned, this has also been expressed by experts on the subject, who have an even more poor opinion of the *capacity of the Comptroller* when this is compared with the rest of the countries analyzed (10% favorable response in Peru versus 21% in Argentina, 26% in Mexico, 28% in Brazil and 53% in Chile). It is important to consider that those surveyed responded that the Comptroller of the country has practically not contributed to the fight against corruption nor is it a trustworthy institution (only seven percent favorable responses in both cases.)

The *accountability* system is also one of the areas receiving poor grades by the Peruvian experts, having obtained nineteen percent positive responses (versus 39% in Chile, 25% in Argentina, and 24% in Mexico and Brazil). The government lacks a system of appropriate indicators to evaluate the impact of its programs, and it does not publish the information necessary to measure the progress toward accomplishing non-fiscal goals.

One of the most controversial subjects during the past decade was the lack of autonomy of the INEI in the elaboration of national statistics, the restricted access to the data on the budget, and the delay of the presentation of these to the citizenry.

This has also been recognized by the Peruvian experts, who only gain positive grades for the *quality of the statistics and information* in sixteen percent of the responses (versus 56% in Chile, 46% in Argentina, 37% in Brazil and 26% in Mexico). This locates the country as the worst graded by its experts in this area. The same occurs on the subject of the *timeliness of budget information*; in this case nine percent of the responses are positive for Peru (versus 23% in Chile, 18% in Argentina, 17% in Mexico, and 14% in Brazil).

Only one subject stands out for the positive grades by the experts; it relates to the *diffusion of information on the macroeconomic criteria of the budget*. With regard to this, the Peruvian experts have a favorable opinion in 59% of the responses (versus 70% in Chile, 48% in Mexico, 47% in Brazil, and 46% in Argentina).

Other subjects exist in which the Peruvian government has obtained somewhat more positive but far from outstanding scores. They are the following: the participation of the Congress and other ministries in the process of changes to the budget (39% positive responses), the powers and participation of the legislature in the budget (32% positive responses), the diffusion of information on the public debt (32% positive responses), and the quality of the process of allocation of resources (29% positive responses).

In conclusion, there is very little that the Peruvian government has accomplished on the subject of budget transparency. Despite the initiatives carried out by the previous transition government with regard to this subject, it has not been possible to erase the mark left by the government of the ex-President Alberto Fujimori, in which he had a policy of setting aside public finances and interfering with supervisory institutions.

For this reason, it is unfortunate not to observe a commitment to the topic of transparency and accountability on the part of the current government. One hopes that by means of the diffusion of the results obtained from this study and its discussion in the media, it may be possible to improve the process of resource allocation in Peru.

## ***INTRODUCTION TO THE STUDY'S ORIGINS***

Under the auspices of the Ford Foundation, academic and citizen institutions of five Latin American countries came together to carry out an analysis of the transparency in the Budget and Public Spending in Argentina, Brazil, Chile, Mexico and Peru. This effort formed part of an international initiative of non-governmental and educational organizations that independently study the budget in their countries (*International Budget Project*, [www.internationalbudget.org](http://www.internationalbudget.org)). This project is directed by the Mexican organizations cited below.

### ***Participating Organizations and Institutions***

- *Poder Ciudadano*, in Argentina.
- *El Instituto Brasileiro de Analices Sociais e Economicas (IBASE)*, in Brazil.
- *El Departamento de Economía de la Universidad de Chile*.
- *El Centro de Investigación de la Universidad del Pacífico*, in Peru.
- *El Centro de Investigación y Docencia Económicas (CIDE); Equidad de Género: Ciudadanía, Trabajo y Familia; and Fundar: Centro de Análisis e Investigación*, in Mexico.

The technical assistance of Pearson S.A. de C.V. was used to develop the survey.

### ***Objectives of the Study***

#### ***Principal objective***

Assess the transparency of public spending as well as disseminate knowledge of the federal expenditures budget in the national arena as well as the international sphere.

The principal goal of the study is to present an ***Index of Budget Transparency*** that measures in a comparable form the degree of accessibility and utility of the information of national governments with respect to finances, revenue, and expenditures. The index will be presented once a year and a larger number of countries will be incorporated beginning in 2002.

The governments considered in this study have carried out actions to make information regarding public spending transparent. But the efforts have still been insufficient. This study shows the areas where there still exist urgent pending reforms to accomplish transparency that really favors budgetary analysis and accountability.

#### ***Specific objectives of the study***

- To establish the comparative degree of transparency in the budget process in five Latin American countries: Argentina, Brazil, Chile, Mexico, and Peru; and
- To incorporate the degree of social utility of the budget information in the analysis of transparency.

## APPENDIX 1

### *Definition of “Transparency”*

For the purposes of this Index *budget transparency* is understood as a group of characteristics of the budget process that enable actors external to the executive branch to understand and analyze the information about public resources. Such knowledge and analysis of the budget should be sufficient to make it possible for the external observers to verify whether the distribution of those resources and their application reflect social preferences and comply with the criteria of equality and justice.

The characteristics or dimensions that define this budget transparency include:

- The identification of those responsible for spending decisions, budget operations, and the supervisors or evaluators of the same;
- The publication of comprehensive and clear budget documents that offer detailed information and data regarding government operations;
- The existence of formal channels for citizen participation in the establishment of priorities and programs, and in ensuring the accountability of public officials, such as demands for access to information.
- The existence of trustworthy and timely information about:
  - Governmental intentions and oversight over public finances and policies (economic, fiscal, etc.);
  - Judicial support for the use of public resources and the rules of budget operations
  - The expected multi-year macroeconomic impacts of public finances and the annual budget;
  - The sources and specific uses of budgetary resources;
  - The totality of the budgetary resources used in the present and committed in the future;
  - The social problems or causes of governmental action and the use of public resources;
  - The objectives sought as well as the criteria and logic of allocation of the diverse budget line items;
  - The human and administrative resources used;
  - The diverse phases of budget allocation;
  - The evaluation criteria and the publication of the evaluations and audits carried out; and
  - The rules of behavior or ethics of functionaries: clear rules on conflict of interests between elected and appointed officials; requirements for freedom of information; transparent regulatory framework; employment and purchasing practices open to the public; code of conduct for fiscal officials.

## APPENDIX 2

### METHODOLOGY

#### *Information produced by the project*

For analytical ends, the project follows the formal process for the budget. In effect, it seeks to compile all the information that describes the stages or phases that constitute the budget process:

1. Formulation, in which various government actors participate, but in which the executive is the central actor;
2. Discussion-approval, phase in which the central actor is the legislative branch;
3. Execution, which involves diverse government agencies and the multiple roles of the legislative, judicial, and independent branches;
4. Evaluation, supervision and oversight, in which agencies of the three branches are active, particularly the legislative and executive branches; and
5. General economic information that the government provides.

Two documents exist in this project on budget transparency: First, the construction of statistical indices based upon the perceptions of specialists and users regarding the transparency of budgetary institutions and practices; and second, the description of the legal/institutional framework. These users and specialists include members of the committee of the budget together with the three congressional committees whose responsibilities cover major functions of budget spending (defense, health and education), academic specialists, specialist journalists, and members of non-governmental organizations that understand the question of the budget.

In the first part, the *index of perceptions* that we constructed measures transparency based on surveys. Those surveyed are a group of experts and users on the budget in each country, among which are found congressmen (of the committee of the budget, health, education and defense), editors and journalists of the local printed media, and NGO members.

In the second part, a broad *institutional/legal description* of the budget process is presented. In each one of the budget phases a list of the group of relevant actors is identified, specifying their functions, powers, and responsibilities, and the active legislation that regulates the budget is enumerated. In other words, the legal universe that regulates each budget phase is described. In the same manner, a questionnaire of 85 questions was devised to measure how transparent the legal framework is in the distinct stages of the budget process.

#### ***Methodology of the Index of Perceptions***

##### **Sample design**

- Participating countries in 2001: Argentina, Brazil, Chile, Mexico and Peru.
- Survey of experts on budgeting and the key users of budget information: Deputies and/or Senators in the budget, health, education and defense committees; researchers or academics; experts in the print media; NGOs familiar with the topic.
- Sample design: The size of the expert population is small; therefore, an attempt was made to take a census of the entire population of experts on and users of budget information.
- Various data collection methods were used: self-administered surveys via the Internet, fax or mail, and face-to-face interviews by an interviewer.

- Using the simple random sample formula, the margin of error in the total survey is 4.2%. The margins by country are: Argentina 16.8%, Brazil 7.6%, Chile 6.1%, Mexico 9.9% and Peru 7.7%.
- This margin does not include the effects of errors that cannot be measured and therefore are never reported in surveys, such as:
- The effect or possible bias of no response.
- The coverage errors due to defects in the sample framework.

### Population of Experts and Users

They are the agents that study or use budget information. The criteria to define the experts and/or key users are:

- Legislative: Popular representatives that participate in one of four committees were chosen: the budget committee and the three committees in charge of the apportionment of spending on education, health, and defense.
- Journalists: Newspapers and magazines with national coverage were selected, and for each publication, the journalists that write about the budget were chosen.
- Academics or researchers: The experts that study the subject and /or have published on the budget. They were chosen based upon censuses of research and/or superior education institutions and indexes of bibliographic references.
- NGOs: The civil organizations that work on the topics of the budget, account rendering, transparency, corruption, and the monitoring of government resources. In some countries, directories of NGOs exist (Brazil) and in others, they were constructed based upon their appearance in the press (Mexico).

### Summary Table of the Universe of the Surveyed Population

Group of Experts	Total	Argentina*	Brazil	Chile	Mexico	Peru
Legislature	555	154	167	67	115	52
Researchers, media, and NGOs	237	40	46	35	67	49
Universe Total	792	194	213	102	182	101
Response Total	320	29	93	73	63	62
Margin of Error	4.2%	16.8%	7.6%	6.1%	9.9%	7.7%

\*Unfortunately, the number of responses in Argentina was very low, in part due to the occurrence of elections. As a result, the margin of error is high (almost 17%) and one ought to be careful reading the results for this country.

### Weighting

The analysis of the results demonstrates that the responses of legislators tend to be more positive than the response of the rest of the population of experts. Furthermore, the percentage of the responses of legislators varies a lot between countries, between 29% and 69%.

Therefore, in order to avoid legislative bias, the results were weighted so that the responses of legislators represent 30% in each one of the countries.

*Questionnaire*

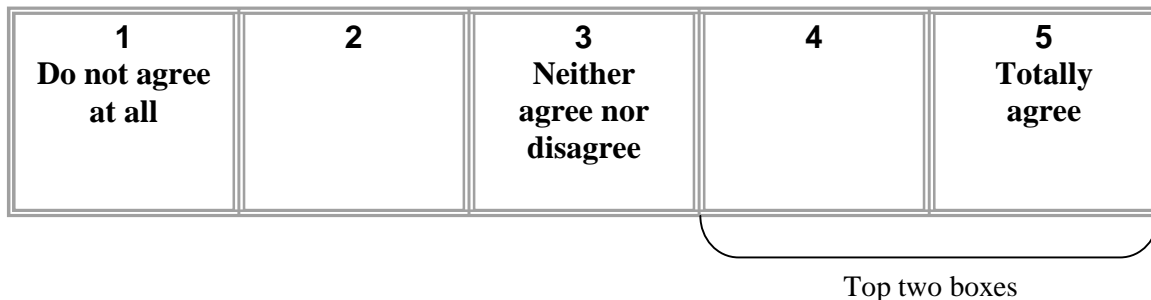
- The questionnaire consists of 78 questions and takes approximately 20 minutes to complete.
- The general index of budget transparency consists of two questions of general classification on a scale of 1 to 10. The question is asked at the beginning and at the end of the questionnaire in order to see the effects of the knowledge of the questionnaire.
- The specific questions were constructed as Likert scales (to measure the level), which permit us to simultaneously measure agreement and intensity. For example:

Please indicate how much you agree with each of the following sentences on a scale of 1 to 5, where 1 means you completely disagree and 5 means you completely agree. (Choose only one answer)

		<b>Don't know</b>	<b>1 Totally disagree</b>	<b>2</b>	<b>3 Neither agree nor disagree</b>	<b>4</b>	<b>5 Totally agree</b>
1	The executive publishes the macroeconomic assumptions that are used to develop the new budget.						
2	The macroeconomic assumptions of the budget published by the executive are easy for users to understand.						

*Reported values*

In order to more clearly observe the differences between the responses, we report what is known in the literature as “Top two boxes,” which means the two values of positive scores. The positive scores are equal to the values “of agreement” in the following scale:



To report the grouped scores of variables, topic, or stage, simply sum all the questions that belong to that group and report the percentage of the positive responses over the total responses. For example:

Variable Accountability = Sum of 8 questions (i=8):

$$\text{Positive scores for the variable = "Accountability"} = \frac{\text{Sum of the positive scores for the 8 questions that make up the variable}}{\text{Sum of all answers for the 8 questions that make up the variable}}$$

*Variables*

Based on the many questions, 14 variables are constructed, which are grouped into five topics:

Topic	Variables	Total Questions
Participation in the budget	Citizen participation in the budget	4
	Authority and participation of the legislature in the budget	4
Elaboration of the budget	Information about macroeconomic criteria of the budget	2
	Changes in the budget	3
	Allotment of the budget	5
Oversight	Supervision of the budget	6
	Evaluation of the internal comptroller	3
	Capacities of the institutions of external oversight	4
Accountability	Accountability	8
	Control over federal funcionarios or officials	8
Access to information	Information about federal debt	7
	Quality of information and statistics in general	4
	Access to information about the budget	4
	Timeliness	4
<b>Total</b>		<b>66</b>

*Methodology of the survey*

**Survey methodology**

**Target population:** experts and key users of budget information: legislators on four committees (Budget, Health, Education, and Defense), academics, specialized journalists and civil organizations.

**Sample design:** Census of the entire target population, due to its modest size. The effective number of interviews was 320.

**Various methods of data collection:** self-administered via the internet, fax, or mail, and face-to-face.

**Margin of error:** The margin of maximum statistical error in the whole survey is 4.2%. The margins by country are 16.8%, 7.6%, 6.1%, 9.9% and 7.7 percent for Argentina, Brazil, Chile, Mexico, and Peru, respectively.

**The technical assistance of Pearson S.A. de C.V. was used to carry out the survey.**

***Methodology for the Formal Analysis***

A researcher in each country conducted an in-depth study to determine the state of the legal framework to respond to 85 questions on a scale of three scores.

Scale of scores:

<b>0</b>	<b>50</b>	<b>100</b>
<b>THERE IS NO LEGAL OR PRACTICAL REGULATION</b>	<b>THERE IS NO LEGAL REGULATION BUT IN REALITY NORMS ARE COMPLIED WITH</b>	<b>LEGAL REGULATIONS EXIST FOR THIS TOPIC</b>

**APPENDIX 3**  
**POSITIVE CLASSIFICATION FOR EACH ONE OF THE CONCEPTS**  
**THAT MAKE UP THE VARIABLES**  
(PERCENTAGE OF RESPONDENTS ANSWERING IN THE TOP TWO BOXES)

**VARIABLES**

<b>CITIZEN PARTICIPATION IN THE BUDGET</b>	<b>ARGENTINA</b>	<b>PERU</b>	<b>MEXICO</b>	<b>CHILE</b>	<b>BRAZIL</b>
Mechanisms exist and are known by the public to incorporate its opinion during the approval of the budget	7%	2%	5%	4%	5%
Mechanisms exist that allow the incorporation of public opinion in the formulation of the budget in general	12	7	5	19	10
In the event that there are substantial changes in the approved budget during its execution, the executive branch sufficiently informs the public about the changes	10	10	15	33	14
When the execution of the budget is complete, the executive branch provides exhaustive reports regarding the impact of its spending	4	5	7	29	16
<b>POWERS AND PARTICIPATION OF THE LEGISLATURE IN THE BUDGET</b>	<b>ARGENTINA</b>	<b>PERU</b>	<b>MEXICO</b>	<b>CHILE</b>	<b>BRAZIL</b>
The majority of legislators that are responsible for determining the budget have the capacity to analyze the proposed budget well	34	12	21	44	27
The calendar for the approval of the budget allows sufficient time for analysis and discussion	28	31	8	42	31
The legislature has sufficient powers to modify the budget proposed by the executive branch	72	69	58	28	48
In practice, the legislature has used its powers and has substantially modified some budget proposal of the executive branch	34	17	57	12	22
<b>INFORMATION REGARDING MACROECONOMIC CRITERIA OF THE BUDGET</b>	<b>ARGENTINA</b>	<b>PERU</b>	<b>MEXICO</b>	<b>CHILE</b>	<b>BRAZIL</b>
The executive publishes the macroeconomic assumptions that are used to elaborate the new budget	70	83	68	93	58
The macroeconomic assumptions of the budget published by the executive are easy for users to understand	21	36	29	48	36
<b>ALLOCATION OF THE BUDGET</b>	<b>ARGENTINA</b>	<b>PERU</b>	<b>MEXICO</b>	<b>CHILE</b>	<b>BRAZIL</b>
The federal executive explains the criteria used for the allocation of the budget by sector or functions, such as education, health, etc.	40	31	49	82	19
The majority of the resources that the federal executive assigns to the states are assigned according to public criteria	18	6	31	53	17
The allocation of the budget is basically based upon past allocations	68	73	61	56	29
The annual budgets are formulated according to the long-term policies established in the National Development Plan	10	7	10	44	27
The delivery of federal government resources to the states follows the promised schedule	24	16	18	25	18

<b>CHANGES TO THE BUDGET</b>	<b>ARGENTINA</b>	<b>PERU</b>	<b>MEXICO</b>	<b>CHILE</b>	<b>BRAZIL</b>
In the event that there are substantial changes in the budget approved during its execution, the executive branch sufficiently informs the legislature about the changes	10	23	32	47	30
In the event that substantial modifications are made to the approved budget during its execution, to what extent does each of the following actors participate in such modifications?					
▪ Legislative branch – participates actively	28	38	21	35	36
▪ All of the ministries whose budgets are modified – participate actively	42	56	37	55	55
<b>SUPERVISION OF THE BUDGET</b>	<b>ARGENTINA</b>	<b>PERU</b>	<b>MEXICO</b>	<b>CHILE</b>	<b>BRAZIL</b>
In the federal budget, all the line items of spending are supervised	27	16	38	49	2
The resources exercised by parastatal enterprises, such as PEMEX or CFE, are well supervised*	16	17	13	28	17
The resources exercised by all the remaining decentralized organizations, such as IMSS, ISSSTE, UNAM, etc., are well supervised	21	19	18	30	3
Federal spending on defense is well supervised	11	9	7	23	11
The external comptroller verifies that the executive complies with the programmatic and non-financial objectives of the budget	13	11	24	63	26
The responsibilities for the execution and supervision of the budget are clearly separated	35	44	38	66	50
<b>EVALUATION OF THE INTERNAL COMPTROLLER</b>	<b>ARGENTINA</b>	<b>PERU</b>	<b>MEXICO</b>	<b>CHILE</b>	<b>BRAZIL</b>
The internal comptroller or SECODAM* is trustworthy	44	6	20	36	10
The recommendations made by SECODAM during the execution of the budget are taken into account	7	9	18	17	3
The SECODAM regularly verifies compliance with the non-financial objectives of the budget	16	15	12	29	15
<b>POWERS OF THE INSTITUTION OF EXTERNAL COMPTROLLER</b>	<b>ARGENTINA</b>	<b>PERU</b>	<b>MEXICO</b>	<b>CHILE</b>	<b>BRAZIL</b>
The external comptroller is trustworthy	22	7	24	70	17
The recommendations of the external comptroller have helped combat corruption	12	7	20	49	26
The external comptroller is an institution that is independent and autonomous of the executive	40	18	49	61	31
The external comptroller has the capacity to efficiently supervise federal spending	10	8	12	33	37
<b>ACCOUNTABILITY</b>	<b>ARGENTINA</b>	<b>PERU</b>	<b>MEXICO</b>	<b>CHILE</b>	<b>BRAZIL</b>
The purchase prices that the executive pays are public when large amounts of spending are involved	8	22	19	44	43
The indicators to evaluate federal programs are appropriate measures of their impact	11	5	11	25	4
Data regarding the execution of the expenditures of whatever type of decentralized organization are included in the reports on the execution of the budget	18	21	37	35	29
The federal executive publishes the information necessary to evaluate the progress toward accomplishment of the goals of its programs	19	9	12	32	9

\* These institutions only apply to Mexico.

<b>ACCOUNTABILITY (continued)</b>	ARGENTINA	PERU	MEXICO	CHILE	BRAZIL
The partial reports of the execution of the budget are comparable with the approved budget					
▪ Reports regarding the state of revenue and expenditures of the government	48	42	41	68	31
▪ Reports regarding the progress of the execution of programs and their non-financial objectives	30	26	22	38	21
The reports with partial results of the execution of the budget are published that provide an opportunity to allow revision of the expenditures during the execution					
▪ Reports regarding the state of revenue and expenditures of the government	37	18	41	52	31
▪ Reports regarding the progress of the execution of programs and their non-financial objectives	28	12	9	21	24
<b>SUPERVISION OF FEDERAL FUNCTIONARIES</b>	<b>ARGENTINA</b>	<b>PERU</b>	<b>MEXICO</b>	<b>CHILE</b>	<b>BRAZIL</b>
It is possible to know with certainty the salaries of federal officials	25	22	23	36	37
Information regarding the benefits of federal functionaries, such as bonuses, medical insurance, use of autos, personal expenses, etc., is public	11	10	10	20	24
It is possible to detect inexplicable enrichment by way of the declarations of goods that functionaries have made	32	34	16	33	46
In the event of an irregularity in the execution of the budget, it is possible to identify those that are responsible	18	30	16	41	37
In the event of administrative error or negligence, it is possible to identify those that are responsible	20	41	18	42	46
A functionary that misuses the budget for his or her own benefit or the benefit of others is penalized	15	28	8	54	19
The penalties assessed to functionaries for misusing public resources are really applied	6	10	8	31	N.A.
The penalties assessed to functionaries for misusing public resources are adequate punishment for these crimes	6	7	10	19	20
<b>INFORMATION REGARDING FEDERAL DEBT</b>	<b>ARGENTINA</b>	<b>PERU</b>	<b>MEXICO</b>	<b>CHILE</b>	<b>BRAZIL</b>
The following information is made public when federal debt is contracted					
▪ The amount of the debt	71	63	56	73	67
▪ The destination of the contracted debt	28	25	16	39	26
▪ The interest rates to be paid	63	24	30	51	46
▪ The duration of the debt (time periods)	72	40	43	59	48
▪ Projections of payment of the debt	29	23	33	38	28
Whatever future or past obligations of the federal government are made public	33	19	16	41	31
All future obligations of the government, such as labor liabilities, financial investment, or rescues of economic sectors are recorded as public debt	25	30	27	31	21
<b>QUALITY OF THE INFORMATION AND STATISTICS IN GENERAL</b>	<b>ARGENTINA</b>	<b>PERU</b>	<b>MEXICO</b>	<b>CHILE</b>	<b>BRAZIL</b>
In general, the institutions that generate national statistics act with complete independence from the Executive	49	14	17	48	31
In general, the institutions that generate national statistics produce accurate data	56	17	30	78	46
Budget information is presented with disaggregations that permit detailed analysis	34	10	20	43	35
Budget information includes aggregations that permit an integral analysis	46	22	37	54	35

<b>ACCESS TO INFORMATION ON THE BUDGET</b>	ARGENTINA	PERU	MEXICO	CHILE	BRAZIL
During each one of the phases of the budget process, how easy is it for researchers to gain access to budget information?					
▪ Formulation – VERY EASY	17	7	22	22	6
▪ Discussion – Approval – VERY EASY	40	30	31	37	33
▪ Execution – VERY EASY	19	14	19	27	23
▪ Oversight – Supervision – VERY EASY	6	7	16	18	5
<hr/>					
<b>TIMELINESS OF BUDGET INFORMATION</b>	ARGENTINA	PERU	MEXICO	CHILE	BRAZIL
With what degree of expediency is budget information made public during each phase of the process?					
▪ Formulation – VERY EASY	9	6	13	19	8
▪ Discussion – Approval – VERY EASY	37	19	21	43	25
▪ Execution – VERY EASY	21	8	19	21	14
▪ Oversight – Supervision – VERY EASY	6	4	14	11	9