



Consejo Federal de Responsabilidad Fiscal
-Ley Nacional N° 25.917-

Executive Committee

Technical Report N° 40

Transparency in Fiscal Management

The path taken in 2004

May, 2011



Consejo Federal de Responsabilidad Fiscal
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TABLE OF CONTENTS

1.	Introduction and Definitions.....	3
2.	Theoretical Framework	5
3.	Fiscal transparency prior to the FRL.....	6
4.	A snapshot of transparency in 2004	9
5.	Fiscal transparency principles included in the current FFRS.	10
6.	Changes in fiscal transparency.....	14
7.	Transparency: The chosen path.....	22



Consejo Federal de Responsabilidad Fiscal
-Ley Nacional Nº 25.917-

Transparency in Fiscal Management

1. Introduction and Definitions

The Federal Fiscal Responsibility System created by Law N° 25,917 (that includes, within its scope, the Federal Government and every jurisdiction appended thereto) comprises -as term of office in its creation law- a whole chapter on public administration transparency. Within such framework, the Federal Council Executive Committee defined the preparation of this Report during the meeting held last month.

It should be highlighted here that the term “transparency” refers to reporting public information. In this regard, disclosing such public information enables quality assessment of public policies, their scope and outcomes, a principle that has been reevaluated in the law that created the system. In turn, transparency in the management of public funds is closely linked to the quality of democracy, which shall be strengthened to the extent that there is a higher flow of information on government actions, and also the more information is disclosed, the deeper the citizens’ trust and the stronger the quality of institutions.

Within that framework, this paper examines the specific case of budgetary fiscal transparency that the system created pursuant to Law N° 25,917 introduced in some provinces, considering that a small number of system members has its own background in terms of local transparency regulations.

It should be noted that by resorting to the concept of “transparency”, the disclosing is being considered, presented by the jurisdictions comprising the budget system and their implementation. Also, this report considers that transparency (comparability of fiscal information included) is a prerequisite for the effective implementation of fiscal rules, whether they be numerical and/or procedural.

To that effect, the main goal of transparency is to develop an appropriate access to fiscal information, which allows for data comparability among member jurisdictions.

Likewise, it must be clarified that the use of the term “transparency” in official Websites refers to the information level each government makes available to the community for its unlimited Internet access. These Websites let the citizens know how the government uses public resources. "Fiscal and budgetary transparency refers to the public availability of exhaustive, accurate, timely and useful information on a government's financial activities. Transparency is,



Consejo Federal de Responsabilidad Fiscal -Ley Nacional N° 25.917-

partly, an end on its own: Taxpayers are entitled to know what the government is doing with their money." (Shapiro Isaac, 2002).

In connection with the foregoing, this paper builds on the conceptual framework enabled by the Federal Fiscal Responsibility System in force since 2005, subject to Federal Law N° 25,917, as regards budget transparency *stricto sensu*. It should be observed that the provinces accession to the system has been voluntary and was implemented by way of a provincial law enacted by their corresponding legislatures.

Presently, the Argentinean fiscal responsibility system is valid at the federal level and in 21 provincial jurisdictions, namely: Buenos Aires, Catamarca, Chaco, Chubut, Córdoba, Corrientes, Entre Ríos, Formosa, Jujuy, La Rioja, Mendoza; Misiones, Neuquén, Río Negro, Salta, San Juan, Santa Fe, Santa Cruz, Santiago del Estero, Tierra del Fuego, and Tucumán.

Fiscal Responsibility Map



The provinces of La Pampa and San Luis have not joined the federal fiscal responsibility system; therefore, the issue of transparency in such jurisdictions is not discussed in this paper.

In turn, even though the Ciudad Autónoma de Buenos Aires joined the system firstly by means of Law N° 1,726 dated July, 2005, it dissociated there from pursuant to Law N° 3,297 dated November 26 of the year 2009.



Consejo Federal de Responsabilidad Fiscal -Ley Nacional N° 25.917-

In line with such goal, this document has been structured as follows: Firstly, the underlying theoretical framework is described in the Argentinean fiscal responsibility system, by linking it specifically with the discussion of the transparency fiscal rules. Secondly, a brief description is made of the most significant background details to the implementation of transparency mechanisms both at the Federal level and at the level of the provinces it currently consists in, drawing off prior experiences as regards transparency and the outputs obtained. Thirdly, the snapshot of the starting point is shown, i.e. the transparency status, in 2004. Fourthly, the principles in the Code of Good Practices in Fiscal Policy¹ are described, analyzing how they relate to the rules included in the transparency chapter in the Fiscal Responsibility Act. Finally, the changes are introduced in the furthering of the implementation of transparency rules in the adhering jurisdictions.

2. Theoretical Framework

In general, countries have opted for implementing rules that limit a certain type of actions on the budget, purporting to achieve a fiscal balance, which has translated into rules that effect various aspects of the budgetary process and which are usually classified into three categories:

- **Numeric rules:** These are rules entailing quantitative restrictions on public spending, by means of limitations on indebtedness level the public sector may incur in, by restrictions at the deficit levels allowed or by means of any other quantitative restriction.
- **Rules of procedure:** They determine the mechanisms whereby the budget is to be prepared, discussed, adopted, executed, and surveyed.

The Code of Good Practices lies on four general fiscal transparency principles:

- **A clear definition of roles and responsibilities:**

It shows that the government structure and roles must be stated, accurately defining the roles at the various levels and branches of government:

- **Access of the public to the information:**

It stresses the need of reporting every pseudo-fiscal activity. This rule accounts for the importance of communicating, both timely and in a due manner, the relevant budget information.

- **Transparency in budget preparation, execution and reporting:**

It comprises traditional rules relating to coverage, accessibility to and integrity of fiscal information. This rule refers to specific aspects in budget preparation and disclosing, such as those linked to the classification of expenses and resources, the levels of disaggregation of information, and the quality thereof, to mirror the situation and public administration activities.

- **An assessment that provides warranties of integrity:**

It refers specifically to traditional means of ensuring said integrity via an external audit and statistics independence. This rule considers including in the budget each and all expenses to be incurred in by the public sector, as well as all the resources it will receive, regardless of their origin. The budgetary handling is assessed of decentralized bodies, self-governed agencies, social security organizations and special items, such as special accounts and public trusts.

¹ On April 16, 1998, the Interim Committee of the Governors Board on the International Monetary System of the International Monetary Fund (IMF) adopted the Code of Good Practices on Transparency in Fiscal Policy: Declaration of Principles, in reaction to the clear consensus on the overwhelming importance of a good governance, in order to achieve macroeconomic stability and a high quality growth, and on fiscal transparency as a prerequisite for good governance.



Consejo Federal de Responsabilidad Fiscal -Ley Nacional N° 25.917-

- Budgetary rules on transparency: The focus of this study. They are linked to control institutions responsible for ensuring that fiscal information depicts as accurately as possible the allocation of public resources, the making up and current net worth of the civil service, the results obtained in each period and, above all, the reporting of such information.

In line with the definitions adopted as a result of the international experience, and made a part of the above mentioned Code, it can be stated that Fiscal Transparency means public reporting, in terms of government structure and functions, of fiscal policy intentions, current sector accounts, and fiscal forecasts (Kopits and Craig, 1998).

There are a number of budgetary processes transparency-enabling standards. These standards deal with accessibility², quality³, and timing⁴ of government's activities reporting.

Whereas in order to increase transparency in public finance, two lines of action have been noted at the international level:

a) Reducing extrabudgetary practices, incorporating into the public budget a greater part of fiscal operations or preparing complementary documents. For example, the assessment of tax spending, warranties and sureties submitted.

b) Making a greater effort in order to improve fiscal reporting, public relevance of this task is indisputable and, thus, relates to the strengthening of democratic values that require reporting to the community of specific, open and timely accounts of the work of the State.

3. Fiscal Transparency Experience Prior to the FRA

In the years prior to the validity of the current fiscal responsibility system, fiscal rules were implemented at the national level, mainly focused on restricting deficit levels in public accounts. Also, using numeric restrictions and the changes in budgetary processes as tools, rules were incorporated by means of agreements entered into with the Provinces. To a lesser extent, the implementation of rules has been noted, that increase the level of reporting transparency.

At this point, we will go over the main features in Fiscal Solvency Act N° 25,152 (FSA) enacted nationally, and will describe some attempts made by the provinces at implementing measures in connection with transparency in the budgetary process.

² **Accesibility:** It shall be defined as the likelihood of access to and use of a product or Web service by the largest number of people possible, regardless of the limitations of the individual and of those resulting from the context within which it is used.

³ **Quality:** This is a basic tool for a property inherent in anything, allowing for the comparison with any other of the same kind.

⁴ **Timing:** It is defined as the cycle and convenience of both time and place.



Consejo Federal de Responsabilidad Fiscal -Ley Nacional N° 25.917-

The most significant precedent at the national level associated with the express integration of budgetary rules on public accounts transparency has been Law N° 25,152 of the year 1999, known as the Fiscal Solvency Act.

This provision comprises some budgetary rules of the above stated three types, providing numeric rules for the gradual reduction in fiscal deficit and the achievement of a fiscal balance, restrictions on the growth of primary spending, the creation of an Anti-cycle Fund, and the Executive's duty of preparing a pluriannual budget. In addition, measures are provided for, focused on changing the budgetary process, specifically linked to the stage of execution and preparation, with the specific goal of increasing transparency levels in public administration.

Art. 8 in the Law establishes which information must be public. Besides fiscal information, which must be public, the FSA considers other aspects also impacting on transparency levels. For instance, the compulsory nature provided for in Art. 5⁵ on the statutory creation of decentralized bodies, public enterprises, and public trusts.

This law was partially regulated and amended over the years that followed; also, several items were relaxed in the year 2001, and the creation of the Anti-cycle Fund was postponed on several occasions. On the other hand, the inexistence of "escape clauses" must be stressed, that would enable taking into account extreme economic situations.

The second aspect to be considered is that Law N° 25,152 was exclusively drafted and enacted for the federal level, including solely an invitation to the provinces to enact similar rules in their corresponding territories (Art. 10).

However, in this regulatory framework we should not lose sight of the fact that several measures have been taken as of its coming into force, purporting to implement fiscal rules that not only involved the country, but also some rules were gradually incorporated, requiring compliance with by the provinces.

Actually, in this manner, the Federal Agreements entered into by and between these two government levels at the beginning of the last decade have incorporated clauses that - either directly or indirectly- entailed the application of fiscal rules, the majority of which were numerical and procedural in nature, in order to control the deficit of public accounts both at the national and at the provincial levels.

In this sense, the "Federal Government-Provincial Governments Agreement on the Financial Relation and Basis for a Federal System of Tax-Revenue Sharing" ratified by Law N° 25,570 of the year 2002, signed by the Federal Government and the Provinces, resulted in the

⁵Art. 52 Law N° 25,152: "The creation of decentralized bodies, public enterprises of any nature and Trust Fund wholly or partially made up of goods and/or funds from the FEDERAL STATE shall require the passing of a law."



Consejo Federal de Responsabilidad Fiscal
-Ley Nacional N° 25.917-

so-called Ordered Funding Plans (OFP), whereby the Federal Government undertook to finance the debt of any provinces that executed bilateral agreements, while the latter undertook to develop a plan for reducing their deficit, to submit quarterly reports to the Ministry of the Economy on their fiscal status, and to cut back debt issuance

Going along the lines of analysis and focusing on the enactment of similar regulations in the provinces, from 1999 to 2001 eleven provinces in the group currently involved in the Fiscal Responsibility System (Buenos Aires, Catamarca, Chaco, Córdoba, Formosa, Mendoza, Misiones, Río Negro, Salta, Tierra del Fuego, and Tucumán) passed laws purporting to curb fiscal deficit. Four provinces in that group (Catamarca, Formosa, Misiones, and Río Negro) included articles that expressly refer to budget reporting transparency; exactly like in the federal law, most provincial laws invite municipalities to enact similar regulations.

The above stated four provinces and the Federal Government expressly provide for the public nature of budget reporting and execution, expenditure, payroll occupancy, public debt, etc.

A summary of such regulation is provided in the table below.

FISCAL TRANSPARENCY LAWS PRIOR TO LAW N° 25,917		
Province	Law	Transparency in Fiscal Solvency Acts
Catamarca	4997/2000	The Executive will enable access to the information below: a) The status of execution of expenditure budgets and resources calculation; b) Financial data and occupancy of the Human Resources Integrated System. c) Status of compliance with tax duties, pursuant to the rules set forth by the Public Revenues General Administration.
Formosa	1298/1999	Physical and financial documents produced at the provincial administration level shall constitute public information and shall be freely accessible.
Misiones	3468/2000	Physical and financial documents produced at the provincial administration level shall constitute public information and shall be freely accessible by any institution or person interested in knowing it via the Ministry of the Treasury and Finance.
Río Negro	3502/2001	Physical and financial documents produced at the provincial administration level shall constitute public information and shall be freely accessible.
Gobierno Nacional	25152/1999	Physical and financial documents produced at the national administration level shall constitute public information and shall be freely accessible.

In some specific jurisdictions, some transparency rules were included in separate legislation, lacking a specific law on the subject matter. To that regard, we can mention the case of the province of Entre Ríos, where the General Budget for the Fiscal Year 2003 (Law N° 9,496) established provisions on fiscal information reporting, creating a Citizen Information



Consejo Federal de Responsabilidad Fiscal -Ley Nacional N° 25.917-

Program compelling the Executive to provide detailed fiscal data by means of Internet postings.

Another case is the province of Córdoba, whose State Streamlining Act (Law N° 8,836), Charter to Citizens (Law N° 8,835), and Financial Administration Act (Law N° 9086, wherein art. 109 compels the Executive to publish in the Official Gazette and on the official Website, financial statements and balance sheets of the general administration, agencies, companies, and other provincial bodies), stress the publication of fiscal information by the government and the free access of citizens thereto.

In all other provinces, the focus was on numeric rules for deficit reduction, which vary among provinces. Additionally, procedural rules were gradually incorporated, some of which indirectly impact budgetary transparency level. An example of that is the Executive's obligation to file a three-year pluriannual budget together with the budget for the period, in the cases of Chaco, Formosa, Río Negro, Tucumán, and Chubut. In the latter, it has even provided for the minimum information the pluriannual budget should contain.

As can be noted, all aspects relating to budgetary transparency did not play a major role in the passing of fiscal rules at the provincial level at the time. Anyway, the above stated solvency and fiscal transparency acts enacted from 1999 to 2001 should be considered to have been, in the most part, a response to the same incentives that the Federal Law.

4. A snapshot of transparency in 2004

So far, certain aspects in the theoretical framework have been developed, that are used for examining the budgetary rules in general, and transparency rules in particular. The existence of fiscal rules at the national level has also been very succinctly described, as well as in the agreements executed between the Federal government and the provinces prior to the enactment of Law N° 25,917.

A discussion is provided below of what has been noted on transparency levels in provincial governments throughout the year 2004, right before the coming into force of Law N° 25,917.

Following are discussed the results obtained at the time on the provinces' official Websites on the transparency level in provincial budgets for the year 2004:

- Only in 9 cases out of the 17 provinces that reported budgetary information (Buenos Aires, City of Buenos Aires, Córdoba, Entre Ríos, Santa Fe, Mendoza, Neuquén, Chubut, and Chaco) the information allowed for a reasonable analysis of the main elements in



Consejo Federal de Responsabilidad Fiscal -Ley Nacional N° 25.917-

the budget. That is to say, only 30% of the provinces currently in the FFRS posted updated information on their budgets with a reasonable breakdown level that would enable its analysis.

- Conversely, a very low and uneven level of fiscal information was observed, at the provincial level, which was almost inexistent at the municipalities' level.

From these observations can be concluded that the reporting of budgetary information was limited; in many cases, access to it was difficult and, mostly, inexistent, thus becoming the main hurdle vis-à-vis the provisions on fiscal transparency. In fact, prior to the creation of the Federal Fiscal Responsibility System, the scarce information existing (and accessible) for carrying out analysis and comparisons among jurisdictions was almost non-existent.

Summing up, there was still a long way to go in terms of accessibility by the general public to the information on governmental actions, especially in connection with subnational and municipal levels.

5. Fiscal transparency principles included in the current FFRS

Firstly, it could be argued that the Fiscal Responsibility Act created a system that provides for a large number of good fiscal practices included in the code of transparency (shown in the table) and the international experience gained along those lines.

As an example, we can mention the duty of submission and reporting of fiscal and budget information, the preparation and filing of the macro-fiscal framework by the Federal Government; the preparation, filing with the relevant legislatures and the posting of pluriannual budget forecasts; the assessment of tax expenditures; the filing of the methodology for resources calculation; the publication of endorsements and guarantees; where the sale of fixed assets and indebtedness will be allocated to; the implementation of an integrated fiscal information system, among many items. Besides, the appraisal of the compliance with such rules by a standalone agency is a major item incorporated into the FFRS. In fact, the tracking and checking of those rules is achieved through a single enforcement authority represented by the Federal Council, made up of representatives from the provinces, the Ciudad Autónoma de Buenos Aires (CABA) and of the Federal Government, the Executive Committee (the authorities of which alternate on an annual basis) and the Technical Coordination.

Considering the principles of transparency mentioned in this paper, a classification is provided of the provisions in the Argentinean fiscal responsibility system (observing articles in Law N° 25,917), relating to qualitative and good fiscal practices aspects:



Consejo Federal de Responsabilidad Fiscal
-Ley Nacional N° 25.917-

On this matter, Chapter I in Law N° 25,917, called transparency and public management, comprises basically the whole of the subject and includes articles 2-9.

TRANSPARENCY AND PUBLIC MANAGEMENT

Article 2 nd	Macro-Fiscal Framework: Budget, fiscal, tax and macroeconomic information useful as a framework for conducting budget forecasts.
Article 3 rd	Budgetary coverage
Article 4 th	Budget converters
Article 5 th	As a pluriannual forecast, details of provincial resources appraisal sourced in the federal level and Federal Government debt maturities profile
Article 6 th	Pluriannual budget forecasts from the provinces and the CABA
Article 7 th	Posting and reporting fiscal information
Article 8 th	Uniform public management indicators
Article 9 th	Integrated system of compatible fiscal information

As regards the four major groups of rules provided for in the Code of Fiscal Best Practices, it can be maintained that the system valid in Argentina has fully incorporated such principles, as stated below:

A clear definition of roles and liabilities is a rule upon which information can be displayed in every government that is a member of the system. In fact, the government structure both at the national level and at the provincial government level can be clearly displayed on official Websites, where the allocation of liabilities and roles is stressed for each branch of government making up such structure, as well as the mission and functions of higher authorities in general.



Consejo Federal de Responsabilidad Fiscal
-Ley Nacional Nº 25.917-

Jurisdiction	Authorities Link
Buenos Aires	www.gba.gov.ar/gobierno/autoridades.php
Catamarca	www.catamarca.gov.ar/org.htm
Chaco	http://economia.chaco.gov.ar/index.php?option=com_wrapper&view=wrapper&Itemid=59
Chubut	https://sistemas.chubut.gov.ar/organigrama/sistema/splash.php
Córdoba	www.cba.gov.ar/canal.jsp?idCanal=44938
Corrientes	www.corrientes.gov.ar/portal/node/52
Entre Ríos	www.entrerios.gov.ar/autoridades.php
Formosa	www.formosa.gov.ar
Jujuy	www.jujuy.gov.ar/index2/nomina_autoridades/Nominaprovincial-28-06-2010.pdf
La Rioja	----
Mendoza	www.mendoza.gov.ar
Misiones	www.misiones.gov.ar/index.php?option=com_content&task=view&id=34&Itemid=30
Neuquén	http://w2.neuquen.gov.ar/index.php?option=com_content&view=article&id=7&Itemid=130
Río Negro	www.rionegro.gov.ar/sistemas/nomina/index.php
Salta	www.salta.gov.ar/descargas/archivos/nomina-autoridades-gobierno-salta.pdf
San Juan	http://dgrhvo.sanjuan.gov.ar/images/docs/protocolo.doc
Santa Cruz	www.santacruz.gov.ar/index.php?opcion=protocolo
Santa Fe	www.santafe.gob.ar/transparencia/web/?provincia=true
Santiago del Estero	www.sde.gov.ar
Tierra del Fuego	www2.tierradelfuego.gov.ar/institucional/organigrama
Tucumán	www.tucuman.gov.ar/gobierno/default.php
Gobierno Nacional	www.caserosada.gov.ar/index.php?option=com_content&task=view&id=1451&Itemid=118

In terms of the rule providing for the access of the public to the required information, there are many articles in the FFRS relating to this principle. For instance, article 2nd provides for the obligation of the Federal Government of a yearly submission to the Federal Fiscal Responsibility Council of the macro-fiscal framework for the subsequent fiscal year. It must include:

- Foreseen results —primary and financial— on an accrued base for the public sector at each government level, indebtedness limits for the set of provinces, the CABA, and the Federal Government,
- The forecasts of nationally-sourced resources providing details of their allocation as per System, province, and CABA,
- Wages and tax policy expected to be implemented and prices forecasts, GDP, the nominal exchange rate, etc.

On the other hand, article 7th is the quintessential article on transparency. It provides for reporting and posting on official Websites, both for the Federal Government, the provinces, and the CABA the annual budget and the pluriannual forecasts, after having submitted them to the relevant legislatures. They shall also report quarterly information on budget execution (both on an accrued and on a cash basis) of public debt stock, including floating debt and bilateral financing programs, and service payment programs, per creditor type. Likewise,



Consejo Federal de Responsabilidad Fiscal -Ley Nacional N° 25.917-

reporting must be made on the occupancy level of the public sector as at December 31st and as at June 30 each year, stating total payroll full-time, temporary and personal with a contract of employment, including those totals for the projects funded by Multilateral Credit Organizations. Reporting of information is something that the Executive Committee assesses on occasion of the budget and its annual execution.

To such intents, the table below lists the Websites where jurisdictions members of the FFRS post fiscal information.

JURISDICTION	WEBSITE	ECONOMY AND/OR TREASURY PROVINCIAL WEBSITES
Buenos Aires	www.gba.gov.ar	www.ec.gba.gov.ar
Catamarca	www.catamarca.gov.ar	www.hacienda.catamarca.gov.ar
Córdoba	www.cba.gov.ar	www.cba.gov.ar/canal.jsp?idCanal=57981
Corrientes	www.corrientes.gov.ar	www.corrientes.gov.ar/portal/temasdestinatario/39/Econom%C3%ADa+y+Finanzas
Chaco	www.chaco.gov.ar	http://portal1.chaco.gov.ar/?portada_id=4
Chubut	www.chubut.gov.ar	http://organismos.chubut.gov.ar/sgp
Entre Ríos	www.entrerios.gov.ar	www.entrerios.gov.ar/minecon
Formosa	www.formosa.gov.ar	www.formosa.gov.ar/haciendayfinanzas.html
Jujuy	www.jujuy.gov.ar	www.hacienda.jujuy.gov.ar
La Rioja	www.larioja.gov.ar	----
Mendoza	www.mendoza.gov.ar	www.hacienda.mendoza.gov.ar
Misiones	www.misiones.gov.ar	www.shyf.misiones.gov.ar
Neuquén	www.neuquen.gov.ar	www.haciendangn.gov.ar
Río Negro	www.rionegro.gov.ar	www.hacienda.rionegro.gov.ar
Salta	www.salta.gov.ar	www.finanzas.gov.ar
San Juan	www.sanjuan.gov.ar	www.hacienda.sanjuan.gov.ar
Santa Cruz	www.santacruz.gov.ar	www.santacruz.gov.ar/presupuesto/indexf.php
Santa Fe	www.santafe.gov.ar	http://portal2005.santafe.gov.ar/index.php/web/content/view/full/72
Santiago del Estero	www.sde.gov.ar	www.meconse.gov.ar
Tierra del Fuego	www.tierradelfuego.gov.ar	http://economia.tierradelfuego.gov.ar
Tucumán	www.tucuman.gov.ar	www.mecontuc.gov.ar
Gobierno Nacional	www.argentina.gov.ar / www.presidencia.gov.ar	www.mecon.gob.ar

As regards the third type of transparency rules on the preparation, execution and disclosure of the budget, articles in the FFRS associated to this principle are numbers 3, 4, 5, 6, 8, 9, and 18 in the FFRS (even though this last article is not included in chapter I):

Article 3 provides that the General Budget of provincial governments, of the CABA and of the National government shall include the authorization for the total amount of expenses and the provision for all resources –ordinary and extraordinary- affected or not affected, of every centralized, decentralized agencies and trust funds.

In turn, article 4, considered the principle of comparability providing that a Commission made up of representatives of the Permanent Forum of Budget and Finance Direction Offices in the Republic of Argentina shall suggest the converters that provincial



Consejo Federal de Responsabilidad Fiscal -Ley Nacional N° 25.917-

governments and the government of the Ciudad Autónoma de Buenos Aires shall use in order to obtain budget sorting criteria that are uniform to those applied at the National Government level. The preparation of said converters would later enable the development of a matrix of equivalences between budget classifications valid in each jurisdiction and those that were in force within the scope of the National Government.

Even more so, article 5 provides that the National Government shall include in the preparation of pluriannual budgetary forecasts the estimates of nationally-sourced resources to be allocated on a per system and per province and CABA basis, and the national public debt maturities profile implemented for the relevant three-year period. Whereas article 6 provides that subnational governments that are part of the system shall submit to their legislatures, prior to November 30, each year, the pluriannual budget forecasts for the subsequent three-year period, listing the required minimum contents. Building on transparency of public management, art. 8 provides that all jurisdictions making up the FFRS shall calculate uniform public management standards and indicators that assess the efficiency and effectiveness in terms of revenue and the efficiency in terms of public spending, in order to conduct interjurisdictional comparisons.

Yet another article addressing the issue of comparability is N° 9, which establishes that Fiscal Reporting Systems are to be compatible with the national system, it being necessary to streamline the Financial Administration system, the Human Resources Administration system, and the Tax Administration system, in order to ensure the supply of global, integrated, auditable, reliable, and timely information allowing for its interjurisdictional consolidation.

Beyond the provisions in articles 2 to 9 (chapter I in the FFRS), art. 18 provides that accessing jurisdictions should submit the relevant tax spending estimates.

Last, regarding the fourth rule in the above mentioned Code, considering that control must be conducted via external audits, it must be noted that the Executive Committee performs technical assessments every year through Technical Coordination. Said assessments consider in depth every item that has been stated above and compliance with them. Such reports, prepared by the highest authorities each time, after the relevant information validating process, concludes with the disclosing of an executive summary of the jurisdictions assessed, on the organization Website (www.mecon.gob.ar/cfrf).

6. Changes in fiscal transparency

Initially, it can be argued that the Federal Fiscal Responsibility System, as a valid institution in the Republic of Argentina has been a determinant of the higher level of fiscal transparency in the jurisdictions involved.



Consejo Federal de Responsabilidad Fiscal

-Ley Nacional N° 25.917-

This statement can be quickly checked on the Websites created to such intents in each jurisdiction currently part of the Federal Fiscal Responsibility System, where it is generally noted that most fiscal information has been included and complies with the validity period of the Fiscal Responsibility System.

In other words, the enactment of Law N° 25,917, the subsequent accession by provincial jurisdictions has meant not only a mandate meaning granting more transparency to public management, but it has also created the opportunity to funneling government actions in that direction.

Notwithstanding the foregoing, it should be noted that the “volume of information” reported does not always equal transparency; said information must be reliable, comparable and trustworthy, in accordance with the above stated good fiscal practices. Therefore, determining the “level” of transparency of a government or an institution requires subjecting it to those three filters.

In an attempt at drawing a general conclusion before conducting an itemized analysis and keeping in mind the fact that it will necessarily be dealt with in greater depth, it can be noted that progress made in the adoption of transparency budget rules in the provinces has generally increased over the last years, specially as of the coming into force of the federal fiscal responsibility system. Below a detailed description is provided of the changes in the rules set forth above, considered to be the qualitative aspects provided for by Law N° 25,917, assessed from the system’s inception up to these days.

In that regard, budget assessments of fiscal years 2006 to 2010, budget executions of fiscal years 2005 to 2009, and pluriannual budget follow-ups of the three-year period 2007-2009 to 2010-2012 were considered for the changes mentioned, all of them having been approved by the Council of Ministers in the relevant decisions, and the corresponding executive summaries having been disclosed.

Needless to say that the preparation of this report was possible given the abundance of information the FFRS members are bound to submit to the Technical Coordination of the Federal Fiscal Responsibility Council, and that, in many cases, it must be previously approved by the National Ministry of the Treasury. Said information is "a priori" confidential, and after the compatibilization process verification and its subsequent validity, it is disclosed on the relevant reports posted on the previously stated Website, once they have been passed by the majority by the Federal Council.

Last, something worth stressing is that some jurisdictions, such as Córdoba and Chubut, have gone further in setting provisions in the chapter on transparency within the Fiscal Responsibility System following the same theoretical lines as the system. The progress made by them shall be addressed in separate reports.



Consejo Federal de Responsabilidad Fiscal
-Ley Nacional N° 25.917-

i) Reporting of fiscal information (art. 7°)

The table below displays the progress envisioned from reporting on provincial Websites the data relating to art. 7 in Law N° 25,917.

This table shows the assessments conducted throughout the validity of the Federal Fiscal Responsibility System, as regards Resources and Expenditure Budgets and execution thereof.

Year/ Jurisdiction	2005	2006		2007		2008		2009		2010
	Execution	Budget								
Buenos Aires	Not Public	Public	Public	Public	Public	Public	Public	Public	Public	Public
CABA (1)	-	Public	Public	Public	Not Public	Public	Public	Public	-	-
Catamarca	Public	Not Public	Not Public	Not Public	Not Public	Not Public	Not Public	-	Public	Public
Chaco	Public	Not Public	Not Public	Not Public	Not Public	Not Public	Not Public	Public	Not Public	Not Public
Chubut	Public	Public	Not Public	Public	Public	Public	Public	Public	Public	Public
Córdoba	Public									
Corrientes	Not Public	-	Public	Public	Public	Public	Public	-	Public	Public
Entre Ríos	Public									
Formosa	Not Public	Not Public	Public	Public	Public	Public	Public	Public	Public	Public
Jujuy	Public	Public	Not Public	Public	Public	Public	Public	Public	Public	Public
La Rioja	Not Public									
Mendoza	Public	Public	Not Public	Public	Public	Public	Public	Public	Public	Public
Misiones	Not Public	-	Public	Public	Not Public	Not Public	Not Public	Public	Not Public	Public
Neuquén	-	-	Not Public	Public	Not Public	Public	Public	Public	Public	Public
Río Negro	Public	Public	Not Public	Public	Public	Public	Public	Public	Public	-
Salta (2)	-	-	-	-	-	-	Public	Public	Public	Public
San Juan	Not Public	Not Public	Public	Public	Public	Public	Public	Public	Public	Public
Santa Cruz	Not Public	Public	-	Public	Public					
Santa Fe	-	Public								
Santiago del Estero	Public	Not Public	Public	Public	Public	Public	Public	Public	Public	Public
Tierra del Fuego	-	-	Public	Public	-	-	Not Public	-	Public	Public
Tucumán	Not Public	Public	Not Public	Public	Not Public	Public	Public	Public	Public	Public
Gobierno Nacional	Public									

(1) The Ciudad Autónoma de Buenos Aires dissociated itself from the Federal Fiscal Responsibility System on 11/26/2009.

(2) The province of Salta joined the Federal Fiscal Responsibility System on 12/28/2007.

Looking at the table above, prepared from each individual assessment, it becomes evident that reporting information linked to budgetary executions in the fiscal year 2005 only accounted for 55% of the jurisdictions. Whereas if we compare it with the results arising from the budgetary execution assessments for the fiscal year 2009, 82% of the jurisdictions reported the relevant information. Finally, if the focus is made on the budgets for fiscal year 2010, we can clearly see that only two jurisdictions failed to display the tables for the approved budgets.

Clearly evident is the greater availability of information for the general public made by the provinces, as of the creation and implementation of the fiscal responsibility system.



Consejo Federal de Responsabilidad Fiscal
-Ley Nacional N° 25.917-

Finally, it is worth mentioning that, after the validation of the assessments by the Council of Ministries of the Economy and Finance, and its recommendation, most jurisdictions have posted on their corresponding official Websites the up-to-then pending information. Such is the case of the provinces of Catamarca, San Juan, and Tucumán.

ii) Pluriannual Budgetary Forecasts (Arts. 5° and 6°)

The table below displays the changes in the submissions made by the jurisdictions adhering to the Federal Fiscal Responsibility System on the pluriannual forecasts provided for by articles 5 and 6 in Law N° 25,917.

Province / Three-year Period	2007 - 2009	2008 – 2010	2009 - 2011	2010 - 2012
Buenos Aires	Submitted			
CABA	Submitted		Submitted	(*)
Catamarca		Submitted		Submitted
Chaco				
Chubut	Submitted	Submitted	Submitted	Submitted
Córdoba	Submitted	Submitted	Submitted	Submitted
Corrientes				
Entre Ríos	Submitted	Submitted	Submitted	Submitted
Formosa	Submitted	Submitted	Submitted	Submitted
Jujuy				
La Rioja				
Mendoza	Submitted		Submitted	Submitted
Misiones				
Neuquén				
Río Negro	Submitted	Submitted		
Salta	(*)			Submitted
San Juan	Submitted	Submitted	Submitted	Submitted
Santa Cruz	Submitted			
Santa Fe	Submitted			
Santiago del Estero		Submitted	Submitted	Submitted
Tierra del Fuego				
Tucumán	Submitted			Submitted
Gobierno Nacional	Submitted	Submitted	Submitted	Submitted

(*)Assessment not applicable because it is not a member of the FFRS

There are reasonable grounds to address the preparation of the pluriannual budgetary forecasts. In spite of the fact that most countries have an annual outlook on the budget, it is necessary to have a clear idea on fiscal policies and the sustainability of the fiscal status in the medium term.

The existence of a pluriannual budget results into greater rationality in terms of budgetary decisions. In that sense, the incorporation of this article and its compliance are rich in transparency. As can be seen on the table above, pluriannual budgetary forecasts with the relevant Legislatures have become a current practice in a number of jurisdictions (11). On the



Consejo Federal de Responsabilidad Fiscal
-Ley Nacional N° 25.917-

other hand, a group has still not implemented this technique, which remains an item on the “to do” list.

iii) Definition of budgetary converters (art. 4)

Formulating converters that enable their application with a view towards comparability of the information has been a required step towards transparency.

Along that line, the table below introduces the dates on which the rules have been adopted, that approve budgetary converters required by art. 4 in Law N° 25,917.

PROVINCIAL BUDGETARY CONVERTERS - LAW N° 25,917 - EXECUTIVE ORDER N° 1731/2004

Jurisdiction	Approved by FFRS resolution	Approval Date	Updated by FFRS resolution	Updated on
Buenos Aires	N° 4	05/31/2005		
Catamarca	N° 4	05/31/2005		
Córdoba	N° 10	22/09/2005		
Corrientes	N° 4	05/31/2005		
Chaco	N° 4	05/31/2005	N° 45	09/20/2007
Chubut	N° 4	05/31/2005		
Entre Ríos	N° 4	05/31/2005		
Formosa	N° 4	05/31/2005		
Jujuy	N° 4	05/31/2005		
La Rioja	N° 4	05/31/2005		
Mendoza	N° 4	05/31/2005		
Misiones	N° 4	05/31/2005		
Neuquén	N° 45	09/20/2007		
Río Negro	N° 4	05/31/2005	N° 45	09/20/2007
Salta	N° 57	10/23/2008		
San Juan	N° 4	05/31/2005		
Santa Cruz	N° 4	05/31/2005		
Santa Fe	N° 4	05/31/2005		
Santiago del Estero	N° 4	05/31/2005		
Tierra del Fuego	N° 45	09/20/2007		
Tucumán	N° 4	05/31/2005	N° 45	09/20/2007

As was already mentioned, the preparation of converters for ensuring compliance with this article was the starting point for fiscal transparency, since once they were approved, interjurisdictional contrastive studies could be conducted on public finance, using the same measuring standards. Worth remembering are the hurdles that needed to be overcome only six years ago, when attempts were being made at having consolidated information from both levels of government.



Consejo Federal de Responsabilidad Fiscal
-Ley Nacional N° 25.917-

iv) Definition of public management indicators (art. 8)

As regards the calculation of public management standards and indicators, it should be noted that the Forum of Budget and Finance Directors in the Republic of Argentina was entrusted with said task, an organization that submitted a proposal including aggregate fiscal and financial indicators, that were approved by Resolution N° 9 of the FFRS.

In a second delivery, the Forum submitted to the FFRS the expenditure and revenue public management sectorial indicators, approved by Resolution N° 23 of the Federal Council.

At the time of the drafting of this report, the provinces which approved the public management indicators mentioned are the following: Chaco, Chubut, Córdoba, Entre Ríos, Jujuy, Neuquén, La Rioja, Río Negro, and Santiago del Estero.

The task still pending is that every jurisdiction that has joined the FFRS adopt, calculate, and post the indicators mentioned, in order to ascertain expenditure quality.

v) Introduction of Integrated Fiscal Reporting Systems (art. 9)

Another significant issue is reporting systems in accordance with the provisions in article 9 in Law N° 25,917.

To that regard, the Executive Committee of the Federal Fiscal Responsibility Council, together with the Undersecretary's Office of Relationship with the Provinces undertook to conduct and assessment of the development of Financial Administration Systems (FAS) and the like, in the various jurisdictions that have joined the Federal Fiscal Responsibility System. In that sense, a maturity survey of such systems (MSFAS) has been conducted, the main conclusions of which are the achievement of significant progress in the implementation of FAS's at the provincial level, with a dramatic backlog at the municipal level, in connection with the modules deemed to be substantive -generally those having to do with Budget and Accounting are the most advanced ones.

vi) Estimate of Tax Expenditure on Provincial Taxes (art. 18)

Article 18 provides that adhering jurisdictions shall submit estimates of the Tax Expenditure incurred as a result of the application of tax policies.

In connection with the above, a definition must be borne in mind, which restricts the concept of "tax expenditure". The definition carried by consensus as a result of teamwork features tax expenditures as "the revenue the State stops perceiving after granting tax rebates,



Consejo Federal de Responsabilidad Fiscal
-Ley Nacional N° 25.917-

that benefit some taxpayers, activities or regions in particular, and whose goal it is to develop certain public policies". Within the framework of the provisions in the system, said estimates shall have an information nature, shall not impact the budget, and shall be implemented on a per tax basis.

The template below displays the level of progress obtained by observance of this article in the assessments conducted of the budgets submitted by the jurisdictions, as of the inception of the System and up to the present.

TAX EXPENDITURE ART. 18 LAW N° 25,917					
Year / Jurisdiction	2006	2007	2008	2009	2010
Buenos Aires	Calculation	Calculation	Calculation	Calculation	Calculation
CABA	No Calculation	No Calculation	No Calculation	Calculation	-
Catamarca	No Calculation	No Calculation	No Calculation	-	No Calculation
Chaco	No Calculation				
Chubut	No Calculation	No Calculation	Calculation	Calculation	Calculation
Córdoba	No Calculation	Calculation	Calculation	Calculation	Calculation
Corrientes	-	Calculation	Calculation	-	-
Entre Ríos	No Calculation	No Calculation	No Calculation	Calculation	Calculation
Formosa	No Calculation	Calculation	Calculation	Calculation	Calculation
Jujuy	No Calculation	Calculation	Calculation	Calculation	No Calculation
La Rioja	No Calculation	No Calculation	No Calculation	No Calculation	Calculation
Mendoza	No Calculation	Calculation	No Calculation	No Calculation	No Calculation
Misiones	-	No Calculation	No Calculation	No Calculation	No Calculation
Neuquén	-	No Calculation	No Calculation	No Calculation	No Calculation
Río Negro	No Calculation	Calculation	Calculation	Calculation	-
Salta	-	-	-	No Calculation	No Calculation
San Juan	Calculation	Calculation	Calculation	Calculation	Calculation
Santa Cruz	No Calculation	No Calculation	No Calculation	-	Calculation
Santa Fe	Calculation	Calculation	Calculation	Calculation	Calculation
Santiago del Estero	No Calculation	No Calculation	Calculation	Calculation	Calculation
Tierra del Fuego	-	-	-	-	No Calculation
Tucumán	No Calculation				
Gobierno Nacional	Calculation	Calculation	Calculation	Calculation	Calculation

= Not applicable because it is not a member of the System.

= No Budget assessment due to a late enactment.

Regarding the item above, the significant progress made in the submission of tax expenditure estimates can be stressed here, throughout the period under discussion. There was a shift from a situation where only 2 jurisdictions made the calculations to 11 jurisdictions in the assessment carried out of the 2010 budget.



Consejo Federal de Responsabilidad Fiscal
-Ley Nacional N° 25.917-

vii) Inclusion of the Municipal Sector in a Fiscal Responsibility System (art. 33)

Finally, a summary is provided of the progress made by the jurisdictions in terms of the inclusion of their municipalities into the Fiscal Responsibility System.

The table below depicts the type of adhesion implemented by provincial governments with the municipal sector in accordance with the provisions in the Fiscal Responsibility Act in each jurisdiction, and, on the other hand, Websites are listed where fiscal information on municipalities is posted.

MUNICIPALITIES INCLUSION INTO THE FFRS ART. 33 LAW N° 25,917		
Jurisdiction	Adhesion Type	Web Posting
Buenos Aires	Voluntary	www.ec.gba.gov.ar/areas/Sub_Politica_Coord_Eco/PaginaConsejo/autoridades.php
Catamarca	Voluntary	-
Chaco	Not specified	-
Chubut	Voluntary	http://organismos.chubut.gov.ar/cprf/
Córdoba	Voluntary	-
Corrientes	Voluntary	-
Entre Ríos	Voluntary	www.entrerios.gov.ar/reلمun
Formosa	Compulsory	-
Jujuy	Voluntary	www.municipios.jujuy.gov.ar
La Rioja	Voluntary	-
Mendoza	Compulsory	www.hacienda.mendoza.gov.ar
Misiones	Voluntary	-
Neuquén	Voluntary	www.haciendangn.gob.ar/municipios
Río Negro	Not specified	www.hacienda.rionegro.gov.ar/sitio/index.php?id=muni
Salta	Voluntary	-
San Juan	Voluntary	http://sanjuan.cfired.org.ar
Santa Cruz	Voluntary	-
Santa Fe	Voluntary	www.santafe.gov.ar/index.php/web/content/view/full/102016
Santiago del Estero	Voluntary	-
Tierra del Fuego	Voluntary	http://economia.tierradelfuego.gov.ar/municipios
Tucumán	Voluntary	www.tucuman.gov.ar

The provinces of Buenos Aires and Chubut must be highlighted here, since system coordination agencies have been created in both cases, made up of provincial authorities and representatives of the municipalities. However, in the case of the former, the enforcement power remains with the Ministry of Economy, whereas in the case of Chubut, it is vested with the so-called Fiscal Responsibility Provincial Council.

On the other hand, in the provinces of Mendoza and Jujuy, the enforcement power remains with already existing bodies: The Honorable Court of Exchequer and the Ministry of the Treasury, respectively.



Consejo Federal de Responsabilidad Fiscal -Ley Nacional N° 25.917-

7. Transparency: The chosen path

Summing up, it should be noted that both the efforts made towards improving fiscal reporting and the reduction of extrabudgetary practices are the main achievements attained by the group of governments making up the Federal Fiscal Responsibility System.

The increase in public management transparency of the Federal Government and provincial governments is indisputable and has entailed a major cultural shift. Said shift has been promoted by the federal fiscal responsibility system, an aspect that reveals how mature the democracy is in our country, as regards the strengthening of democratic institutions.

The Fiscal Responsibility Act requires the disclosing, on the system members Websites, of public debt reporting, public accounts deficit, the number of public agents; all these data were previously not accessible for the general public, but with the coming into force of Law N° 25,917, it became compulsorily public. This conduct represents a very strong cultural change.

The transparency level that existed before the FRL was very different to the current one, mainly at the provincial level. As has been extensively proved herein, presently every government in the System has its transparency portal (or resorts to its own Website), where the information required by the System is posted. At the beginning of the millennium, this was unthinkable of. Most original is the fact that many provinces have taken strong steps towards the submission of a similar work scheme with their municipal sector.

These advances made, originating in the FRL, became naturally possible as a consequence of institutional reforms previously conducted (financial administration laws), of the passing of Law N° 25,917, and later of budgetary converters.

There are still several aspects to be improved, built on, and few jurisdictions to make their outcomes transparent; however, cultural change towards disclosing is indisputable and the required information is available.