

By directing the budget process, the central budget authority (CBA) can contribute to achieving a well-structured budget that, in turn, can give strategic direction and cohesion to the public sector by funding the country's competing needs, from improving education to developing new infrastructure.

The location of the CBA affects the amount of co-ordination required to consolidate the budget. The majority of LAC (84%) countries have located the CBA within the Ministry of Finance and/or Economics. It is commonly located in one specific office or department of the ministry, usually the budget department as, for example, in Argentina, Bahamas, Costa Rica and Peru. In Uruguay, the CBA functions are split between the Ministry of finance and the national planning ministry/department. In both cases, the planning ministry/department is in charge of assessing and deciding on investment projects to be included in the budget. In 2018, in the case of Brazil, the budget was entirely managed by a CBA located in the Ministry of Planning, Budget and Management that coordinates for some aspects (e.g. directives) with the Ministry of Finance.

The head of the CBA is often the person responsible for preparing the government's budget and for interacting with other spending units. In most (62%) of LAC countries, the head of the CBA is a political appointee, understood as a government official who generally does not remain in the position when there is a change in government. Nonetheless, in Argentina, the Bahamas, Costa Rica, El Salvador and Paraguay, the head of the CBA is a civil servant who could expect to remain in the position when there is a change in government.

The responsibilities and authority of the CBA should be defined in a way that prevents duplication of tasks or disputes between the different units involved. The CBA has responsibilities at various stages of the budget cycle. In the majority of the countries, it is largely involved at the time of formulating the budget. In all of the surveyed LAC countries in 2018, the CBA had the exclusive responsibility of drafting budget circulars, including in Panama whose CBA was not responsible for this in 2013. Similarly, in all surveyed OECD countries, drafting the budget circular was the responsibility of the CBA. Developing the executive's budget proposal is the responsibility of CBA in most OECD and LAC countries. Determining budget ceilings for line ministries is also the exclusive responsibility of the CBA in the majority of both groups of countries. The CBA also conducts negotiations with line ministries in OECD and in LAC countries, although in the Dominican Republic, El Salvador and Guatemala this responsibility is shared (in the last two, with the Presidency).

At the time of executing the budget, the CBA had the exclusive competence over authorising outlays in ten LAC countries (including the Dominican Republic

where it is shared). By contrast, only around half of OECD countries assign this responsibility to the CBA. Monitoring the performance of line ministries is the responsibility of CBA in 8 countries (out of 13), compared to a third of OECD countries. On the contrary, a larger proportion of OECD countries than of LAC countries are responsible for producing complementary budgets.

### Methodology and definitions

Data come from the 2018 OECD/IDB Survey of Budget Practices and Procedures, to which 11 LAC countries responded. Respondents were predominantly senior budget officials in LAC countries. Responses represent the countries' self-assessments of current practices and procedures. Data refer only to central/federal governments and exclude the sub-national level.

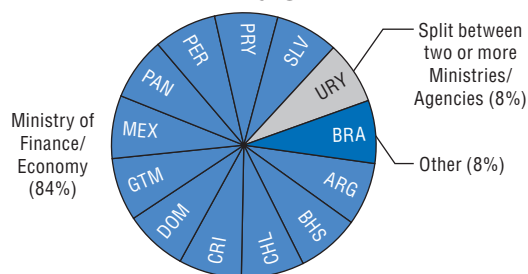
A CBA is a public entity, or several coordinated entities, located at the central/national/federal level of government, which is responsible for budget formulation and oversight. In many countries, the CBA is often part of a division or unit found within the Ministry of Finance/Economy. Specific responsibilities vary by country, but generally, the CBA is responsible for formulating budget proposals, conducting budget negotiations with line ministries and agencies, allocating or reallocating funds, ensuring compliance with the budget laws and, at times, conducting performance evaluations and/or efficiency reviews. While this authority may monitor budget execution, it may not necessarily undertake the treasury function of disbursing public funds. Lastly, a very important role of the CBA is monitoring and maintaining aggregate/national fiscal discipline.

A budget circular is a document/memorandum issued by the CBA to guide line ministries/agencies in the preparations of their initial budget proposals/budget estimates. A budget circular, for instance, may contain information or guidance on automatic productivity cuts, medium-term or annual expenditure ceilings, etc.

### Figure notes

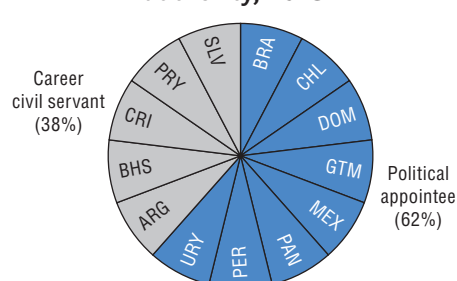
- 5.1 In Brazil, from 2019 the budget is entirely managed by a CBA located within the Ministry of Economy, which merges the previous Ministries of Finance and Planning Development and Management
- 5.3 Data for Bahamas and for Uruguay for 2013 are not available. More categories are available online. In Brazil, the ceilings are discussed and approved by a collegial body: *Junta de Execução Orçamentária* (Execution Budget Committee), regulated by a 2019 decree, and primarily in charge of advising the president on fiscal policy matters.

## 5.1. Location of the central budget authority function, 2018



Source: OECD/IDB (2018) Survey of Budget Practices and Procedures.  
StatLink <https://doi.org/10.1787/888934091828>

## 5.2. Position of the head of the central budget authority, 2018

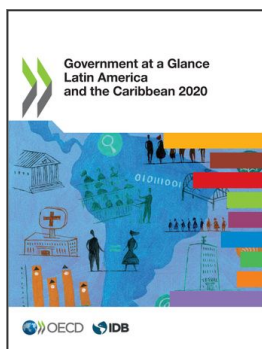


Source: OECD/IDB (2018) Survey of Budget Practices and Procedures.  
StatLink <https://doi.org/10.1787/888934091847>

## 5.3. Responsibilities of the central budget authority, 2013 and 2018

Country	Drafting budget circular		Developing executive budget proposal		Determining ceilings for line ministries		Negotiating with line ministries		Authorisation of line ministries outlays		Monitoring performance of line ministries		Producing supplementary budgets	
	2018	2013	2018	2013	2018	2013	2018	2013	2018	2013	2018	2013	2018	2013
Argentina	●	●	●	◐	●	◐	●	◐	●	◐	●	●	◐	◐
Bahamas	●	...	●	...	●	...	●	...	●	...	●	...	●	...
Brazil	●	●	●	●	●	●	●	●	●	◐	◐	◐	●	●
Chile	●	●	●	●	●	◐	●	●	●	●	●	◐	●	●
Costa Rica	●	●	●	●	●	●	●	●	●	●	◐	●	●	●
Dominican Republic	●	●	◐	●	○	●	◐	●	◐	●	●	●	◐	●
El Salvador	●	●	●	●	●	●	◐	◐	●	○	◐	◐	●	●
Guatemala	●	●	●	●	●	●	◐	●	○	◐	◐	◐	◐	●
Mexico	●	●	●	●	●	●	●	●	●	●	●	◐	●	●
Panama	●	○	●	●	●	●	●	●	⊗	●	●	●	●	●
Paraguay	●	●	●	●	●	●	●	◐	●	●	●	◐	⊗	◐
Peru	●	●	●	●	●	●	●	●	●	○	●	●	●	●
Uruguay	●	...	●	...	●	...	●	...	⊗	...	◐	...	⊗	...
<b>LAC total</b>														
● Sole responsibility of the CBA	13	10	12	10	12	9	10	8	9	6	8	5	8	9
◐ Shared responsibility between the CBA and other institutions	0	0	1	1	0	2	3	3	1	3	5	6	3	2
○ Not a responsibility of the CBA	0	1	0	0	1	0	0	0	1	2	0	0	0	0
⊗ Not applicable	0	0	0	0	0	0	0	0	2	0	0	0	2	0
<b>OECD total</b>														
● Sole responsibility of the CBA	30		26		23		26		16		11		29	
◐ Shared responsibility between the CBA and other institutions	3		6		5		6		6		18		3	
○ Not a responsibility of the CBA	0		0		3		2		10		4		1	
⊗ Not applicable	1		2		3		0		2		1		1	

Source: OECD/IDB (2013, 2018) Survey of Budget Practices and Procedures, OECD (2018) Survey of Budget Practices and Procedures.  
StatLink <https://doi.org/10.1787/888934091866>



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