

The central budget authority (CBA) is the office in charge of leading the budget process and therefore has the capacity to influence institutional arrangements for budgeting. By steering the budget process, the CBA can contribute to achieve a well-structured budget that, in turn, can give strategic direction and cohesion to the public sector.

The location of the CBA affects the amount of co-ordination required to consolidate the budget and can lead to duplication of tasks or disputes between the different units involved. The majority of LAC (82.3%) and OECD (87.5%) countries have located the CBA within the ministry of finance and/or economics. The CBA is commonly located in one specific office or department of the ministry, usually the budget department as for example in Argentina, Barbados, Ecuador and Costa Rica. In Colombia and Dominican Republic 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 the case of Brazil, the budget is 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 main person responsible for planning and preparing the government's budget. Moreover, he/she is responsible for conducting the interactions with other spending units and maintaining good relations with them. In most (63.6%) OECD and slightly more than half of LAC countries, the head of the CBA is a senior civil servant, understood as a government official who could expect to remain in the position when there is a change in government. In LAC countries, nearly half of the heads of the CBA are political appointees. For example, Costa Rica, Dominican Republic, Haiti, Paraguay and Peru have a CBA chief who generally does not remain in the position when there is a change in government.

The number and types of tasks under the responsibility of the CBA vary across countries. In more than half of LAC and OECD countries, the CBA has the exclusive responsibility of drafting budget circulars, determining expenditure ceilings, negotiating with line ministries, developing executive budget proposals, generating supplementary budgets and producing both mid-year and end-of-year reports. In LAC countries, over two thirds of the CBA have the role of testifying before legislature, while in OECD countries, it is less than one third. Some other tasks, such as monitoring performance of line ministries, defining methodology for both

macroeconomic and fiscal projections, and communications with the public are generally a shared responsibility with other institutions or agencies (public or private). For example, in Honduras, Colombia, Jamaica and Dominican Republic the responsibility of producing macroeconomic estimates is shared between the CBA and the central bank.

Methodology and definitions

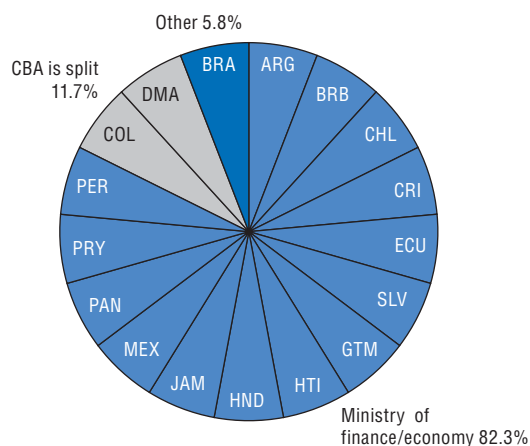
Data refer to 2013, drawing on country responses to the 2013 OECD Survey of Budget Practices and Procedures. Respondents were predominantly senior budget officials in LAC countries and OECD member countries. Responses represent the countries' self-assessments of current practices and procedures. Data refer only to central/federal governments and exclude the sub-national level. OECD totals are based on responses by 33 OECD member countries.

A central budget authority (CBA) is a public entity, or several co-ordinated 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 central budget authority is monitoring and maintaining aggregate/national fiscal discipline.

Further reading

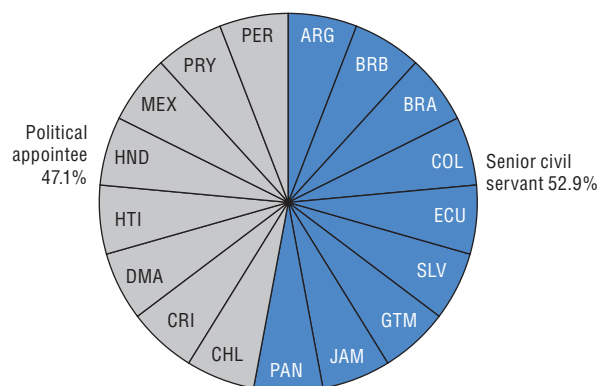
- IDB (2015), *Building Effective Governments*, Inter-American Development Bank, Washington, DC.
- Guzmán, M., M. Marcel and M. Sanginés (2014), *Presupuestos para el desarrollo en América Latina*, Inter-American Development Bank, Washington, DC.
- OECD (2014), *Budgeting Practices and Procedures in OECD Countries*, OECD Publishing, Paris, <http://dx.doi.org/10.1787/9789264059696-en>.

5.1. Location of the CBA, 2013



Source: OECD (2013), Survey of Budget Practices and Procedures.
 StatLink <http://dx.doi.org/10.1787/888933431179>

5.2. Head of the CBA, 2013



Source: OECD (2013), Survey of Budget Practices and Procedures.
 StatLink <http://dx.doi.org/10.1787/888933431186>

5.3. Responsibilities of the CBA, 2013

Country	Drafting budget circular	Methodology for macroeconomic projections	Methodology for fiscal projections	Determining ceilings for line ministries	Negotiating with line ministries	Developing executive budget proposal	Testifying before legislature	Monitoring performance of line ministries	Producing supplementary budgets	Producing end-of-year reports	Communications with public
Argentina	●	⊗	▶	▶	▶	▶	⊗	●	▶	▶	⊗
Barbados	●	⊗	●	⊗	●	▶	⊗	●	●	●	▶
Brazil	●	▶	▶	●	●	●	●	▶	●	⊗	●
Chile	●	▶	●	▶	●	●	●	▶	●	●	●
Colombia	●	⊗	●	●	●	▶	●	▶	▶	●	▶
Costa Rica	●	●	●	●	●	●	●	●	●	●	●
Dominican Republic	●	▶	▶	●	●	●	●	●	●	●	▶
Ecuador	●	▶	▶	▶	▶	●	●	▶	●	▶	▶
El Salvador	●	▶	▶	●	▶	●	●	▶	●	●	▶
Guatemala	●	⊗	▶	●	●	●	▶	▶	●	▶	⊗
Haiti	▶	●	●	▶	▶	●	▶	⊗	●	●	●
Honduras	●	⊗	●	●	●	●	●	▶	○	●	●
Jamaica	●	▶	●	▶	●	●	▶	▶	●	▶	▶
Mexico	●	▶	●	●	●	●	●	▶	●	●	●
Panama	⊗	●	⊗	●	●	●	●	●	●	●	⊗
Paraguay	●	⊗	⊗	●	▶	●	●	▶	▶	●	●
Peru	●	⊗	⊗	●	●	●	●	●	●	●	⊗
LAC total											
●	15	3	8	11	12	14	12	6	13	12	7
▶	1	7	6	5	5	3	3	10	3	4	6
⊗	1	7	3	1	0	0	2	1	0	1	4
○	0	0	0	0	0	0	0	0	1	0	0
OECD total											
●	28	8	11	23	27	27	11	8	25	20	11
▶	3	12	18	5	5	6	10	18	6	11	15
⊗	1	13	4	4	1	0	8	5	1	2	7
○	1	0	0	1	0	0	4	2	1	0	0

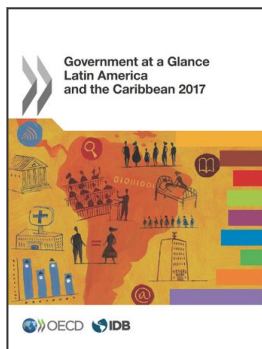
Key:

- Sole responsibility of CBA
- ▶ Shared responsibility between CBA and other institutions
- ⊗ Not a responsibility of CBA
- Not applicable

Note: In the case of Honduras no supplementary budgets are produced.

Source: OECD (2013), Survey of Budget Practices and Procedures.

StatLink <http://dx.doi.org/10.1787/888933431663>



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