

**TRANSPARENCY**  
(OPEN BUDGET INDEX)

**66**

OUT OF 100

The Government of Mexico provides the public with **substantial** budget information.

**PUBLIC PARTICIPATION**

**44**

OUT OF 100

The Government of Mexico provides the public with **limited** opportunities to engage in the budget process.

**BUDGET OVERSIGHT**

**45**

OUT OF 100

**BY LEGISLATURE**  
Budget oversight by the legislature in Mexico is **limited**.

**92**

OUT OF 100

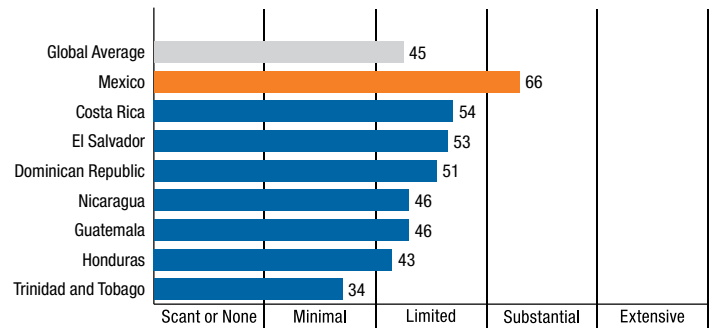
**BY AUDIT**  
Budget oversight by the supreme audit institution in Mexico is **adequate**.

**TRANSPARENCY (OPEN BUDGET INDEX)**

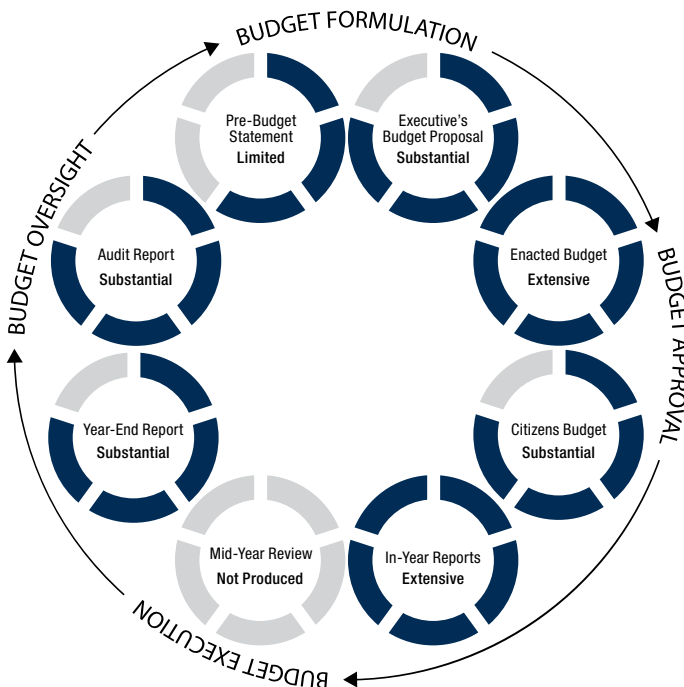
Drawing on internationally accepted criteria developed by multilateral organizations, the Open Budget Survey uses 109 indicators to measure budget transparency. These indicators are used to assess whether the central government makes eight key budget documents available to the public in a timely manner and whether the data contained in these documents are comprehensive and useful.

Each country is given a score out of 100 which determines its ranking on the Open Budget Index – the world’s only independent and comparative measure of budget transparency.

**Regional Comparison**

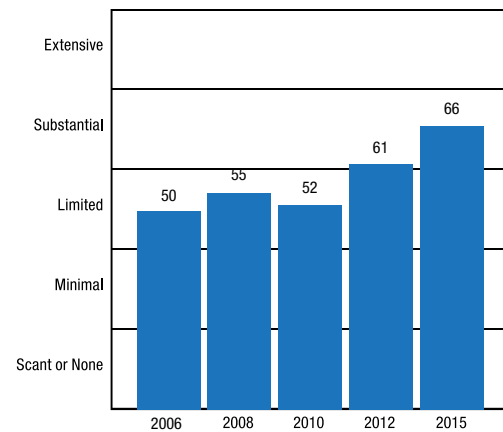


**Usefulness of Budget Information Throughout the Budget Cycle**



Mexico's score of 66 out of 100 is substantially higher than the global average score of 45.

**Change in Transparency Over Time**



Note: The following categories are used to report the usefulness of each document:

Not produced, Published Late, Internal Use, Scant, Minimal, Limited, Substantial, or Extensive.

## The Availability of Budget Documents Over Time

Document	2006	2008	2010	2012	2015
Pre-Budget Statement	●	●	●	●	●
Executive's Budget Proposal	●	●	●	●	●
Enacted Budget	●	●	●	●	●
Citizens Budget	●	●	●	●	●
In-Year Reports	●	●	●	●	●
Mid-Year Review	●	●	●	●	●
Year-End Report	●	●	●	●	●
Audit Report	●	●	●	●	●

● Not produced/published late ● Produced for internal use ● Published

Mexico's 5 point increase in its OBI score since 2012 appears to be somewhat understated due to the refinements made to the 2015 questionnaire, which includes new and improved questions that aim to better measure budget transparency (see the Technical Note in the global report for details). Without these refinements, Mexico's 2015 score for budget transparency would have been slightly higher.

Since 2012, the Government of Mexico has increased the availability of budget information by:

- Improving the comprehensiveness of the Pre-Budget Statement, Enacted Budget, and Audit Report.

However, the Government of Mexico has failed to make progress in the following ways:

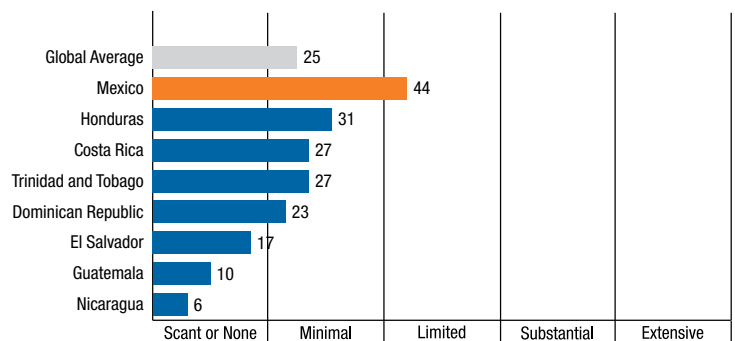
- Not producing a Mid-Year Review in compliance with international best practice, which is important because it is an analysis of the budget effects provided about halfway through the budget year. In addition, the Mid-Year Review is a document that reflects on the adequacy of current fiscal policies in the current economic context and indicates the need of reallocations or corrective measures within the current budget year. Although the Pre-Budget Statement in Mexico explains some of these issues, the data and information are only reported for the first quarter of the year under analysis, so this could not be taken as a Mid-Year Review.
- Not providing sufficient disaggregation of information on revenues in the Executive's Budget Proposal. This is the case for the Income Tax, which is not separated by taxes paid by individuals and by enterprises. Although the data are in the In-Year Reports, a better practice would be to also include this information in the Executive's Budget Proposal. The same happens with information on the transfers from international financial institutions or donor assistance resources. There is not sufficient detail on these sources of revenue.
- Not providing detailed information on expenditures in the Executive's Budget Proposal, specifically in the economic classification. Information is provided on the main classifications but in order to monitor the budget in an adequate manner, information should be provided by budget concept and budget line.
- Not providing detailed information on extra-budgetary funds in the Executive's Budget Proposal. One important example is the Oil Stabilization Trust Fund. Data and information on the trust fund are presented in the In-Year Reports, but information is general and aggregated.

## PUBLIC PARTICIPATION

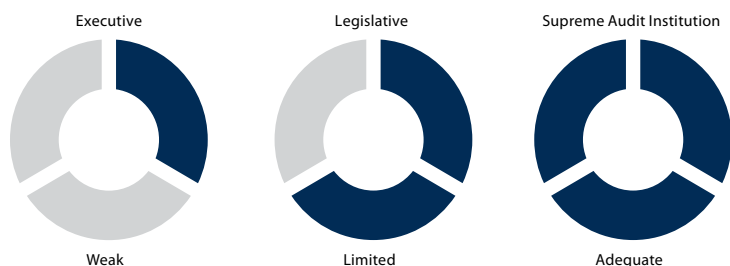
Evidence suggests that transparency alone is insufficient for improving governance, and that public participation in budgeting can maximize the positive outcomes associated with greater budget transparency.

To measure public participation, the Open Budget Survey assesses the degree to which the government provides opportunities for the public to engage in budget processes. Such opportunities should be provided throughout the budget cycle by the executive, the legislature, and the supreme audit institution.

### Regional Comparison



## Elements of Public Participation



Mexico's score of 44 out of 100 indicates that the public is provided with **limited** opportunities to engage in budget processes. This is higher than the global average score of 25.

## BUDGET OVERSIGHT

The Open Budget Survey examines the extent to which legislatures and supreme audit institutions are able to provide effective oversight of the budget. These institutions play a critical role – often enshrined in national constitutions – in planning budgets and overseeing their implementation.

### Oversight by the Legislature



The legislature provides **adequate** oversight during the planning stage of the budget cycle and **weak** oversight during the implementation stage of the budget cycle. A pre-budget debate by the legislature does not take place and so is not reflected in the Executive's Budget Proposal. Nor does the executive receive prior approval by the legislature before implementing a supplemental budget.

In both law and practice, the legislature is not consulted prior to the virement of funds in the Enacted Budget and spending any unanticipated revenue. The legislature is informed of in-year budget adjustments and is empowered to provide an opinion or a proposal on the adjustments only for changes over 3 percent of their total budget. However, even in these cases, a formal authorization from Congress is not needed. Consultation about budget implementation takes place after the fact and consists in informing about the budget adjustments in the In-Year Reports. Although the lower chamber has a Centre on Fiscal Finance Studies, which is in charge of supporting legislators in the budget analysis, the center is neither independent nor autonomous from the political parties. Ideally, this center should be an independent autonomous research institute.

### Oversight by the Supreme Audit Institution



The supreme audit institution provides **adequate** budget oversight. Under the law, it has significant discretion to undertake audits as it sees fit. Moreover, the head of the supreme audit institution cannot be removed without legislative or judicial approval, which bolsters its independence. Finally, the supreme audit institution is provided with sufficient resources to fulfill its mandate and has an adequate quality assurance system in place.

While the supreme audit institution does a good job on auditing and identifying irregularities in public expenditures and areas that should be corrected, public entities do not report how they use the information that the supreme audit institution produces. Producing such documents and publishing them would improve oversight.

# RECOMMENDATIONS

## Improving Transparency

Mexico should prioritize the following actions to improve budget transparency:

- Produce and publish a Mid-Year Review in compliance with international best practice.
- Increase the comprehensiveness of the Executive's Budget Proposal by presenting more information on the classification of expenditures for future years (especially more disaggregation on the economic classification); increasing the detail of information on extra-budgetary funds; increasing the level of disaggregation of revenues; improving transparency on transfers from international financial institutions or donor assistance resources; and improving estimates on outstanding debt and on interest at the end of budget year.
- Increase the comprehensiveness of the Year-End Report by presenting more information on planned versus actual debt and interest and on planned versus actual macroeconomic forecasts.

## Improving Participation

Mexico should prioritize the following actions to improve budget participation:

- Establish credible and effective mechanisms (i.e., public hearings, surveys, focus groups) for capturing a range of public perspectives on budget matters.
- Develop strategies to encourage and promote public participation in the budget cycle (including rules, calendars, and the institutionalization of spaces and methods to participate, among others).
- Hold legislative hearings on the state of the economy that are attended by the executive and open to the public.
- Provide detailed feedback on how public participation has been used by the supreme audit institution and promote opportunities for public directly affected by programs to provide inputs during performance audits.

## Improving Oversight

Mexico should prioritize the following actions to strengthen budget oversight:

- Ensure the legislature holds a pre-budget debate and the outcome is reflected in the Enacted Budget.
- Ensure the executive receives prior approval by the legislature before implementing a supplemental budget.

# METHODOLOGY

The Open Budget Survey uses internationally accepted criteria developed by multilateral organizations such as the International Monetary Fund (IMF), the Organisation for Economic Co-operation and Development (OECD), and the International Organisation of Supreme Audit Institutions (INTOSAI). It is a fact-based research instrument that assesses what occurs in practice through readily observable phenomena. The entire research process took approximately 18 months between March 2014 and September 2015 and involved about 300 experts in 102 countries. The Survey was revised somewhat from the 2012 version to reflect emerging developments in accepted good practice and to strengthen individual questions. A full discussion of these changes can be found in a technical note on the comparability of the Open Budget Index over time (see below).

Survey responses are typically supported by citations and comments. This may include a reference to a public document, an official statement by the government, or comments from a face-to-face interview with a government official or other knowledgeable party.

The Survey is compiled from a questionnaire completed for each country by independent budget experts who are not associated with the national government. Each country's questionnaire is then independently reviewed by an anonymous expert who also has no association to government. In

addition, IBP invites national governments to comment on the draft results from the Survey and considers these comments before finalizing the Survey results.

The Government of Mexico provided comments on the draft Open Budget Questionnaire results.

Research to complete this country's Open Budget Survey was undertaken by:

Diego de la Mora and Liliana Ruiz

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## Further Information

Visit [www.openbudgetsurvey.org](http://www.openbudgetsurvey.org) for more information, including:

- The Open Budget Survey 2015: Global Report
- Individual datasets for each of the 102 countries surveyed.
- A technical note on the comparability of the Open Budget Index over time.