

## EXPLAINING BUDGET DEVIATION

### A BUDGET CREDIBILITY SNAPSHOT

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The study of budget credibility examines the extent, nature, causes and consequences of deviations from approved budgets. In this series, part of the International Budget Partnership's Assessing Budget Credibility Project, 24 civil society partners in 23 countries probed a specific area in which execution of the national budget repeatedly diverged from the approved plan to learn whether adequate reasons were provided for the deviation. The broader synthesis report on these findings can be found [here](#).

## ARGENTINA: EARLY CHILDHOOD DEVELOPMENT

According to a 2013 survey conducted between 2011 and 2012, only a third of Argentine children between 0 and 4 years of age had access to early childhood services. Only 3% of the children under 1, 8% of 1-year-olds, and 20% of 2-year-olds received institutional support. To address this and to provide comprehensive care in early childhood challenge, the government created the "Promotion and Assistance to Community Child Development Centers" program.

### BUDGET CREDIBILITY CHALLENGE

This program was frequently underspent relative to the approved budget (notably in 2017 and 2018). Of note, during the period 2012 - 2017, the program's approved allocation was revised upward each year, but still far less than the revised amount was ultimately spent. Moreover, the program has fallen short of many of its assistance targets; in 2017, only 65% of the 86,000 staff in the early childhood centers received training and only 55% of the 1,430 centers received financial assistance.

### COMMUNITY CHILD DEVELOPMENT CENTERS: SPENDING DEVIATION FROM APPROVED AND REVISED BUDGETS,\* 2012-2018

| Year | Approved Budget<br><i>Argentine pesos</i> | Revised Budget<br><i>Argentine pesos</i> | Executed Budget<br><i>Argentine pesos</i> | Under-spending<br>relative to<br>approved | Under-spending<br>relative to revised |
|------|---|--|---|---|---------------------------------------|
| 2012 | 40,056,154                                | 41,052,420                               | 35,588,460                                | 11%                                       | 13%                                   |
| 2013 | 85,420,715                                | 113,533,646                              | 99,677,301                                | -   | 12%                                   |
| 2014 | 92,301,948                                | 133,482,199                              | 118,043,196                               | -   | 12%                                   |
| 2015 | 122,075,439                               | 130,761,388                              | 119,359,782                               | 2%  | 9%                                    |
| 2016 | 114,220,777                               | 1,188,678,712                            | 488,659,493                               | -   | 59%                                   |
| 2017 | 2,376,313,246                             | 905,810,876                              | 684,425,964                               | 71%                                       | 24%                                   |
| 2018 | 1,530,120,518                             | 887,614,936                              | 562,017,596                               | 63%                                       | 37%                                   |

\*Figures are adjusted for inflation. Source: Ministry of Finance in Argentina

## WERE EXPLANATIONS FOR THE DEVIATIONS FOUND IN GOVERNMENT REPORTS?

To some extent. The Report on Physical-Financial Execution explains deviations in the non-financial performance indicators. While these reasons may relate to why spending deviates from the program's budget, the link between deviations in non-financial indicators and budget execution is not explicit. The following reports were also reviewed, but did not contain reasons:

- *Enacted Budget*
- *Administrative Decision on the Distribution of Credits* – In Argentina, once the budget has been enacted by the legislature, the executive issues this document to approve the distribution of the budget and authorize spending.
- *Investment Account Report*
- *Audit Report on the Financial State of “Promotion and Assistance to Community Child Development Centers”*

## DID THE GOVERNMENT AGREE TO BE INTERVIEWED TO EXPLAIN FURTHER?

No, but responses to some formal information requests were received from the Ministry of Social Development and from the National Secretariat for Children, Adolescents and Families.

## WERE THE REASONS PROVIDED BY GOVERNMENT ADEQUATE?

Argentina is somewhat unique in that it does provide information in annual reports on the performance of nonfinancial targets at the level of programs like the one studied here. While this is laudable, the quality of these explanations varies. The specific reason(s) for underspending remains unclear in most cases. The explanations provided are also inadequate to explain variation in performance across targets. For example, in 2017, administrative delays reportedly led to the under-execution of performance goals, but this doesn't clarify why some goals were over-executed while others were under-executed. In addition, some reasons persist over time without any resolution or reduction in planned expenditure, leaving them wanting as explanations. For instance, if the budget is underspent every year (as was claimed from 2013 to 2015) due to delays in processing applications, at some point this problem should be resolved or the budget reduced to accommodate the process.

The responses to information requests claimed deviations were caused by a redesign to the program in 2017, which changed the activities and associated non-financial performance goals, and by reallocating funds from the program to other areas. The latter is not really an explanation: the decision to shift funds from this program to another is a description of what occurred, but not an explanation of why it happened.