



EXPLAINING BUDGET DEVIATION

A BUDGET CREDIBILITY SNAPSHOT

April 2019

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](#).

MEXICO: SPENDING ON SOCIAL DEVELOPMENT AND AGRICULTURE

In response to an economic downturn associated primarily with a fall in oil prices, former President Enrique Peña Nieto's administration introduced austerity measures that were meant to control public spending without compromising social security, education, programs that foster economic development, and other priority areas for the country.

BUDGET CREDIBILITY CHALLENGE

Despite this commitment, during the period from 2014 to 2017, certain social sector priorities were generally underspent while Mexico's total budget was consistently overspent. Institutions such as the Office of the Presidency of the Republic, the Wage and Economic Provisions branch (an opaque catch-all fund for transfers to state and municipal government), and the Secretariat of Energy benefited from adjustments made to increase their budgets, as did specific activities such as government advertising. On the other hand, key social and economic sector agency budgets, such as the Secretariats of Social Development and of Agriculture, Livestock, Rural Development, Fishing, and Food, were underspent. For example, in 2016, the Secretariat of Agriculture only spent 89 million pesos of its 95-million-peso budget, while the Secretariat of Energy spent 367 million pesos when its budget was approved at only 3 million pesos.

MEXICO – EXTENT OF DEVIATION FROM APPROVED BUDGET (%): SELECT BRANCHES AND TOTAL BUDGET

Budget branch	2014	2015	2016	2017
Agriculture, Livestock, Rural Development, Fishing, and Food	1%	-9%	-6%	-5%
Social Development	-5%	-2%	-3%	-6%
Energy	15%	20%	11,617%	157%
Office of the Presidency of the Republic	60%	55%	85%	101%
Wage and Economic Provisions	19%	61%	74%	194%
Total Budget	3%	7%	16%	7%

Source: Public Accounts

WERE EXPLANATIONS FOR THE DEVIATIONS FOUND IN GOVERNMENT REPORTS?

No. None of the following reports contained justifications for budget deviations:

- Enacted Budget
- Public Accounts
- Budget Expenditures of the Federation
- Trimester Reports
- Audit Reports

DID THE GOVERNMENT AGREE TO BE INTERVIEWED TO EXPLAIN FURTHER?

No. It was not possible to conduct interviews with government officials on the issues raised here.

WERE THE REASONS PROVIDED BY GOVERNMENT ADEQUATE?

No. No reasons were identified through published reports or interviews.