



BMF

**FEDERAL MINISTRY
OF FINANCE**

OECD-Review of Budgeting in Mexico

**Peer Review by Gerhard Steger
(MoF Austria)**

Impressive Results of Budget Reform in Mexico

- **Notable improvements in the health of public finances (improved fiscal balances)**
- **integral Fiscal Reform (2007) with an ambitious framework for performance budgeting and management**
- **not only on the federal level but also on the state level**
- **establishment of a framework for accrual accounting and harmonization of accounting and budget norms across all levels of government**

Questions to Mexico I: Fiscal Federalism Framework

- **Federal level allocates more than 29% of programmable expenditure to states**
- **Federal level provides 90 % of sub-national governments revenues**
- **Is there sufficient incentive for the sub-national governments to spend tax payers money carefully?**

Questions to Mexico II: Budgeting Process

- **Macroeconomic assumptions: MoF versus independent source?**
- **Top down-approach: Aggregate ceilings from the start?**
- **Within those aggregate ceilings: Discretion for line ministries to allocate?**
- **MTEF: Legally binding expenditure-ceilings with countercyclical elements?**
- **Volume of information: Is less more?**

Questions to Mexico III: Performance Budgeting I

- **Federal Audit Office (ASF):**
 - Evaluation through ASF instead of external consultants? (capacity-building, acceptance, price)
 - Integrating short recommendations of ASF in the relevant chapters of the budget?
- **MoF:**
 - Is strong involvement in PB functional? Should MoF concentrate more on steering of resources?
 - Performance evaluation unit: Role for ASF?
- **“The reform trinity”:** MOF & ASF & central institution for coordinating performance →
→ Coordinated alliance as „friends of the tax-payer“ with clear roles complementing each other?

Questions to Mexico IV: Performance Budgeting II

- **Making performance-information more relevant:**
 - **getting parliament more involved?**
 - informal advisory council for reform?
 - budget documents integrate the “budget trinity” (ASF, MoF, central institution), i.e. focussed information on resources, on performance, and on evaluation/audit
 - **getting the media involved: performance rankings by ASF or other independent institutions?**
 - **getting the public involved: more focussed budget documents?**
 - **getting public servants involved: awards for good performance?**
- **Is there any gender budgeting integrated in the Mexican performance budgeting system?**