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**COMMUNICATION**

**by**

**Mr Raúl GUZMÁN**
**Secretary General of the Senate of Chile**

**on**

**“Parliament’s framework and tools for efficiently scrutinising Government spending?”**

**Geneva Session**

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The budget bill is one of the most relevant laws discussed during the annual legislative year; which is debated in both chambers of the Chilean National Congress within a maximum period of 60 days. During this time, the proposal of the President of the Republic regarding the resources for the public sector for the upcoming fiscal year is reviewed.

It´s important to consider that, the fiscal budget is a tool for the efficient allocation of public resources, based on the objectives of the Executive branch.

How much is spent, how it is spent, and what it is spent on, reflects the priorities of a government. This spending prioritization is in itself a mechanism for allocating public resources.

In Chile, the budgetary legal framework is defined by the Constitution of the Republic. And in thus, the powers and faculties of the legislative branch during the processing of the budget bill have two mayor implications.

Firstly, budgetary matters are exclusively initiated by the President of the Republic, limiting the Congress's powers to approve or reject what the Executive branch proposes regarding expenditures. In practice, it implies that parliamentarians are not able to propose amendments that involve expenditure, change its purpose or scope, expand or restrict benefits, or create new public services or jobs.

Secondly, the Congress cannot increase or decrease revenue estimates; it can only reduce spending.

Considering the legal framework arising from the Constitution when discussing and approving the budget law in Chile, the Congress has very limited capacities to modify the bill. However, the system heavily relay on the importance of reaching agreements to approve the budget law within the established deadline.

Precisely due to the need to provide specialized technical advice on budgetary and fiscal matters to the parliamentary community (Senators, Deputies, and the Library of Congress), and the citizenry as a whole, is that the Senate has a Budget Information, Analysis, and Advisory Office, created by Resolution in 2021, where the most relevant tasks are:

1. Participate in the process of discussion and approval of the Budget bill, through technical assistance to each of the Budget Subcommittees, and as technical counterpart to the Government Budget Office;
2. Provide periodic information on the progress of the budget execution, as well as the publication of reports;
3. Systematize the documents sent by the Executive to the Special Joint Budget Committee, analyze and publish the status of compliance with the information obligations imposed on the Institutions contemplated in the Budget Law;
4. Prepare and publish reports according to the data provided by the Executive;
5. Analyze and report on the modifications made by the Ministry of Finance to the Budget Law during the year, regarding figures, clauses, and wording;
6. Prepare thematic reports related to monitoring and analysis of various public policy actions that can be identified and analyzed through budgetary information.

Due to the functions of the Office, it actively participates in the process of discussion and approval of the budget law, supporting ~~the~~ parliamentarians, and coordinating with the Executive the modification of the bill. Additionally, participatesduring the budget execution and evaluation phases of the budgetary cycle, where it not only reports on spending progress, but also has the mission to inform on the progress of compliance with the regulatory commitments agreed upon in the budget law and that fall on the different state agencies. Monitoring the expenditure trends and reporting on commitments agreed upon, is a key information input for maintaining and encouraging fiscal responsibility.

Now, the Office does not participate in the budget formulation phase of the Senate, as the operation and request for fiscal resources fall directly under the Secretary-General, head of the Corporation's service. Consequently, the National Congress is not exempt from the budget process. Not only must we execute the allocated budget every month, but we must also request the resources in the budget formulation process, as well as participate in defending fiscal funds during discussion and approval in Congress.

Being an active part of the budget cycle, invites us to be an example of transparency and good practices. In this regard, I want to highlight that last December, the new law that modernizes public procurement was published, aiming to improve the quality of public spending, increase standards of probity and transparency, and introduce principles of circular economy into government procurement. With this legal modification, the Congress must make its acquisitions under the rules established in the law. However, the Senate had previously adhered to the new requirements, so the legal change only transparent the proper use of public resources handled. Instances like these demonstrate that we are not exempt from continuous improvement. What we need is action.

In concluding this presentation, I would like to close with an important budgetary challenge we face. While there are many challenges, I would like to focus on one in particular that, due to the subject matter of this presentation, is relevant to share, which is the need to substantially modernize the current Budget Information, Analysis, and Advisory Office.

There were two events that challenged the role of this Office. On the one hand, our country underwent a constitutional change process. Although the citizens decided not to make changes to the current legislation, there was agreement on the need for modifications to the parliament budgetary office. Additionally, and in response to a significant corruption case, the Executive convened experts, who also agreed on the importance of substantive changes to this Office; in fact, the Minister of Finance recently asked us to submit our observations on how we can continue to progress.

Beyond the specific changes required in this matter, which would warrant another debate, it is worth noticing the recognition of transparency in the use of public resources and the work of the parliament budgetary office is something that is highlighted in our country. There is consensus that the Office should expand, strengthen, and maintain its work and rigor. I emphasize above all that this is a cross-sectional conviction among the legislative, executive, and general citizenry.