

HIGH-LEVEL PRINCIPLES OF FISCAL TRANSPARENCY

According to GIFT

How Brazil is Improving Fiscal Transparency: Under Perspective of the GIFT Principles

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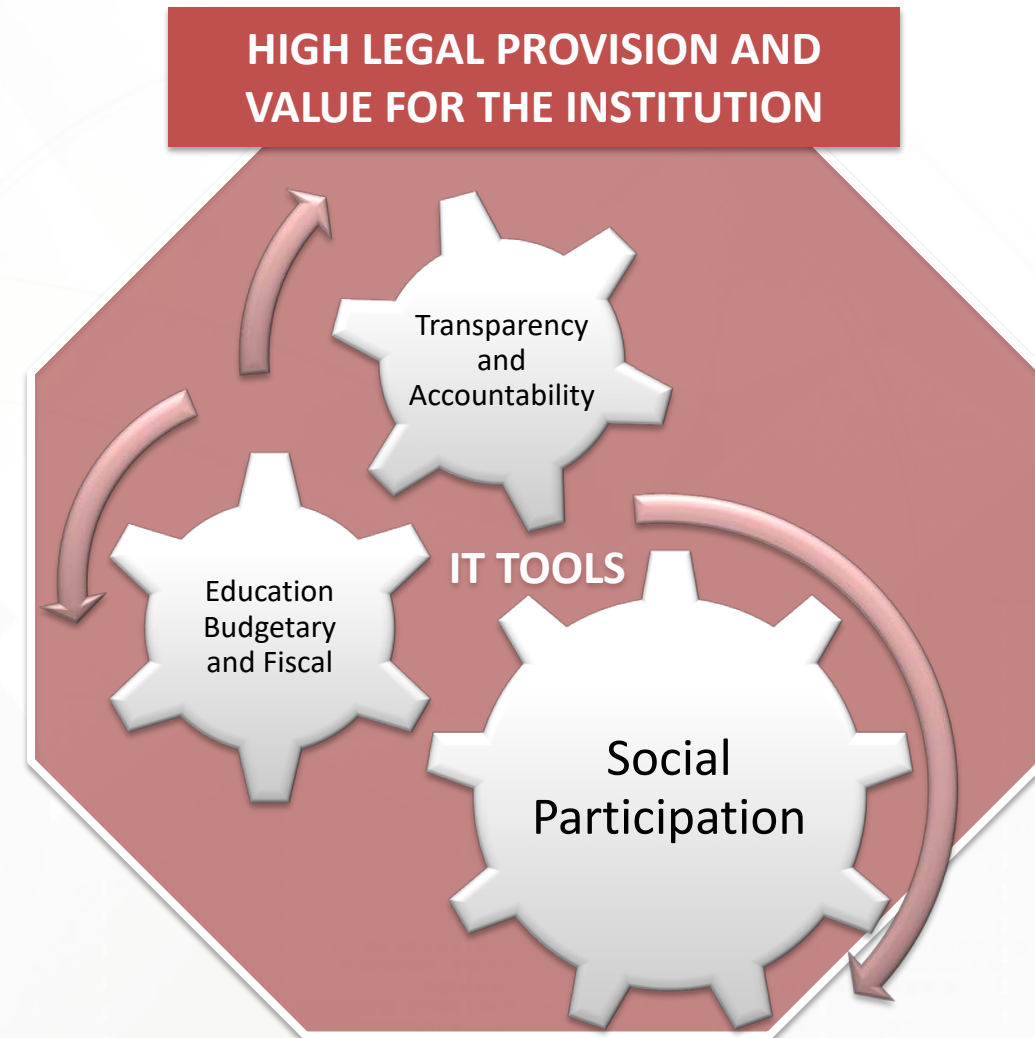
Deputy Secretary of Institutional Relationship

Federal Budget Secretariat

Ministry of Planning, Development and Management

GIFT PRINCIPLES

GIFT declares 10 High-Level Principles to guide policy makers and all other stakeholders in fiscal policy in their efforts to improve fiscal transparency, participation and accountability and to help promote improvements in the coverage, consistency and coherence of the existing standards and norms for fiscal transparency.



GIFT PRINCIPLES

- 1 Everyone has the right to seek, receive and impart information on fiscal policies
- 2 Governments should publish clear and measurable objectives for aggregate fiscal policy
- 3 The public should be presented with high quality financial and non-financial information
- 4 Governments should communicate the objectives and the outputs
- 5 All financial transactions of the public sector should have their basis in law
- 6 The Government sector should be clearly defined and financial relationships with the private sector disclosed
- 7 Roles and responsibilities for managing public resources should be clearly assigned in legislation
- 8 The authority to raise taxes and incur expenditure should be vested in the legislature
- 9 The Supreme Audit Institution should have statutory independence from the executive
- 10 Citizens should participate directly in public debate over the design and implementation of fiscal policies

PRINCIPLE 1: Everyone has the right to seek, receive and impart information on fiscal policies

Federal Constitution of 1988

Art. 5th, XXXIII - everyone has the right to receive from the public agencies information of their particular interest, or of collective or general interest, which shall be provided within the term of the law, under penalty of responsibility, except those whose secrecy is indispensable to the security of society and the State;

Law 12,527/2011 - Information Access Law

All information produced or under the protection of the public authority is public and therefore accessible to all citizens, with the exception of personal information and secrecy hypotheses legally established.

Principles:

- Access is the rule, secrecy is the exception (maximum disclosure)
- Applicant need not declare why and for what information is (not motivation requirement)
- Hypotheses of secrecy are limited and legally established (limitation of exceptions)
- Free provision of information, except for the cost of reproduction (free information)
- Proactive disclosure of information of collective and general interest (active transparency)
- Procedures and deadlines that facilitate access to information (passive transparency)

PRINCIPLE 1: Everyone has the right to seek, receive and impart information on fiscal policies

Citizen Budget

Simplified version of the Annual Budget Proposal, to make budget information accessible to the public

<http://www.planejamento.gov.br/assuntos/orcamento-1/orcamentos-anuais/2018/ploa-2018/orcamento-cidadao.pdf/view>

Citizen Multiyear Plan

Aims to allow any citizen to easily consult the details of the Government Multiyear Plan, available in web format

<https://ppacidadao.planejamento.gov.br/sitioPPA/paginas/todo-ppa/metas-iniciativas.xhtml?objetivo=0260&ep=1>

Virtual Government School Portal

Courses on-line on budget and finances

<https://evg.gov.br/catalogo#inicio-listagem-cursos>

PRINCIPLE 1: Everyone has the right to seek, receive and impart information on fiscal policies

Budget Panel

Provides free queries to budget data and reports

<https://www1.siop.planejamento.gov.br/painelacessopublico/>

Transparent Treasure Portal

The portal works as a large database of Brazilian public finances, serving not only the public familiar with fiscal issues, but also sectors of society that wish to know more about the subject

<http://www.tesourotransparente.gov.br/>

Brazilian Open Data Portal

Provides open data on the most varied topics of public administration, for example, data on supplementary health, transport system, public safety, education indicators, government expenditures, electoral process and others

<http://dados.gov.br/>

Budget Open Data

Federal budget data available in RDF format:

https://www1.siop.planejamento.gov.br/siopdoc/doku.php/aceso_publico:dados_abertos

PRINCIPLE 2: Governments should publish clear and measurable objectives for aggregate fiscal policy

Documents on government objectives

Fiscal Targets Annex – Annex IV in Budget Guidance Law (annually) Medium Term Fiscal Framework

Establishes annually primary result targets and the macroeconomic scenario for 3 years, in terms of GDP, inflation, interest and exchange rates, and the goal and strategy of fiscal policy

<http://www.planejamento.gov.br/assuntos/orcamento-1/orcamentos-anuais/2019/pldo/anexo-iv-1-metas-fiscais.docx>

The primary result target for 2018 is a deficit target in R\$ 159 bi (US\$ 47 bi)

Annex VI in Budget Guidance Law – annually

Establishes objectives for the monetary, the credit and the foreign exchange policies

<http://www.planejamento.gov.br/assuntos/orcamento-1/orcamentos-anuais/2019/pldo/anexo-vi-objetivos-das-politicas-monetaria-crediticia-e-cambial.docx>

Presidential Message in Annual Budget Proposal – annually

Describes the government economic policy in Fiscal Consolidation; the macroeconomic forecasts for 3 years, the fiscal policy and scenario management for 2 years and the evaluation of the financing needs of the Central Government

<http://www.planejamento.gov.br/assuntos/orcamento-1/orcamentos-anuais/2018/orcamento-anual-de-2018>

PRINCIPLE 2: Governments should publish clear and measurable objectives for aggregate fiscal policy

Government regular reports

Structural Fiscal Result Report (Economic Policy Secretariat) – annually

Shows the official fiscal result adjusted by cyclical factors and non-recurring events, according to international best practices. The report is based on the fiscal statistics of the Union (federal government), States and Municipalities

<http://www.fazenda.gov.br/centrais-de-conteudos/publicacoes/transparencia-fiscal>

Report on Federal Public Debt (Treasury Secretariat) – annually

Presents the results and main achievements in debt management over the previous year, based on the guidelines and targets outlined in the Annual Financing Plan

<https://www.tesouro.fazenda.gov.br/relatorio-anual-da-divida>

Evaluation Report of Compliance with Fiscal Targets (Treasury Secretariat) – quarterly

Aims monitor and publicize compliance with the fiscal targets, focusing on the primary result

http://www.tesouro.fazenda.gov.br/pt_PT/relatorio-de-cumprimento-de-metas

PRINCIPLE 2: Governments should publish clear and measurable objectives for aggregate fiscal policy

Government regular reports

Fiscal Management Report (Treasury Secretariat) – quarterly

Aims monitor and publicize compliance with the limits established in Fiscal Responsibility Law: total personnel expenditure, consolidated debt, granting of guarantees, credit operations

<http://www.tesouro.fazenda.gov.br/demonstrativos-fiscais>

Evaluation Report of Revenues and Expenditures (Federal Budget Secretariat) – bimonthly

It's a tool to synchronize the government expenditures according to the revenue collection

Defines the need to limit expenditure during the year, in order to achieve the primary result target

<http://www.planejamento.gov.br/assuntos/orcamento-1/informacoes-orcamentarias/relatorios-de-avaliacao-fiscal>

Summary Report on Budget Execution (Treasury Secretariat) – monthly

Includes the budget balance sheet and execution demonstration of revenue and expenditure, by categories

<http://www.tesouro.fazenda.gov.br/demonstrativos-fiscais>

PRINCIPLE 3: The public should be presented with high quality financial and non-financial information

Fiscal Risks Annex in Budget Guidance Law – annually

Establishes annually assessment of contingent liabilities and other risks which may affect public accounts

<http://www.planejamento.gov.br/assuntos/orcamento-1/orcamentos-anuais/2018/orcamento-anual-de-2018>

Fiscal Follow-Up Report (Independent Fiscal Institution) – monthly

Conjunctural assessments and updates to the scenarios, based on assumptions for the budgetary parameters, such as GDP, inflation and interest rates. Presents trajectories for fiscal indicators, such as the primary result and gross debt

<https://www12.senado.leg.br/ifi/en/publicacoes-1/relatorio>

PRINCIPLE 4: Governments should communicate the objectives and the outputs

Evaluation Reports of Multiyear Plan (Planning Secretariat – Ministry of Planning)

Analyses annually the outcomes of the implementation of the public policies defined in the Multiyear Plan

The Multiyear Plan is a medium-term plan for the government's objectives and goals, over a 4 year period

<http://www.planejamento.gov.br/assuntos/planeja/plano-plurianual>

Presidential Message in Annual Budget Proposal (Ministry of Planning)

The Presidential Message for 2018 presented objectives on health, education and the investments in infrastructure

<http://www.planejamento.gov.br/assuntos/orcamento-1/orcamentos-anuais/2018/orcamento-anual-de-2018#LOA>

Message to the National Congress (Presidency)

Presents the objectives of the President for the areas of the government, at the beginning of the legislature

<http://www2.planalto.gov.br/acompanhe-planalto/mensagem-ao-congresso/mensagem-ao-congresso-nacional-2018.pdf/view>

PRINCIPLE 5: All financial transactions of the public sector should have their basis in law

Federal Constitution of 1988

Regulates public finances and the budgets – Title VI, Chapter II

Establishes a law on public debt, granting of guarantees, public debt securities, financial supervision, foreign exchange operations, official credit institutions

Law 4,320/1964

Rules on public finances for elaboration and control of the budgets and balance sheets

Complementary Law 101/2000 – Fiscal Responsibility Law

Rules on public finances focused on fiscal management responsibility

Law 8,666/1993

Rules for public bids and procurement

PRINCIPLE 6: The Government sector should be clearly defined and financial relationships with the private sector disclosed

Federal Constitution of 1988

Regulates public administration – Title IV, Chapter VII

Regulates the organization of the three branches (Legislature, Executive and Judiciary) – Title IV, Chapter I

Law 13,019/2014 - Regulatory Framework of Civil Society Organizations (MROSC)

Legal framework for partnerships between public administration and civil society organizations for the achievement of public and reciprocal interests

Law 9,637/1998 and Law 9,790/1999

Social Organizations: private legal entities, non-profit, working on education, scientific research, technological development, environment protection and preservation, culture and health. Civil Society Organizations of Public Interest: private legal entities, non-profit, in operation for three years at least, with social objectives

Complementary Law 101/2000 – Fiscal Responsibility Law – Chapter VI

Regulates the destination of public resources for the private sector

Law 8,666/1993

Rules for public bids and procurement

PRINCIPLE 7: Roles and responsibilities for managing public resources should be clearly assigned in legislation

Decree # 9.169/2017

Budget Execution Committee

Collegiate body of direct advice to the President of the Republic in the conduct of the fiscal policy of the Federal Government, in order to the balance of the management of public resources, the reduction of uncertainties in the economic environment and the intertemporal sustainability of public indebtedness

Decree # 9,230/2017 and Draft of Law 9,163/2017

Governance policy of the federal public administration, autarchic and foundational

Objects: articulate institutions and coordinate processes to improve integration between the different levels and sector, in order to generate, preserve and deliver public value; to incorporate high standards of conduct by senior management to guide the behavior of public agents, in line with the functions and attributions of its organs and entities; implement internal controls based on risk management, which will focus on strategic prevention actions before sanctioning processes; evaluate proposals for the creation, expansion or improvement of public policies and the granting of tax incentives and, whenever possible, assess their costs and benefits, etc.

PRINCIPLE 8: The authority to raise taxes and incur expenditure should be vested in the legislature

Federal Constitution of 1988

Regulates tax system – Title VI, Chapter I

Regulates public finances and the budgets – Title VI, Chapter II

Law 4,320/1964 – Chapter II and III

Classifies public expenditure and public revenue

Complementary Law 101/2000 – Fiscal Responsibility Law – Chapter III and IV

Regulates public expenditure and public revenue (forecasting, collection and renounce)

Law 5,172/1966 – National Tax Code

Regulates the National Tax System and establishes general rules for tax law (income, wealth and economic activity taxes)

PRINCIPLE 9: The Supreme Audit Institution should have statutory independence from the executive

Federal Constitution of 1988

Regulates accounting, financial and budgetary oversight – Title IV, Chapter I, Section IX

Guarantees independence for the Court of Accounts

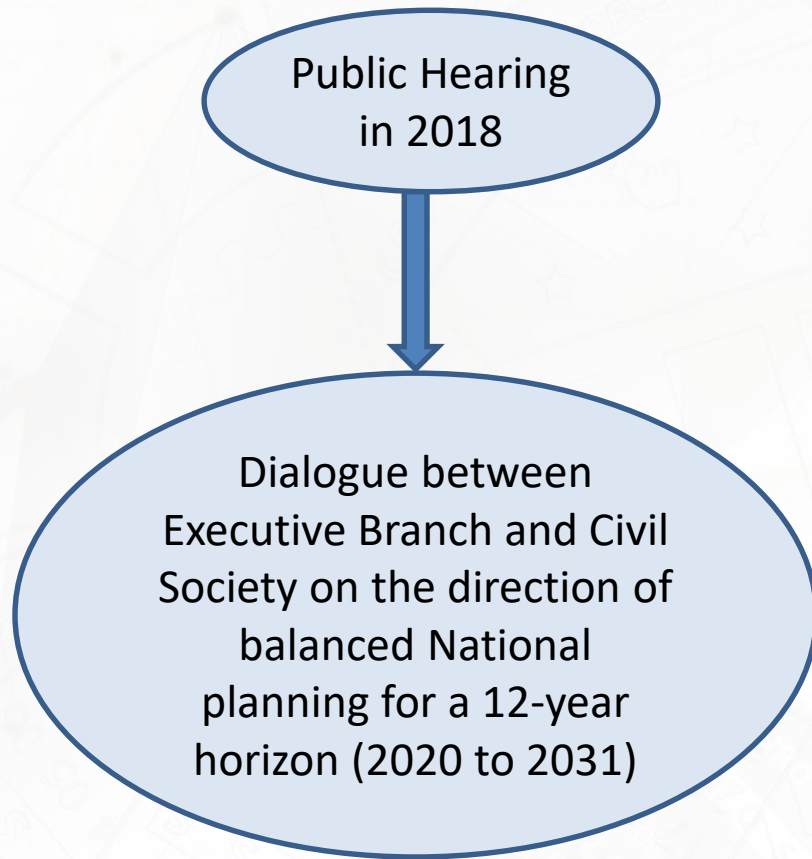
The Court of Accounts assists the National Congress in the supervision of the Executive branch in legal, financial, budgetary, operational and patrimonial issues

Complementary Law 101/2000 – Fiscal Responsibility Law (FRL) – Chapter IX

The Court of Accounts shall supervise compliance with the FRL and analyses the accountability report of the Executive Branch

The Brazilian Federal Court of Accounts (TCU) is a founding member of the International Organization of Supreme Audit Institutions – INTOSAI

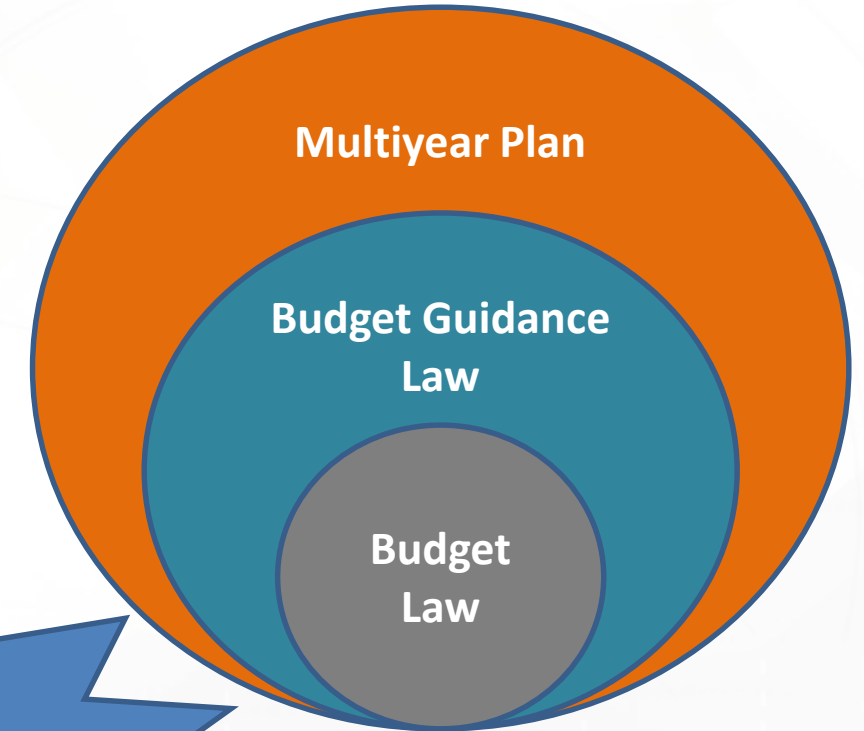
PRINCIPLE 10: Citizens should participate directly in public debate over the design and implementation of fiscal policies



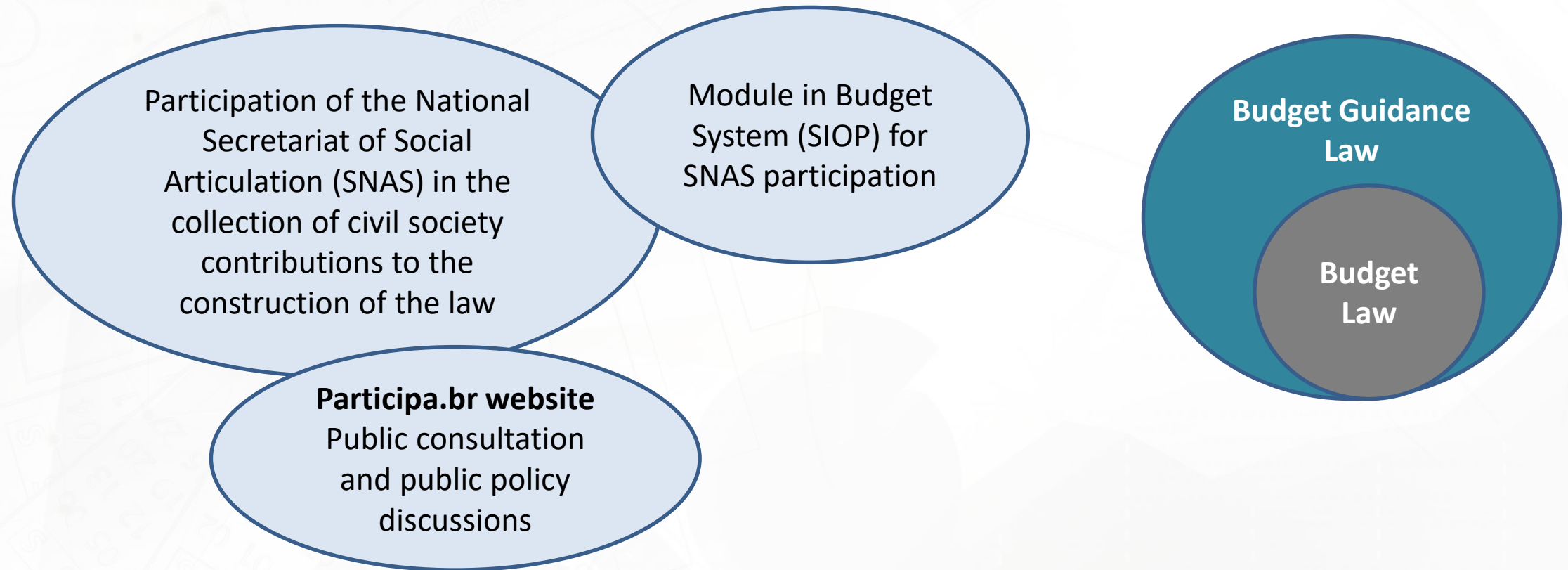
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The Multiyear Plan (2012-2015 and 2016-2019) increased the process of social consultation, involving directly the Ministries.

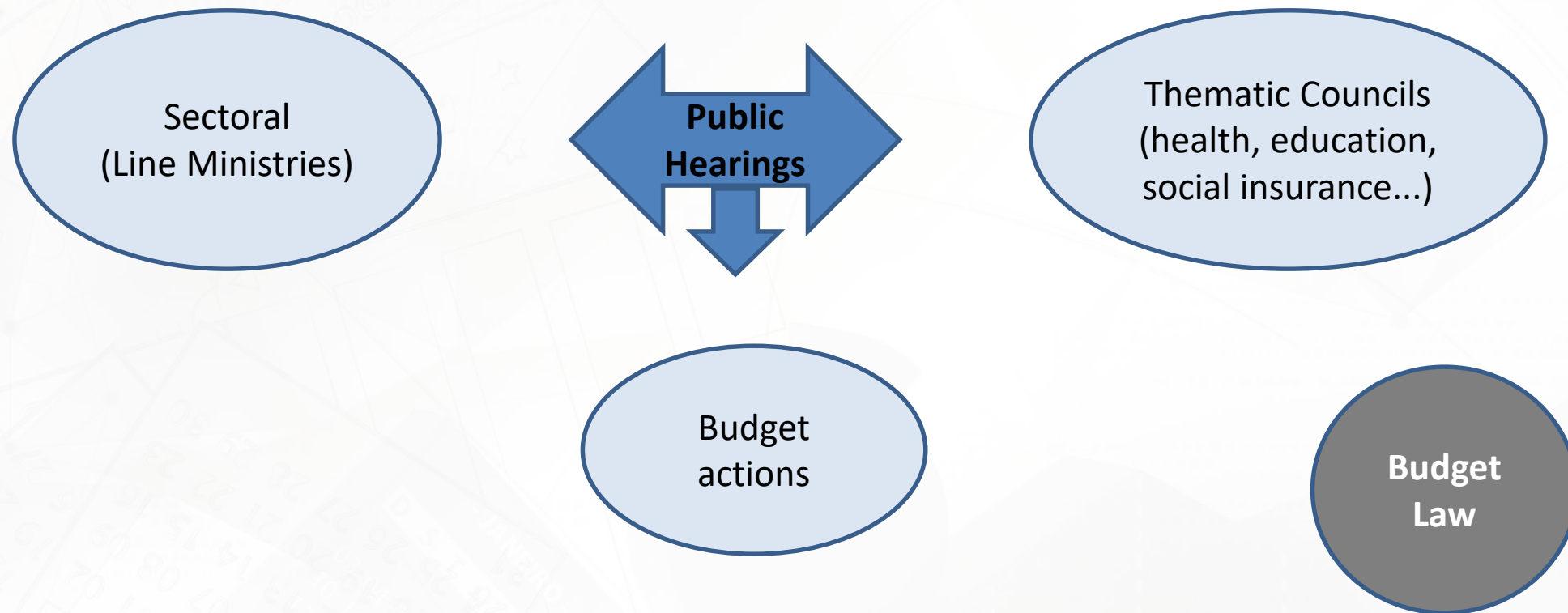
Existence of Inter-council Forums that bring together representatives of civil society to collaborate in the elaboration and monitoring of the implementation of the Multiyear Plan



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Thank you!

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