

September 15th, 2020

Autonomous Fiscal Council presents its bi-annual report to Congress

Santiago, September 15th, 2020.

The Autonomous Fiscal Council (CFA) presented its bi-annual report to Congress on Monday September 14th.¹ In its report ([available in Spanish here](#)), the CFA claimed that the transitory deviations from the structural consolidation path outlined by Decree in March are justified due to the COVID-19 shock. That being said, the CFA outlined the importance of fiscal consolidation in the aftermath of the pandemic, and as such, supported the transitory and flexible nature of the fiscal measures being implemented to support firms and households.

In line with the CFA's suggestion to complement Chile's fiscal structural balance rule, the Minister of Finance recently requested the Council for a report on international experiences with fiscal rules that include medium and/or long-term anchors for gross and/or net public debt, its implications for the determination of structural balance targets, and the institutional mechanisms to ensure their compliance. This request also includes the study of escape clauses for the execution of the structural balance rule, as well as the mechanisms to correct transitory deviations from fiscal objectives.

2021 Budget to be Presented by the end of September 2020

As required by Law, the Ministry of Finance will submit the 2021 national budget to Congress by the end of September, along with the updated quarterly macro-fiscal forecasts. Separately, as announced in June, a new decree outlining the structural fiscal consolidation path ahead will also be published.

Recent Improvements to Chile's Fiscal Institutional Framework

Further strengthening the fiscal institutional framework is one of the Government of Chile's priorities. Since 2018, the government created the Autonomous Fiscal Council, which builds on the previous Advisory Fiscal Council, but with legal independence, its own financial resources, and a broader mandate. In addition, the Budget Office began publishing macro-fiscal forecasts on a quarterly basis, in line with international best practice. The executive has inaugurated an open budget initiative that allows citizens to review State procurement providers and purchases through an online platform (Presupuesto Abierto). More recently the Government has made significant efforts to improve the efficiency of spending.

¹ According to article 2 of Law 21.148, the Autonomous Fiscal Council must present to the Budget Committee of both Chambers of Congress twice a year, in April and September.