



INTERNATIONAL BUDGET PARTNERSHIP  
Open Budgets. Transform Lives.

## 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](#).

## PARAGUAY: CHILD NUTRITION

In 2014, the government of Paraguay created the School Feeding Program (PAEP in Spanish) to provide nutritious food to primary and secondary students in the form of snacks and lunches, with the aim of promoting healthier lifestyles and improving school attendance and performance. PAEP is administered by central and regional government institutions. While the coverage of the program has improved steadily in recent years, there are still many students who do not benefit. In 2017, just 70 percent of registered students received a snack, and only 31 percent received a lunch meal.

### BUDGET CREDIBILITY CHALLENGE

PAEP has been underspent in recent years. While the overall budget execution has improved from 88 percent in 2014 to 92 percent in 2017, the overall execution figure masks considerable variation at the regional level. In 2017, two regions remained below 80 percent execution; in Guaira, the execution rate was barely above 50 percent. The budget for the program is also not adequate to meet the needs, demonstrated by the fact that certain regions with high levels of budget execution have low coverage rates in terms of the number of students receiving food or the number of school days in which food is provided. For example, in 2017, the Governorship of Cordillera spent 100 percent of its budget yet provided school lunches for only 71 percent of school days.

## BUDGET EXECUTION RATE OF SCHOOL MEALS PROGRAM IN PARAGUAY, BY REGION

Subnational Government	Executed / approved budget (%)			
	2014	2015	2016	2017
Asunción (MEC)	95%	83%	98%	92%
Concepcion	95%	100%	95%	96%
San Pedro	91%	85%	80%	97%
Cordillera	99%	76%	100%	100%
Guaira	92%	89%	84%	51%
Caaguazu	96%	99%	98%	86%
Caazapa	95%	83%	100%	97%
Itapua	82%	91%	79%	93%
Misiones	59%	83%	80%	100%
Paraguari	89%	99%	100%	98%
Alto Parana	87%	90%	95%	97%
Central	92%	87%	97%	91%
Ñeembucu	70%	71%	90%	98%
Amambay	92%	83%	96%	95%
Canindeyu	77%	98%	100%	92%
Presidente Hayes	74%	81%	87%	92%
Boqueron	70%	68%	0%	76%
Alto Paraguay	42%	91%	80%	94%
<b>Total Average</b>	<b>88%</b>	<b>87%</b>	<b>91%</b>	<b>92%</b>

Source: Ministry of Finance BOOST data

## WERE EXPLANATIONS FOR THE DEVIATIONS FOUND IN GOVERNMENT REPORTS?

To a limited extent. The only published reasons came from two governorships (Itapua and Canindeyu) via their 2017 Annual Financial Report on Public Management. Itapua blamed the under-spending on low matriculation and school closures. Canindeyu blamed central government bureaucracy for poor execution. The following additional reports were reviewed, but contained no reasons:

- Financial Control and Budget Execution reports by the Ministry of Finance
- 2018 evaluation report of PAEP by the Technical Unit of the Social Cabinet
- Evaluation of the Design and Management of the Provision of School Meals for 2017 by the Ministry of Finance
- Public Finance Reports by the Ministry of Finance
- Financial Audit Report on the Ministry of Education and Sciences for Fiscal Year 2017
- Annual Audit Reports for each regional government

## DID THE GOVERNMENT AGREE TO BE INTERVIEWED TO EXPLAIN FURTHER?

No. The researcher submitted information requests to 11 of the 16 regional governments. Of these, only five responded, of which four denied the under-spending. The government that did reply, San Pedro, faulted the inefficiency of the national procurement agency.

## WERE THE REASONS PROVIDED BY GOVERNMENT ADEQUATE?

Neither the published nor the unpublished reasons were wholly adequate. Itapua claimed that low matriculation and school closures affected execution, but this explanation is insufficient given that there were still coverage gaps. Canindeyu and San Pedro blame central government bureaucracy, but this reason is unable to explain why other regions, subject to the same national bureaucracy, have higher execution rates (and that even these same regions have higher rates in some years). Overall, it is unclear why there is high variation in execution rates over time and across the country.