


# African Network of Parliamentary Budget Offices Conferences

International developments in fiscal  
institutions – and expectations for fiscal  
oversight

16-17 August 2017

Cape Town



Fiscal institutions can assist members of parliament (MPs) to understand how the budget is put together, the broad fiscal challenges facing government and expenditure control and budgetary tradeoffs that affect present and future spending. Since the national budget has typically been dictated by the executive, parliamentary budget offices provide MPs and committees with the capacity to contribute to the budget process, exercise budgetary oversight and hold the executive accountable for spending and policy initiatives

**Anderson, 2008; Wehner, 2008; Pelizzo and Stapenhurst, 2004; Santiso, 2006**

*The case for a non-partisan fiscal institution rests on the assumption that legislatures need a source of information and analysis independent from the executive in order to effectively execute its accountability and oversight functions.*



# Four core functions

1. Offer economic forecasts that are independent from the executive branch.
2. Make baseline estimates of revenues and expenditures based on current laws.
3. Develop budget projections beyond a single year.
4. Examine proposals for new programs and do policy briefs for existing programs.

*A list of aspirations for a new fiscal institution*

*Contributes to strengthening the hand of parliament in its negotiations with the executive*

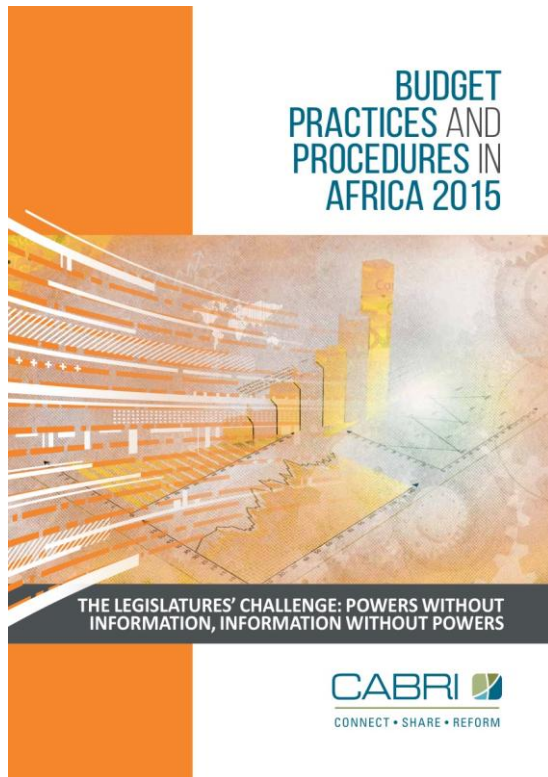


# 'Principles' for fiscal institutions

(as they apply to OECD countries)

- Local ownership, aligned with political context
- Independence and non-partisanship
- Mandate defined in legislation
- Adequate resources - commensurate with mandate
- Relationship with the legislature – defined in legislation
- Access to information
  - Full access to relevant information in a timely manner
- Transparency
- Effective communication with civil society, media, and other stakeholders
  - Influence in fiscal policy making is persuasive, rather than coercive
- External evaluations of FI work

# Access to information...



- Access to information,
- From tabling to approval,
- Improved frequency in fiscal reporting

# Access to information

Information	No. of countries
Main macroeconomic assumptions	21
Fiscal policy objectives for the medium-term	18
Medium-term budget framework, covering at least total revenues, total expenditures and financing for central government	14
Medium term budget framework, covering at least total revenues, total expenditures and financing for general government	10
Non-financial performance targets for programmes and/or agencies	10
Estimates of the cost of new policies proposed in the budget	10
Fiscal sensitivity analysis of the macroeconomic assumptions	10
Comprehensive table of tax expenditures	8

# From tabling to approval

Duration	No. of countries	Countries
4 months	1	South Africa
3 to 4 months	2	Burkina Faso, Comoros
2 to 3 months	3	Benin, Guinea, Namibia
1 to 2 months	9	Central African Republic, Côte d'Ivoire; Kenya, Lesotho, Mauritius, Niger, Sierra Leone, Tunisia, Zanzibar
A month or less	7	Botswana, Burundi, Ghana, Madagascar, Seychelles, The Gambia, Uganda

# Improved frequency in fiscal reporting

	<b>Monthly</b>	<b>Quarterly</b>	<b>Every 6 months</b>	<b>Annually</b>
2015	7 (Ghana, Guinea, Lesotho, Madagascar, Sierra Leone, South Africa, Tunisia)	4 (Benin, Burkina Faso, Kenya, Mali)	2 (Ghana, Uganda)	1 (Namibia)
2008	4 (Botswana, Burkina Faso, South Africa, Tunisia)	5 (Benin, Kenya, Madagascar, Mali, Sierra Leone)	3 (Ghana, Guinea, Uganda)	2 (Lesotho, Namibia)





## Additional information in report

- Amendment powers
- Institutional capacity of fiscal institutions
- Transparency across the budget cycle

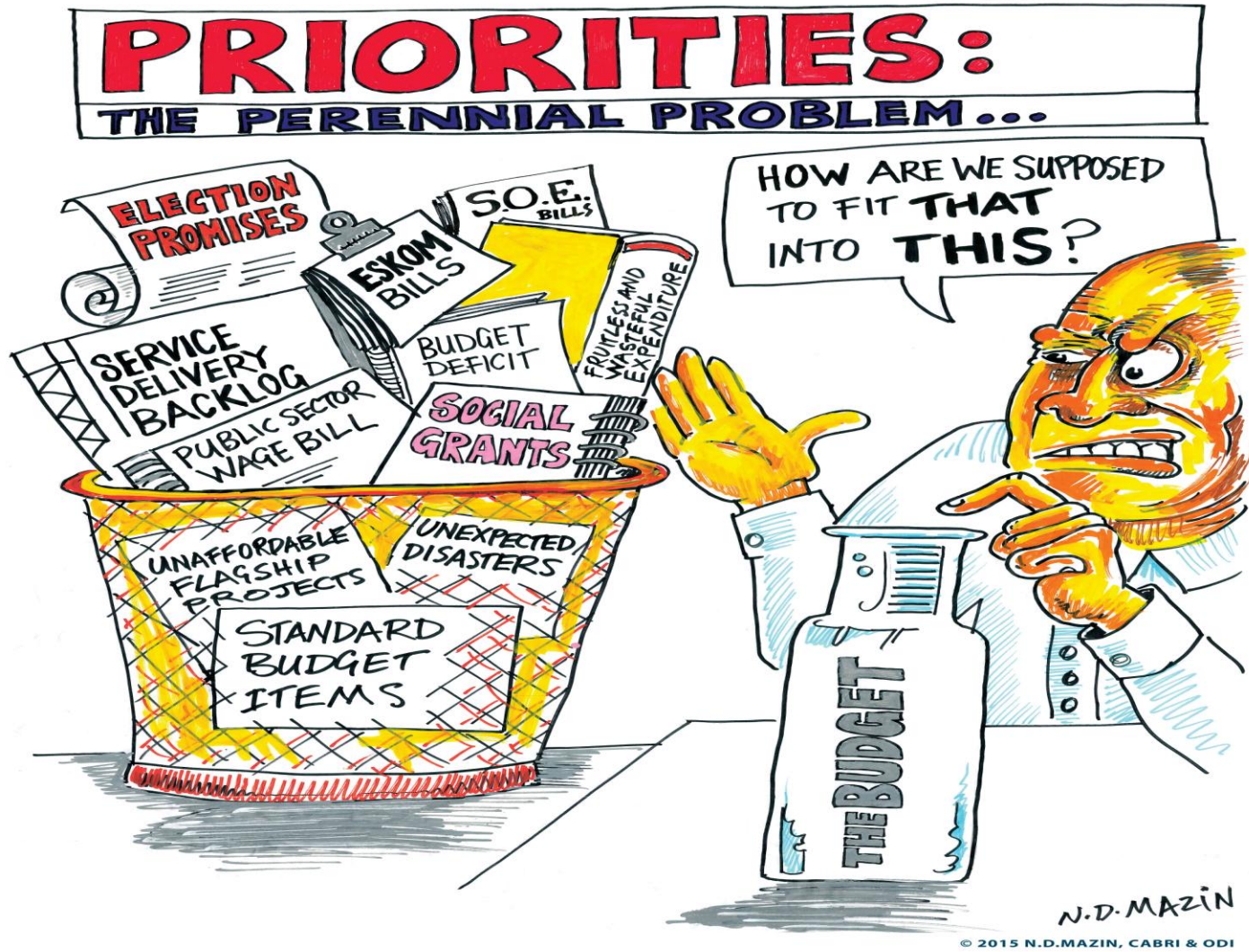
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path in Africa

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# Common budget challenge



# Common reforms intended to improve public finance management

Budget Formulation	Budget Approval	Budget Execution	Budget Evaluation
MTEFs	Increased capacity and resources	Treasury Single Accounts	Accounting and reporting reforms
Fiscal Rules	PBOs	IFMIS	External audit and accountability
Budget process improvements	Amendment powers	Procurement	
Programme & Performance Budgeting		Internal audit	

# Impact of reforms

- Changed the form of the many systems, but have had very little impact on functionality
- Some basic PFM problems persist:
  - High virements “misallocation of budget”
  - Cash-management capability gaps
  - Public debt management capability gaps
  - Weak appraisal of infrastructure investments
  - Deficiencies in service delivery
  - Worrying trends in Debt/GDP ratios
  - Worrying lag in audits

# What should a functional finance system achieve

## Prudent fiscal decisions

- Spending decisions are affordable
- Public debt is taken seriously
- Deficits, debts, obligations are sustainable

## Credible budgets

- Budgets are comprehensive and reflects promises
- Binding expression of priorities and plans
- Revenue collection reflects proposals and forecasts

## Reliable and efficient resource flows and transactions

- Cash is provided to spending agencies, when agreed and in agreed amounts
- Salaries paid on time
- Goods/services procured when planned – quality and price
- Contracts paid on time
- Financing for capex when agreed and agreed amounts

## Institutional accountability

- Funds flow can be tracked to service delivery units
- Financial reports are comprehensive, timely, allow comparison between actual and planned expenditure is accessible
- Independent assurance of value for money

Thank you