

## **REPORT: TRAINING ON BUDGETARY OVERSIGHT**

### ***“Parliaments and Financial Oversight: Tools and Mechanisms for Optimum Budget Analysis”***

**July 26-30, 2010, Accra, Ghana**

#### **1. BACKGROUND/INTRODUCTION**

The extent to which parliaments and parliamentarians are able to carry out their legislative, oversight and representative functions in ways that engender good governance values of accountability, transparency and participation is of paramount importance. The budget process – preparation, approval, implementation, monitoring and evaluation – is a key component of parliaments and parliamentarians’ functions. This is because government budgets are about the allocation of scarce resources that affect the lives of the citizenry who parliamentarians in a democratic state represent. It is therefore important that parliamentarians are equipped with the necessary tools to perform their role in the budget process, particularly, understanding the significant issues in the budget process that are of direct relevance to the citizenry.

The July 26-30, 2010, budget training workshop which took place in Accra, Ghana, is part of an ongoing training programs organized by Parliamentary Centre in partnership with the Austrian Development Agency (ADA) for Legislators and Parliamentary Committee Staff across Africa. The theme of the workshop was ***“Parliaments and Financial Oversight: Tools and Mechanisms for Optimum Budget Analysis”***

The twelve participants (12) in the Budget Oversight workshop came from Ghana, the host country, Malawi and Zimbabwe. Botswana was slated to send four representatives comprising three MPs and one parliamentary staff like the other countries but because of conflicting schedules, the representatives from Botswana were unable to participate in the training workshop. Of the 12 participants, four (4) of them were women and eight (8) men. The four women representatives were made of two members of parliament and two parliamentary staff. The project coordinator of ADA from the Ottawa office, Ricardo Lesperance was also present. See attached participants list and training programme, appendix A and B respectively.

## 2. OBJECTIVES

The objectives of the training workshop were to:

- Strengthen the capacity of parliamentarians and parliamentary staff to perform their financial oversight function effectively and efficiently.
- Equip participants with tools with which to undertake critical analysis of government budgets with pro-poor and gender sensitive lenses.
- It also aimed to provide the platform for members to interact and share country experiences and best practices.

## 3. WORKSHOP SUMMARY

*The following were the expectations of participants:*

- To understand what constitutes a pro-poor budget
- Understanding gender sensitive budgeting
- Able to formulate and monitor income and expenditure as per the budget
- Comprehend critical elements of a national budget
- Understand how gender equity issues are promoted within the context of the national budget
- Gain understanding of the budget process in other countries
- Understand and appreciate the financial oversight role of Parliamentarians
- Gain insight into how HIV/AIDS is addressed in the budget

*Summary of the modules for the training program:*

- Understanding National Budgets
- The Role of Parliament in the Budget process
- Analyzing Government Budget statements: Gender Equity Issues
- Parliament and the Revenue side of the budget
- Analyzing Government Budget statement, how pro-poor should a budget be?
- HIV/AIDS and National Budget
- MDGs and National Budget

### Opening Remarks

Dr. Anthony Tsekpo, Senior Budget Expert, Parliamentary Centre, welcomed participants and wished them a pleasant stay in Accra. He gave a brief background of the work of the Parliamentary Centre, the main focus being strengthening parliaments' capacity in Africa to engender good governance and reduce poverty. The African Parliamentary Strengthening Program (APSP) and African Parliamentary Poverty Reduction Network (APRN) are among the projects Parliamentary Centre is currently executing in Africa. The former works with seven (7) partner parliaments whereas the latter has a bigger

scope with fifteen (15) partner parliaments, encapsulating both Anglophone and Francophone parliaments.

### **Day One**

The first presentation explored the concept of the budget within the framework of macro economy- revenue and expenditure within a fiscal year. It also looked at the budget from the point of view of political economy where the budget reflects the philosophy of the government, ensuring that its manifesto pledges are carried out. Principles of good budgeting as well as functions of a budget were among the other issues discussed. Principles of contestability, predictability, periodicity and transparency among others, were thoroughly debated. Participants suggested definitions of a national budget:

- A budget is a plan that determines expenditure over a period of time- (*MP, Malawi*)
- A budget is a tool for development (*MP, Malawi*)

Other definitions offered included the following:

- A budget is equal to development-*Cambodian MP*
- A budget has got a lot of numbers in it-*George W. Bush*
- A document which forecast and authorize the annual receipts and expenditure of a State-*French Decree 1862*
- A national budget is a public finance management instrument reflecting government policy priority planning and implementation process for the delivery of public goods and services.

The functions of budget were described as a Political, Economic and Legal tool. As a political tool, budget is used as value ridden signaling the government's ideological directions, political and philosophical policy platform. A participant from Zimbabwe noted that the budget is supposed to serve the public interest but determining the public interest has always been problematic. As an Economic tool, it shapes economic priorities and accelerates economic growth and development. It also influences the direction of investment e.g. interest rates, prices of goods and services etc). As a legal tool, the budget guides the formulation of financial regulation instruments such as the financial laws, constitution and standing orders.

Participants were unanimous in their view on how little influence parliaments have in influencing budget allocation during the drafting and formulation stage of the budget process. In all the three participating countries (Ghana, Malawi and Zimbabwe) once the budget is presented, their respective parliaments have little to no power to influence the budget provisions.

The following factors militate against MPs with respect to making meaning contribution to the provisions of the budget:

- The timeliness of the budget presentation; parliamentarians have little time between the time the budget is presented to them and the time made available to them to debate the budget and approve it. Lawmakers in Zimbabwe for instance, have no prior knowledge about the budget before the day it is being presented to parliament.
- Parliamentarians are not involved in the budget process during the budget preparation stage.
- The budget document tends to be voluminous and not reader-friendly and thus discourages easy read
- Information about the budget is not readily available. Civil servants are averse to transparency; bureaucratic impediments dissuade some MPs from chasing documents in the sector ministries. In Ghana for instance, the law permits MPs to go to any Ministry and ask for documents pertaining to the budget, but in practice, MPs hardly avail themselves of this opportunity because of bureaucratic encumbrances.

Group exercises on budget as an Economic, Political and Legal tool produced the following reports:

### **Group 1-Case study-Zimbabwe National Budget for 2010**

Budget as Economic Tool: budget indeed is used as an economic tool to fashion the macro-economic strategies of the government. It is also used to promote economic activity in the country. As a political tool, it is used to address the political manifestos of the two political parties. A legal tool because it is anchored within a constitutional framework.

### **Group 2-Case study-Malawi National Budget for 2010**

Budget as an Economic Tool: it is used to promote growth, regulate/influence interest rates and other economic indicators. Budget as a political tool reflects the aspiration of the ruling party and all parties from the political divide sit in Parliament to listen to the budget speech. The budget is comprehensive because it covers all the relevant sectors of the economy. The budget is periodic because it is prepared yearly. There are items in the budget which have automatic votes, in other words, these items are not contestable. This goes against the grain of best practice where every item put in the budget should be justified. The Malawian 2010 budget, according to group members is not transparent.

The participants noted that even though MPs are not formally involved in the formulation stage in the budget process, they can nevertheless employ informal means such as lobbying MDAs (MOF) at the national and district levels. They can also engage constituents and civil society actors at the grassroots level with a view to impacting the budget process.

## **Day 2**

The presentation looked at sources of government revenue- taxes, charges and borrowing. Factors affecting revenue mobilization include but not limited to: tax avoidance, tax evasion and corruption. The bulk of government revenue, it was stated, emanates from direct and indirect taxes. Various aspects of taxes were discussed, these included export tax in the form of excise duty, import tax in the form of custom duty, value-added tax, income tax, withholding tax, wages, interest, dividends, profits and rent. It was noted that given the recurrent budget deficits experienced by Africa Governments, there was the need to broaden the tax base to rake in more revenue to support national budgets and lessen dependence on donors.

Parliamentarians do not often take serious interest in the revenue side of the budget and end up passing bills that sometimes face public disapproval as was the case in Ghana when VAT was raised to 18% in 1998

### **Suggestions to improve revenue returns**

- Over reliance on donor countries by developing countries should be discouraged.
- Engender trust among the citizenry and promote transparency and accountability to create a conducive environment for economic growth
- Tax concession as means of promoting direct investment should be de-emphasized and rather improve infrastructure facilities
- Devise innovative strategies to draw in the informal sector into the tax net.
- Visa fees, passport fees, airport tax should all be increased as a means of generating revenue

### **Visit to the Parliament of Ghana**

Participants visited the Parliament of Ghana to interact with their colleague Ghanaian Parliamentarians and also learn about the parliament of Ghana. After a brief presence in the chamber to listen to debates on the floor, they retrieved to the “lobby” to meet some Ghanaian parliamentarians for a briefing.

#### ***Summary of the briefing:***

- Ghana has 230 constituencies and 230 parliamentarians.
- 19 out of the 230 parliamentarians are women
- Ghana has 170 District Chief Executives of which 12 are women
- Ghana has a mixed hybrid system of government, 50% of Cabinet members must be parliamentarians
- The President is the head of government and in his absence the Vice President takes charge. The speaker is the number three person. She/He steers the affairs of state in the absence of the President and the Vice President. The Chief Justice is the fourth in command.
- The Speaker of Parliament, the Chief Justice of the Republic of Ghana and the Attorney General and Minister of Justice are all women. This on the surface is very encouraging but in reality women participation in public life has a long way to go.

***Some challenges of the hybrid system practiced in Ghana:***

- Having to choose 50% of cabinet ministers from Parliament puts time constraints on MPs who are also cabinet ministers as they have to juggle between the two roles.
- The selection of Cabinet Ministers from parliament robs parliament of its independence from the Executive as it has the tendency to induce divided loyalty.
- MPs do not have offices; this makes it difficult for them to work effectively.

***The briefing generated a great deal of interest among the participants who asked some very interesting questions. Key questions:***

- Have there been a situation where a nominated candidate for a ministerial position by the President been rejected by the Appointment Committee of Parliament? Yes, instances were cited.
- Is parliament empowered to summon a Minister to the floor of Parliament to answer questions concerning his/her Ministry? Yes. Elaboration.
- Are there efforts to increase the number of women in parliament? No. But civil society groups are advocating for positive discrimination and are supporting women candidates at the local council election level
- Does parliament have a role in the appointment of the Chief Justice as it is the case in Malawi? No. The President appoints with advice from the Council of State.
- What is the land tenure system like in Ghana? Land is largely vested in Chiefs in trust of the people. Government can however acquire land from chiefs for public use.
- Can MPs cross-carpet? Yes, but rarely happens.

***Ghanaian counterparts wanted to know the service condition of MPs in Malawi and Zimbabwe***

Parliamentarians in Malawi earn about \$2000 a month. Their counterparts in Zimbabwe earn \$200 a month. Malawi Parliamentarians sit for about three weeks (3). Parliamentarians have offices and a parliamentary village is planned to be built for MPs. In both Malawi and Zimbabwe, parliamentarians have no say in the appointment of ministers and MPs are not empowered by law to summon a Minister to answer questions on the floor of parliament.

In a nutshell, the visit to parliament was very useful; the visiting MPs and Parliamentary Staff were acknowledged by the Deputy Speaker at plenary. The interaction with a group of Ghanaian MPs was very productive as they exchanged useful information about their various parliaments.

**Day 3**

The discussion on day three focused on Pro-poor budgeting and Gender budgeting. It was observed that national budgets in the participating countries hardly reflect the aspirations of the poor in terms of pro-poor budgeting. People in rural communities and parts of

urban sections still lack access to basic services such as clinics/hospitals, schools, potable drinking water, electricity and good roads. Poverty reduction efforts can only achieve tangible results when budgetary allocations invest in people, improve agricultural productivity; expand opportunities to cater for the teeming unemployed youth.

Poverty was defined in the following terms:

- (a) “ a condition characterized by severe deprivation of basic human needs, including food, safe drinking water, sanitation facilities, health, shelter, education, and information”-Social definition
- (b) Relative and Absolute Poverty- Income per capita and a set of “poverty line”-a dollar a day.
- (c) Empowerment and Voice. Voiceless, powerlessness spurn poverty
- (d) Environmental Poverty. Haiti was cited as an example of how environment can cause poverty through earthquakes and other natural catastrophes.

The session on gender budgeting examined the concept of gender, the definition, gender disaggregated data, and its implication for gender budgeting.

***Participants shared their ideas and perspectives on gender in the following terms:***

- Gender refers to female and male relationships as regards their social and economic dispositions.
- Gender is the difference between male and female
- Gender is the social characteristics of female and male; feminine and masculine
- Gender relates to the attributes of male and female and how they act.

It was revealed during the gender session that women in partner Africa parliaments are severely under-represented in all facets of public life. At the top echelon of the national economy where labour is most rewarded in terms of its valuation, majority of them are men. In the formal economy as a whole, men tend to dominate. On the contrary, in the informal sector, which by comparison is least rewarded in terms of how labour is valued, women dominate. In the care economy where little or no values is put on the services delivered, the caregivers are overwhelmingly women. Clearly, women are at a disadvantage taken into account their engagement in the formal economy and how they are rewarded.

### **Field visit to Ridge Hospital**

Participants paid a visit to the Ridge Hospital as part of the budget oversight training. The field visit was to afford participants the opportunity to find out how a pro-poor government policy is being implemented. Though the visit, participants will be able to assess the extent to which maternal health care delivery is being implemented at Ridge by engaging policy implementers and talking to service beneficiaries at the maternity ward division of the hospital. The delegation was received by the medical director of the hospital. After the initial courtesies were exchanged, a presentation on the general overview of Ridge hospital was made. The presentation covered some challenges the

hospital faces; lack of space, low staff morale, poor environmental conditions, poor customer care, late referrals to the hospital from other health centres and poor data capture were some of the challenges highlighted. The presentation also talked about efforts being made by the hospital authorities to improve maternal care delivery. They have developed “Kybele-Ridge Model” in collaboration with Kybele Hospital in the United States with a view to improving maternal care delivery. Per this model, they aim to improve

- (a) Intervention time, ((b) clinical treatments (c) patient monitoring, (d) referrals from within and without Accra (e) client responsiveness.

These interventions have led to a drop in overall fatality cases from 6.1% in 2005 to 1.1% in 2009. Participants were satisfied on account of the fact that they gained insight into some of the challenges faced by health personnel as they work to meet MDGs 4&5. It was also noted that the situation at Ridge is not dissimilar to what obtains in Hospitals and clinics in other African states. One of the outcomes of the visit to Ridge is the promised made by MPs from Ghana to invite medical personnel at Ridge to the Parliament of Ghana to meet the women caucus of parliamentarians for sensitization on maternal care delivery.

There were other health related issues highlighted during the visit to Ridge which were not exclusive to the hospital. For instance, it was noted that with the introduction of the National Health Insurance Scheme (NHIS), pressure has been brought to bear on the existing infrastructure. The failure of health personnel to go to posting in rural communities is said to be one of the challenges facing health care delivery in the country. It was suggested among others, that a monitoring system be devised to monitor the promises of parliamentarians aimed at ensuring promises are delivered. This, it was suggested will stem the trend where parliamentarians are quick to promise but slow to deliver, a situation dubbed as “Diarrhea of words, constipation of delivery”.

#### **Day 4**

The session on HIV/IDS was very revealing as it was instructive. The facilitator wanted to know how many participants took the HIV test. Most of the participants from Malawi and Zimbabwe took the HIV test. The contrary was the case among the Ghanaian participants. None of the Ghanaian participants including the resource persons took the test and did not show any sign of taking one any time soon. There was a certain complacency among the Ghanaian participants which is dangerous to say the least.

According to the official statistics, the infection rate is higher in both Malawi and Zimbabwe than in Ghana. The infection rate in Ghana is said to hover around 2.5 whereas that of Zimbabwe and Malawi is in double digits. It was noted that because of the prevalence of HIV/AIDS in Zimbabwe and to a lesser extent in Malawi; HIV/AIDS patients are no longer stigmatized. In Ghana on the other hand, there is still a lot of stigmatization associated with HIV/AIDS. Families are averse in disclosing the reason for the cause of death of relatives if it is perceived to be HIV/AIDS related. No doubt, the consequences of stigmatization, discrimination and secrecy have the potential to spread

the pandemic since victims will not be disposed to making their status known thus spawning new infection.

The high incidence of HIV/AIDS was said to be attributable to the near collapse of the Zimbabwe economy with its concomitant ramification- able men leaving their wives behind to seek greener pastures in neighbouring countries of South Africa and Botswana. Most of these men return home with the HIV virus with the obvious implications of infecting their wives. In Zimbabwe there is a national policy which enjoins Members of Parliament to address every gathering including funerals within their locality on issues of HIV/AIDS.

Participants emphasized the importance of disaggregated data - children, women, men based on age, economic activity and geographical area and size of population will help direct interventions in accordance with the varying needs.

## **Day 5**

The final day of the training workshop was dedicated to taking stock of events for the preceding four days. A synthesis of the training revealed that most of the expectations participants expressed before the training were met. Evaluation results points to the satisfaction of participants.

The training workshop was brought to a close with the award of Certificates to participants.

## **Evaluation of training Programme**

Participants were generally satisfied with the content of the training programme. For instance 11 out of 12 participants were either satisfied or very satisfied with the extent to which the training met their expectations. Equally revealing is the value of information they received during the training. Again, 11 of the participants attested to the fact that they received new information or knowledge on account of the training they received. As to whether the information they received is useful to their budget oversight work in parliament, the responses were overwhelmingly in the affirmative; 10 out 12 participants gave a ringing endorsement.

Judging by the evaluation results, it can safely be said that participants found the training useful, they gained new insights into the budget process and the parliamentarians can and should play to impact the lives of their constituents positively. Evaluation results are attached as appendix C.

## **Conclusion**

The Budget Oversight training workshop for three countries, namely Ghana, Malawi and Zimbabwe achieved the objectives it set out to achieve. Participants gained new

knowledge and insights into key budget issues with respect to what a pro-poor budget, gender sensitive budgeting constitutes. By coming together for the workshop, the participants from the above mentioned countries had the platform to share experiences especially during group work exercises and plenary discussions. The visit to Ridge hospital yielded very positive results. The parliamentarians from Ghana promised to invite doctors from Ridge hospital to make a presentation to the women caucus in the parliament of Ghana to be apprised of the situation with regard to maternal care delivery. This, it hoped, will furnish parliament with the requisite information to advocate for more resources for better health care delivery.