

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

### ***“Financial Oversight Function of Parliamentarians: Tools and Mechanisms for Optimum Government Budget Analysis”***

**Accra, March 16-20**

#### **1. BACKGROUND**

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 key component of parliaments and parliamentarians’ functions as an arm of the state. 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 elements in the budget process that are of direct relevance, within the context of democratic sub Saharan African countries, in the poverty and development discourse.

With support from the Austrian Development Agency, the Parliamentary Centre (PC) organized a five-day training workshop on the theme “*Financial Oversight Function of Parliamentarians: Tools and Mechanisms for Optimum Government Budget Analysis*”. The training program was held at Learning and Resource Unit Accra, Ghana March 16-20, 2009. This was the first Anglophone training as per the 2009 work plan.

#### **2. OBJECTIVES**

The training objectives of the workshop sought to strengthen capacity of parliamentarians to perform their financial oversight function, to equip members of parliament and their committee staff with tools with which to analyze government budgets particularly identifying pro-poor and gender equity programs. It also aimed to provide the platform for members to interact and share country experiences.

#### **3. WORKSHOP SUMMARY**

The four countries who participated in the training workshop were made of Nigeria, Ghana, Kenya, and Tanzania. A total number of sixteen participants (see names of

participants in Annex A) took part in the workshop and of the sixteen participants, five of them were women. Nigeria had five representatives, two members from the House of Representatives, one from the Senate and two parliamentary committee staff. Ghana was represented by three members of parliament and one committee staff. Kenya had the same level of representation as Ghana, three members of parliament and one committee staff. Tanzania was represented by two members of parliament and one committee staff.

Below is a summary of the modules for the training program:

- Understanding National Budgets
- The Role of Parliaments 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 budget be?
- HIV/AIDS and National Budget
- MDGs and National Budget

The presentations were preceded by a welcome address by Dr. Rasheed Draman and this was followed by a review of the program where minor changes were made to the program. For instance, the module on *Analyzing Government Budget Statements, how pro-poor should budgets be* was moved to Wednesday and in its stead, the module on *Parliament and Revenue Side of the Budget* moved to Tuesday. Additionally, the group photo which is normally taken shortly before the commencement of the presentations was postponed to Wednesday where participants were due to visit the Parliament of Ghana.

Discussion on the first presentation which focused on *Understanding National Budgets* touched on various aspects of national budgets. For instance, it was pointed out that quite a number of parliaments are constitutionally constrained in reviewing budget expenditures presented by the executive to parliament. There are, however, few examples, the National Assembly of Nigeria, House of Representatives and the Senate can review budget expenditure upwards. The National Assembly of Liberia, it was noted, has similar powers. The parliaments of Ghana, Kenya and Tanzania do not have powers to review budget expenditure upwards. In the case of Nigeria, even in the event of the refusal by the President to assent to the Bill, parliament has the unique power to over-rule it.

Participants used the 2009 budgets of Ghana, Tanzania and Kenya as case studies for their group exercises. They identified gaps in the Ghana budget with respect to the principles of good budgeting. It was observed that a significant percent (25%) of the Ghana budget depended on donor funding, it is even worse in the case of Tanzania where donor contribution to funding the budget is 35%. This, it was noted, undermines the predictability principle of good budgeting. Because these governments depend on a significant chunk of donor funds to finance their national budget and thus compromising the timely execution of budgeted projects. The experience of donor partners' failure to accede to their budgetary commitments is common place in Africa; no wonder quite a number of countries in Africa over the years have been unable to fulfill their budget commitments. On the other hand, Nigerian and Kenya, where there is little or no donor budget support are in a comfortable position of being able to predict and control the

release of funds for the implementation of programs and projects. Their national budgets can be described as predictable in this sense.

Discussions on group work covered the uses of budget as economic, political, social and legal tool. As an economic tool, the budget allocates scarce resources for growth and development, promotes employment through direct investment in key areas and it also allows communities to transact business with government. Participants held the view that as a political tool, budget promotes discrimination against communities that appose the ruling party (e.g. using the instrument to divert allocations to other sectors that support the ruling party, it is used as a representative of the majority opinion of the people- it articulates the opinion of the majority. As a social tool, the budget brings people to the mainstream of governance, mobilizes the populace towards a more participatory government, and makes the electorate to demand for accountability in leadership. As a legal tool, the budget provides the executive the legal basis to implement its budgetary decisions.

The presentation on gender generated lively discussions with varying views and positions. It was observed that in a number of African countries culture tends to be a big stumbling block in engendering gender equity. Examples from Nigeria suggest that contrary to the prevailing view that women and girls are on the receiving end of the development agenda, the situation in Anambra State of the Federal Republic of Nigeria paints a different picture. There, it is rather boys who are the ‘victims’, they drop out of school at an early age and it is the girls who dominate the schools, female enrolment is startlingly high and are thus empowered. The free universal primary education policies adopted by many African countries have bolstered the enrolment of girls to the point where there is talk of parity between boys and girls at the primary level of education. The challenge is at the tertiary level where there is a palpable diminution of the number of girls in school.

Participants noted that the Ghana budget of 2009 is gender sensitive but short on specificity. Allocations for sector ministries, for instance, are not disaggregated. And the budget does not make special allocations for marginalized groups. There was a suggestion that in order to promote and bridge the gap between men and women, it was crucially important to introduce positive discrimination in favour of the disadvantaged sex for a specified period. Others contended that instead of putting in place a normative legislation which seeks to regulate social relations, an awareness raising exercise aimed at persuading people to appreciate gender dimension in development be carried out. It was posited that the current obsession with gender equality and gender budgeting is not necessarily borne out of African social-cultural development experience but rather donor-driven agenda.

The module on *“Parliament and the Revenue Side of Budget”* was introduced in response to the request made by MPs and parliamentary committee staff to have a better appreciation of how governments can effectively harness domestic revenue to meet projected expenditures. Apart from the obvious benefit of having a balanced budget, the presentation touched on the political economy consideration of effective revenue

mobilization which provides adequate sources of funding of anti-poverty programs, redistribution of income and wealth, enhance government transparency and accountability. Sources of government revenue include the following: tax revenue composed of income and consumption tax, and government borrowing. There was the recognition that African governments need to widen the tax base to be able to meet their expenditure obligations. The current credit crunch has made it all the more urgent.

*Pro-poor growth and poverty alleviation*, it was stressed, are not mutually exclusive, the presentation emphasized the importance of legislators working constructively with the executive through the budget process to address challenges faced by the poor and marginalized in society. Some of the sectors suggested for investment included the agriculture sector, infrastructure, education and health. These are the sectors that can benefit the poor directly if investment is properly targeted. The majority of poor people in Africa live in the rural areas and their main occupation is subsistence agriculture. Even though there was a general recognition among participants the necessity of pursuing a vigorous pro-poor growth agenda taken into cognizance the unspeakable level of poverty among the populace on the African continent, countries nevertheless, need to design policies that reflect their specific economic situations. For instance, it will make more sense for the Ethiopian government to pursue a pro-growth agenda to address national development challenges, whereas, in a country like Namibia where the gap between the rich and poor is unbearably wide, a pro-poor growth economic agenda will be more appropriate.

The session on MDGs emphasized the need to integrate and harmonize the Millennium Development Goals with international, regional and national strategies and policies. One of the common challenges confronting African countries in tackling gender equity issues, gender budgeting and gender mainstreaming as well as tracking the status of progress towards achieving the MDGs is the lack of robust data. The free universal primary education policy being pursued in Kenya, Uganda, Tanzania and a host of other countries has significantly boosted school enrolment and therefore made the prospect of achieving universal primary education as per the MDGs a realistic prospect. The school feeding program and the livelihood empowerment against poverty (LEAP) introduced in Ghana has had a catalytic effect of boosting school enrolment at the primary level as well as ameliorating the pangs of hunger in a number of households in the country. The paucity of accurate statistics makes it difficult to gauge whether Ghana is on track to eradicate extreme form of hunger and therefore meet MDG goal two. While attributing bad policies and poor governance to the failure of African governments in making significant progress towards the achievement of the MDGs, the participants also blamed the industrialized countries for not keeping to their part of the bargain. For instance, **Aid** is not given to countries according to need but preference. Debt forgiveness is selective and often with conditions that do not necessarily benefit the recipient countries.

The devastating impact HIV/AIDS has on the human and economic development of Africa where the HIV/AIDS pandemic is greatest was underscored during the session on *HIV/AIDS and the National Budget*. Available statistics indicate 33 million people (2007) live with the HIV/AIDS and nearly 90% of children infected with HIV globally

live in Sub-Saharan Africa. Southern Africa countries (8 countries) have 15% prevalence rate. In Ghana the prevalence rate is 3%, according to the National Aids Commission. Even though the picture in the rest of Africa is not as grave as in Southern Africa, it is nevertheless a serious concern in West, Central and Eastern Africa. The response to HIV/AIDS by parliamentarians and governments vary across the continent. The Uganda Government has been very proactive in raising HIV/AIDS awareness by encouraging free voluntary testing and counseling. The positive campaign against the HIV/AIDS pandemic yielded results where the prevalence rate in Uganda now hovers around 5% from a high 15% plus.. Of course, there is room for improvement. The contrast could not have been sharper in South Africa where the former President Mbeki was literally in denial of the existence and prevalence of HIV/AIDS in his country. The encouraging news emanating from Africa is that parliaments and parliamentarians are beginning to take the HIV/AIDS pandemic seriously by taking concrete actions. For instance, the parliament of Zambia has instituted voluntary testing and counseling programme in the House of Parliament where interested MPs can avail themselves of the services. The Prime Minister of Kenya has publicly tested for HIV and encouraged MPs and other government officials to do same. Currently, majority of MPs in Kenya have voluntarily taken the HIV test and thus broaden the discussion about the HIV/AIDS pandemic. The stigmatization of HIV/AIDS patients has been a major obstacle in the fight against the pandemic. Remarkable progress is being made in Uganda where HIV patients can openly advertise their status in newspapers and even arrange for marriages.

#### **4. FIELD VISIT**

The field visit was to a health facility (Ridge Hospital in Central Accra) to interrogate government policy on providing health coverage nationally through the National Health Insurance Scheme. At the Ridge Hospital, the Medical Superintendent of the hospital made a presentation where he acquainted the visitors with the hospital health care policy and specific health care activities carried out for the past year. Most of the people who patronize the hospital come from deprived parts of Accra and are beneficiaries of the NHIS policy. MPs discussed the hospital's procurement policy, quality assurance and accountability. The HIV/AIDS unit in the hospital is well equipped; it has both treatment and counseling services. Voluntary testing is encouraged and free anti-retroviral drugs are available for HIV patients. The problem associated with the anti-retroviral drugs is that, the patients who take them feed poorly and therefore do not get the full benefits of the drug. Some of the patients are however lucky in the sense that NGOs support them with their nutritional requirements. MPs viewed this situation unsustainable as funding for NGOs is time-bound. The debriefing exercise after the field visit proved useful. It was observed that the Ridge Hospital is well endowed and therefore a less endowed facility should have been selected for the field visit where MPs would have had a better appreciation of critical developmental challenges in the country. In this connection, a proposal was made to provide sufficient time for future field visit engagement.

Participants were given the opportunity to reflect on the training programme and make suggestions with a view to improving future programs. The following suggestions were made:

- Introduction of new course models: namely **anti-corruption, resource management and detail budget analysis**.
- Consolidate previous training modules and make room for the introduction of new modules. Consolidated modules for future training will now be: (1) Understanding National Budgets and the Role of Parliament in the Budget Process. (2) Analyzing Government Budget Statements: Pro-Poor Growth and MDGs in national budgets. (3) Gender Budgeting and HIV/AIDS
- Logistics: Visiting Parliamentarians in future will be met at the airport by protocol officials or PC officers.
- Organize in-country training to benefit a larger group of MPs and parliamentary committee staff

### **Parliamentary Centre Recommendations**

- Write a letter to the President of the Senate of the National Assembly of Nigeria and the Speaker of the House of Representatives expressing concern about the failure of some Nigeria legislators to stay for the duration of the five-day training programme
- Responses to invitations to participate in PC/ADA sponsored activities by Tanzania MPs and Committee staff have been problematic. Need to draw this to the attention of Hon. Anne Makinda.

## **5. EVALUATION OF TRAINING PROGRAM**

The evaluation (Annex B) showed that the participants thought the training was very relevant and useful to them in their current functions. They acquired new knowledge in all the relevant subject areas.

## **6. CONCLUSIONS**

The training on Budgetary Oversight: “Financial Oversight Functions of Parliamentarians: Tools and mechanisms for Optimum Government Budget Analysis” which has been ongoing for the past four to five years is critical to providing knowledge to parliamentarians and parliamentary committee staff in the exercise of their functions of budget scrutiny and oversight. There is a growing demand by MPs and Committee staff of participating parliaments to organize in-country training programs to benefit a larger number of MPs. These developments attest to the usefulness of the training programs where the needs of beneficiaries are being responded. This is exemplified by the constant updating and reviewing of training modules and training materials.

. Field visits constitute an important component of the training program and the request to allocate more time for field visits is well in place as this will allow for meaningful and fruitful engagements.

The decision by two Nigerian legislators to leave the training on the third day for home without any tangible reason was most regrettable. A decision by PC to inform the

leadership of the National Assembly of Nigeria is aimed at averting future occurrence of this nature.