

# **Fifth Meeting of the Global Network of Parliamentary Budget Offices**

*This brief provides a summary of key discussions and issues that came out the GN-PBO meeting held between 5<sup>th</sup> and 7<sup>th</sup> June 2017 at the University of Ottawa, Canada.*

## **Organization and Participation**

The Fifth Annual meeting of the GN-PBO was organized by the Institute of Fiscal Studies and Development in partnership with the World Bank Group at the University of Ottawa in Downtown Ottawa, Canada. The aim of the seminar was to provide a forum for exchange of knowledge around the design, mandate and functions of Parliamentary Budget Offices; different types of analyses done by PBOs; and improvement of existing networks.

The following Countries took part in the fifth annual meeting:-

- South Africa
- Zimbabwe
- Kenya
- Jamaica
- Ukraine
- Uganda
- South Korea
- Trinidad and Tobago
- Serbia
- ParlAmerica
- Ghana
- Philippines

## **1.0. Setting the Ball Rolling.....**

The meeting started with an update from the GN-PBO on the progress made towards finalizing the resolutions of the GN-PBO 2016 key among them being the development of budget analysis framework. Thereafter the teams held round-table discussions at the World Café during which participants got to know each other, set individual targets for the meeting, share the inherent challenges in the individual PBOs and measures to improve the effectiveness of the GN-PBO.

The following were insightful input from the World Café:

- i. The need to monitor findings from PBO output;
- ii. Newly established PBOs to learn from old PBOs
- iii. Share information with similar networks
- iv. Learn ideas to deal with challenges
- v. PBOs should overcome the producing incredible information.

Keeping with the norm, the three leadership groups were formed and they got down to business in line with their respective terms of work.

## **2.0. Unveiling the refined Budget Analysis Framework**

The Working Group consisting of delegations from Ghana, Philippines, Uganda and South Africa which has been tasked with the responsibility of developing draft standards and guidelines for budget analysis presented their output. The refined framework focused on the following three budget objectives:

- Fiscal Discipline;
- Strategic allocation of resources; and
- Service delivery efficiency;

The following were presented as the specific areas of analysis:

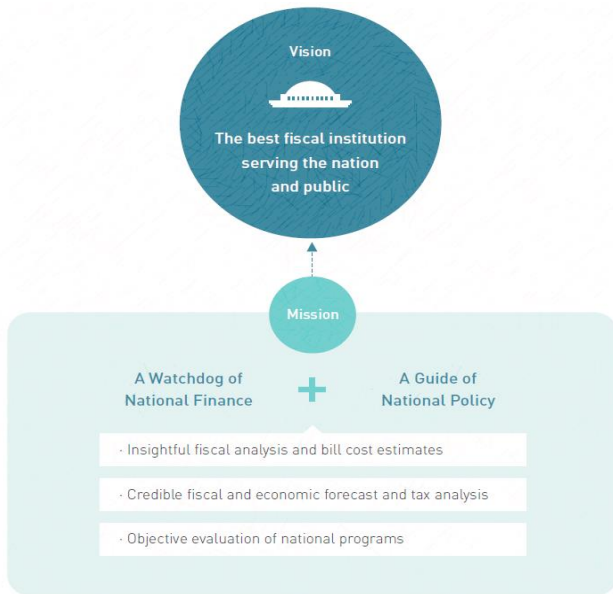
- Economy;
- Revenue;
- Expenditure;
- Fiscal Sustainability;
- Resource allocation relative to national long/medium term plans;
- Allocation relative to capital expenditure;
- Allocation relative to MTEF \$ LTEF;
- Value for Money; and
- Outcome assessment

## **3.0. The Role of the Korean National Budget Assembly Budget Office in Tax System Analysis and Revenue Estimation**

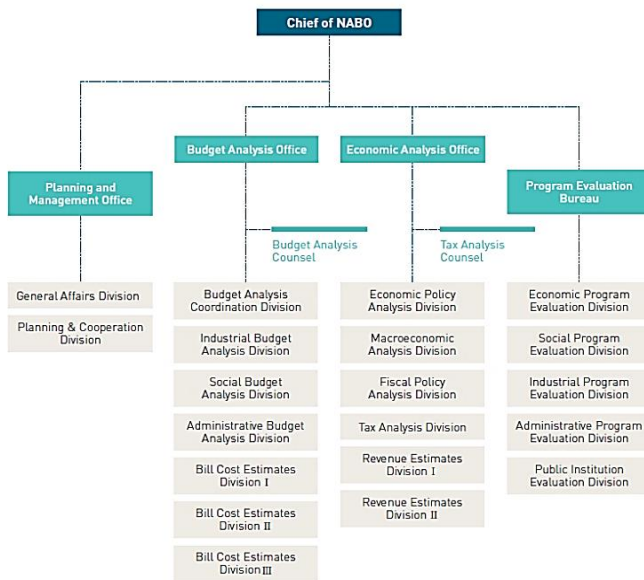
The meeting was taken through the creation, mandate and module of the Korean National Assembly Budget Office (NABO). In this regard, it was highlighted that the NABO being a fiscal institution within the National Assembly was

established in 2003 with mandates as in the following diagram:-

**Diagram 1: Key Objectives of NABO**



**Diagram 2: Organization Structure of NABO**



NABO’s role in Revenue analysis rotates around analysis of tax revision, revenue estimation and evaluation of tax expenditure. The community was taken through the end products of NABO’s which were regular reports and customized services.

Further, to advance their mandate the NABO has four divisions with mandates related to revenue estimation as tabulated below:-

- i. **Tax Analysis Division**
  - o Analysis of the Korean tax system
  - o Policy studies on the economic effects from the changes in tax law and the behavior of taxpayers
  - o Research on the medium- and long-term effects of tax reform
- ii. **Revenue Estimates Division I : Tax revenue**
  - o Projection of medium- and long-term tax revenues
  - o Development of econometric models for tax revenue projection
  - o Estimation of the revenue changes from proposed of tax law
- iii. **Revenue Estimates Division II: Special Taxation, Non-Tax Revenue**
  - o Projection of medium- and long-term non-tax revenues
  - o Estimation of the revenue changes from proposed of non-tax law
  - o Estimation of the revenue changes from proposed of special taxation law
  - o Analysis of the tax expenditures bills

The team learnt that over time, the National Assembly Budget Office had juxtaposed itself as an institution that produces credible forecasts and timely services.

Going forward, the NABO had initiated measures to ensure that:-

- i. Enhance the credibility and accuracy of its analysis through strict internal review mechanism;
- ii. Holding briefing sessions to increase the adoption rate of analysis reports.

**4.0. Brief on Some Online Tools and Data Visualization Techniques for Analysis**

The Serbian PBO presented sample products and best practices for codifying and capturing PBO outputs.

The Serbian PBO demonstrated the use of infographics to capture data on total revenues, subsidies by sectors, fiscal tendency, public debt, GDP trajectory among others with focus on the use of adobe illustrator.

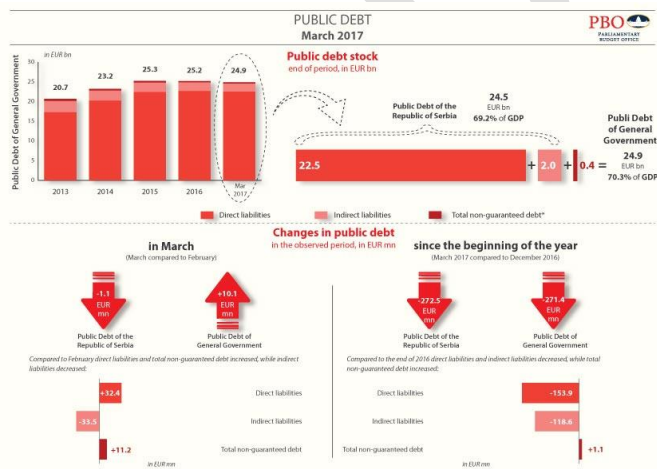
There were working group discussions to:

- Identify the Network’s action regarding data visualization and report writing; and
- Name the person in the network responsible for moving the initiative forward.

In this regard the Group Discussions identified Ms. Jelena Plocic as the Champion on the network’s exploration on the use of infographics with the following being proposed as additional action points:

- Software training;
- A survey to explore additional options for software and graphics in the network; and
- development of guidelines for use of info graphics

**Diagram 3: Data Visualization on Public Debt**



## 5.0. Expenditure and Strategic Allocation of Resources- the case of Philippines

The Philippines provided the community with details on how to gauge the realism of the government expenditure targets, achievement of projected budget deficit and medium term fiscal targets. To achieve this, the Philippines had developed a robust economic growth,

strong external payments option and stable banking system. The weaknesses that continued to hamper the credit rating included low revenue mobilization relative to investment grade, high government debt and low per-capita incomes.

Under the MTEF the Philippines had managed to:

- Keep budget deficits manageable at 1% between 2006 and 2010;
- Restructured the budget towards more funds for non-debt expenditures, especially expenditure outlays;
- increased focus on results by affording predictability of policy and funding so that agencies can plan ahead and programs can be sustained; and
- Provided line agencies with increased autonomy over program choice, thereby increasing incentives for efficient and effective use of funds.

## 6.0. Expenditure and Strategic Allocation of Resources- the case of Canadian PBO

The role of the fiscal analysis is to provide independent analysis to Parliament on the state of the nation’s finances, provide independent analysis to Parliament of the government estimates and upon request, estimate the financial cost of any proposal.

The presentation kicked off on the Canadian PBO priorities vs. those of the OECD. The priorities were identified to include enabling macro-fiscal oversight, promoting micro-fiscal scrutiny and quality budgetary allocation.

The following were pointed out as key tenets of macro-fiscal oversight:-

- Budgets should be comprehensive , accurate and reliable;

- ii. Blended analysis based on data availability;
- iii. Scrutiny of exogenous projections; and
- iv. Consistent tracking of key political commitments.

On the second priority of promoting macro-fiscal scrutiny the following were discussed as key issues to take into account:-

- i. Open and transparent budgets;
- ii. Budget execution should be managed and monitored;
- iii. Policy/program costing;
- iv. In year modeling of existing financial data; and
- v. Use of Web applications

On Quality budgetary allocation it was emphasized that there is need to focus on capital budgeting, performance and value for money.

### 7.0. Gender Budgeting and Impact Assessment

The presenters underscored the need of undertaking gender based analysis of budget proposals with the following being singled out as key challenges gender budgeting and impact assessment:-

- i. Insufficient data;
- ii. Political risks;
- iii. Slow Growth;
- iv. Impact of taxation;

It was discussed that with proper gender analysis, the following can be achieved:-

- i. Economic Optimization;
- ii. Social efficiency;
- iii. Fiscal Improvements; and
- iv. Greater political accountability.

Before embarking on gender based budgeting the following should act as guide:-

### 9.0. The Way Forward

The following were identified as the action points:-

Community Business Task	Action	Responsible Persons	Timeline
Enhancing participation on e-	Update profiles	Everyone	Over 12 months

- i. Figure out why gender matters and where and when to analyze;
- ii. Benchmark with Uganda as key champion on gender matters; and
- iii. UN Human Development Report which has some reliable gender indicators.

### 8.0. Recent Parliamentary Budgeting Developments- The Setting up of the Zimbabwean PBO

The delegation from Zimbabwe shared on the strides which had been made towards the setting up of a fully-fledged PBO.

In this regard the following were notable:-

- i. The PBO had been set up as part of Parliamentary reforms and not underpinned in any specific legislation;
- ii. Had engaged two Senior Analysts as part of a phased introduction of the office;
- iii. The office has initial responsibility of providing independent, objective and professional advice and analysis to Parliament on matters related to the budget, economic policy and money bills;
- iv. The reforms on budget undertaken thus far included public consultations, pre-budget seminars and post-budget seminars;
- v. Quarterly reports, investigations, annual appropriation hearings, field visits and analysis toolkit for PAC were all tools available to the PBO on their analysis of the budget;
- vi. The challenges facing the new office revolved around absence of enabling legislation, access to timely data/information, funding, inadequate and human resource capacity.

PBO	Ensure session on e-PBO at the beginning of each Assembly	Pepukai (Zimbabwe)	Over 12months
	Assembly Summary to Everyone	Erick (Kenya)	
	Reach out to GN-PBO monthly to remind them to upload one document a month	Prossy (Uganda)	Monthly
Data Visualization	Form a Data Visualization task group	Task Group Members:	Pros/Cons documentary to be ready by the end of the month
	Conduct survey of members to determine practice	Jelene(Serbia Byron (Philippines) Pepukai (Zimbabwe) Trevor (Canada)	
	Task Group to prepare pros and cons of different software applications		Draft circulated within three months
	Develop draft guidelines on the use of infographics		
Organizational Design of GN-PBO	Development of a pros/cons for different models as an exploratory step	Task Group on Organizational Design: William (Uganda Mohammed (Ghana) Phyllis (Kenya) Manuel (Philippines)	Within 1 month – submit to GN-PBO for feedback
Budget Analysis Framework	Develop the framework into a guideline expounding on the methodologies	Working Group	Circulate updated draft by end of the month  Draft guideline by next assembly
	Include Costing approach		
Webinars	Share the burden of timing	Ermal	Continuous
	Improve options for audio		
Legislation	Every PBO (that has legal underpinning) should upload their enabling legislations	Everyone Pepukai	