



WORKSHOP: STRENGTHENING ACCOUNTABILITY THROUGH FISCAL TRANSPARENCY PRACTICES

#ParlAmericasOPN

DATE

September 6, 2017

LOCATION

Port of Spain, Trinidad and Tobago

PARTICIPANTS

28 parliamentarians, parliamentary staff and civil society representatives from 11 countries

This ParlAmericas workshop, hosted by the Parliament of Trinidad and Tobago, explored transparency and accountability practices across the financial cycle to examine common challenges faced by parliaments and look for opportunities for improvement. Particular attention was given to the role of independent fiscal institutions and strategies for effective public participation in fiscal policy.

Member of Parliament **Bridgid Annisette-George** (Trinidad and Tobago), Speaker of the House of Representatives and ParlAmericas Board Member, opened the event alongside Senator Dr. **Saphire Longmore** (Jamaica), Vice-President of the ParlAmericas Open Parliament Network for the Caribbean.



Member of Parliament **BRIDGID ANNISETTE-GEORGE** (Trinidad and Tobago), Speaker of the House of Representatives and ParlAmericas Board Member

“Our legislatures are entrusted with the responsibility of monitoring and overseeing the executive in the achievement of the 17 Sustainable Development Goals (SDGs) identified by Agenda 2030, by which no one shall be left behind... This workshop focuses our attention on our roles as parliamentarians and members of civil society respectively in the identification of mechanisms and tools to improve accountability and transparency in the budgetary cycle... [which is critical] to our role of holding our executives to its international obligation to achieve sustainable development.”

Challenges throughout the Parliamentary Financial Cycle

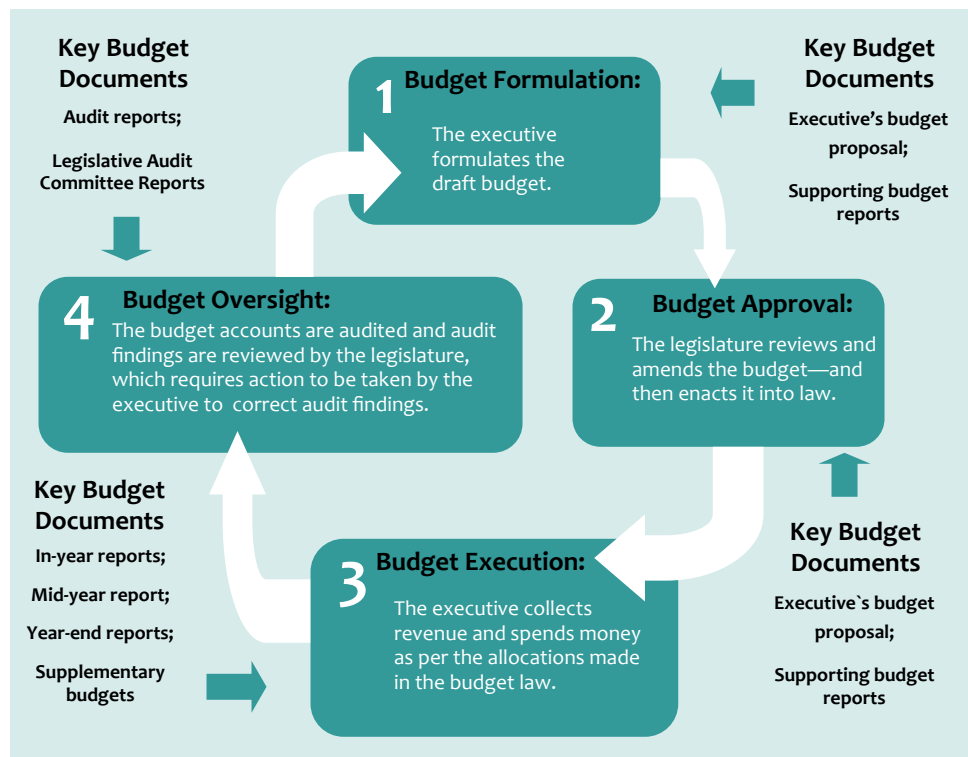
“Countries succeed or fail based on their ability to govern and hold elected representatives to account... Accountability is a timeless issue, but it is timely as well, as many countries are struggling with it today [with] literature and headlines... exclaiming that democracy is under stress.”



KEVIN PAGE,
President and
CEO, Institute of
Fiscal Studies and
Democracy and
Former
Parliamentary
Budget Officer of
Canada

One of parliament’s fundamental roles is its fiscal scrutiny function which includes the review, approval or rejection, of a government’s national revenues and expenditure plans (including its expenditure estimates, budget and taxation proposals, and public accounts). In this session, facilitated by **Kevin Page**, President and CEO of the Institute of Fiscal Studies and Democracy and Former Parliamentary Budget Officer of Canada, participants explored the information asymmetry that exists between executive and legislative branches, which can make a parliament’s scrutiny role challenging.

OVERVIEW OF BUDGET CYCLE:



Source: Making The Most of The Budget Cycle: The Budget Formulation Stage. International Budget Partnership (2017), <http://www.internationalbudget.org/2017/02/making-budget-cycle-budget-formulation>

“One of the key takeaways from this workshop is that in order to build political will to overcome these challenges, we need to focus on public education and make this relatable to the everyday person on the street and ensure they understand how this impacts their lives... education is critical.”



Senator
**Dr. SAPHIRE
LONGMORE** (Jamaica),
Vice-President of the
ParlAmericas Open
Parliament Network
representing the

COMMON CHALLENGE FACED BY PARLIAMENTS THROUGHOUT THE FINANCIAL CYCLE:

- ⇒ **Capacity:** Parliament often lacks the technical capacity to not only support the analysis of fiscal information but also to identify when it should demand additional information.
- ⇒ **Politics:** Political agendas often lead the debate on policy decisions and it can be difficult to balance this with budgetary figures or projections.
- ⇒ **Systems:** Systems often need rejuvenation as they can hinder efficiency or collaboration between bureaucrats and both government and opposition parliamentarians, which is required to ensure accountability.

COMMON GAPS IN PARLIAMENT THROUGHOUT THE FINANCIAL CYCLE:

- ⇒ **Information:** Parliamentarians often do not have the information needed to hold the government to account; there is a significant asymmetry of information between bureaucrats and parliamentarians.
- ⇒ **Focus on new programs and lack of sustainability:** Governments tend to focus their attention on new programs and this attention is also reflected in the parliamentary debates around the budget; old programs that may or may not be effective often continue without debate. Budgets also tend to be short term in nature, built around the political cycle, and often don't consider the impact on future generations or sustainability issues, for example around debt.
- ⇒ **Willingness to change:** While in opposition, political parties continuously advocate for change, but once elected to government, they are often reluctant to implement any changes even when clear road maps are available to them.

COMMON STRATEGIES TO STRENGTHEN FINANCIAL ACCOUNTABILITY IN PARLIAMENTS:

- ⇒ **Re-thinking transparency:** The publication of government information can be overwhelming to parliamentarians and the public if it doesn't include the type of information needed to hold the government to account, such as data and analysis to justify decisions made, or if it isn't presented in a manner in which it can be easily understood.
- ⇒ **Institutional reform:** New institutions can be built to strengthen parliaments, and fill the gap of information between bureaucrats and parliamentarians to level the playing field between government and parliament. These are often referred to as Independent Fiscal Institutions (IFIs) or Parliamentary Budget Offices (PBOs) and they are becoming more and more common across the world.
- ⇒ **Fixing the system:** Dysfunctional systems must be evaluated and fixed, as they are often at the core of the problem. To do so, it is important to examine the entire financial process from the budget to the estimates, through public accounts and parliamentary meetings, considering who is involved and what information is provided.

For any information related to the work of the OPN, contact the ParlAmericas Open Parliament Program: parlAmericasopn@parlAmericas.org

Improving Transparency and Accountability through Independent Financial Analysis

OECD PRINCIPLES FOR INDEPENDENT FISCAL INSTITUTIONS (IFIs)

1. Local ownership
2. Independence and non-partisanship
3. Clear mandate
4. Resources relative to mandate
5. Relationship with the legislature
6. Access to information
7. Transparency
8. Communications
9. External evaluation

Source: OECD Principles for Independent Fiscal Institutions (IFIs), [https://www.e-pbo.org/web/default/files/Resources%20and%20Knowledge/Document%20Library/Featured%20Documents/Recommendation%20on%20Principles%20for%20Independent%20Fiscal%20Institutions%20\(OECD\).pdf](https://www.e-pbo.org/web/default/files/Resources%20and%20Knowledge/Document%20Library/Featured%20Documents/Recommendation%20on%20Principles%20for%20Independent%20Fiscal%20Institutions%20(OECD).pdf)

FINANCIAL DATA VISUALIZATION TOOLS CREATED BY THE PARLIAMENTARY BUDGET OFFICE OF CANADA

- ⇒ **Ready Reckoner:** Calculates the fiscal cost of changing common federal tax brackets and rates
- ⇒ **Budget 2016 Simulator:** Demonstrates the impact of the Government's proposed policy changes on an individual
- ⇒ **Government Spending:** Monitors government expenditures

Source: Office of the Parliamentary Budget Office of Canada, http://www.pbo-dpb.gc.ca/en/data_tools?order=ASC&field=title&tab=resources

Independent Fiscal Institutions (IFIs), also known as Parliamentary Budget Offices (PBOs), are non-partisan analytic units that generally provide independent and objective analysis of the budget, fiscal policies and financial implications of proposals made by the executive. They increase fiscal transparency through the publication of their analyses, simplify complex budgetary information to make it understandable to the legislature and the public, increase accountability through

the independent scrutiny of the budget and improve informed evidence-based decision-making. In this session, facilitated by **Kevin Page**, participants were presented the new visualization tools of the PBO of Canada by **Jason Jacques**, Director of Fiscal Analysis. **Keiba Jacob**, Procedural Clerk at the Parliament of Trinidad and Tobago, and **Cheryl Gibson**, Assistant Clerk at the Parliament of Jamaica presented the steps taken by each respective parliament to provide objective fiscal information to its members.

"You can have a Parliamentary Budget Office, but if Members of Parliament and the public do not understand the purpose of this office or trust the information coming from it, it's not going to be as useful as we wish... We have to use an approach that will be useful in our political environment... We continue to build the best model for us."



KEIBA JACOB,
Procedural Clerk,
Parliament of Trinidad
and Tobago



Member of Parliament
JULIAN ROBINSON
(Jamaica)

"The challenge with [counting on information from the Central Bank and the Ministry of Finance] is that the political party that generally has an interest in doing this analysis is the opposition party, not necessarily the government, and those people who are employed in the government are not going to be available to opposition members."

Opportunities for Fiscal Openness

Fiscal transparency is a key element of government accountability. It provides the information required for oversight of public resources by parliament and contributes to a more informed public debate on fiscal policy issues to improve decision-making. In this session moderated by **Juan Pablo Guerrero**, Network Director of the Global Institute for Fiscal Transparency (GIFT), participants were presented with [GIFT's High-Level Principles of Fiscal Transparency](#) and heard from **Sandeep Saxena**, Senior Economist in Public Financial Management at the International Monetary Fund (IMF) on the [IMF Fiscal Transparency Code](#). Participants then worked together to determine common gaps in availability and accessibility of information throughout the financial cycle to identify opportunities for improvements to allow parliament to better achieve its role.

OPPORTUNITIES TO IMPROVE FISCAL OPENNESS HIGHLIGHTED BY PARTICIPANTS

Formulation

- ⇒ Adopt a long-term national development plan which makes the budgetary process more relevant, and provide a mechanism to review these priorities periodically
- ⇒ Provide educational material for citizens to better understand the budget process
- ⇒ Provide opportunities for citizens to engage in the formulation of the budget and publish these opportunities
- ⇒ Adopt mechanisms to ensure feedback received through consultations is considered throughout the formulation stage

Legislative Consideration and Enactment

- ⇒ Include meetings with parliamentary groups in earlier stages of the formulation of the budget (prior to tabling it to parliament)
- ⇒ Present a breakdown of the budget in a format that aligns with government programs so that allocations are clearly understood
- ⇒ Adopt a practice to table the budget in parliament more than one month prior to the start of the fiscal year to allow parliamentarians more time to analyse it
- ⇒ Formalize a structure allowing the budget to be debated in parliament

Execution and Oversight

- ⇒ Formalize a structure to budgetary reports in parliament
- ⇒ Ensure that audit reports presented by the Auditor General are consistently presented in a timely manner
- ⇒ Implement a more robust system to ensure that annual reports from government and quasi-government entities are consistently tabled in parliament in a timely manner
- ⇒ Create a simplified less technical version of the budget that is friendly for citizens and the media (citizen budget)

Public Participation in Fiscal Policy

“The Principles of Public Participation in Fiscal Policy address the need for information to be accessible to the public, for citizens to have clarity on the rules of engagement and expectations, for means to ensure inclusiveness and that no one is impeded from participating, for clarity on the time in which the public can engage, for input to be seriously considered, for the engagement process to be proportional to the policy being discussed, for this process to be sustainable and become part of the system, for it to complement rather than replace existing governance systems, and for there to be reciprocity in the engagement process.”



JUAN PABLO GUERRERO,
Network Director of GIFT

“Open budgets and participatory budgets can be seen as quite fundamental tools in a platform for governmental transparency and citizen engagement. Publishing the budget in an open format means it can be freely used, reused and analysed by anyone for any purpose...this is fundamental for civil society and citizens to have the ability to participate in this process, to discuss spending priorities, allocations and to participate in the scrutiny and monitoring of the results of that budget allocation.”



DR. MAURICE McNAUGHTON,
Director of the Centre of Excellence for IT-enabled Innovation, Mona School of Business, University of West Indies

“Any gender-responsive budgeting approach requires continuous effort with building blocks in terms of legislation, public policies and budgets. If we want a gender-responsive budget we should not only focus on the budget but in advancing legislation that will allow citizen participation and promote gender equality and human rights.”



MANUELA GARZA,
Founding Partner,
Colectivo Meta

Involving citizens in the legislative process is critical to ensuring inclusive, participative and representative decision-making as per Sustainable Development Goal 16. It not only brings a variety of perspectives to the table but also adds legitimacy to the decisions that are taken. However, this can be particularly challenging when it comes to financial decisions which are often quite complex. This session was moderated by **Juan Pablo Guerrero**, Network Director of GIFT, who presented the [10 Principles of Public Participation in Fiscal Policy](#).

Dr. Maurice McNaughton, Director of the Centre of Excellence for IT-enabled Innovation at the Mona School of Business of the University of West Indies, shared the results of a participative budgeting exercise developed in partnership with Member of Parliament **Julian Robinson** (Jamaica) and applied to determine the allocation of constituency development funds. **Ms. Manuela Garza**, Founding Partner of Colectivo Cometa, discussed how this concept can be applied to create gender responsive budgets.

10 PRINCIPLES OF PUBLIC PARTICIPATION IN FISCAL POLICY ADOPTED BY GIFT

1. Accessibility
2. Openness
3. Inclusiveness
4. Respect for self-expression
5. Timeliness
6. Depth
7. Proportionality
8. Sustainability
9. Complementarity
10. Reciprocity

Source: GIFT Principles of Public Participation in Fiscal Policy. http://www.fiscaltransparency.net/Public_Participation_Principles.pdf

PARLIAMENTS IN ATTENDANCE



BARBADOS



BELIZE



GRENADA



GUYANA



JAMAICA



SAINT LUCIA



SAINT VINCENT
AND THE
GRENADINES

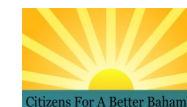


SURINAME



TRINIDAD AND
TOBAGO

PARTICIPATING ORGANIZATIONS



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PARLAMERICAS



ParlAmericas is the institution that promotes **PARLIAMENTARY DIPLOMACY** in the **INTER-AMERICAN SYSTEM**



ParlAmericas is composed of the **NATIONAL LEGISLATURES** of the member States of the OAS from North, Central and South America and the Caribbean



ParlAmericas facilitates the exchange of parliamentary **BEST PRACTICES** and promotes **COOPERATIVE POLITICAL DIALOGUE**



ParlAmericas mainstreams **GENDER EQUALITY** by advocating for women's political empowerment and the application of a gender lens in legislative work



ParlAmericas fosters **OPEN PARLIAMENTS** by advancing the principles of transparency, accountability, citizen participation, ethics and probity



ParlAmericas promotes policies and legislative measures to mitigate and adapt to the effects of **CLIMATE CHANGE**



ParlAmericas works towards strengthening democracy and governance by accompanying **ELECTORAL PROCESSES**



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