Budget Strengthening Initiative

COUNTRY LEARNING NOTES

Uganda: the Parliamentary Budget Office

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December 2012

SUMMARY

- Uganda's Parliamentary Budget Office plays an important role in supporting parliamentarians to scrutinise the national budget. It is one of only a few such institutions in Africa.
- The Parliamentary Budget Office provides quarterly reports on the economy and detailed sectoral analysis of the national budget for the parliamentary committees. It also provides ad hoc advice on budget, fiscal and economic policy.
- Much of the Parliamentary Budget Office's work takes place during the budget preparation and appropriation period (April to August), when it reviews the Budget Framework Paper, detailed budget estimates and Ministerial Policy Statements. On the basis of its findings, it advises Parliament on budgetary issues and makes key recommendations for the Executive.
- Setting up the Parliamentary Budget Office under the 2001 Budget Act was not an easy task, because of political resistance at the time to any strengthening of Parliament. It was eventually established following significant pressure from parliamentarians.
- Although the Parliamentary Budget Office has proved valuable in demystifying the budget process for Parliament, it faces a number of operational and institutional challenges. These need to be overcome, in order to strengthen its role and improve the quality of parliamentary scrutiny of the budget.

The Budget Act of 2001 established a strengthened role and capacity for parliamentary scrutiny of the national budget. The Act established the Parliament Budget Committee with a mandate to scrutinise the National Budget, and the Parliamentary Budget Office (PBO) to support analysis of the budget and related economic developments.

The PBO is headed by a director and is staffed by 20 full-time economists. The office consists of two main divisions, Fiscal Affairs and Macroeconomic Affairs, and a Financial Programming section which is responsible for meeting the office's data requirements. The PBO is mandated by the Budget Act to undertake a number of key tasks, including regular and ad hoc analytical reports on budgetary and macroeconomic topics. It also produces reports on the financial implications of new legislation.

Within the budget cycle, the PBO is particularly active in the first and fourth quarters of the financial year, between April and September, when it provides rapid analytical feedback to each of Parliament's sessional committees

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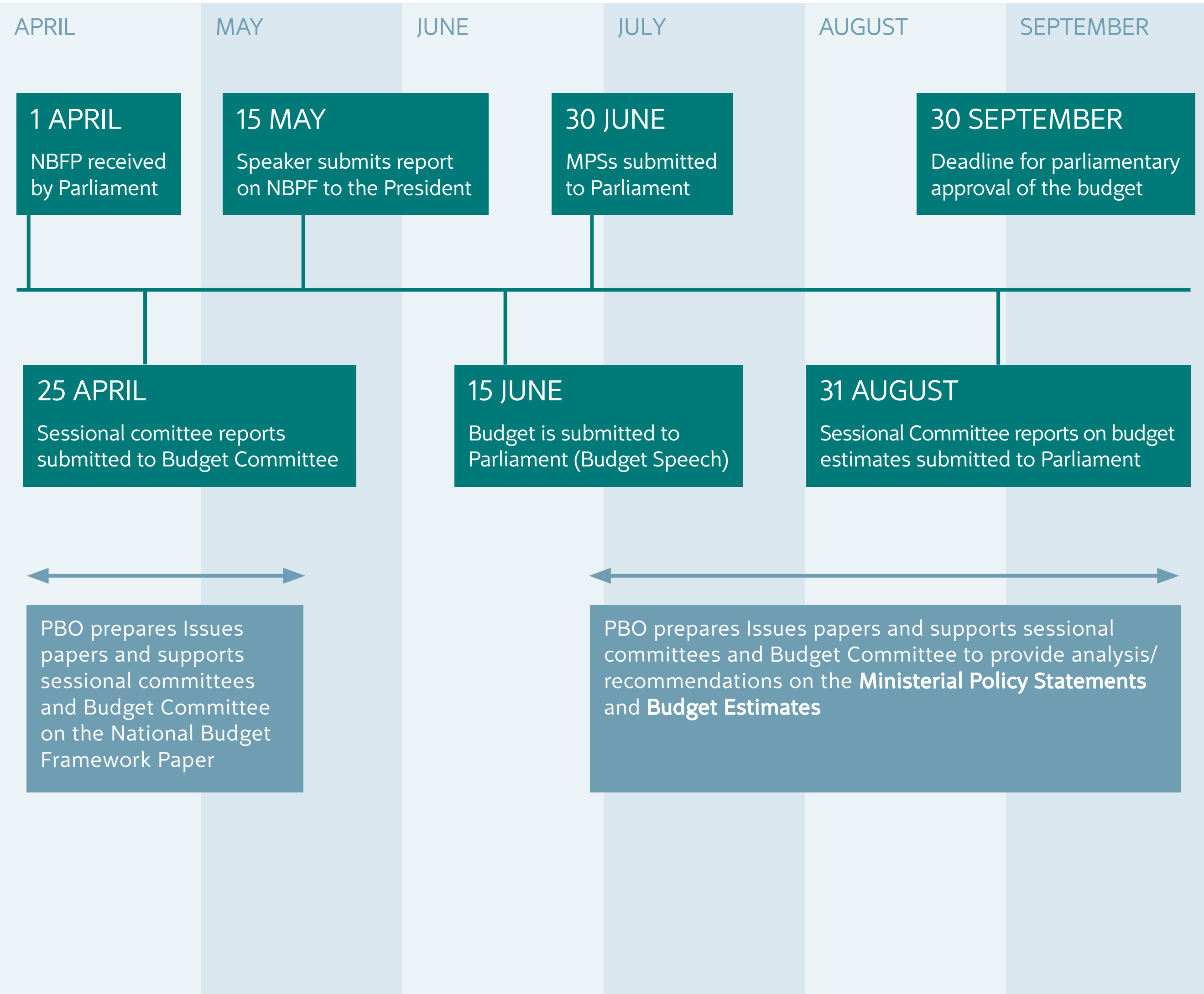
and the Budget Committee on the annual budget and Medium Term Expenditure Framework (MTEF) for the forthcoming year (see diagram below). The PBO assigns an officer to support each of the 12 sessional committees in examining both the National Budget Framework Paper (NBFP) in April and the budget estimates and Ministerial Policy Statements (MPSs) in July. As well as providing committee members with accessible information on economic and budget policy, the PBO officers also prepare a more formal 'Issues paper' for each committee.

These papers analyse the relevant part of the budget and make recommendations to the committee concerned.

In addition, the PBO produces quarterly reports on macroeconomic developments. Often these include more detailed analysis of topical issues such as budget performance, economic shocks or budget financing issues. For example, a report in 2011 provided an in-depth analysis of the supplementary budgets for the 2011 elections and the purchase of military jets.

FIGURE 1: THE PARLIAMENTARY BUDGET OFFICE'S WORK SCHEDULE



THE BUDGET ACT AND PARLIAMENT'S STRENGTHENING ROLE IN THE BUDGET

Few developing countries, especially in Africa, have established parliamentary budget offices, and Uganda's was set up only after a hard-fought battle. Its story begins in the late 1990s, with the rapid growth of donor engagement in the country and the establishment of the Poverty Action Fund (PAF). The PAF, overseen by the Ministry of Finance, was created as the major government mechanism for attracting and coordinating aid for public services. Quarterly PAF meetings offered a forum for vibrant debate between the Ministry of Finance, donors and civil society. The increasing size of the national budget gave the Ministry of Finance considerable clout in this debate.

As the Ministry of Finance's position grew stronger, Parliament was largely side-lined in the budget process. Parliament did not play an active role in the consultative process. Its legal access to budget information was limited by the Constitution (Republic of Uganda, 1995) so it could do no more than provide "a mere rubber stamp" to the budget (Kiraso, 2008). Dissatisfaction with this situation increased within Parliament in the lead-up to the 2001 elections, as opposition grew in capacity and popularity and provided the first strong challenge to the National Resistance Movement (NRM).

In order to address the concerns, the Budget Bill was tabled as a private member's bill in July 2000, on the initiative of the chairpersons of the Committee on Finance, Planning and Economic Development and the Committee on National Economy. Negotiations over the bill were extensive, with the Government (led by the Ministry of Finance) and Parliament disagreeing over basic details of the legal and institutional provisions. The bill was finally passed as the Budget Act in February 2001, shortly before the NRM's victory in the 2001 elections.

The Act laid out a calendar for the budget process and mandated Parliament to be actively involved in budget preparation. It specified a more extensive set of budget information that was required to be published, and established a permanent Budget Committee and a the PBO to support Parliament in budget scrutiny. Interestingly, Kiraso (2008) argues that this was an unlikely and unique window of opportunity for such significant reform and was enabled by the political situation at the time. While the Executive fought the bill's introduction, the 'movement' system of government that allowed for no competing parties made it easier for MPs to look at the bill objectively, in a non-partisan manner. In a multi-party environment the Government would have been in a stronger position to instruct its MPs to back it (Kiraso, 2008; Moon, 2011).

CHALLENGES AND RECOMMENDATIONS

The PBO has played an important role in demystifying the budget process for parliamentarians, making some of the complicated and dry detail of the budget more accessible. A more active Parliament has helped to entrench some of the Budget Act's key elements. These include, in particular, greater discipline in adhering to the budget calendar, and the use of the MTEF in planning and budgeting. Recent instances of Cabinet U-turns on budget performance targets, together with challenging reports from the PBO, reflect how the budget policy debate between the Executive and Parliament has become more vigorous (Parliamentary Commission, 2011). Despite these remarkable successes, a number of challenges remain, in terms of both the effectiveness of the PBO's way of working and its institutional role.

One of the main difficulties has been the growing volume and complexity of information included in the budget presentation following the reforms. This means that the PBO's work has increasingly shifted to summarising and simplifying the budget for parliamentarians, rather than focusing on analysis of key issues. As a result, many parliamentarians now refer to the PBO's interpretation of the budget instead of reading and scrutinising the budget documents directly. The PBO needs to clarify its role in *facilitating debate* and draw committees into discussions about the content of the budget documents. A less complex budget presentation from the Ministry of Finance is an important next step.

A second problem concerns access to information, particularly digital or networked access to the budget and treasury databases. Much of the more detailed sectoral data-collection depends on individual requests from line ministries or from the Ministry of Finance, making data-collection inefficient and often unsuccessful. Reliance on hard copies and/or older drafts rather than live data has limited the breadth and accuracy of analysis and in some cases undermined the credibility of some of the PBO reports in the eyes of committee members. There have been some recent improvements in the access to data and reports, but a constant, accessible link to budget and treasury information has yet to be established.

Third, not all parliamentarians take full advantage of the regular reports produced by the PBO, instead making ad hoc requests for information, which in many cases has already been provided. This makes a large workload for the PBO officers. The situation could be improved by a clearer and more standardised structure for PBO reports and other advisory products.

Fourth, the sectoral focus of the budget preparation process and budget documentation, particularly in the context of the NBFP, presents some problems. The sessional committees do not directly match the sector structure, so their discussions on policy are less effective than they could be. This also means that the reports on the budget to the Executive are often structured in a way that makes them difficult for the Ministry of Finance to understand and respond to.

Finally, and following on from the previous point, it is critical that Parliament's budget analysis is presented with recommendations that can be readily acted upon and monitored. The PBO must be able to make unambiguous recommendations that demonstrate clearly how any proposed changes in the budget will be financed. Otherwise, it will be difficult for the Executive to address the recommendations, and for the PBO to assess whether or not the Executive has reacted effectively. Specifically, an overview should be provided of recommendations that identify specific outputs or budget lines that should be cut or should receive additional funding, together with a summary of how new financing will be provided if required.

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