



The Role of the Legislature in the Budget Process: Lessons from the Field

Brookings Institution

John Johnson
Alison Paul De Schryver

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Presentation Outline

1. A comparative look at legislatures and the budget process
2. Some relevant NDI program activities
3. Lessons and observations

1. Legislatures in the budget process: before the budget is enacted

- Range of legislative budget powers
- Minimum: Mozambique - “Should the Assembly of the Republic, after debate, reject the Government’s program, the President of the Republic may dissolve the Assembly and call new general elections”
- Maximum: Texas Legislative Budget Board actually prepares the general appropriations bill, and is responsible to, “...guide, review, and finalize agency strategic plans.”.

1. Legislatures in the budget process: before the budget is enacted

- | <u>Legislative Type</u> | <u>Capacity</u> |
|---|--|
| <ul style="list-style-type: none"> • <u>Budget approving budget</u>
⇒ Mozambique | Lacks authority/capacity to amend or reject exec |
| <ul style="list-style-type: none"> • <u>Budget influencing budget</u>
⇒ France, Nicaragua | Lt'd authority/capacity to amend or reject exec |
| <ul style="list-style-type: none"> • <u>Budget making rewrite budget</u>
⇒ US Congress, state legislatures | Has authority and capacity to amend-reject- |

1. Legislatures in the budget process: before the budget is enacted

Factors influencing budget powers

- Regime type and formal budget powers
 - ⇒ Degree of separation of powers
 - ⇒ Powers to increase/decrease proposed budget

- Time to consider proposed budget: (2003 OECD Study)

• Up to two months	26%
• Two to four months	59%
• Four to six months	13%
• More than six months	3%

- Political environment and legislative capacity (including budget offices)

1. Legislatures in the budget process: after the budget is enacted - oversight

Oversight Tools

- The Question Period
- Audit and oversight agencies
- Public Accounts Committees
- Permanent or Standing Committees
- Investigative committees
- Importance of professional staff

NDI Program Activities

- Kosovo: Central Assembly
- Iraq: Council of Representatives
- Nigeria: National Assembly
- Legislative engagement on poverty reduction policies
- Legislative engagement on oversight of extractive industry revenue

2. NDI Program Activities: Kosovo

- Budget and Finance Committee
 - ⇒ Development of committee work plans
 - ⇒ Hiring and training committee assistants
 - ⇒ Improving committee rules of procedure
 - ⇒ Training committee members on budget drafting
 - ⇒ As a result:
 - ◇ 2006 first time the committee drafted the budget law
 - ◇ Committee successfully lobbied for longer review process, and increased budget for committees

2. NDI Program Activities: Kosovo

- Health Committee

- ⇒ Monitored implementation of National Health Law
 - ◇ Conducted site visits to hospitals
 - ◇ Carried out public hearings
- ⇒ Report presented at and approved in plenary
- ⇒ Media attention

2. NDI Program Activities: Iraq

- Iraq:
 - ⇒ Budget training for committees
 - ◇ Budget oversight and analysis
 - ◇ Comparative budget information
 - ◇ Mock hearings on budget issues
 - ◇ Introduction to the role of a budget office
 - ⇒ Committee on Financial Affairs
 - ◇ Budget analysis and review
 - ◇ Negotiations and strategy consultations
 - ◇ Timing and flexibility

2. NDI Program Activities: Nigeria

- Appropriations committee
 - ⇒ Training on the appropriations process
 - ⇒ Provision of Appropriations Guidebook
 - ⇒ 2004 budget amendments
- Gender budget analysis
- Civil society collaboration on and input into budget process

2. NDI Program Activities: Nigeria

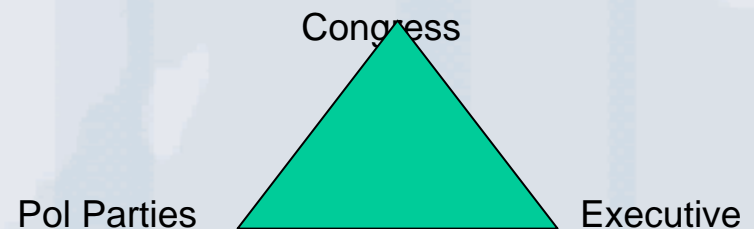
- National Assembly Budget and Research Office (NABRO)
 - ⇒ Assessment conducted
 - ⇒ Consultations on the process to pass legislation
 - ⇒ Slow progress

2. NDI Program Activities: poverty reduction and extractive industry revenue

- PRSP pilot projects in Malawi
 - ◊ Partnerships with civil society to monitor PRSP policy implementation (Malawi)
- Legislative oversight of extractive industry (EI) revenue
 - ◊ NDI report
 - ◊ Cooperation with East African Legislative Assembly
 - Workshop on oversight of revenue
 - Resolution

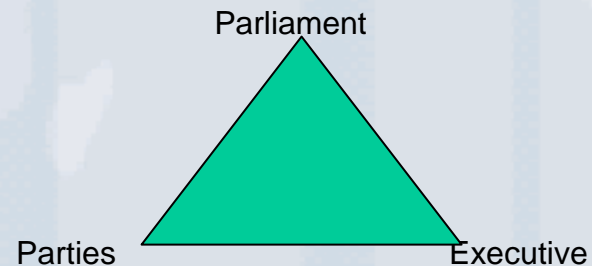
3. Lessons: Parliaments sometimes expand their role in the budget process

- Mexican Congress:
- 1990: PRI controls presidency, both houses of Congress. Congress rubber stamp.
- By 2004: (PRI had Congress and Presidency) % bills enacted into law – only 7.1% introduced by executive. Constitutional amendments extend budget period, length of spring term (47 – 87 days), budget office, non-partisan staff (Jeffrey Weldon)



3. Lessons: Legislatures sometimes expand their role in the budget process

- Kenya Parliament:
- 1990: One party state (KANU), dominant executive (Moi), rubber stamp parliament.
- 2004: (KANU had lost presidency and parliament), PSC, strong committees (members vote across party lines), 2001 changes to Coffee and Sugar bills, budget changes, increased budget and staff for parliament, CDF, non-partisan staff, oversight – List of Shame, John Githongo corruption investigation,



3. Lessons: A few champions can often make a difference

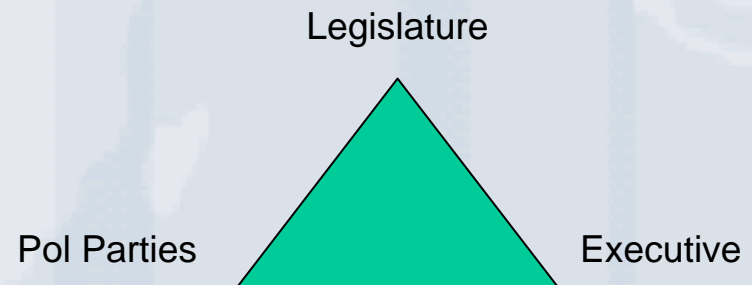
- Kenya: Oloo Aringo/Uganda: Dan Ogalo and Beatrice Kirasso
 - ⇒ Independence of parliament, budget committee and budget office
- Bolivia: VP Luis Ossio
 - ⇒ 1992: Institutional reformer, invite USAID to develop *Centro de Investigaciones del Congreso Nacional* (CICON – budget, research, bill drafting)
 - ⇒ 1993-4: Modernization Commission, CICON found hundreds of millions of dollars of errors in proposed budgets, effective budget oversight

3. Lessons: Development assistance, especially when well timed, can be effective

- Bolivia: Early 1990s
- Mexico: Late 1990s
- Uganda: Late 1990s
- Kenya: Early 2000s
- E. Europe: Frost Task Force early 1990s (Poland)
- Kosovo - present

3. Lessons: Politics is not static, and gains can be lost.

- Bolivia: VP Cardenas less aggressive than VP Ossio – did not consolidate,
- Uganda: 7th and 8th parliaments less independent than 6th (1996 – 2001)



3. Lessons: The use of “Legislative standards” may encourage stronger oversight

- Steven Fish – Stronger Legislatures, Stronger Democracies (2006)
 - ⇒ Correlation between Freedom House freedom indicators, and Parliamentary Powers Index in 25 post-communist nations
 - ⇒ Concludes: “Stronger legislatures served as a weightier check on presidents, and thus a more reliable guarantor of horizontal accountability than did weaker presidents” (p.18).
- NDI and CPA publications – 2007
- NDI Balkans – encouraging rules reform to strengthen oversight,