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HIGH-LEVEL WORKING GROUP FOR ANALYSIS AND DISCUSSION OF LEGISLATIVE OVERSIGHT BUDGET DOCUMENTS OF OF PALOP AND TIMOR LESTE



Assembleia da República de Moçambique

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PARTICIPANT HANDBOOK

I. EXECUTIVE SUMMARY

Assessing budget transparency allows providing a better understanding of the factual state of transparency and accountability. That is, allows the measurement of accessibility, advertising, regularity and comprehensiveness of budget documents. Among these documents, according to the terminology used by the International Budget Partnership, we highlight the Pre-Budget Statement, the proposed Executive Budget, the Enacted Budget, Reports during the year (Provisional, monthly or quarterly accounts), the semiannual Review, the End of Year Report (General Account, or State General Account) and the Audit Report (Opinion on the General Account of the State Court of Auditors). There is one budget document, the Citizens Budget, which is the simplification of the budget documents mentioned above, most often, the Enacted Budget.

In turn, measuring the external control capability, either the legislative (exercised by legislatures - Parliaments) or the judicial (exercised by the Supreme Audit Institutions or Supreme Audit - Audit Courts), allows on the one hand to get more accurate and comprehensive evaluation of the role of legislatures in the budget process as well as the effectiveness of their control over government policies and, on the other hand, measure the autonomy, resources and ability to perform annual financial audits by the SAI to assess the executive in implementing the budget in line with legislative directives.

Finally, measure the participation and involvement of the public in the budget process, including the audit phase, allows us to evaluate the real opportunities for civil society and citizens to actively participate in making budgetary decisions and independent, institutionalized and strong fiscal oversight, of budgetary transparency and accountability. So it can measure the interactions of civil society and citizens with the Executive, with the SAI and with the parliaments in carrying out their respective mandates.

Whatever the performance and development level of SAI, of the Parliament and Civil Society, a limited budget transparency indicates weak impact of the achievements of these institutions for the citizen's external control of PF. On the other hand, most countries currently provide few opportunities for public engagement in the budget process that should have a legal basis.

Budget transparency is not enough to lead to accountability; it has to be accompanied by significant opportunities for society and citizens to actively participate in making budgetary decisions and institutionalized and strong independent oversight. Nevertheless, informed and active citizens do not replace the formal role of audit institutions, Parliaments and supreme audit institutions. Legislative bodies play a critical role in public finance management, approving the national budget and overseeing their implementation by the executive. Better legislative oversight increases the transparency and accountability of governments. The standards for legislative oversight are similar to those used to evaluate the implementation of policies: legality, effectiveness, legitimacy. Legislative control includes the involvement of legislatures in the budget process even before the presentation of the executive's budget proposal and to audit phase - Opinion on the General Account. This control also involves, among others: access to analytics and research, the existence of powers to make changes and the time you have to discuss before approving the proposed budget, the existence of the power to make changes during the implementation of budget.

Effective legislatures are crucial to the promotion of good governance and are a critical component in the broader context of governance of a country. Although there are differences between the government systems, legislators, through their constitutional mandates, should fulfill three basic functions: representation, legislation and oversight.

Governance goals of greater accountability, transparency and participation are directly related to these three functions. The legislative oversight, in particular, is to ensure that the executive and its agencies, or those in whom authority is delegated, remain responsive and accountable. That review must be seen as a continuous and permanent cycle, allowing legislatures to examine government policies how are efforts being developed to ensure that programs are implemented and administered efficiently, effectively and in line with the legislative guidelines adopted by parliament. For this to happen, special attention should be paid to legislative oversight opportunities during the budget cycle.

Legislative oversight involves assessing the process of implementing the programs and their budgets, and this usually occurs away from the public eye. It occurs near the end of the policy-making process during the implementation of laws and it is the opportunity for legislators to participate in its implementation. The budget process provides critical opportunities for legislative oversight - from the formulation and approval of the budget, to implementation and ex-post evaluation of public accounts. This is an activity that poses major challenges for parliamentarians and parliamentary staff, considering the complexity of budgets and their expenses, whose supervision needs to be anchored in the six institutional prerequisites for legislative control, including: power of change, reversible budgets, executive flexibility during implementation, the budget calendar, legislative committees, and budgetary information.

The specialized Budget Parliamentary Committees have emerged as key tools for legislative oversight in general and to the budget process and public resources spent in particular. Parliamentary committees are effective, most often, those supported by technical teams, working partners and allies of the bureaucracy / Public Administration and civil society. The parliaments and CEP are often supported in their surveillance function by extra-parliamentary institutions of accountability, such as the supreme audit institutions and ombudsmen. Independent Parliamentary Budget Analysis Offices can also provide independent expertise and support to parliamentary and CEP.

Such entities are important assets to put the legislature on an equal footing with the executive and thus contribute to increased transparency, credibility and accountability of the budget process accounts. These units must be non-partisan, independent so that they can successfully meet their essential functions.

These should be ideal targets for effective legislative oversight of the budget, but achievable only and only when the deputies and parliamentary technicians are familiar with the principles of budgetary transparency and the major known budget documents. The budget transparency is based on access, coverage, advertising / accessibility and regularity of tax information and budget documents throughout the budget cycle as a whole - from formulation to audit via implementation.

In this context, parliamentarians and officials of parliaments of the PALOP and Timor-Leste with significant responsibility for legislative oversight and analysis of the budgetary processes of government spending, respectively, must work together for three days to find practical solutions to these challenges in their legislatures. The first day of work agenda allows the theoretical and practical framework on pillars of legislative oversight function in general and, more particularly, of the budgetary legislative oversight. Throughout this first day, theoretical issues of presentation sessions will be followed by working groups for the application of concepts to the specific context of the PALOP and Timor Leste. The second day's Agenda will enable participants to look into budget transparency and the budget documents - especially in the standardization of definitions and meanings, but with discussion and debate on national contexts. Sessions of debate and discussion in the morning and in the afternoon, national working groups will focus on the criteria for assessing the strength of the legislature and budget documents in each participating country of the working group. The third day is organized in order to bring the concepts and tools of legislative oversight addressed on the first day with the budget documents and budgetary transparency visited on the second day. This will be done through clinics with practical work, analysis and discussion dedicated to the stage of formulation / approval, implementation and audit of the state budget and other relevant budget documents.



TERMS OF REFERENCE

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PROJECT TO STRENGTHENING TECHNICAL AND FUNCTIONAL SKILLS OF SUPREME AUDIT INSTITUTIONS (SAI), NATIONAL PARLIAMENTS AND CIVIL SOCIETY FOR THE CONTROL OF PUBLIC FINANCES IN PALOP AND TIMOR LESTE (PRO PALOP-TL SAI)

The Pro PALOP-TL SAI was created from the sub-area for economic governance under the 10th European Development Fund (EDF) 2008-2013 for the PALOP-TL countries, which has allocated 33.1 million euros to support projects of initiative governance in PALOP-TL. This project was formulated on the basis of partnership between the European Union and the United Nations Development Program (EU-UNDP) which allocates 6.5¹ million euros in support of Supreme Audit Institutions (SAI / EFS), Parliaments, parliamentarians and the Civil Society Organizations (CSOs) in the PALOP-TL in the field of external control of public finances, legislative oversight of public expenditure and public involvement in budget cycles. This project aims to promote the economic governance of the PALOP-TL by strengthening the technical and functional capacities of Supreme Audit Institutions (SAI / EFS), national parliaments and civil society in the six recipient countries.

The Pro PALOP-TL SAI project is developed in accordance with national strategies for poverty reduction and national development goals of the recipient countries, as well as the Country Program and UNDP assistance plans and the 10th EDF for 2008-2013 PALOP-TL. These policies and strategies are adapted to the specificities and priorities of each country but converging to promote good economic governance as a catalyst for human development and economic growth. The Pro PALOP-TL contributes to this common goal by developing the skills of the aforementioned actors for (i) greater efficiency in controlling the budget by the legislative, (ii) improvements in public financial management systems-based practices and more efficient external control institutions (iii) a more informed and active public participation and involvement in the processes and budget cycles.

The project has a multi-country approach of intervention and intends to intensify the exchange between PALOP-TL and South-South inter-institutional cooperation, based on a more holistic perspective of democratic governance. A special importance is given to the development of cooperative skills, cross-cutting, South-South and among peers within the selected areas of economic governance, specifically in the external control area, external public audit, financial control of the budget and public scrutiny of public finances, of budget cycles processes and public accounts.

The project has the overall objective of promoting economic governance in the PALOP-TL and to strengthen the technical and functional capabilities of SAI/EFS, Parliaments, parliamentarians and civil society (including the media). The specific objective is to improve and increase the effectiveness of foreign policy and judicial and civilian oversight of public finances in the PALOP-TL towards a more efficient use of public resources. The SAI / EFS and Legislative Assemblies, as well as the general public, play an important role in preventing corruption and poor governance; therefore within the possible, the project also aims to strengthen the links between the SAI / EFS, Parliaments, civil society organizations (CSOs) and other regulatory agencies, particularly agencies to fight corruption and procurement agencies.

This project directly addresses the issue of good governance and aims to strengthen the accountability systems from external and independent monitoring of public finances in response to citizens' right to information. The project also aims crosswise promoting equality and gender equity in public spending producing results and a transformative impact to be sustainable beyond the project lifecycle. To this end, UNDP will associate the units of UN Women at the level of the country office and other development agencies and partners for the design of the work plans and training activities. Platforms and solutions offered by Information and Communication Technologies (ICT) will play a key role in this strategy and will cross the Project actions. Environmental issues will be considered in specific activities, and where appropriate, and will be consistent with partners' strategies and their national priorities countries, such as the strengthening of the management and control skills in the area of natural resource extraction in Mozambique.

Two results that contribute directly to the specific objective of this project are expected:

1. The strengthening of control and audit capabilities of SAI / EFS on public finances from PALOP-TL in the context of peer learning.
2. The development of supervisory capacities for informed analysis on the part of Parliaments and civil society on public finances in the PALOP-TL in the context of peer learning.

The Pro PALOP -TL SAI uses the training activities in order to strengthen and consolidate the skills and credentials of all parties involved and establishes e-learning platforms in Portuguese ensuring long-term access to databases and information in Portuguese. The project also contributes to establish for the first time a Civil Society Organizations multi-country platform from PALOP-TL where the lessons and progress made by CSOs within the scope of the Open

¹ 6.4 Million euros administered by UNDP and 0.1 million euros administered by the EU.

Budget Initiative will be presented. The multi-country work plan of OISC/CPLP² will be complemented by other activities to promote sustainability and cooperation between the various legislative assemblies of the PALOP-TL.

Improved access to tax information (in terms of meeting deadlines and disclosure, as well as the quality and comprehensiveness of information available) is a precondition for effective public control and to achieve the main objectives of the Pro PALOP-TL. In the long term, the Project impact extension will depend on the success of their exit strategies and the sustainability of its actions and activities. It is therefore crucial that the beneficiaries of this project establish relations and sustainable partnerships that endure beyond the project's completion. These long-term relationships will be best achieved through the development of human resource capacities within national institutions. This capacity building should aim to develop professional skills and improved training internally.

The strategy defined by the project takes into account either the different contexts of the six beneficiary countries or inter-institutional and South-South cooperation which includes the PALOP-TL. The action plan includes multi-country activities that promote inter-institutional and south-south cooperation between the PALOP (on-site training and e-learning, workshops, field trips and peer learning activities) as well as activities at the national level directed to the needs of each of the beneficiary countries (training, organizational changes, preparation of manuals, capacity building, etc.).

I. SPECIFIC SEMINAR CONTEXT

The PALOP³ and Timor Leste have a similar system of governance with many similarities (including similar systems of public administration, justice, public finance management, labor markets and interconnected social services) and share a strong linguistic and cultural identity as well as a long tradition of contacts and exchanges amongst themselves. This also applies to relations between the PALOP and Timor Leste with Brazil and Portugal.

In the last decade, most of these countries have registered significant progress in terms of economic governance, largely due to a large number of reforms in the Public Financial Management (PFM) systems. However, the government, in general, continues to face a number of institutional challenges, including weaknesses in human and organizational structures resources, resulting in serious deficiencies that have proved an obstacle to the adequate and effective external and civil financial control of public accounts and expenses.

The objective of promoting a more effective control over public finances, strengthening the institutional and civil control mechanisms is reachable through a common approach taken by political leaders as an important policy option for cooperation. This approach is based on the promotion of South-South exchanges and learning opportunities among peers for the exchange of experiences. Such an approach benefits from the existence of a broad framework of shared references by the respective governments and non-state actors, despite significant differences arising from the specific realities of each country.

Since 1995, the PALOP Audit Courts as members of the Organization of Supreme Audit Institutions / Audit of the CPLP have been conducting cooperative activities such as courses and joint studies, exchange of auditors for courses and internships as well as exchange of technical publications, among others. The strategy and project of capacity building actions will be fully aligned with the organization's strategic plan of Supreme Audit Institutions of the CPLP for 2011-2016 and, where appropriate, specific cooperation agreements will be signed in order to further promote the synergies and exchange of experiences. This has been the trend with regard to trade between the different parliaments, despite the fact that such exchanges are still incipient in the field of budgetary legislative oversight. Yet, in the public domain on the scrutiny of the Accounts and Public Expenditure, these exchanges and their own institutional development is minimal or even almost nil, with the exception of the cases of Timor Leste and Mozambique.

Therefore, with regard to external, legislative, judicial control and/or financial control and judicial and public scrutiny of Accounts and Public Expenditure and Management Systems of Public Finance (SPFM) in the PALOP and Timor Leste, notwithstanding national specificities and different stages of institutional development in these countries converging trends can be found. A preliminary and empirical analysis, and based on the main assessment reports and analysis of public finance management systems (SPFM) and external control of public expenditure has allowed a number of general features that are highlighted below.

Parliaments

In the PALOP and in Timor Leste, as in most contemporary democracies, national parliaments are vested with legislative, oversight, representation and political decision powers. In the PALOP and Timor Leste the response of public institutions and civil society is limited with respect to government action and control of public finances in the context of economic governance. These limitations result in particular from the lack of updated information systems, surveillance mechanisms and appropriate review mechanisms, as well as sufficient expertise and know-how.

In **Angola**, the National Assembly (AN-ANG) has nine committees, being the 5th Standing Committee responsible for

² Organization of Control Audit Institutions of the Portuguese Speaking Countries Community - Angola, Brazil, Cabo Verde, Guinea Bissau, Mozambique, from Portugal, Sao Tome and Principe and Timor Leste.

³ Portuguese-speaking African countries – Angola, Cabo Verde, Guinea-Bissau, Mozambique, Sao Tome and Principe.

overseeing government action on economic issues and PFM. Despite recent improvements in the coordination among ministries and other public bodies, this seems insufficient. Exchanges with CCANG and with civil society organizations and public in general continue to be very limited and should be strengthened. Within the CPLP, the AN-Ang has established cooperation agreements with some parliaments; however, a systematic approach and a desirable frequency/regularity are missing to implement these inspection activities. Access to budget remains limited.

In **Cabo Verde**, the National Assembly (ANCV) operates through a standing committee and seven specialized committees. The second Specialized Committee of Finance and Budget is responsible for the supervision of PFM. Some failures for efficient performance include lack of support staff, limited technical expertise and a weak interaction with the CCCV and with civil society organizations and the public. The discussion about the convenience of two legal reforms extends a long time, namely the review of the Budgetary Framework Law and the CC of the legal framework to update the mandate and functions of the CC. A substantial investment has been made in the development of the ICT sector. There are e-government tools in the Ministry of Finance, such as SIGOF or SIM (system for managing municipal authority) that are important to supervise and manage financial data. However, these are not available for Parliament. There are no technical interactions with other parliaments in the PALOP-TL, despite the interest shown in Cabo Verde to carry out peer reviews and extrapolate the good practice to other parliaments that have shown interest in the functioning of this institution in Cabo Verde, as is the case of Mozambique.

In **Guinea-Bissau**, the National Popular Assembly (ANP-GB) has nine specialized standing committees and the Committee on Economy, Finance, Planning, Commerce and Industry is in charge of overseeing the PFM and economic issues. However, there is a reduced ability of Parliament to oversee government action and public expenditure, mainly due to the scarcity of qualified personnel; the limited use of IT management tools, despite efforts to establish SIGOF tools; the weak institutional coordination and scarce technical interaction with the CCGB and with civil society organizations and the public.

In **Mozambique**, the Strategic Plan of the Assembly of the Republic 2013-2022 includes among its five strategic priorities the oversight function of the National Assembly on government action. The Planning and Budget Commission (CPO), responsible for matters of PFM plays a central supervisory role throughout the budget cycle. The key challenges identified include insufficient interaction between the Parliament and civil society; disabled mechanisms of transparency and provision of accounts implemented; support and data systems have not fully developed; few institutional expertise; and limited quality and scope of government public accounts, making it difficult to comply with IPSAS standards.

In **Sao Tome and Principe**, the National Assembly (EM-STP) has five committees, and the second Standing Committee is responsible for the oversight of public finances and economic affairs. However, the performance of this committee is quite limited due to considerable restrictions, including the government's difficulty to regularly publish the state of public accounts; non-compliance with the schedule of the budget cycle; premature disclosure of budget execution reports by the Government and a lack of expertise and know-how within the Commission. Recently, the government has been testing with the technical assistance of the IMF, an electronic system for government's financial management system (SAFE-e) that, for the first time, allowed the Government to submit the general report to the National Assembly and the CC in 2013. The accountability of the state is very limited. According to the SAFE Act⁴ the CCSTP 'report on the state of public accounts is the only obligation of the government before the NA-STP. Fiscal transparency has been underlined with the release on the website of the Ministry of Finance of finance laws and quarterly progress reports, including regular reports on spending "pro-poor" with the integration of specific budget codes. However, budget execution and supervision reports, based on SAFINHO system, have not been published in the Official Gazette as required by the SAFE act.

In **Timor Leste** the parliamentary committees have a great shortage of skilled personnel which hampers both the legislative initiative and the supervisory capacity. The technical capacity of Representatives is weak and the legal, economic or specific knowledge are, as a rule, made available by international advisers. Nevertheless, the National Parliament (NP-TL) has been empowering itself steadily in recent years. Particular attention is given to the ability to monitor the accounts of the executive and public spending.

Supreme Audit Institutions (SAIs)

The Courts of Accounts (CC) of the PALOP and Timor Leste are higher institutions of financial control with jurisdictional characteristics and their legal frameworks are based essentially on the following texts: the Constitution; law establishing the competence, organization and functioning of the Court of Accounts as well as the status of its judges. These institutions were recently created and are in a consolidation phase of activities and methods to control public finances, as well as the evaluation of budget systems.

In **Angola**, the CCC was established in 2001. Its legislative framework is sound with improved possibilities to consider functional adjustments and new skills to control the public accounts more broadly. Interaction with the 5th Commission of the National Assembly (responsible for economic and PFM) exist, but only with limited practical impact. In terms of transparency and availability of information to the general public there is room for improvement. The CC has developed an IT management system directly linked to the state budget in order to maximize efficiency to oversee public finances, a good practice that could eventually be adapted for use in other countries, where

⁴2007 Law on the Financial Management System of the Government,

appropriate.

In **Cabo Verde**, the President of the Court is appointed by the President on the proposal of the Cabinet. Notwithstanding the limits of the legal framework, the CCCV has improved its monitoring capacity on Public Accounts considerably in recent years. This strategy to improve its performance has been supported by a large group of partners, including the EU through budget support, France, Portugal and UNDP. There are bilateral cooperation relations with CC in Portugal and Brazil within the Organization of Supreme Audit Institutions of the CPLP. A strategic plan for 2012-2015 is being implemented on the basis of annual operational plans. A planned review of the legal framework of CCCV aims to increase transparency, control and supervision capabilities and the dissemination of public accounts. However, the new draft law on the CCCV is still to be approved by the National Assembly. The main weaknesses in carrying out an effective control over government action and public finances include a limited scope of the audit in compliance with current legislation, limited effectiveness of the internal audit due to staff and organizational flaws and need for CC access the SIGOF (integrated budgetary and financial management).

In **Guinea-Bissau**, the functioning of public institutions has been systematically affected by the political and institutional crises and periods of constitutional exception. The CCGB suffers from a severe lack of financial and material resources as well as lack of qualified personnel, which is an obstacle to effectively manage public finances. The action plan for the reform of public finances includes actions to improve oversight and transparency of PFM and in particular the functioning of CCGB. The CCGB intends to gain visibility through awareness-raising to civil society aimed at promoting civic participation to achieve greater transparency in the management of public affairs. At this time, a set of partners, among them the European Union (EU), the African Development Bank (ADB), the World Bank (WB) and bilateral partners are initiating robust short, medium and long term cooperation frameworks, aimed at providing CCGB the necessary human and institutional capacity to effectively perform its duties.

In **Mozambique**, the Administrative Court (TAMAZ) is invested in monitoring and audit functions in its Third Section. The TAMAZ enjoys the reputation of being independent and major efforts have been made to meet the challenge of shortages of human and material resources, through training and capacity building programs with a special focus since 2002 in accounts auditing and analysis. The TAMAZ has adequate channels of communication with the general public. Public accounts, the Opinion on the CGE's TA and audit reports are available to the public through the websites of the Ministry of Finance and TAMAZ. Its decisions are published in the Official Gazette, as legally provided. In 2009, the TAMAZ approved a communication plan that provides for sanctions to increase the dissemination of opinions reports and resolutions of the TA. The key challenges identified in the medium and long term are: (i) Review of the organizational position (constitutional) and establishment of TAMAZ, (ii) Extended strengthening of the general principles of transparency and public access to information, (iii) IT support system fully operational for acquisitions to impose internal controls and improve transparency. In 2011, a new multi-year strategic plan was adopted for the TAMAZ, the PLACOR, which is under review.

In 2004, the CC of **Sao Tome and Principe** was created, and great efforts have been made to strengthen its auditing functions and external control. Failure to regularly produce the state's public accounts was a huge embarrassment to regular and effective activity of the institution in view of its implications for the control and external audit. However, the 2010 accounts have been recently produced. External factors, including the lack of a financial responsibility law and the powers of the National Assembly to restrict CCSTP functions constitute an obstacle to full independence of CCSTP and proper performance of its audit functions. Bilateral agreements with Portugal and Brazil CC are in place for carrying out training programs within the CPLP SAI Organization.

In **Timor Leste** an Administrative High Court, Tax and Audit (TSAFC), as required by the Constitution, has not yet been created, resulting in a weak internal audit and effective control of public finances. However, while the TSAFC is not fully established, the Chamber of Accounts will work with the Court of Appeal with responsibility for oversight of public finances and jurisdiction over all services and state⁵ agencies. The Chamber has been conducting the external control actions and audits within the framework of the law.

Civil society organizations (CSOs)

According to the Open Budget Index (OBI) of 2015⁶, in **Angola** and **São Tomé & Príncipe** there is minimal information available to the public in budget documents during the year. The score for Angola (26 in 100) is the lowest among the Portuguese-speaking countries in terms of transparency of the state budget, just behind Sao Tome and Principe with 29. In Angola two years ago, the NA-ANG and the specialized committees have introduced public consultations on the state budget. Contributions from Civil Society Organizations (CSOs) in terms of analysis of state budget and public accounts (such as those provided by ADRA: Action for Rural Development and the Environment) are taken into consideration in the parliamentary approval process budget. However, these are incipient experiences and limited due to limited disclosure and public discussion of public accounts and the unavailability of budget execution reports. In Sao Tome and Principe, as a result of OBI exercise, we tested a participatory methodology with the pilot participation of some CSO.

In Cabo Verde, there is little or no involvement of CSOs in monitoring and scrutiny of budget policies - or even the public involvement in the budget or scrutiny of public accounts and expenditure processes. The government

⁵ Law No. 9/2011 of 17 August. Organic of the Audit Chamber of the High Administrative, Tax and Audit Court.

⁶ The OBI should be reviewed and the results will be published 09.09.2015 - <http://internationalbudget.org/opening-budgets/open-budget-initiative/open-budget-survey/country-info/?country=ao>.

facilitates the discussion of the State Budget in the Council for Social Dialogue, where non-governmental institutions are invited to participate include trade unions, employers' associations, private organizations, etc., whereas the Parliament has no mechanisms available to interact with civil society. In terms of transparency, the general public can access information through the websites of CCCV and the Ministry of Finance.

In Guinea-Bissau, civil society is far from being involved in discussions on budgetary matters / PFM. The precondition for their involvement would be, however, having the information required available, which is not fulfilled yet.

In Mozambique, CSOs are increasingly involved in techniques of PFM issues and have come to organize themselves better and better around the analysis of the budget, procurement and corruption, and recently in the extraction of natural resources. Greater interaction of CSOs in the budget-related policies has been fostered by the State Budget Monitoring Forum, a platform of about 30 civil society organizations including the Foundation for Community Development (FDC), Learning Center and Training Civil Society (CESC), Mozambican Debt Group (GMD) and the Center for Public Integrity (CPI) working in PFM issues. With regard to transparency, the score of Mozambique in the OBI has fluctuated greatly. After the improvement recorded between 2010 and 2012 - when the score reached 48 out of 100 - in 2015 the performance of Mozambique fell to 39. Despite the availability of several online documents, including a "citizen's budget" published since 2013 in the latest survey important documents such as the General State Accounts were only published after significant delay, limiting the level of budget transparency.

In Timor Leste, the National Parliament (NPTL) interacts with civil society through public hearings, individual complaints and field visits. Parliamentary debates on the budget in the plenary are opened with radio coverage and live TV and CSOs are allowed to participate in the discussions of the Committees. In 2013, the NP-TL created an "ad hoc committee to compile and analyze Consensus Proposals of Amendment to Proposed State Budget". It can be said that in Timor Leste, even more than in Mozambique, the public involvement has been significantly improved with CSOs increasingly involved in technical issues of PFM and have come to organize them better and better around budget analysis, procurement and corruption, and recently in the extraction of natural resources.

Overall, the limitations in the PALOP and Timor Leste context can be summarized as follows:

- ✓ Insufficient Technical knowledge employees of parliaments and CC;
- ✓ Integrated Management Systems on public finances with gaps or non-existent in parliaments and CC⁷;
- ✓ Few technical interactions between the parliament of the country and the CC;
- ✓ Insufficient technical exchanges between the parliaments of the PALOP and Timor Leste on these matters, as well as the lack of technical exchange between CC PALOP and Timor Leste;
- ✓ Outdated websites and / or low interactivity;
- ✓ Insufficient mechanisms to ensure public transparency of the budget and limited involvement of CSOs in PFM and budget policies.

In all these countries, the media report on budgetary issues although there are some unofficial restrictions on some of them. Access of the media to relevant information is limited and there are some restrictions in terms of technical capacity of journalists when it comes to examine these issues in detail.

In 2015, the survey has been revised to incorporate the latest developments on generally recognized best practices, to harmonize it with other existing standards and budgetary tools and individually strengthening the various basic questions, from the knowledge collected by the IBP over the several years to investigate the determinants of effectiveness and accountability in the budget process.

The results on the 2015 Open Budget Survey reveals major gaps in budget information provided by governments. The average result of the OBI is 45 out of 100, for the 102 countries surveyed. A vast majority of these states, in which 68% of the world population lives, provides budget information deemed insufficient. These 78 countries have OBI of 60 or less. There are still 17 countries, a disturbing number, which provide little or no budget information, with results of 20 or below.

Between 2012 and 2015, the average result of the OBI of the 100 countries for which comparable data are available increased from 43 to 46. This increase in global average would have been higher if the survey had not been modified in 2015. This hides the considerable result variation in progress among the countries surveyed. The biggest improvements in budget transparency between 2012 and 2015 were carried out by countries that were among the least transparent. The countries that were at the end of index in 2012, with results of 40 or lower, have substantially improved: the average result of the OBI rose from 18 in 2012 to 28 in 2015, a considerable increase of more than half.

However, the enthusiasm for these signs of progress on fiscal transparency must be restrained for four reasons. First, the level of the starting base was frankly low. Second, certain Survey data seem to indicate that significantly more countries suffered drops in budget transparency since 2010 than in the four years before that. Third, many countries, which were considered to have unacceptable levels of budget transparency since the first surveys, they have not

⁷ Situation varies widely depending on the country. In the case of Cabo Verde, the Sigov is known as a 'good practice'.

made reforms. For example, Algeria, Bolivia, Cambodia, Chad, China, Equatorial Guinea, Fiji, Iraq, Myanmar, Qatar, Saudi Arabia and Vietnam have been among the least transparent countries (with OBI results of 20 or lower) every year that they have participated in the survey.

The results of the survey indicate that most countries currently provide few opportunities for the public to participate in the budget process. Among the countries surveyed in 2015, the average result of participation is just 25 out of 100. This suggests that significant channels for the public to engage in the formal budget process simply do not exist in the vast majority of countries.

The formal inspection carried out by the legislature and the supreme audit institutions have a key role in the budget process. Although the civil society may act as an independent watchdog, it cannot replace the crucial role of state control institutions. In these terms, the Open Budget Survey also contains questions that provide specific results on the part of the supervisory power of legislatures and supreme audit institutions. In 2015, the average result of the legislative power strength is 48 out of 100. Only 36 countries have a greater result than 60, suggesting that they have adequate strength to carry out their responsibilities. Legislative powers in the remaining 66 countries, the majority of respondents, have serious deficiencies in their ability to monitor the budget.

The supreme audit institutions have the task of examining the use of public funds. The average result of the force of the Supreme Audit Institution in 2015 is 65 out of 100, indicating that they are typically independent at a reasonable level and have sufficient resources to perform the respective work. Still, 43 countries have a score below 60, suggesting that the respective supreme audit institutions are unable to take responsibilities themselves.

The design of the Open Budget Survey is based on the premise that efficient, effective and accountable fiscal systems are based on three pillars: fiscal transparency, public participation in the budget process and control by strong formal government institutions. The absence of any of these three components weakens the entire system.

Survey results on the Open Budget 2015 in Portuguese-speaking countries:

Country	Open Budget Index (OBI)	Participation	Legislative Power	Power of SAI
Angola	26	12	20	33
Brazil	77	71	80	75
Mozambique	38	2	33	42
Portugal	64	25	70	67
Sao Tome and Principe	29	4	40	56
Timor-Leste	41	10	45	83

Source: www.openbudgetsurvey.org.

Based on some of these data, a set of trends in terms of the needs and shortcomings have been identified in a compiled profile of countries.

Country profile – Snapshot⁸

In the specific case of **Cabo Verde** it is important to note that the country has never had an Open Budget Survey exercise (OBS / OBI) and therefore these baselines may not be used in a documentary check. The mission for the AWP formulation Personalized OBS / OBI using the sections related to external control and transparency of the budget in working sessions with the Court (CC), Parliament and MF. The mission also used the results of PEFA2012, in addition to the World Bank Governance Indicators (WBI) and Governance Report for Africa (RGAI / AGRII) of the United Nations Economic Commission for Africa (UNECA), to complement a snapshot of the country's profile.

Cabo Verde has an independent auditors Court. The parliamentary committee responsible for budget oversight is the Planning and Budget Commission (CPO) and there are no specific specialized offices or units responsible for the budget and analysis of expenses. There is no organized civil society involved in overseeing the budget process or that cooperates with Parliament in order to improve legislative oversight, analysis and information on costs and budget.

Despite a strong budget credibility, comprehensiveness, transparency and external control in Cape Verde, the AWP formulation mission of the Pro PALOP-TL ISC was able to identify some persistent challenges (PEFA Report 2012). More detailed information on the country profile will be provided to delegates as part of the workshop supporting documentation.

The following challenges are highlighted:

⁸ Angola's diagnosis is ongoing.

External Control, Scrutiny and Audit

1. The legal framework is being reviewed in order to align the powers of the SAI / EFS with best practices and International Standards of Auditing (ISSAI).
2. External control and supervision of the budget process remain the weakest points in the management system of public finances.
3. The external audit capacity remains weak, particularly with regard to local authorities (municipalities).
4. The late submission of year-end reports by the executive (over 2 years) is affecting the time limit for submission of the audit report of the SAI / EFS.
5. The audit report is distributed widely and proactively, but the SAI / EFS does not produce a user-friendly summary of the report.
6. The executive sets the budget of the SAI / EFS but the funds are not sufficient to enable the SAI / EFS perform a more ambitious audits agenda. Additionally, the legal framework is not sufficiently clear with regard to the scope of SAI / EFS audits.

Both institutions and the context of **Cabo Verde** allow for good financial governance. In recent years the CC has been considerably improving its performance and efficiency due to the consistent support and technical assistance by developing partners, particularly the UNDP and the EU, but also due to bilateral cooperation with CC from Portugal and Brazil. Normally the Parliament of Cabo Verde does not have much support from other partners, particularly in the field of budget oversight. Public involvement in budget processes, external audit and legislative scrutiny is very limited and almost non-existent in Cabo Verde.

In the case of **Guinea-Bissau** document analysis includes PEFA 2009 and 2014 analysis (the final draft 2014 is accepted by all parties and includes all comments and contributions) in addition to the World Bank Governance Indicators (WBI) and the Report on Governance in Africa from the United Nations Economic Commission to Africa (UNECA AGRIL). During the documentary analysis it was not possible to use as background information the GGP reports on budget transparency of Guinea-Bissau, external control and public participation. This is due to the fact that as well as Cabo Verde, Guinea-Bissau is not among the countries where the GGP has been conducted. However this exercise was partially conducted during the formulation mission enabling project beneficiaries to complete the survey with the mission's technical assistance.

As is well known, after the interruption of the constitutional order in 2012 and the subsequent international sanctions towards the transitional authorities in Guinea-Bissau, the April 2014 general elections were held in accordance with international standards. The mission of formulating the Pro PALOP-TL SAI was organized following the normalization of constitutional order and relations with its international partners from the newly elected political authorities in Guinea Bissau.

The evaluation of the AWP formulation mission of the Pro PALOP-TL SAI confirmed the following weaknesses highlighted by the PEFA 2014 on budget transparency, _ external control and citizen participation in the budget process in Guinea Bissau. This review includes information collected by relevant parts of the GGP during the formulation of the AWP.

External Control, Scrutiny and Audit:

1. The legal framework defining the independence of the CC, financial independence and ability to remove the direction of the SAI / EFS, should be aligned with international standards.
2. Both the external control of the Court of Auditors and legislative review by the Parliament are very weak.
3. CC never prepared an audit report (Opinion) about the end of year report of the executive (CGE), which is seriously damaging publicity and accessibility of final reports of the executive (GCE), 2009 and 2010, considered so far as not being public.
4. CC never presented to the legislature any of its audit reports (public institutions) and these audits cover less than 50% of public expenditure of the executive.
5. The legislative budget oversight is considered very limited, regardless of the theoretical capacity of parliament to discuss and oversee the fiscal policy of the executive and respective information about the expenses.
6. Coordination between the Parliament and the Court of Auditors and other financial control institutions (e.g., the Finance General Inspection, IGF), including information sharing and access to reports, is nonexistent.

In the case of **Mozambique**, it is important to note that the baselines were not updated, since the available GGP results refer to the period between 2010 and December 2011 (one GGP was going on in 2014 but to date the results were not published), and the available PEFA report is for the period 2007-2010 (a part of 2010) - just completed the

2015⁹ PEFA exercise, but is not yet publicly available. Since then considerable progress has been made in Mozambique and the baselines are no longer the same. The further evaluation carried out during the mission formulation of AWP Pro PALOP-TL SAI allowed perfecting baselines of the evolutionary context of Mozambique.

Generally speaking, since 2006 Mozambique has recorded significant progress in relation to budget transparency and external control. In relation to public involvement in the budget process (including audit), progress has been slower and considerable problems have been detected.

In Mozambique, there is an Administrative Court and not a Court to deal "exclusively" with public accounts control. The Court's powers are captured by the third section of the Administrative Court. The parliamentary committee responsible for budget oversight is the Planning and Budget Commission (CPO) and there are no specific offices or units responsible for the budget and analysis of expenses. Civil society is organized and very involved in the control of budgetary procedure, also supporting the CPO with analysis and information on costs and budget. Despite the progress, the evaluation of the AWP formulation mission of the Pro PALOP-TL SAI identified the following challenges:

External Control, Scrutiny and Audit:

1. More comprehensive and accurate information on the financial performance of institutions and programs is needed in order to increase accountability.
2. In view of the legal and effective decentralization of Supreme Audit Institutions, presently existing at the provincial level, there is a considerable challenge to support and strengthen these courts at the provincial level, and to promote institutional coordination and avoid overlapping of functions and work areas in a legal context of independence / decentralized institutional interdependence.
3. Coordination with other financial control institutions (e.g. General Inspection of Finances, IGF), including information sharing and access to reports, need to be strengthened.
4. The audit processes (including court decision - the Audit of accounts) should be stepped up to better serve the budget cycle.
5. Need to improve access and public involvement in the external control of the activities of the Court of Auditors.
6. The Court of Auditors must develop a system to record the recommendations of the Court's audit and monitor the degree of implementation by the Executive and public companies.

In 2015 a capacity assessment was held in Mozambique on the basis of the SAI - PMF instrument and the information collected by the Pro PALOP-TL SAI formulation mission may be updated in the database.

In **Sao Tome and Principe**, the mission was preceded by a documentary analysis using the 2013 PEFA report and the 2012 study results of the Open Budget Survey. The conclusions of both reports are somehow in line with the conclusions of the mission in the area of external audit and parliamentary / civil control of public finances, bills and expenses.

The conclusions of the formulation mission of AWP Pro PALOP-TL SAI evaluation confirm the conclusions presented in the document analysis and are summarized as follows:

1. Officials of Court of Auditors (CC) need training in specific areas and concurrent auditing techniques.
2. There is a new proposal to improve the legal framework and introduce some of the ISSAI. Key stakeholders need to be aware of the changes and their impact.
3. The use of ICT in the CC work is very limited or nonexistent. The introduction of such management systems would contribute to an improvement in the CC and its efficiency.
4. The dissemination and communication of CC needs to be streamlined. The public has virtually no involvement in the work and planning the actions of the CC.
5. The PFM system of the MF usually faces challenges that have a negative impact on their ability to produce financial reports in mid and end of year. The MF needs support for joining the PFM system and sustainably produce the necessary tax information for external control. The budget process, in particular the report, must become more transparent, especially with regard to financial reports (mid and end of year).
6. Parliamentary oversight of the budget process is weak and limited.
7. The standing committees of parliament need training to supervise more efficiently the growing disparity and variation between approved budgets and effectively implemented budgets.
8. There is a clear need to complete the continuous introduction Project of ICT in the work of parliament. Databases and management systems contribute to increased transparency and accountability of Parliament.

⁹ [http://www.pefa.org/en/assessment_results?field_region_value\[\]=SSA&country_value\[\]=MZ&tid\[\]=302](http://www.pefa.org/en/assessment_results?field_region_value[]=SSA&country_value[]=MZ&tid[]=302).

9. The gender awareness in policy and oversight of expenditures is lacking and could become an important way to generalize equality and equity between the sexes. The standing committees and gender parliamentary networks will be trained to perform budgets and analysis of expenses based on gender.
10. Usually there are no projects or actions involving civil society in the external control area and reviews of public expenditure.

In **Timor Leste** the evaluation of AWP Pro PALOP-TL SAI formulation mission was preceded by a documentary analysis using the 2010 PEFA report and the 2012 study results of the Survey on the Open Budget, and narrative progress reports of the UNDP parliamentary strengthening projects. The findings of the PEFA 2010 and of GGP 2012 are not updated and do not reflect the current context of the country. Positive steps have been taken between 2010-2012 which led to improvements in a number of important areas, however there are important weaknesses in PFM systems and processes, which remained unchanged or worsened. Since the production of these reports considerable progress were made, in particular:

External Control, Scrutiny and Audit:

1. The National Parliament has been improving the scrutiny process of budget proposals and annual financial statements and has developed an increasing institutional understanding of the work that must be performed. There is however considerable flaws and lapses in terms of capabilities which restrict the effectiveness of parliamentary scrutiny. The discussion of the parliamentary budget has improved considerably but public involvement decreased.
2. In the absence of a Superior Audit Institution the primary role of the external auditor has been routinely hired by GTL to an external auditing firm. The enactment of the Law on the Accounts Chamber (CC) in 2011 marked the formal establishment of the institutional framework for public external audit, though with an interim mandate. This is the first step towards the establishment of a public external audit process as prescribed in the Constitution and legislation, and in accordance with the standards of the International Organization of Supreme Audit Institutions (INTOSAI). There will also be a need for considerable development and enhancement of human and organizational capacity during the coming years.
3. However, the Audit Chamber has since been producing the audit report on time, among other thematic audits it has carried out.

The results of the assessment the AWP- Pro PALOP-TL SAI formulation mission are described below:

1. In recent years Timor Leste has been the subject of huge public investments involving large financial investment flows. CC officials need training in specific areas to deal with these new programs and make the transition from an approach that focuses on the legal point of view to an approach which assesses the value for money in the area of external audit.
2. The CC will have to be better equipped to ensure efficient auditing of executive accounts through the Free Balance system. This means that auditors and judges need to become familiar with auditing techniques in computer accounting systems. On the other hand synergies between audit procedures and the system need to be stimulated and CC auditors need to be trained in accounting systems as IPSAS and respective International Financial Reporting Standards (IFRS).
3. The use of ICT in the work of CC is very limited or nonexistent. The introduction of such management systems will improve the work of the CC and its efficiency.
4. The dissemination and communication of CC needs to be streamlined. The public has virtually no involvement in the work and planning of CC's actions.
5. The CC is now beginning to develop audit guidelines and will have to implement best practices and INTOSAI International Standards on Auditing of SAI/EFS formulation mission (ISSAI) in its guidelines.
6. The CC, Parliament and MF need to discuss how to deal with the consequences of the new legal provision, which requires a rectification of the state budget in case of a low running estimate (below 70%) by the end of the 3rd quarter. This new requirement will have a negative impact on the time of discussion of the Audit and follow-up recommendations in time to discuss / approve the proposal of the Executive Budget. As a result, there is a high probability that the budget will be approved only after the beginning of the fiscal year (in February), with all the consequences in terms of indicators to the strength of the legislature and SAI with regard to the supervision of the budgetary procedure, external control and audit.
7. The standing committees need training to supervise more efficiently the growing disparity and variation between approved budgets and effectively implemented budgets. The parliamentary research unit should be strengthened in order to provide an effective analysis of the budget and expenditures using best practices. In addition, the national membership must be made through specialized national staff working in units of this type, which to date has never been done effectively.
8. There is a clear need to increase the planned introduction of ICT in the work of parliament. Databases and management systems must be configured, as this will increase transparency and accountability in parliament.

9. Gender policies and national targets lack of follow-up both on the expenditure and implementing the budget. There are tools that enable the supervision at the level of expenditure and implementing the budget, even taking into account that this method could become an important way to implement the equal gender equity.
10. The standing committees and parliamentary gender networks need to be trained so that they can carry out budgets and expenses analysis based on gender.
11. Civil society is very active in the field of budget transparency and promoting access to information and fiscal budget. However public participation in the budget process is rapidly decreasing, the public involvement in the oversight of parliament and legislative work oversight is also in decline and is no interaction between the public and the SAI / EFS is verified.

Empirical data collected by the evaluation of the AWP formulation mission of the Pro PALOP-TL SAI should be updated with the most recent years in the Open Budget Survey (OBI) in 2015, published in September, and from PEFA (where relevant).

II. FOCUS OF THE SEMINAR

Assessing budget transparency allows you to provide a better understanding from factual state of transparency and accountability. I.e. measures the accessibility, advertising, regularity and comprehensiveness of the budget documents. Among these documents, according to the terminology used by the International Budget Partnership, Pre-Budget Statement, the proposed Executive Budget, the Enacted Budget, reports during the year (Audit provisional monthly or quarterly), the semiannual Review of the End of the year Report (General Account, or State General Account) and the Audit Report (Opinion on the General Account of the State Court of Auditors) stand out. There is one budget document, the Citizens Budget, which is the simplification of the budget documents mentioned above, most often, from the Enacted Budget.

In turn, measuring the external control capability, the legislative (played by legislatures - parliaments) or the judicial (exercised by the Supreme Audit Institutions or Supreme Audit - Courts of Accounts), allows on the one hand to obtain more accurate and comprehensive information on the role of legislatures in the budget process as well as the effectiveness of their control over government policies and, on the other hand, to measure the autonomy, resources and ability to perform annual financial audits by the SAI to assess the executive in implementing the budget in line with legislative directives.

Finally, measuring the participation and involvement of the public in the budget process, including the audit phase, allows us to evaluate the real opportunities for civil society and citizens to actively participate in making budgetary decisions and independent oversight, institutionalized and strong fiscal transparency and accountability. So it allows measuring the interactions of civil society and citizens with the Executive, with the SAI and with the parliaments in carrying out their respective mandates.

Whatever the performance and development level of SAI, Parliament and Civil Society, a limited budget transparency indicates weak impact of the achievements of these institutions for the citizen's external control of PF. On the other hand, most countries currently provide few opportunities for public engagement in the budget process that should have a legal basis.

Budget transparency is not enough to lead to accountability; it has to be accompanied by significant opportunities for society and citizens to actively participate in making budgetary decisions and institutionalized and strong independent oversight. Nevertheless, informed and active citizens do not replace the formal role of audit institutions, parliaments and supreme audit institutions. Legislative bodies play a critical role in public finance management, approving the national budget and overseeing their implementation by the executive. Better legislative oversight increases the transparency and accountability of governments. The standards to legislative oversight are similar to those used to evaluate the implementation of policies: legality, effectiveness, legitimacy. Legislative control includes the involvement of legislatures in the budget process even before the presentation of the executive's budget proposal and up to the audit phase - Opinion on the General Account. This control also involves, among others: access to analytical and research skills, the existence of the power to make changes and the time you have to discuss before approving the proposed budget, the existence of the power to make changes during the budget's implementation.

Effective legislatures are crucial to the promotion of good governance and are a critical component in the broader context of governance of a country. Although there are differences between the government systems, legislators, through their constitutional mandates, should fulfill three basic functions: representation, legislation and oversight.

Governance goals of greater accountability, transparency and participation are directly related to these three functions. The legislative oversight, in particular, is to ensure that the executive and its agencies, or those in whom authority is delegated, remain responsive and accountable. That review must be seen as a continuous and permanent cycle, allowing legislatures to examine government policies as efforts are being made to ensure that programs are implemented and administered efficiently, effectively and in line with the legislative guidelines

adopted by parliament. For this to happen, special attention should be paid to legislative oversight opportunities during the budget cycle.

Legislative oversight involves assessing the process of implementing the programs and their budgets, and this usually occurs away from the public eye. It occurs near the end of the policy-making process during the implementation of laws and it is the opportunity for legislators to participate in its implementation. The budget process provides critical opportunities for legislative oversight - from the formulation and approval of the budget, to implementation and ex-post evaluation of public accounts. This is an activity that poses major challenges for parliamentarians and parliamentary staff, considering the complexity of budgets and their expenses, whose supervision needs to be anchored in the six institutional prerequisites for legislative control, including: change of power, reversible budgets, executive flexibility during implementation, the budget calendar, legislative committees, and budgetary information.

The specialized parliamentary committees have emerged as key tools for legislative oversight in general and in particular to the budget process and public resources spent. Parliamentary committees are effective, most often, those supported by technical teams, working partners and allies of the bureaucracy / public administration and civil society. The parliaments and CEP are often supported in their surveillance function by extra-parliamentary institutions of accountability, such as the supreme audit institutions and ombudsmen. Independent Parliamentary Budget Analysis Offices can also provide independent expertise and support to parliamentary and CEP.

Such entities are important assets to put the legislature on an equal footing with the executive and thus contribute to increased transparency, credibility and accountability of the budget process. These units must be non-partisan, independent so that they can successfully meet their essential functions.

These should be ideal targets for effective legislative oversight of the budget, but achievable only and only when the deputies and parliamentary technicians are familiar with the principles of budgetary transparency and the major known budget documents. The budget transparency based on access, coverage, advertising / accessibility and regularity of tax information and budget documents throughout the budget cycle as a whole - from formulation to audit via implementation.

The *standards* to legislative oversight are similar to those used to evaluate the implementation of policies: legality, effectiveness, legitimacy. Legislative control includes the involvement of legislative bodies in the budget process even before the presentation of the executive's budget proposal and up to the audit phase - Opinion on the General Account. This control also involves, among others: access to analytical and research skills, the existence of the power to make changes and the time given to discussion before approving the proposed budget, the existence of powers to make changes during the budget's implementation.

The positive global assessments of oversight by the legislative bodies hide significant deficiencies, such as lack of time and expertise to thorough previous revision of budget proposal prior to approval; the monitoring difficulty of the enacted budget; among others. Countries with weak legislatures, with weak SAI or with limited public participation are more likely to have a low budget transparency which means that all aspects of budgetary and economic governance are poor.

Among the major challenges noted by international research, the following stand out in the context of the workshop:

- ✓ More than 2/3 of governments publish 5 of the budget documents (Proposal of the Executive Budget, the Enacted Budget, Expense Reports during the year, New Year's Eve expense reports - State General Account - and Audit Reports - Opinion on the General State Account).
- ✓ A large number of governments that do not publish these documents produce documents for internal use only. Among the documents normally published, they usually only contain some information.
- ✓ The vast majority of governments tend not to provide detailed information on extra-budgetary funds in the Proposed Executive Budget. The use of public money can hide a considerable part of public spending (natural and social security funds). The situation is worse in implementation and auditing, with the CGE and the PGCE not submitting any information on these funds.

Some global trends can be highlighted and deserve due attention in the framework of the workshop:

- There is a clear relationship between budget transparency and democracy. Most democratic countries tend to be more transparent.
- A democratic political system is a significant factor which supports the fiscal transparency in two ways, namely, by means of elections (incentive to provide the public with more relevant information) and political competition within legislative bodies.
- There is a negative correlation between fiscal transparency and dependence on oil and gas revenues. This correlation is influenced by the strength of democratic institutions, that is, the impact is less significant in the most democratic regimes.

In this context, parliamentarians and officials of parliaments of the PALOP and Timor-Leste with significant responsibility for legislative oversight and analysis of public expenditures budgetary procedures, respectively, should

work together for three days at the **Polana Serena Hotel**, between **28 and 30 October 2015** in Maputo, Mozambique, to find practical solutions to these challenges in their legislatures.

III. METHODOLOGY OF WORKING SESSIONS

From theory to practice, this will be the methodological approach, so the academic theory is supported by the applied and practical knowledge of legal contexts, specific institutional and human rights of countries participating in the Parliamentary Working Group.

The first day of work schedule allows the theoretical and practical framework on pillars of legislative oversight function in general and, more particularly, the budgetary legislative oversight. Throughout this first day, theoretical issues of presentation sessions will be followed by working groups for applying the concepts to the specific context of the PALOP and Timor Leste.

The second day of the agenda will enable participants to look into budget transparency and the budget documents - especially in the standardization of definitions and meanings, but with discussion and debate on national contexts. Sessions of debate and discussion in the morning and in the afternoon, national working groups will focus on the criteria for assessing the strength of the legislature and budget documents in each participating country of the working group.

The third day is organized in order to approach the concepts and tools of legislative oversight addressed on the first day with the budget documents and budgetary transparency visited on the second day. This will be done through clinics with practical work, analysis and discussion dedicated to the phase of formulation/approval, implementation and audit of the state budget and other relevant budget documents.

Thus, a variety of teaching techniques and communication will be used in order to ensure efficient learning through participatory and interactive learning methods that imply the involvement of participants, always taking into account their contributions.

Therefore, the seminar includes three components:

A component of theoretical character that puts the accent on the fundamentals of the methodology and its concepts. A practical component that puts the accent on the practical implementation of the requirements through teaching exercises that will mainly focus on the essentials. **A component for group work learning consolidation** followed by group work restitutions in plenary, exchange of views, discussions, constructive criticism, of the result of the group work and the solutions proposed to ensure a common understanding of requirements and challenges.

As already mentioned, the Workshop will integrate a variety of teaching techniques and communication will be used in order to ensure the efficient and interactive learning through participatory learning methods for adults:

- **Presentations** are used to introduce the representatives/participants to the themes and case studies for discussion. Facilitators, guests and representatives of each institution, will have, therefore, a timeout in order to promote interaction and discussion among participants. In order to ensure that representatives / participants capture the key points of the workshop. Thus, guest speakers, facilitators, experts and participants will be invited to use Power Point presentations whose content will be shared during training and made available after the closing of the action on the Pro PALOP-TL SAI website @ <http://www.propaloptl-sai.org>, as well as through the respective [online training](#) platform.
- **Case studies** focus on the key budget documents; the results of the OBI in 2015 in the PALOP and East Timor; the tools, techniques and methods of judicial review (and seen different types of audits) and legislative; media and good public involvement practices in budget processes (including the audit phase of the General Account) and legislative oversight, aimed at applied knowledge, the practice in specific contexts and displaying the lessons learned by the participants. There will be the opportunity to present specific cases and examples in the context of peer learning, by placing local realities and specific contexts in a global context and best practices based on applied knowledge and empirical data that allow presenting the lessons learned.
- **The working groups** guaranteed through practical exercises and other tasks developed in working groups that will allow participants to work together, discuss in more detail some topics and issues and find inclusive solutions and answers to the challenges posed. The group assignments with representatives of the countries include performing educational exercises enabling to present the most trouble spots and identify best practices, followed by a plenary restitution that allow in-depth discussion of some topics, themes and constructive criticism.
- The **support notes** are the keynotes and resources that support each facilitator and expert presentation of the participant per country. The supporting notes shall first be submitted to the executive committee of the workshop in order to include them in the participants' folders and resources.

- The **Recording audio and video coverage** of all sessions for later use as part of an e-Learning module using the Agenda and content of the training action as story board. The seminar will be video and audio-recorded to later be integrated into an e-Learning module of the workshop / Round Table in the PALOP-TL, using the Agenda as story board and as live discussions contents. Small sketches with local participants as first-line responders will capture the dynamics of the Workshop/Round Table and expectations of participants. Longer and structured interviews with pre-programmed facilitators will address important topics discussed at the Workshop / Round Table in the context of the PALOP-TL - these will be fewer, but longer. Finally, a more direct chat session will allow participants to present the most problematic points that identify best practices in a freestyle discussion in the embodiment of SAI / Chamber of Accounts / Administrative Court in Debates.
- In the **Report of the working sessions**, two teams of four rapporteurs will ensure the communication of the 5 days and each and every day: two will cover the working sessions in the morning and two will cover the working sessions in the afternoon. The sessions in the working groups will be covered by the rapporteurs identified within each group.
- **Evaluation** of the sessions will be provided at the end of the workshop / Round Table and will address each session or module targeting in particular the content provided, facilitation, presentation and logistics. The final evaluation will include qualitative data and will allow that future capacity building training can effectively improve upon the fault identification and lapses of this Workshop / Round Table.
- The **working language of the workshop will be Portuguese** for all plenary sessions and presentations.

The approach will therefore be from theory to practice in order to allow representatives through an in-depth look at the problems discussed, finding answers and inclusive solutions to the challenges that will be addressed.

3.1 OBJECTIVES

The overall objective is to analyze in depth and in an applied/compared manner the oversight of major known budget documents (Pre-Budget Declaration, Proposal of the Executive Budget, the Enacted Budget, reports during the year, Annual Report, End of Year Report or the General State Account, and Audit Report or Opinion on the General State Account - in some cases, and if necessary, the Citizens Budget) along in budgetary cycles in different PALOP and Timor Leste.

The specific objectives aim to:

1. Train parliamentarians, Representatives and Technicians in analysis, techniques and methods of legislative oversight with particular focus on legislative budget oversight;
2. Familiarize parliamentarians, Representatives and Technicians, with the results of the Open Budget Survey 2015 - with particular attention to the budget documents;
3. Promote exchange of experiences between the different participating countries and access to best practices on budgetary legislative oversight.

3.2 EXPECTED RESULTS

The expected results are:

- 1) Parliamentarians, Representatives and technicians are trained in the analysis, techniques and methods of legislative oversight with particular focus on legislative budget oversight;
- 2) Deputies and parliamentary technicians start to know better the results of the Open Budget Survey 2015 - with particular attention to the budget documents;
- 3) Exchange of experiences between the different participating countries and access to best practices on budgetary legislative oversight ensured effectively;
- 4) The final report available and accessible to the results of the working sessions and the main products / Working Group of the results.

3.3 EXPECTED PRODUCTS

Workshop products are:

- 1) Participant's Handbook (Portuguese version) that includes the Terms of Reference (ToR), Agenda with the content of modules and workshops, the logistics Note;
- 2) Participant Folder with the Handbooks' representative and all documentation and other support materials of the Workshop, including a USB memory stick as well as a set of PowerPoint presentations of the representatives of the countries represented;
- 3) Workshop visibility materials which includes up to two (banners and Roll-up), a press note and certificates;
- 4) Audiovisual materials including all recordings and interviews captured during this event;

- 5) Sheets and evaluation indicators;
- 6) Final narrative and financial report.

IV. EXECUTIVE SEMINAR COMMISSION

To ensure the efficiency of the organization of the workshop an Executive Committee will be established, including representatives of the Pro PALOP-TL SAI, Technical Assembly of the Republic of Mozambique, UNDP Office staff in Mozambique.

The Executive Committee will be responsible for the efficient organization of the event and for ensuring that all products and results are delivered on time. The Executive Committee shall be supported by a team of rapporteurs.



AGENDA

High-Level Working Group of the Parliamentary Budget Committees of PALOP and Timor Leste for discussion and analysis of the Legislative Oversight over budgetary cycle based on the different budget documents

Maputo, Moçambique

28-30 October 2015

Objectives and Preliminary Agenda

INTRODUCTION

Effective legislatures are crucial to the promotion of good governance and are a critical component in the broader context of governance of a country. Although there are differences between the government systems, legislators, through their constitutional mandates, should fulfill three basic functions: representation, legislation and oversight.

Governance goals of greater accountability, transparency and participation are directly related to these three functions. The legislative oversight, in particular, is to ensure that the executive and its agencies, or those in whom authority is delegated, remain responsive and accountable. That review must be seen as a continuous and permanent cycle, allowing legislatures to examine government policies how are efforts being developed to ensure that programs are implemented and administered efficiently, effectively and in line with the legislative guidelines adopted by parliament. For this to happen, special attention should be paid to legislative oversight opportunities during the budget cycle.

Legislative oversight involves assessing the process of implementing the programs and their budgets, and this usually occurs away from the public eye. It occurs near the end of the policy-making process during the implementation of laws and is the opportunity for legislators to participate in its implementation. The budget process provides critical opportunities for legislative oversight - from the formulation and approval of the budget, to implementation and ex-post evaluation of public accounts. This is an activity that poses major challenges for parliamentarians and parliamentary staff, considering the complexity of budgets and their expenses, whose supervision needs to be anchored in the six institutional prerequisites for legislative control, including: change of power, reversible budgets, executive flexibility during implementation, the budget calendar, legislative committees, and budgetary information.

The specialized parliamentary committees have emerged as key tools for legislative oversight in general and to the budget process and public resources spent in particular. Parliamentary committees are effective, most often, those supported by technical teams, working partners and allies of the bureaucracy / public administration and civil society. The parliaments and CEP are often supported in their surveillance function by extra-parliamentary institutions of accountability, such as the supreme audit institutions and ombudsmen. Independent Parliamentary Budget Analysis Offices can also provide independent expertise and support to parliamentary and CEP.

Such entities are important assets to put the legislature on an equal footing with the executive and thus contribute to increased transparency, credibility and accountability of the budget process accounts. These units must be non-partisan, independent so that they can successfully meet their essential functions.

These should be ideal targets for effective legislative oversight of the budget, but achievable only and only when the deputies and parliamentary technicians are familiar with the principles of budgetary transparency and the major known budget documents. The budget transparency based on access, coverage, advertising / accessibility and regularity of tax information and budget documents throughout the budget cycle as a whole - from formulation to audit via implementation.

In this context, parliamentarians and officials of parliaments of the PALOP and Timor-Leste with significant responsibility for legislative oversight and analysis of public expenditures budgetary procedures, respectively, should work together for three days at the **Polana Serena Hotel**, between **28 and 30 October 2015** in Maputo, Mozambique, to find practical solutions to these challenges in their legislatures.

OVERALL OBJECTIVE

Analyze in depth and in an applied/compared way the oversight of major known budget documents (Pre-Budget Statement, Proposal of the Executive Budget, Enacted Budget, reports during the year, Annual Report, End of Year Report or CGE, and Reporting Audit or the Opinion on the CGE - in some cases, and if necessary, the Citizens Budget) along budgetary cycles in different PALOP and Timor Leste.

SPECIFIC OBJECTIVES

1. Empower parliamentarians, Representatives and Technicians in the analysis, techniques and methods of legislative oversight with particular focus on legislative budget oversight;
2. Familiarize parliamentarians, Representatives and Technicians, with the results of the Open Budget Survey 2015 and the latest PEFA assessments - with particular attention to the indicators on budgetary transparency, the budget documents and the capacity of legislatures;
3. Promote exchange of experience among the different participating countries and access to best practices on budgetary legislative oversight.

PRELIMINARY AGENDA

Tuesday, October 27, 2015 - *Arrival of Participants*

Day 1 – Wednesday, October 28, 2015		
Time	Modules	Resource Team
09:00 – 09:30 (30')	Reception of guests and Registration of Delegates	Protocol of the Assembly of the Republic of Mozambique
09:30 – 10:30 (60')	Opening / Welcome <ul style="list-style-type: none"> ✓ Opening Speech and Welcome <ul style="list-style-type: none"> ○ UNDP Representative ○ Representative of the European Union Delegation ○ Representative of the Assembly of the Republic of Mozambique 	Protocol of the Assembly of the Republic of Mozambique <i>Rapporteurs 1 & 2</i>
10:30 – 11:00 (30')	Coffee-break	
Module 1: Budgetary Legislative Oversight - Who does it? Why? How? When? From concepts to practice, Global to Local		
11:00 – 11:10 (10')	Housekeeping <ul style="list-style-type: none"> ✓ Presentation of the Agenda ✓ Logistics explanation of the sessions of the Working Group 	Ricardo Godinho Gomes , Project Manager & Head of Pro PALOP-TL SAI <i>Rapporteurs 1 & 2</i>
11:10 – 11:30 (20')	Topic 1: The tools of legislative oversight - focus on legislative budgetary oversight and consequences on the quality of democracy and parliamentary systems	Guest Speaker: Pro PALOP-TL ISC Moderator: Pro PALOP-TL ISC <i>Rapporteurs 1 & 2</i>
11:30 – 11:50 (20')	Working Group 1: Discussion of the theory applied in the PALOP and Timor Leste	Guest Speaker & Moderator <i>Rapporteurs 1 & 2</i>
11:50 – 12:10 (20')	Topic 2: The Legislative oversight and effective control of budget execution ex-ante and ex-post in the PALOP and in Timor Leste	Guest Speaker: Pro PALOP-TL ISC Moderator: Pro PALOP-TL ISC <i>Rapporteurs 1 & 2</i>
12:10 – 12:30 (20')	Working Group 2: Discussion of the theory applied in the PALOP and in Timor Leste	Guest Speaker & Moderator <i>Rapporteurs 1 & 2</i>
12:30 – 13:30 (60')	Lunch	
13:30 – 13:50 (20')	Topic 3: The ability to participate in the implementation of the State Budget (<i>the power of the purse</i>) – from the ability not to approve to the power to amend the budget, the gap between the formal and the real	Guest Speaker: Pro PALOP-TL ISC Moderator: Pro PALOP-TL ISC <i>Rapporteurs 3 & 4</i>
13:50 – 14:10 (20')	Working Group 3: Discussion of the theory applied in the PALOP and in Timor Leste	Guest Speaker & Moderator <i>Rapporteurs 3 & 4</i>
14:10 – 15:10 (60')	Icebreaker: Presentation of Delegates and Participants (with Coffee Break)	
15:10 – 16:30 (20')	Topic 4: The role of parliament in the budget process - from formulation (Budget Proposal of the Executive) to audit (Opinion on the General State Accounts) - the importance of independent, non-partisan and objective units of analysis within the parliaments	Guest Speaker: Pro PALOP-TL ISC Moderator: Pro PALOP-TL ISC <i>Rapporteurs 3 & 4</i>
16:30 – 16:50 (20')	Working Group 4: Discussion of the theory applied in the PALOP and in Timor Leste	Guest Speaker & Moderator <i>Rapporteurs 3 & 4</i>
16:50 – 17:00	Networking & Day 1 end-closing	
19:00	Delegates are invited to an Official Dinner / Cocktail	

Day 2 –Thursday, 29 October, 2015

Time	Modules	Resource Team
09:00 – 09:30 (30')	Registration of Delegates	Protocol of the Assembly of the Republic of Mozambique
Module 2: The Budget Transparency in the PALOP and in Timor Leste - accessibility, regularity and comprehensiveness of key budget documents in the PALOP and in Timor Leste		
09:30 – 09:40 (10')	Debriefing Presentation of the recommendations of the Day 1 Working Groups	Rapporteurs 1 & 3
09:40 – 10:00 (20')	Topic 5: Budget Transparency and key budget documents of the formulation phase to the phase of implementation of the state budget - concepts and definitions	Guest Speaker: MbConsulting Moderator: MbConsulting Rapporteurs 3 & 4
10:00 – 10:30 (30')	Discussion and Debate - <i>national characteristics, similarities, distance between formal and real in different countries</i>	Guest Speaker & Moderador Rapporteurs 3 & 4
10:30 – 11:00 (30')	Coffee break	
11:00 – 11:20 (20')	Topic 6: Budget Transparency and key budget documents in the phase of Audit of Public Accounts (Opinion on the General State Accounts) - concepts and definitions on the basis of experience of the Administrative Court of Mozambique	Guest Speaker: Administrative Court of Mozambique Moderator: MbConsulting Rapporteurs 3 & 4
11:20 – 11:50 (30')	Discussion and Debate - <i>national characteristics, similarities, distance between formal and real in different countries</i>	Guest Speaker & Moderador Rapporteurs 1 & 2
11:50 – 12:10 (20')	Topic 7: Budget Transparency and key budget documents - the context of Mozambique	Guest Speaker: CIP/FMO Moderator: MbConsulting Rapporteurs 1 & 2
12:10 – 12:30 (30')	Discussion and Debate - <i>national characteristics, similarities, distance between formal and real in different countries</i>	Guest Speaker & Moderador Rapporteurs 1 & 2
12:30 – 13:30 (60')	Lunch	
13:30 – 14:30 (60')	Working groups for discussion and national contextualization GT1: Angola GT2: Cabo Verde GT3: Guinea Bissau GT4: Sao Tome and Principe GT5: Timor-Leste	Guest Speakers Moderators Rapporteurs 1, 2, 3 & 4
14:30 – 16:00 (90')	Plenary - Group Presentation, Discussion and Debate	Moderator: Ricardo Godinho Gomes , Project Manager & Head of Pro PALOP-TL SAI Rapporteurs 1, 2, 3 & 4
16:00 – 17:00 (60')	Coffee break – Networking & Day 2 end-closing	

Day 3 - Friday, 30 October 2015

Time	Modules	Resource Team
09:00 – 09:30 (30')	Registration of Delegates	Protocol of the Assembly of the Republic of Mozambique
Clinics: The actual capacity of legislative budgetary control over the budget cycle in the PALOP and in Timor Leste - the applicability of the tools of legislative oversight in key budget documents		
09:30 – 09:40 (10')	Debriefing Presentation of the recommendations of the Day 2 Working Groups	Rapporteurs 2 & 4
09:40 – 10:30 (50')	Clinic 1: Instruments of legislative oversight and budget documents in the formulation phase in the PALOP and in Timor Leste	Moderator: MbConsulting, CIP/FMO Rapporteurs 3 & 4
10:30 – 11:00 (30')	Coffee break	
11:00 – 11:30 (30')	Discussion and Debate - Conclusions and Recommendations of Clinic 1	Moderator: MbConsulting, CIP/FMO Rapporteurs 3 & 4
11:30 – 12:20 (50')	Clinic 2: The instruments of legislative oversight and budget documents in the implementation phase of the budget in the PALOP and in Timor-Leste	Moderator: MbConsulting, CIP/FMO Rapporteurs 1 & 2
12:30 – 13:30 (60')	Lunch	
13:30 – 14:00 (30')	Discussion and Debate - Conclusions and Recommendations of Clinic 2	Moderator: MbConsulting, CIP/FMO Rapporteurs 1 & 2
14:00 – 14:50 (50')	Clinic 3: The instruments of legislative oversight and budget documents in the audit phase in the PALOP and in Timor Leste	Moderator: Administrative Court of Mozambique Rapporteurs 3 & 4
14:50 – 15:20 (30')	Discussion and Debate – Conclusions and Recommendations of Clinic 3	Moderator: Administrative Court of Mozambique Rapporteurs 3 & 4
15:30 – 16:00 (30')	Coffee break	
16:00 – 16:45 (45')	Closing/Farewell ✓ Closing Speeches <ul style="list-style-type: none"> ○ UNDP Representative ○ Representative of the European Union Delegation ○ Representative of the Assembly of the Republic of Mozambique 	Protocol of the Assembly of the Republic of Mozambique Rapporteurs 1, 2, 3 & 4
17:00	Closing of the High Level Working Group for Legislative budgetary Supervision of PALOP and Timor Leste Parliaments	

Saturday, October 31, 2015 - Return of Participants



Pro PALOP-TL SAI

Project for Strengthening Technical and Functional Capacities of the Supreme Audit Institutions (SAI), National Parliaments and Civil Society for the control of Public Finances in PALOP and in Timor-Leste

