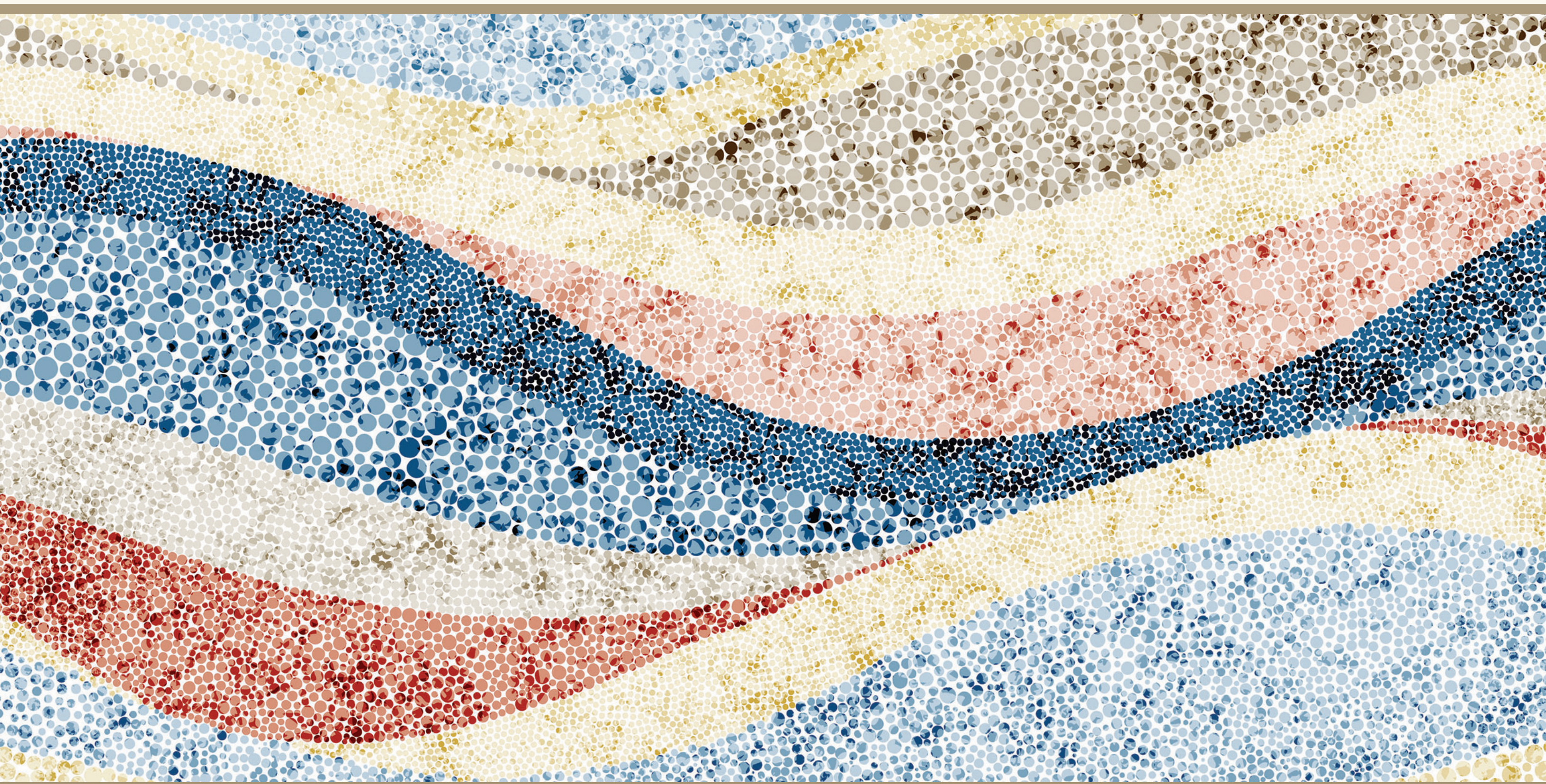
BRIEF 3

Role of Parliaments in Oversight of Public Debt Management



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Role of Parliaments in Oversight of Public Debt Management

Geoff Dubrow, MA, MPA | March 2022

Written for the National Democratic Institute
and the Westminster Foundation for Democracy

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Developed by the National Democratic Institute (NDI) and the Westminster Foundation for Democracy (WFD), this publication is one in a series of four briefs on public debt management intended for parliamentarians and parliamentary staff.

This paper was written by Geoff Dubrow and externally reviewed by Tomas Bridle, Senior Advisor, Center for Democracy and Governance, U.S. Agency for International Development (USAID), and Diego Rivetti, Senior Debt Specialist, World Bank. The publication was peer-reviewed by Kristen Sample, Corina Rebegea, Frieda Arenos, Ketevan Goletiani, Benedictus Rono, Ivy Kihara and James Kinyua at NDI and Nejib Jeridi, Hasnaa Mansour and Franklin De Vrieze at WFD.

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Table of Abbreviations

Abbreviation	Meaning
ABP	Annual Borrowing Plan
BAC	Budget and Appropriations Committee
BPS	Budget Policy Statement
CADTM	Committee for the Abolition of Illegitimate Debt
CPB	Centraal Planbureau (Netherlands Bureau for Economic Policy Analysis)
CSOs	Civil Society Organizations
DeMPA	Debt Management Performance Assessment
DMU	Debt Management Unit
EBP	Executive Budget Proposal
ECA	European and Central Asia
EURODAD	European Network on Debt and Development
GDP	Gross Domestic Product
GFC	Global Financial Crisis
HIPC	Heavily Indebted Poor Countries
IPFK	Institute for Public Finance Kenya
MOFED	Ministry of Finance and Economic Development
MTDS	Medium-Term Debt Strategy
MTEF	Medium-Term Expenditure Framework
MTFS	Medium-Term Fiscal Statement
MYR	Mid-Year Review
OBS	Open Budget Survey
PAC	Public Accounts Committee
PBO	Parliamentary Budget Office or Parliamentary Budget Officer
PBS	Pre-Budget Statement
PDMA	Public Debt Management Act
PRS	Parliamentary Research Service
SAI	Supreme Audit Institution
SCoA	Select Committee on Appropriations
SDGs	Sustainable Development Goals
SOE	State-Owned Enterprise
SU	Scrutiny Unit
UNCTAD	United Nations Conference on Trade and Development

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Executive Summary

Given the importance of public debt to the overall economic health of a country, it is imperative that parliaments exercise their oversight roles over public debt and public debt management. This policy brief covers parliament's role in oversight of public debt, including:

- Debt transparency;
- What oversight looks like through the stages of the budget cycle;
- Identifying key players in supporting parliamentary oversight; and
- An overview of the roles played by the executive branch to provide context for the work of parliament.

The section on debt transparency focuses on both the quality of data and level of public reporting required for effective oversight and transparency requirements for loan agreements. To this effect, the brief explores the World Bank's key analytical tool, the Debt Transparency Heat Map, and examines the capacity of the 76 countries currently represented in the heat map.

The budget cycle provides the main structure for financial decision-making in parliament, and there are opportunities to scrutinize public debt and public debt management throughout the four stages: formulation, approval, execution and audit/oversight. In each stage, the brief examines the documentation provided to parliament by government as well as the entry points for parliament. Key processes are discussed, such as a potential public accounts committee (PAC) workflow related to public debt management.

Understanding the role of different key players who support the effectiveness of parliament is an important step in parliamentarians' fulfilling their roles. The section on Supporting Fiscal and Budgetary Oversight discusses the potential contributions of two independent fiscal institutions — fiscal councils and parliamentary budget offices, and two subunits of parliament, namely parliamentary research services and scrutiny units.

The final section provides context for parliament's role by exploring the complex roles played by the executive branch in public debt management. This includes the guiding principle of separating politics from the administration when it comes to debt management, such that policy-making and policy implementation are kept in distinct spheres. The brief also discusses the importance of a unified debt management structure to mitigate the risks associated with fragmented approaches to debt management by designating a principal debt management entity to be housed within the ministry of finance.

1. Debt Transparency

While there is no universal definition of debt transparency, the concept is generally applied to:
(1) the quality of data and level of public reporting on public debt; and
(2) the transparency requirements associated with debt loan agreements and information made available on new loans that have been contracted.[2]

- WFD E-Course on Role of Parliament in Public Debt Management, 2022.

Oversight of public debt management starts with timely access to information about public debt levels. According to the World Bank, 40 percent of the low-income developing countries did not report data on their sovereign debt over the past two years.[1] Public information on loan agreements is generally hard to come by, and as a result parliamentary and public scrutiny is limited. To contribute to the policy discussion at the formulation and approval stages of the budget, parliamentarians need to have the latest information concerning the availability of fiscal space for spending on key social programs and, in the current context, COVID recovery programs. This may be severely inhibited by debt repayment requirements.

Parliamentarians also require up-to-date information on the composition of government debt and its strategy for managing the debt. This allows parliament to scrutinize the government's treatment of sovereign debt portfolio risks, such as:

- The ratio of external-to-internal debt;
- Borrowing in foreign currency; and
- Short-term debt, that can be subject to rollover risks.

According to applicable law in different countries and political systems, parliament delegates the debt-management function to the executive branch. As part of that delegated authority, the government should report to parliament on how it intends to implement its debt management approach. At the center of this approach is how the government balances the cost of paying for debt versus the associated risks of funding that debt.

1.1 Quality of Data and Level of Public Reporting on Public Debt

Poor quality of data on public debt and weak public reporting practices are fuelled in part by weak standards in recording and reporting of debt, which impede debt transparency. To illustrate this, a 2017 IMF/World Bank study found that 46 percent of 70 low-income countries surveyed had weak capacity in recording and reporting of debt.[3] Another study indicated that "almost 60 percent of countries sampled did not meet requirements in debt recording, while 65 percent did not meet those for debt reporting and evaluation.[4]

1 Diego Rivetti, *Debt Transparency in Developing Economies* (Washington, D.C.: World Bank, 2021), https://documents1.worldbank.org/curated/en/743881635526394087/pdf/Debt-Transparency-in-Developing-Economies.pdf.

2 WFD, E-course on "The Role of Parliament in Public Debt Management," 2022.https://www.wfd.org/what-we-do/resources/e-course-public-debt-management.

3 Judith Gold, Charles Cohen, Mike Li, et al., *G20 Note: Improving Pu 0ebt Recording, Monitoring, and Reporting Capacity in Low and Lower Middle-Income Countries* (International Monetary Fund and World Bank, June 14, 2018), https://www.imf.org/external/np/g20/pdf/2018/072718.pdf.

4 Michele Robinson, "Debt Transparency and Data Quality in the Caribbean," *Small States Matters* 2021, no. 2 (2021): 1-24, https://production-new-commonwealth-files.s3.eu-west-2.amazonaws.com/migrated/inline/Debt%20Transparency%20and%20Data%20Quality%20in%20the%20Caribbean.pdf.

The World Bank's Debt Transparency Heat Map (Box 1) reports on several dimensions related to public debt statistics dissemination practices, including:

- How easily accessible is the data;
- Whether debt reporting covers both external and domestic debt as well as guarantees by central governments – referred to as instrument coverage;
- The breadth of coverage of debt across all sectors of government – referred to as sectoral coverage;
- Frequency of debt reporting – referred to as periodicity; and
- The time lag between the period reflected in the data and the publication date of that data.

Each of these dimensions is defined below, with reference to the results of the assessment of 76 low-income countries. A full summary table is available in Annex 1.

Box 1: Public Debt Transparency Heat Map

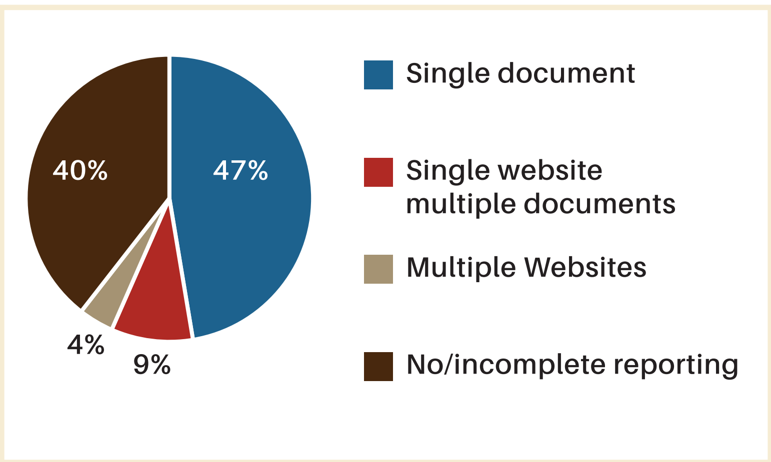
According to the World Bank, the Public Debt Reports Heat Map assesses public debt dissemination practices in International Development Association (IDA) countries, including public debt statistics dissemination practices, publication of key debt management reports; and publication of other country-relevant debt data, including contingent liabilities.

The heat map assesses whether:

- The public debt statistics that are circulated are complete and provided in a timely manner;
- Whether key public debt management documents are publicly available; and
- Whether the government reports on all or just some contingent liabilities.

1.1.1 Data Accessibility

Figure 1: Data Accessibility (World Bank Heat Map Results)



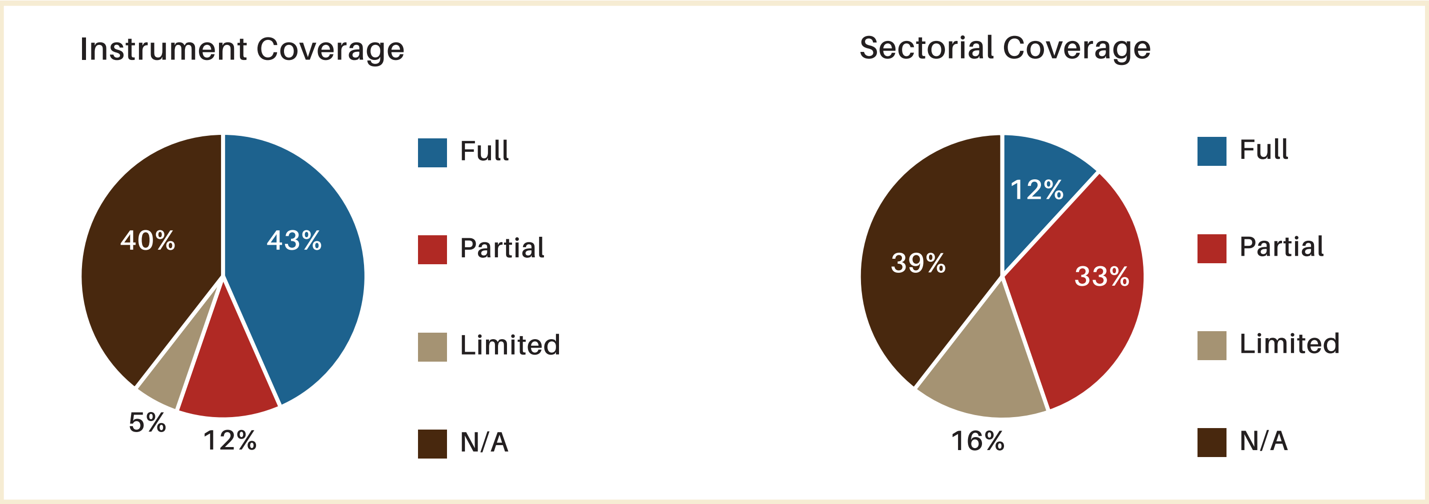
Data accessibility (Figure 1) analyzes whether information around public debt is publicly accessible in a centralized format rather than multiple sources.

Good practice: Ensure that all debt information is reported publicly in a single document.

The **risk** associated with incomplete reporting or reporting dispersed across multiple sources is that information is not readily available for parliamentarians to allow them to conduct their oversight roles. Parliamentarians may not be aware of the existence of all sources and may be restricted to reviewing documents that have been formally tabled in parliament.

1.1.2 Instrument and Sectorial Coverage

Figure 2: Instrument Coverage and Sectorial Coverage (World Bank Heat Map Results)



Instrument coverage (Figure 2) examines whether debt reporting covers both external and domestic debt as well as guarantees issued by the central government.

Good practice: Debt reporting includes full coverage of external and domestic debt and guarantees.

The **risk** associated with incomplete coverage is that parliamentarians are not apprised of the sovereign debt portfolio risks associated with external debt and state guarantees.

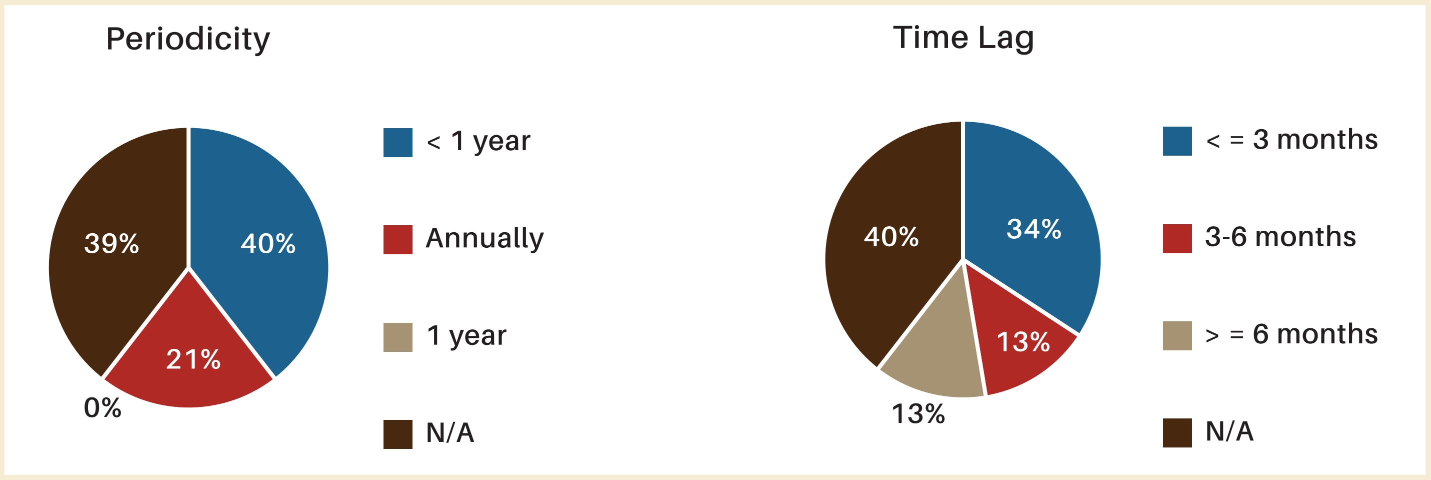
Another dimension referring to the coverage of debt-related documentation is sectoral coverage (Figure 2), which examines whether debt reporting goes beyond central government to include subnational government and public corporations.

Good practice: Debt reports should include comprehensive sectoral coverage, including all government and public corporation debts.

The **risk** associated with incomplete sectorial coverage is that parliamentarians will have incomplete information regarding the drivers of public debt in their country. For example, public corporations or state-owned enterprises (SOEs) are often significant drivers of public debt.

1.1.3 Periodicity and Time Lag

Figure 3: Periodicity and Time Lag (World Bank Heat Map Results)



Periodicity and time lag (Figure 3) are two time-related dimensions. Periodicity refers to the frequency of government reporting on public debt.

Good practice: Reporting more than once per year (e.g., biannually or quarterly).

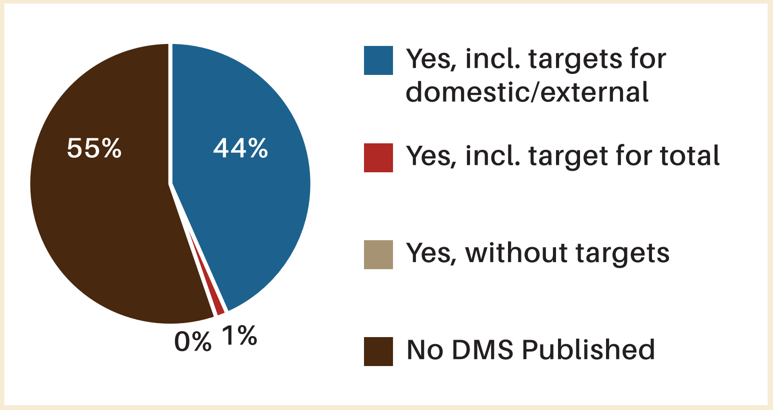
Time lag refers to the length of time it takes government to publish data after it becomes available.

Good practice: Figures included in debt reports should be less than three months old.

The **risk** associated with data published in a sporadically or untimely manner is that parliamentarians will not have access to up-to-date information, which could hinder their participation in the budget process.

1.1.4 Debt Management Strategy

Figure 4: Debt Management Strategy



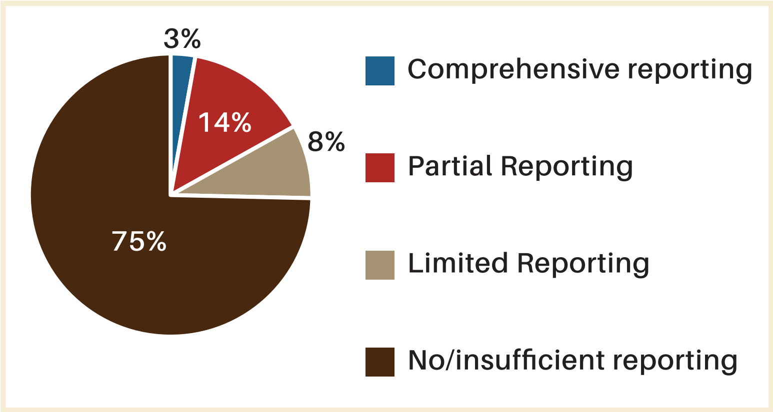
A debt management strategy (Figure 4), often referred to as a medium-term debt strategy (MTDS), is an important input into parliamentary scrutiny at the formulation or approval stages of the budget. Where governments do not provide an MTDS or debt-management strategy, parliamentarians will likely lack access to information concerning the government's plans to manage its debt portfolio, including the key sovereign portfolio risks outlined above.

Good practice: An annual debt management strategy should include stated targets for internal and external debt levels.

The **risk** associated with not having a complete debt management strategy tabled in parliament is that parliamentarians lack crucial information, ex ante, to understand the government's objectives, strategy and borrowing plans before the next fiscal year begins.

1.1.5 Reporting on Contingent Liabilities

Figure 5: Debt Statistics and Contingent Liabilities



Contingent liabilities are defined as "obligations that do not arise unless a particular, discrete event(s) occurs in the future."[5] Reporting on contingent liabilities helps provide a heads-up on future debt issues that may arise.

Good practice: Debt reports should include comprehensive reporting on contingent liabilities.

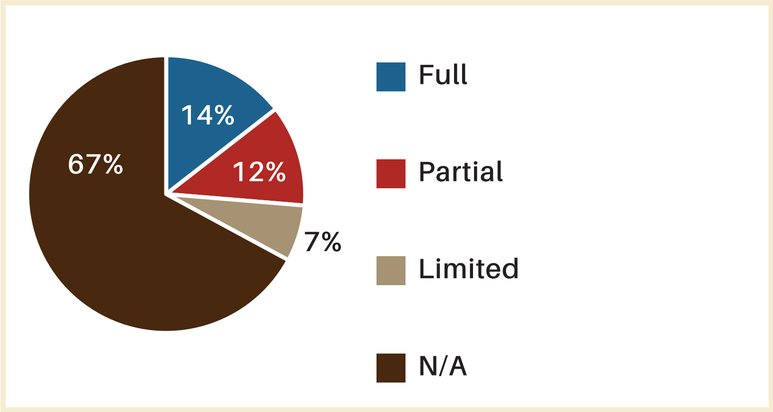
The **risk** associated with incomplete or non-existent information related to contingent liabilities is that parliamentarians will lack information about off-balance sheet debts and that they remain "below the radar screen."

1.2 Transparency of Annual Borrowing and Loans Contracted

Parliament must have access to information related to loan agreements that either require parliamentary approval or have been approved by the executive branch. The government's annual borrowing plan is intended to highlight the normal borrowing amount planned for a given year.

1.2.1 Information on New Loans Contracted by the Government

Figure 6: Information on Recently Contracted Loans



5 Tobias Wickens, Robert Heath, Keith Dublin, et al., *The Public Sector Debt Statistics Guide: Guide for Compilers and Users* (International Monetary Fund, December 8, 2011), https://www.elibrary.imf.org/downloadpdf/books/069/11874-9781616351564-en/11874-9781616351564-en-book.xml.

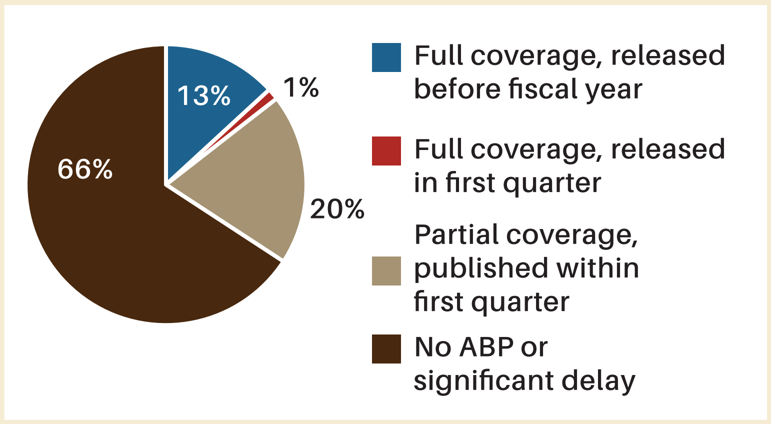
The comprehensiveness of information provided around new or recent loans (Figure 6) requires full information to be provided regarding the name of the lenders together with the amounts of the loan(s) and financial terms.

Good practice: Reports on recently contracted loans should include the names of lenders, the amount of the loan and the terms and conditions agreed to.

The **risk** associated with incomplete information on new or recent loans is that parliamentarians will lack the information to effectively scrutinize loan agreements. For example, loans on non-concessionary terms may violate the intention of the government's MTDS. In this case, the parliamentary scrutiny role could include determining why a non-concessionary loan was necessary and whether a loan on better terms was available.

1.2.2 Annual Borrowing Plan

Figure 7: Annual Borrowing Plan



Annual borrowing plans (Figure 7) are evaluated on their comprehensiveness and timeliness.

Good practice: Annual borrowing plans should include full coverage of loans and borrowing, and be released before the start of the fiscal year.

The **risk** associated with not releasing a comprehensive and timely annual borrowing plan is that parliament is not able to scrutinize the government's intended plan based on fulsome and/or timely information.

The annual borrowing plan is a key component of the government's annual debt management mechanism for conveying its commitment to fiscal accountability, and for increasing transparency and borrowing predictability in debt operations. The PDMA requires that the ABP be consistent with the limits approved under the Fiscal Responsibility Act, 2018 and the annual budget, and that it outlines:

-The projected borrowing needs of the government, as provided in the annual budget approved by Parliament for the current financial year; and
-The various categories of debt instruments to be issued by the government during the financial year and estimated nominal amounts under each category of debt instruments.

—Bahamas Ministry of Finance "Annual Borrowing Plan, 2021"

6 Ministry of Finance, *Annual Borrowing Plan* (Debt Management Office (Bahamas), July 8, 2021), https://www.bahamasbudget.gov.bs/media/filer_public/9a/cc/9acceb39-819f-464a-8d96-d811121bb379/fy2022_abp_jul72021_final.pdf.

Box 2: Debt Transparency Requirements

In addition to the World Bank methodology, the Institute of International Finance (IIF) has put forth a set of principles for voluntary disclosure of debt information which is also at the basis of the OECD's Debt Transparency Initiative launched in March 2021. Similarly, the African Forum and Network on Debt and Development (AFRODAD) outlined a series of transparency requirements and procedures in the African Borrowing Charter. Some countries have made debt transparency commitments under the open government partnership (OGP) framework including most recently Georgia, which included three debt-related commitments in its 2021-2022 open parliament work plan. Based on these principles and calls made by international civil society over the years to increase debt transparency, other requirements to increase the availability and accessibility of debt information can be formulated. The best solution is for the full text of financial contracts and their implications to be made available and accessible to parliaments and the public. This should apply to each loan entered into by a government, subnational government, SOE or other quasi-governmental entity, and to financial contracts that could create new debt. The following types of information should be publicly available:

- The amount of the debt and its interest rate;
- Full repayment schedule;
- Any potential fees or charges or other terms and conditions, such as for early service or commodity supplied in a transaction, such as natural gas through a pipeline;
- Intended use of funds, including details on contractors to be used for projects if not selected in a transparent bidding process;
- Collateral or other security measures, such as a domestic asset or a claim on resources produced or exported, which could result in foreign ownership of a domestic asset or foreign claims on state revenues; and
- Applicable law in case of disputes.

Sources: IIF Debt Transparency Working Group, Voluntary Principles for Debt Transparency (Institute for International Finance, June 10, 2019), https://www.iif.com/Portals/0/Files/Principles%20for%20Debt%20Transparency.pdf; "OECD Announces the Launch of a Debt Transparency Initiative," OECD, March 29, 2021, https://www.oecd.org/finance/debt-transparency/launch-oecd-debt-transparency-initiative.htm; The African Borrowing Charter (AFRODAD, 2018), https://afrodad.org/wp-content/uploads/2021/10/AFRODAD-COMBINED-CHARTER.pdf; Jessica Hickle, "Debt Transparency: An Open Government Solution to Mitigating Debt Crises," Open Government Partnership, February 8, 2021, https://www.opengovpartnership.org/stories/debt-transparency-an-open-government-solution-to-mitigating-debt-crises/.

2. Oversight Throughout the Budget Cycle

When it comes to exercising its oversight role over public debt and public debt management, parliament has a significant role to play in all four stages of the budget cycle — formulation, approval, execution and budget oversight. The formulation stage is generally viewed as the purview of the executive branch, while the legislative branch is responsible for approval of the budget. The government is then responsible for execution of the budget, and parliament is responsible for oversight. Nonetheless, as detailed in Table 1 below, parliament has a significant role to play in the oversight of public debt during the formulation phase, in addition to the approval phase. Furthermore, by monitoring the government's mid-year report, parliament can also exercise influence during the execution phase of the budget. Finally, the ex post audit/oversight phase tends to be the conventional phase in which many parliaments exert a strong oversight role relative to other phases.

According to international best practices, the government should produce budgetary documents throughout the budget cycle. Many of these documents will include critical information regarding public debt that parliament can review as part of the approval and oversight phases of the budget cycle. Both types of key documents and the key debt information are presented by phase of the budget cycle below in Table 1.

Table 1:
Overview of the Budget Cycle and Role of Parliament in Debt Management

	Phase of Budget Cycle	Main Parliamentary Oversight Role
EX ANTE	Formulation	Scrutinize, debate and vote on government's pre-budget statement (PBS), medium-term fiscal statement (MTFS) and medium-term debt strategy (MTDS).
	Approval	Scrutinize, debate and vote on executive budget proposal (EBP).
	Execution	In-year reports and mid-year reviews.
EX POST	Oversight	PAC review of supreme audit institution (SAI) reports on debt and debt management; PAC review of government reporting on debt and debt management.

Kenya's budget calendar is an example of how these phases of the budget cycle relate to each other, as presented in Annex 4.

2.1 Ex Ante I: Parliament's Policy Role

One of the core aspects of parliament's ability to exert influence in the ex ante budget phase occurs through input into the policy development process. This includes debating the balance between debt repayment and social spending.

Parliamentarians may have a greater opportunity to exert ex ante influence on the actual spending priorities of the government at the formulation phase, despite the fact that the formulation phase has traditionally been viewed as the purview of the executive branch.[7] This includes debating the trade-off between paying down the debt

7 Geoff Dubrow, *Influencing the Budget During the Formulation Stage* (London: Westminster Foundation for Democracy, October 2020), https://www.agora-parl.org/sites/default/files/agora-documents/Influencing%20the%20budget%20during%20the%20formulation%20stage.pdf.

versus social spending, as well as paying increased attention to areas of priority identified by parliamentarians that were underserved in previous years' budgets. Because parliamentarians often have limited time to scrutinize the executive budget proposal (EBP) once it is tabled in parliament, it is imperative that parliament take full advantage of the opportunity to raise matters of concern during the formulation phase.

To illustrate the limitations of debating budgetary policy in the approval phase, the Institute for Public Finance Kenya (IPFK) advocated for a moratorium on infrastructure projects so that funds could be reallocated towards the government's COVID-19 response in 2020. The IPFK argued that the 2021 budget tabled in the Kenyan national assembly was a "debt repayment budget" rather than a COVID-19 budget. CEO James Muraguri argued that the approval phase did not provide an opportunity for the government to engage in the public deliberation required to identify or discuss alternate solutions to balancing the needs of the public versus debt repayment.[8]

2.1.1 Key Documents

Parliament can aim to influence the policy directions of the budget during the ex ante phases of the budget cycle by deliberating on the pre-budget statement (PBS) in the formulation phase and the EBP in the approval phase. As we progress through the discussion of key documents, there are a series of reflection questions that parliamentarians can use to assess the state of debt transparency and parliamentary oversight in their country.

2.1.1.a Pre-Budget Statement and PBS Entry Points

The PBS, which is tabled during the formulation phase, contains the "broad parameters for the EBP regarding expenditure, planned revenue and debt."[9] The PBS serves as a building block toward the EBP which is subsequently tabled in the approval phase. The PBS "reflects the culmination of the strategic planning phase of the budget process, in which the executive broadly aligns its policy goals with the resources available under the budget's fiscal framework — the total amount of expenditure, revenue, and debt for the upcoming budget year."[10] The PBS allows the government to lay out the "budget's broad parameters," helping to "create appropriate expectations for the EBP."[11]

Key parliamentary entry points in the formulation stage are found in Brief 1 "Overview/Factsheet: Debt Management for Parliamentarians" and in Box 4 below.

Box 3: Entry Points Related to the Pre-Budget Statement

Parliament can review the PBS and parliamentary committees can hold hearings related to the proposed expenditures outlined in the PBS.

If there is a pre-budget debate in parliament, MPs can ask questions and provide feedback related to the PBS. The opposition parties can draw attention to areas of the budget that they believe have been underfunded.

Despite the potential for parliament to exert its influence over budget formulation during the formulation phase, key information regarding the public debt situation is often lacking from the above-mentioned documentation.

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8 SpiceFM, "Is Budget 2021 A Covid Budget – What Do the Numbers Say? ~ James Muraguri ~ CEO, IPFK," YouTube Video, 43:35, May 30, 2021, https://www.youtube.com/watch?v=081wVTN6hpE&t=1215s.

9 Alessandro Motter, Karin Riedl, Naye Bathily, et al., *Parliamentary Oversight of International Loan Agreements: A Global Survey* (Inter-Parliamentary Union, 2013), http://archive.ipu.org/PDF/publications/PARLOVER2013EN.pdf.

10 International Budget Partnership, *Guide to the Open Budget Questionnaire: An Explanation of the Questions and the Response Options* (Washington, D.C.: International Budget Partnership, August 2016), https://www.internationalbudget.org/wp-content/uploads/open-budget-survey-2017-guide-and-questionnaire-english.pdf. p. 13.

11 Ibid.

According to the Open Budget Survey, which aims to improve public access to national budget processes and information, three key estimates related to borrowing and debt should be contained in the PBS or other documentation during the formulation phase, as follows:

- The amount of net new borrowing needed in the upcoming budget year;
- The central government's total debt burden at the end of the upcoming budget year; and
- The interest payments on the outstanding debt for the upcoming budget year.[12]

Despite the opportunity for the public debt situation to inform parliamentary debate during the formulation phase, few countries provide robust information on the public debt situation during this phase of the budget cycle. According to the 2019 Open Budget Survey, of 117 countries responding:

- Twenty-one countries surveyed (18 percent) report that their government's PBS includes all three key estimates related to government borrowing and debt;
- Sixteen countries surveyed (14 percent) report that their government's PBS includes two of the three key estimates related to government borrowing and debt; and
- The remaining 80 countries (68 percent) include either one or none of the key debt-related estimates in their PBS.[13]

Questions for reflection on the PBS in the formulation phase:

- Is the PBS and accompanying documentation reviewed by one or more committees?
- Does the PBO or other experts provide an analysis of the PBS and accompanying macroeconomic forecasts?
- Does parliament consult members of the executive, outside experts, business groups, CSOs, and members of the public regarding the PBS?
- Does the PBS provide information on public debt levels, as recommended by the OBS?

2.1.1.b Executive Budget Proposal and EBP Entry Points

When the EBP and accompanying documentation is submitted to parliament by the executive branch, it is generally examined and reviewed by one or more committees. A central role is often played by the budget or finance committee [such as the Kenyan Budget and Appropriations Committee (BAC)], which can either carry out the majority of the budgetary review or coordinate the respective reviews of the other committees. A budget or finance committee usually takes the lead in reviewing budget documentation and questioning the underlying macroeconomic assumptions contained in the budget.

The parliamentary budget office (PBO) can play a supportive role in analyzing the macroeconomic assumptions contained in the EBP.

Box 3 outlines the key entry points related to parliamentary scrutiny of public debt related to the EBP.

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12 International Budget Partnership, *Guide to the Open Budget Questionnaire: An Explanation of the Questions and the Response Options* (Washington, D.C.: International Budget Partnership, April 2019). https://www.internationalbudget.org/wp-content/uploads/open-budget-survey-2017-guide-and-questionnaire-english.pdf

13 Ibid.

Box 4: Entry Points Related to the EBP

Parliamentary consideration of the EBP is a highlight of the budget year, and MPs can take this opportunity to ask questions and make statements related to the impact of budgetary proposals on the country's overall debt level and debt portfolio composition.

When the budget is reviewed by one or more parliamentary committees, questions can be raised about the debt implications of the EBP and associated documentation. Depending on the time limitations placed on committees, the PBO and/or external experts may be invited to provide testimony.

Questions for reflection on the EBP in the approval phase:

- Is the EBP and accompanying documentation reviewed by one or more committees?
- Does the PBO or other experts provide analysis of the EBP and accompanying macroeconomic forecasts?
- Does parliament consult members of the executive, outside experts, business groups, CSOs, and members of the public regarding the EBP?
- Does the EBP provide information on public debt levels, as recommended by the OBS?

2.1.2 Case Study: The Budget Formulation Phase in Kenya

Kenya's BAC works closely with its PBO to highlight and raise matters of concern around public debt and issue recommendations, including:

In Kenya according to the Public Finance Management Act, the MoF plays a key role in preparation and submission of the budget policy statement to parliament by 15th February each year. The National Treasury is legally required to submit the budget policy statement, as approved by cabinet, to parliament, by the 15th February in each year."[14]

- "Kenya Public Finance Management Act," 2012

- Shifting towards increased domestic borrowing;
- Publicly warning of the risks of debt vulnerability due to high debt-servicing ratio;
- Pointing to improved practices of accounting for ongoing debt burden;
- Calling on the national assembly to take note of the level of debt guarantees within the national stock of debt.
- Calling on the national treasury to provide information on a quarterly basis, outlining the loans contracted by the government; and
- Calling on "the government to send to parliament a reliable and well-evaluated borrowing and debt repayment framework" that will "create certainty on the expected evolution of public debt which will further enhance measures and strategies for debt repayment and … ensure sustainability of public debt."[15]

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14 Kenya National Assembly, *Public Finance Management Act, No. 18 of 2012* (National Council for Law Reporting (Kenya), 2012), http://www.kenyalaw.org:8181/exist/rest/db/kenyalex/Kenya/Legislation/English/Acts%20and%20Regulations/P/Public%20Finance%20Management%20Act%20Cap.%20412C%20-%20No.%2018%20of%202012/docs/PublicFinanceManagementAct18of2012.pdf.

15 Kenya National Assembly, *Report of the Budget and Appropriations Committee on the Budget Policy Statement and the Medium-Term Debt Management Strategy for Financial Year 2020/2021* (Parliament of Kenya, March 2020).

2.2 Ex Ante II: Technical Oversight of Public Debt

It is similarly important for parliament to undertake technical scrutiny of the specific details related to public debt, including:

- The composition of public debt;
- The total level of public debt; and
- The government's plans for the management and servicing of the debt.

This is explained in more detail by examining parliament's role in reviewing the MTDS.

2.2.1 Medium-Term Debt Strategy

A best practice is for the government to draft and table a strategy that sets out the medium-term framework for how the government will achieve its debt management objectives. The MTDS should be updated or revised regularly. Having a regularly reviewed strategy raises the profile of debt management activities and objectives, prevents ad hoc and frequent changes, and strengthens transparency.[16]

The medium-term debt strategy (MTDS) articulates "how the government intends to implement its debt management approach over the medium term to achieve a desired composition" of its debt portfolio, which captures its preferences regarding the cost-risk trade-offs.[17]

Scrutiny of the MTDS can provide parliamentarians with the opportunity to pose questions about key sovereign portfolio risks such as:

- The ratio of external to domestic debt;
- The ratio of short-term to long-term debt; and
- The amount of foreign-currency-denominated debt.

These questions can help support parliament's technical scrutiny of debt during the ex ante phases of the budget cycle. Box 5 highlights one entry point related to the medium-term debt strategy where these questions might be raised.

Box 5: Entry Points Related to the Medium-Term Debt Strategy

A parliamentary committee can review the MTDS to scrutinize key portfolio risks associated with the MTDS and document any concerns, such as a high rate of external debt or short-term debt.

16 Geoff Dubrow, *The Role of Parliament in Public Debt Management: Weathering the COVID-19 Crisis and Beyond* (London: Westminster Foundation for Democracy, June 2020), https://www.wfd.org/what-we-do/resources/role-parliament-public-debt-management.

17 John Panzer, Mark Roland Thomas, Axel Peuker, et al., *Debt Management Performance Assessment (DeMPA) Methodology*, (The World Bank, 2015), http://documents.worldbank.org/curated/en/305821468190742099/pdf/96671-WP-DEMPA-2015-Box391446B-PUBLIC.pdf.

2.2.2 Case Study: The Budget Approval Phase in South Africa

According to the OBS 2019, South Africa meets OBS-recommended best practices relating to debt transparency in the approval phase in terms of reporting on public debt (see Table 2).

In June 2021, South Africa's *Appropriation Bill* was referred to the Select Committee on Appropriations (SCoA), a committee of the upper house, for concurrence. The SCoA debates and PBO testimony related to the Appropriation Bill highlight how parliament can raise matters of concern around public debt through the review of the EBP. Issues raised in the SCoA included:

- ***Bail-Outs of State-Owned Enterprises:*** In a committee inquiry, the SCoA questioned the National Treasury representatives about the continual bail-outs of state-owned enterprises (SOEs) and the Treasury representatives reported that "there is a very high likelihood that the SOEs would continually need a bail-out in the future because of the historical position of the SOEs which has been escalated by the COVID-19 pandemic. The SOEs have government guarantees on funds to service debt but it does not provide funds for SOEs to expand their infrastructure or for development projects in most of these bail-outs." Members of the committee objected that "The budget of the SOEs does not go through the budget process and undermines the integrity of parliament in the budget process as members question why SOEs need to be prioritized as SOEs do not meet their debts and rely on the state to pay the guaranteed debt."
- ***Fiscal Consolidation:*** In a presentation to the SCoA, the PBO commented that "Continued fiscal consolidation will likely continue the multiyear trend of repeatedly missing debt reduction targets" for three main reasons: (1) "Growth is required to reduce debt to GDP levels;" (2) "Fiscal consolidation has constrained economic activity and growth," and (3) " Prematurely discontinuing COVID-19 relief to households and small businesses could negatively impact on long-term growth and government revenue."
- ***Contingent Liabilities and Guaranteed Debt:*** The PBO reported that "The poor financial management of local governments and government entities may require more expenditure to maintain local government and for contingent liabilities," specifically noting that "SOEs and government entities with guaranteed debt may continue to have governance problems, poor management that negatively affects performance."

2.2.3 Types of Information about Public Debt

According to the Open Budget Survey, the EBP and any supporting budget documentation should provide four types of information about public debt. See Table 2 below.[18]

18 International Budget Partnership, *Guide to the Open Budget Questionnaire: An Explanation of the Questions and the Response Options* (International Budget Partnership, April 2019). https://www.internationalbudget.org/wp-content/uploads/open-budget-survey-2017-guide-and-questionnaire-english.pdf

Table 2
The Four Types of Information about Public Debt (Approval Phase)

Category	Explanatory Notes
Estimates related to government borrowing and debt;	• The amount of net new borrowing required during the budget year; • The central government's total debt burden at the end of the budget year; and • The interest payments on the outstanding debt for the budget year.
Information on the composition of the total debt outstanding at the end of the budget year;	• Interest rates on the debt; • Maturity profile of the debt; and • Whether the debt is domestic or external.
Prior year debt information; and	Examines whether "core" information is provided on government borrowing and debt, including its composition, for the year preceding the budget year. The "core" information includes: • Total debt outstanding at the end of BY-1; • Amount of net new borrowing required during BY-1; • Interest payments on the debt; • Interest rates on the debt instruments; • Maturity profile of the debt; and • Whether it is domestic or external debt.
The actual outcome for debt.	Most recent year presented for which the debt figures reflect actual outcomes is typically BY-2.

2.3 Execution Phase

Legislative accountability and oversight of the executive during the budget formation process continue after parliament has approved the budget. An important entry-point for parliamentary scrutiny in the execution phase is the mid-year review (MYR). According to best practices, the MYR should report on budget execution over the first six months of the budget year. The MYR is:

> "A highly significant document for tracking the progress of the budget during the fiscal year. This report should provide a comprehensive update on the budget's implementation, and should disclose the impact of any changes to macroeconomic assumptions and of any government decisions or other circumstances that will significantly impact the budget for the remainder of the year."[19]

The MYR should include updated estimates of government borrowing and debt, including its composition, for the budget year underway. Parliamentary review of the MYR can help identify whether the government is meeting its debt targets for the budget year. Entry points for MPs are listed below in Box 6.

19 Pamela Gomez, Joel Friedman, and Isaac Shapiro, "Opening Budgets to Public Understanding and Debate: Results from 36 Countries," *OECD Journal on Budgeting* 5, no. 1 (2005): 7-36, https://read.oecd-ilibrary.org/governance/opening-budgets-to-public-understanding-and-debate_budget-5-5l9n6d3tkh5l#page1.

Box 6: Entry Points for Parliament Related to the MYR

Parliament can review the MYR and parliamentary committees can hold hearings comparing expected expenditure and revenue levels to actuals at the mid-point of the fiscal year.

MPs can pose questions about the actualization of government estimates related to debt levels and composition over the course of the year.

Parliamentary oversight of public debt is not as prevalent during the execution phase, and the MYR is an underutilized entry point for parliamentary oversight of the budget. According to the 2019 OBS, of 117 countries responding, 85 percent either present an MYR which does not include information on differences between original and updated estimates of government expenditures, revenues and debt, or do not present an MYR with updated estimates of borrowing and debt.[20] This allows parliament to monitor if debt and deficits are increasing, or not decreasing as planned by the executive in the enacted budget.

Questions for reflection on the execution phase and the MYR:

- Does the MYR report on budget execution over the first six months of the budget year?
- Does the MYR disclose any changes to macroeconomic assumptions (which could require in-year budget reductions to avoid increasing deficits)?
- Does the MYR contain updated estimates of government borrowing and debt, including its composition?

2.4 Ex Post Oversight

2.4.1 Role of the PAC (or Similar Committee)

The PAC, the preeminent oversight committee of parliament, often exercises this ex post oversight role. PACs are especially prevalent in countries with Westminster-style parliamentary systems. However, several non-Westminster countries have committees performing similar functions including Afghanistan, Bhutan, Ethiopia, Morocco, Nepal, Thailand, Tunisia and Rwanda.[21] In other countries, where there is no specific committee dedicated to ex post oversight, the budget and finance committee will often perform this oversight role, specifically through review of audit reports.

Typically, the PAC reviews reports of the SAI, which focus on whether:

- The financial statements are represented fairly and in compliance with international standards (financial audit);
- The government collected or spent the authorized amount of money for the purposes intended by parliament (compliance or regulatory audit); and
- The government spent funds with due regard to economy, efficiency and effectiveness (performance or value for money audit).

The stages of a PAC inquiry into an SAI report on public debt and/or public debt management can be found in Figure 8. Sample questions that can be posed by the PAC during a hearing into an SAI report on debt management can be found in Table 3.

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20 International Budget Partnership, *Guide to the Open Budget Questionnaire: An Explanation of the Questions and the Response Options* (International Budget Partnership, April 2019). https://www.internationalbudget.org/wp-content/uploads/open-budget-survey-2017-guide-and-questionnaire-english.pdf

21 Geoff Dubrow, *A Critical Review of Public Accounts Committees* (London: Westminster Foundation for Democracy, October 2020), https://www.wfd.org/what-we-do/resources/critical-review-public-accounts-committees.

Figure 8: Sample PAC Workflow Related to Debt Management

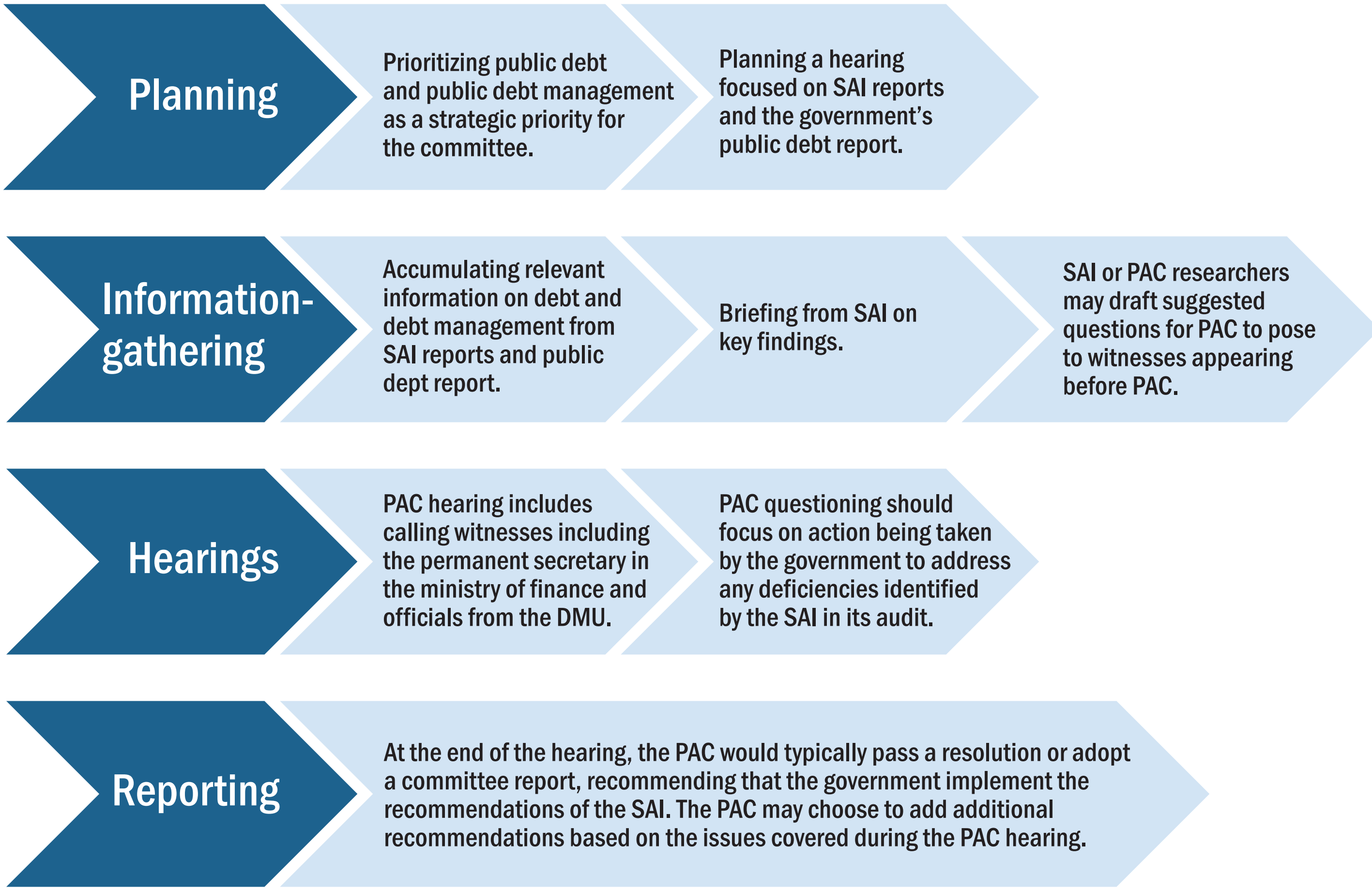

Table 3: Sample PAC Questions Related to Debt Management Audit (Compliance or Performance)

Area of Focus Related to Debt Management	Sample SAI Audit Conclusion	Sample PAC Questions
The government's debt service activities	The debt service process, budget and schedules were not adhered to as required under relevant laws, regulations and agreements.	How is the government addressing discrepancies between billing statements and the DMU debt schedule? Has DMU staff identified the reasons for underpayments/overpayments reported by creditors? What is being done to rectify this situation in the future? What is being done to ensure that future payments in arrears are acted upon?
The government's borrowing activities	The absence of a documented borrowing plan is undermining the government's debt management efforts.	What action is the government taking to develop a borrowing plan? How will the borrowing plan be coordinated with the monetary authority (central bank)? Do debt management officials plan to produce a report on the implementation of borrowing plans? What is the timeline for implementation?

2.4.1 a Review of Annual Debt Report

Often the government will prepare a separate annual debt report or include a debt report in its annual financial report. According to the World Bank's Debt Management Performance Assessment (DeMPA) methodology, the report should include an evaluation of the debt management operations — including borrowing, liability management operations such as debt exchanges and loan guarantees extended. The report should include sufficient information to enable parliament "to evaluate how successful the debt management operations — including new borrowings and debt-related transactions — have been in meeting the (debt management) objectives."[22]

There are multiple important entry points for the public accounts committee (or similar body) to engage in issues related to public debt. These are summarized in Box 7.

Box 7: Entry Points for the PAC (or Similar Committee)

- PACs can review performance audits produced by the SAI on matters related to public debt anwwd issue their own substantial recommendations.
- PACs can review the government's annual borrowing plan and debt figures included in the audited financial statements.
- When timelines or plans are presented by the government on debt-related matters, the PAC can request status updates.
- PACs can request status updates from ministries and other government units on the implementation of debt-related recommendations made in previous SAI or PAC reports and hold hearings to examine progress.

22 John Panzer, Mark Roland Thomas, Axel Peuker, et al., *Debt Management Performance Assessment (DeMPA) Methodology* (The World Bank, 2015), http://documents.worldbank.org/curated/en/305821468190742099/pdf/96671-WP-DEMPA-2015-Box391446B-PUBLIC.pdf.

The annual debt report should be tabled in parliament, as is presently the case in 14 out of the 66 countries with a completed national PEFA assessment including Ghana,[24] Guyana, Ethiopia,[25] Albania, Bangladesh and Kenya.[26]

In the Caribbean, eight countries prepare an annual debt report but only seven submit it to parliament and publish it.[27]

—Michele Robinson "Debt Transparency and Data Quality in the Caribbean"

2.4.2 PAC Case Study: Zimbabwe

Ex post oversight is a key phase of parliamentary scrutiny in the budget cycle, and a key actor in this phase is often the PAC. In Zimbabwe, the oversight role of parliament in general and the PAC specifically is entrenched in the constitution. Section 299 (1) states that: "Parliament must monitor and oversee expenditure by the state and all commissions and institutions and agencies of government at every level, including statutory bodies, government-controlled entities, provincial and metropolitan councils and local authorities, to ensure that:

(a) all revenue is accounted for;

(b) all expenditure has been properly incurred; and

(c) any limits and conditions on appropriations have been observed."

A July 2019 report from the Zimbabwean PAC entitled "Report on Compliance Issues for the Ministry of Finance and Economic Development" (MOFED) was based on reports of the auditor general and testimony from key officials in MOFED. The report outlined a number of key areas of non-compliance by MOFED related to public debt.[28]

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23 As reported in PEFA assessments since 2016.

24 "Finance Ministry Releases 2019 Activity Calendar," Ghana Web, February 15, 2019, https://www.ghanaweb.com/GhanaHomePage/business/Finance-Ministry-releases-2019-activity-calendar-723532.

25 Ministry of Finance (Ethiopia), *Annual Public Sector Debt Portfolio Report for the Year 2017/18* (Government of Ethiopia, 2018), http://197.156.84.34/media/filer_public/9b/be/9bbe7ef7-4140-420c-9c75-53cc43034e80/revised_ethiopias_2018_dpr_final.pdf

26 The National Treasury (Kenya), *Annual Public Debt Management Report 2016/17* (Republic of Kenya, June 2017), http://www.parliament.go.ke/sites/default/files/2019-05/ANNUAL%20PUBLIC%20DEBT%20REPORT%202016-2017.pdf.

27 Michele Robinson, "Debt Transparency and Data Quality in the Caribbean," *Small States Matters* 2021, no. 2 (2021): 1-24, https://production-new-commonwealth-files.s3.eu-west-2.amazonaws.com/migrated/inline/Debt%20Transparency%20and%20Data%20Quality%20in%20the%20Caribbean.pdf

28 According to the PAC's report, "The Committee studied the 2016 Audit Report by the Auditor-General, then the Follow Up Report on Recommendations made in the 2016 Auditor-General's Reports on Appropriations and Fund Accounts and State Enterprises and Parastatals. The Committee also went through the 2017 Reports on Appropriations and Fund Accounts, State Enterprises and Local Authorities." See: Public Accounts Committee (Zimbabwe), *First Report of the Public Accounts Committee on Compliance Issues for the Ministry of Finance and Economic Development* (Parliament of Zimbabwe, July 2019), https://www.veritaszim.net/sites/veritas_d/files/Public%20Accounts%20Committee%20-%20Ministry%20of%20Finance%20Compliance%20Issues%20Report%2018%20July%202019.pdf.

> **The Committee decried "an entrenchment of a culture of non-compliance by the Ministry of Finance and Economic Development officials and indeed by other ministries in government" as well as "deliberate and wilful breach of the law and in other instances … total ignorance of the law and negligence or indifference."[28]**
>
> ***—Public Accounts Committee (Zimbabwe), First Report of the Public Accounts Committee on Compliance Issues for the Ministry of Finance and Economic Development, Parliament of Zimbabwe***

The Committee was, however "encouraged by the permanent secretary's undertaking that he would review the ministry's processes, systems and people in order to determine the causes of the shortcomings in the ministry and then implement corrective action."

Some of the key findings and recommendations related to non-compliance with the Public Debt Management Act, 2015 (PDMA) that were noted in the PACs report are outlined below:

- ***Reporting on public debt***
  - Finding: Non-compliance with the constitution because "the minister of finance and economic development failed to present to parliament a report on loans raised and guarantees issued by the state and a comprehensive report on public debt."
  - Recommendation: The report called on the minister of finance and economic development to present the report on the performance of loans and guarantees.
- ***Borrowing limits set by parliament***
  - Finding: Non-compliance with the PDMA because "the limits for government's borrowing was not fixed by the national assembly by resolution nor by means of a provision in a finance bill."
  - Recommendation: The report called on the minister of finance and economic development to follow the laws of Zimbabwe and introduce borrowing limits for a vote by the national assembly.
- ***Parliamentary approval of guarantees***
  - Finding: Non-compliance with the PDMA because "the minister of finance and economic development failed to propose and seek approval from the national assembly on the aggregate of the amounts to be guaranteed."
  - Recommendation: The report called on the minister of finance and economic development to propose a limit for guarantees to be presented to the national assembly.
- ***Reporting on guarantees***
  - Finding: Non-compliance with the PDMA because "the minister of finance and economic development failed to lay before the national assembly statements relating to guarantees" in the timeline established in

29 Public Accounts Committee (Zimbabwe), First Report of the Public Accounts Committee on Compliance Issues for the Ministry of Finance and Economic Development (Parliament of Zimbabwe, July 2019), https://www.veritaszim.net/sites/veritas_d/files/Public%20Accounts%20Committee%20-%20Ministry%20of%20Finance%20Compliance%20Issues%20Report%2018%20July%202019.pdf.

the Act. The report further identified non-compliance on this matter because "the minister of finance and economic development failed to list and present to the national assembly, monthly, quarterly and annual reports on loans and guarantees."

  - o Recommendation: The report called on the minister of finance and economic development to fulfil legal requirements to report to parliament.

- ***Ratification of loans by parliament***
  - o Finding: The report identified non-compliance with the constitution and the PDMA because "the minister of finance and economic development failed to ensure that all relevant loans contracted were subjected to ratification by parliament."
  - o Recommendation: The report called on the minister of finance and economic development to follow the constitution and present all loans contracted under the PDMA to the national assembly for ratification.[30]

This case study underscores the value-add of a dedicated ex post oversight committee (or in some cases a budget and finance committee) can have on monitoring public debt and public debt management. Namely, this case study demonstrates how parliamentary committees can focus on key issues related to public debt, zero in on particular areas of concern, and compel the government to respond to the committee's concerns. This highlights the importance of the role of the SAI in auditing the government's debt management capacity, including whether it complies with existing debt management legislation. Through a review of audit reports and hearings with staff from MOFED, the PAC helped to determine the extent to which the government was meeting its own debt transparency requirements (reporting on public debt and guarantees), respecting the borrowing limits set by parliament, and whether the government was following the law related to parliamentary approval of guarantees and loan agreements.

Questions for reflection on the ex post oversight phase:

- Is there a dedicated ex post oversight committee monitoring public debt levels and reviewing the government's annual debt report?
- Does the PAC review SAI compliance and performance audit reports or findings that relate to public debt?
- Do PAC reports include recommendations related to improving the government's public debt management practices?

30 Ibid.

3. Institutions Supporting Oversight of Public Debt

3.1 Research and Analysis

There are two main types of bodies dedicated to supporting budget and financial analysis in parliament: independent fiscal institutions and subunits of parliament. Within the former, there are two types of institutions:

- Fiscal councils primarily focus on compliance with fiscal rules. Fiscal councils tend to have varying levels of independence and are often situated in the executive branch.
- PBOs primarily focus on directly supporting the legislature in budget analysis.

For subunits of parliament, there are similarly two forms these units take:

- A parliamentary research service (PRS) can provide budget analysis, but often has a wider mandate.
- A scrutiny unit (SU) produces analysis and briefing for committees. This analysis can be related to the budget process. Both the PRS and SU are housed in the legislative branch and are not independent bodies.

3.1.1 Parliamentary Budget Offices (PBOs)

PBOs are "independent public institutions with a mandate to critically assess, and in some cases provide nonpartisan advice on, fiscal policy and performance."[31] PBOs can provide the following functions:

- Independent analysis, review, and monitoring of government's fiscal policies, plans and performance;
- Developing or reviewing macroeconomic and/or budgetary projections; and
- Costing of budget and policy proposals.[32]

Of the two principal types of IFIs — PBOs and Fiscal Councils — only PBOs are focused primarily on "assisting parliamentary oversight of the budget and supporting the work of the main budget committee." The Ugandan PBO, which was established by the Budget Act of 2001, was developed primarily to support parliament in understanding the documentation provided by the executive branch as part of the budget process.[33]

Communicating financial issues, in general, is a challenge for PBOs because "in most cases, they are dealing with parliamentarians who have absolutely no technical background in those areas."[34]

"I think that part of the PBO's role in (low- and middle-income) countries is to raise the knowledge and the ability of parliamentarians to ask the right questions. That will level the playing field, to some extent, for parliamentarians, so that they can actually debate with the government and ask the right questions."[35]

- Mostafa Askari, Chief Economist, Institute of Fiscal Studies and Democracy, Canada

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31 For example, if the government was to announce significant changes to a major program outside of the regular budget cycle.

32 While there is no universal definition available, cost is defined as 'the monetary value of the resources (human, physical and financial) consumed to achieve a certain end'. See: Treasury Board Secretariat (Canada), "Guide to Cost Estimating," Government of Canada, June 10, 2019, https://www.tbs-sct.gc.ca/pol/doc-eng.aspx?id=32600&section=html.

33 Parliamentary Budget Office (Uganda), *Revised Budget Handbook* (Parliament of Uganda, July 2016), https://www.e-pbo.org/web/default/files/Events/Annual%20Assemblies/2018%20Annual%20Assembly/Documents/Final_PBO%20Budget_Handbook___July_2016.pdf.

34 Mostafa Askari (Chief Economist at the Institute of Fiscal Studies and Democracy and former Deputy Parliamentary Budget Officer, Canada), in discussion with the author, May 2021.

35 Ibid.

3.1.2 Fiscal Councils

Institutional independence varies significantly with fiscal councils. For example:

- The Belgian Fiscal Council has more limited independence as the high council of finance is formally chaired by the minister of finance and has a secretariat under the authority of the federal government;
- The UK Office of Budget Responsibility is a legally separate arms-length entity with its own oversight board; and
- The Netherlands Bureau for Economic Policy Analysis (CPB for Centraal Plantbureau) is technically an agency under the ministry of economic affairs, agriculture and innovation. Although the CPB is part of the executive branch of government, it enjoys considerable independence, with autonomy over its annual work program and offices physically separate from those of the ministry of economic affairs.

Adopting a fiscal council may be particularly useful for countries at high risk of debt distress or in debt distress or for countries that have previously been in such a situation and want to keep their fiscal house in order. However, fiscal councils take a fair bit of time to become established and effective as they must be implemented through the passing of new legislation.

Fiscal councils also tend to have a role in all phases of the budget cycle, and many will monitor ex post compliance of fiscal rules, so in theory, there would be information available to ex post committees such as the PAC. However, during the audit/oversight phase their role tends to be limited to adherence to fiscal rules and thus not likely to support the PAC beyond examining this particular issue.

3.1.3 Parliamentary Research Services (PRS)

PRSs — known also as legislative libraries, or research offices — can provide support to parliamentarians throughout the entirety of the budget cycle. Unlike a PBO or fiscal council, a PRS can also provide information support services beyond financial issues. However, with this broader range of coverage, there may be less specific expertise related to budgetary matters.

PRSs are typically structured as part of the parliamentary infrastructure serving parliament. This is likely to reduce the public profile. While such services can support parliamentary scrutiny by addressing the asymmetry of information access between government and parliament, the PRS will not be as inclined to publicly present alternate analyses that contradict reports on public debt made by the government.[36]

3.1.4 Scrutiny Units (SUs)

Scrutiny units are specialized groups that provide services related to reviewing and analyzing:

- Financial and economic documents including the budget and accounts; and
- In the case of the UK and Australian parliaments, SUs analyze draft legislation as well.

Scrutiny units can be found in the parliaments of the United Kingdom, Australia and Trinidad and Tobago as well as the subnational parliaments of Scotland, Northern Ireland and Wales.

Unlike a PRS, however, scrutiny unit staff focus directly on financial and budgetary matters, leveraging more precise expertise. However, the lack of independence common to scrutiny units means that these institutions frequently take on a "behind-the-scenes" research synthesis role. Unlike PBOs, scrutiny units conventionally lack the codified independence that would permit them to undertake original and independent analysis. Instead, the work of the scrutiny unit entails the production of syntheses and analyses of existing data as requested by parliament or other institutions.

36 "About the Library," Library of Parliament (Canada), n.d., https://lop.parl.ca/sites/PublicWebsite/default/en_CA/About/Vision.

3.2 Caucuses

In addition to the institutional supports discussed above, parliamentarians can advance particular causes by forming their own caucuses to draw attention to underserved policy areas or advocate for matters of concern, such as the impact of austerity on a particular population group. Caucuses can include members from one party or from multiple parties who come together with a shared interest in a specific policy area and are most effective as multi-party entities. To this end, multi-party caucuses can help to move past partisan gridlock in addressing the development of legislation, including, hypothetically, key pieces of legislation related to public debt. Multi-party caucuses formed around a particular issue can partner with like-minded CSOs to develop policies or discuss options to address particular issues.

Single-party caucuses have a series of important roles to play, as well. The government party caucus can vet major initiatives or pieces of legislation before introduction to the legislature. Opposition party caucuses can serve as a body where parliamentarians discuss policy alternatives on topics related to financial management and public debt, issue formal calls to action to the government related to fiscal anchors or guardrails, or request specific debt-related information from the PBO. Similar to multi-party caucuses, single-party caucuses can liaise with sympathetic CSOs to inform their discussions.

Box 8: Women's Caucuses

Internationally, the most prominent examples of parliamentary caucuses are women's caucuses. Women's caucuses have grown around the globe as women's representation in parliament has expanded. Because women are often especially vulnerable to the negative impacts of austerity measures enacted in response to high levels of public debt, women's caucuses may take a keen interest in issues related to public debt. One example of a multi-party women's caucus becoming involved in the budget process emerges from Namibia, where analysis of the budget is the first function of the women's caucus. Single-party caucuses can also play a role, as evidenced in the Canadian practice during the Chretien premiership of the minister of finance meeting with the governing party's women's caucus during the formulation phase.

Sources: Claire McLoughlin and Seema Khan, *Helpdesk Research Report: Cross-Party Caucuses* (Governance and Social Development Resource Centre, May 8, 2009), http://gsdrc.org/docs/open/hd593.pdf; Juan Pablo Bohoslavsky, *Effects of Foreign Debt and Other Related International Financial Obligations of States on the Full Enjoyment of All Human Rights, Particularly Economic, Social, and Cultural Rights* (United Nations Human Rights Council, July 2018), https://digitallibrary.un.org/record/3823559?ln=en, pp. 8-13; Julie Ballington, *Equality in Politics: A Survey of Women and Men in Parliaments* (Inter-Parliamentary Union, 2008), https://www.ipu.org/resources/publications/reports/2016-07/equality-in-politics-survey-women-and-men-in-parliaments; Jackie Steele, "The Liberal Women's Caucus," *Canadian Parliamentary Review* 25, no. 2 (2002): 13-19, http://www.revparl.ca/25/2/25n2_02e_Steele.pdf.

4. Understanding the Role of the Executive Branch in Managing Public Debt

This section is designed to explain the machinery of government around public debt management as it is key for parliamentarians to understand how the debt management process works in order to provide effective oversight. However, while execution of the budget is the purview of the executive branch, it is crucial that parliamentarians understand both the governance arrangements for the debt management function as well as the risks and consequences of poor debt management. This will enable parliament to conduct more effective ex post oversight.

Multiple debt market crises have underscored the importance of sound debt management practices. By prudently managing the risk and the cost of debt service, governments can exert better control over the rate of public debt growth. Governments that exercise control over public debt dynamics are better placed to ensure fundamental debt sustainability, while being able to service debt even in adverse economic circumstances.

Before discussing the specific functions of the executive branch, it is important to consider two guiding concepts for the organization of the executive. If parliament is to provide effective scrutiny of executive actions, parliamentarians must first understand the key principles and functions of the executive branch. One organizational consideration is the separation of politics and administration, which helps to mitigate the risk of executive corruption by ensuring that debt management administration and processes are protected from undue political influence. A second organizational principle is the unification of the debt management structure, which reduces duplication of efforts and fragmentation of managerial structure. The subsections below discuss these matters in greater detail.

4.1 Separating Politics and Administration

Separating politics and administration is about taking political decision-making out of certain aspects of the debt management process. The ministry of finance – usually through the assistance of a DMU – and the central bank provide support and advice to the minister of finance on debt issues. Departmental officials carry out the design, execution and coordination of a debt management strategy and policy decisions. Effective and efficient administration constitutes the backbone of the ministry operations: employees' capacity and the department's managerial structure are significant factors in the ministry's performance and ability to make informed fiscal policy decisions.[37]

It is important "to make sure the policy is set by the politicians because they set the parameters and will decide how much debt they want to accumulate." Politicians also make important decisions that affect the "impact of that debt on things like taxes and government spending programs."

At the same time, it is also important to have the people implementing that policy to implement it as efficiently and effectively as possible so that … the cost of public debt and … of public financing" is minimized. This will also 5ensure sure that exposures to risk that can arise from changes to exchange or interest rates are kept to a minimal."

Therefore, it is integral to "have that separation to ensure that the professionals implement the policy and then … to make sure the politicians don't interfere with the decisions that the civil servants make." [38]

—Michele Robinson

37 Geoff Dubrow, *The Role of Parliament in Public Debt Management: Weathering the COVID-19 Crisis and Beyond* (London: Westminster Foundation for Democracy, June 2020), https://www.wfd.org/what-we-do/resources/role-parliament-public-debt-management.

38 Michele Robinson (independent debt management consultant), in discussion with the author, May 2021.

4.2 Unified Debt Management Structure

With respect to the governance arrangements for the debt management function, the recommended best practice is that the government designate a principal debt management entity that is responsible for undertaking all borrowings and debt-related transactions. This entity is usually housed in the ministry of finance. As part of this practice, other agencies, such as the central bank, can conduct debt management activities (i.e., government securities auctions in a domestic market).

It is recognized however that some countries — low- and middle-income countries in particular — may have a "fragmented managerial structure." For example, "In some countries, one entity is responsible for external concessionary borrowing, a second entity for external borrowing on commercial terms, a third entity for domestic borrowing from institutional investors, a fourth entity for borrowing from the domestic retail sector, and so forth."[39]

A fragmented managerial structure is generally considered to be less efficient and less prone to managing the risks in the overall debt portfolio. For example, according to a report by the Caribbean Development Bank, "The actual management of the debt in some territories resides in different offices and, to the extent that quantitative limits and other constraints are embodied in legislation, responsibility and accountability are unclear."[40]

4.3 Key Executive Functions

Three of the key functions of government for debt management are as follows:

- Recording and reporting on debt and debt guarantees;
- Approving debt and debt guarantees; and
- Developing and publishing a debt management strategy.[41]

Each of the key functions is explained in greater detail below, with reference to the current number of countries meeting PEFA-recommended practices. It is noteworthy that legislative involvement in public debt management is prescribed as best practice in two of the three key functions outlined below.

4.3.1 Recording and Reporting of Debt and Guarantees

- **Explanation of function**: "A system to monitor and report regularly on the main features of the debt portfolio is critical for ensuring data integrity and effective management, such as accurate debt service budgeting, making timely debt service payments, and ensuring well-planned debt rollovers. Regular reporting enables the government to monitor the implementation of its debt management strategy and address any deviations that arise."[42]
- **Recommended practice 1**: Domestic and foreign debt and guaranteed debt records are complete, accurate, updated and reconciled monthly.
- **Recommended practice 2**: Comprehensive management and statistical reports covering debt service, stock and operations are produced at least quarterly.

Thirty-three of 110 countries have met PEFA recommended best practices in this dimension.

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39 John Panzer, Mark Roland Thomas, Axel Peuker, et al., *Debt Management Performance Assessment (DeMPA) Methodology* (The World Bank, 2015), http://documents.worldbank.org/curated/en/305821468190742099/pdf/96671-WP-DEMPA-2015-Box391446B-PUBLIC.pdf.
40 Damien King, Christine Clarke, Brian Francis, et al., *Public Sector Debt in the Caribbean: An Agenda for Reduction and Sustainability* (Caribbean Development Bank, April 2013), https://www.caribank.org/publications-and-resources/resource-library/thematic-papers/study-public-sector-debt-caribbean-agenda-reduction-and-sustainability.
41 Based on the criteria outlined in the Public Expenditure and Financial Accountability's broader assessment framework for public financial management ("the PEFA framework"). Debt management is the thirteenth indicator in the PEFA framework and includes the three dimensions.
42 PEFA Secretariat, *Framework for Assessing Public Financial Management* (Washington, D.C.: Public Expenditure and Financial Accountability, February 2016), https://www.pefa.org/resources/pefa-2016-framework.

4.3.2 *Approval of Debt and Guarantees*

- **Explanation of function:** Robust "arrangements for the approval and control of the government's contracting of loans and issuing of guarantees" are "crucial to proper debt management performance. This includes the approval of loans and guarantees against adequate and transparent criteria by government entities as established in the primary legislation. In addition, documented policies and procedures should provide guidance for undertaking debt-related transactions."[43]
- **Recommended practice 1:** Primary legislation grants authorization to borrow, issue new debt, and issue loan guarantees on behalf of the central government to a single responsible debt management entity.
- **Recommended practice 2:** Documented policies and procedures provide guidance to borrow, issue new debt and undertake debt-related transactions, issue loan guarantees and monitor debt management transactions by a single debt management entity.
- **Recommended practice 3:** Annual borrowing must be approved by the government or legislature.

Sixty-three of 110 countries have met PEFA's recommended best practices in this dimension.

4.3.3 *Development of a Debt Management Strategy*

- **Explanation of function:** The government should prepare a debt management strategy (DMS) with the long-term objective of contracting debt within robust cost-risk trade-offs.
- **Recommended practice 1:** A current medium-term debt management strategy covering existing and projected government debt, with a horizon of at least three years, is publicly reported.
- **Recommended practice 2:** The strategy includes target ranges for indicators such as interest rates, refinancing and foreign currency risks. Annual reporting against debt management objectives is provided to the legislature.
- **Recommended practice 3:** The government's annual plan for borrowing is consistent with the approved strategy.[44]

Only 10 countries have met PEFA's recommended best practices in this dimension.

43 Ibid.
44 Ibid.

5. Conclusion

As debt levels have grown around the world and their composition has become increasingly complex and, in many cases, riskier, there has been a parallel increase in the need for effective public debt management. As a result, the debt management universe has expanded in both breadth and depth and an increasing number of players must execute expanding key roles. While taxing and spending — normally exercised through the annual budget cycle — is generally understood as being under the purview of the executive branch, it is increasingly incumbent upon the legislature to effectively interact with these players to leverage key entry points for debt management. This begins with parliamentarians adequately understanding the role the executive plays and using all the tools at their disposal to provide a counterbalance to the resources at the disposal of the executive.

This policy brief covered a number of topics related to parliamentary oversight over public debt. The discussion of the key principle of transparency showed how important it is for parliamentarians to press for high-quality data, open public reporting and transparency with regards to loan agreements. Because citizens bear the ultimate burden of public debt, parliament should advocate for government openness and transparency about public debt levels, composition and decision-making. This policy brief discussed concrete steps that parliament can take to provide oversight throughout the budget cycle, and emphasized the significant opportunity that parliamentarians have during the formulation phase to put debt on the agenda.

To effectively undertake this oversight work, parliamentarians must understand the support available to them and the context of their work. That is why the chapter on key players introduces the work of fiscal councils, parliamentary budget offices, parliamentary research services and scrutiny units, which make unique contributions in the provision of high-quality information to parliament, as well as caucuses, which can be effective advocacy mechanisms. Finally, the policy brief reviewed the role of the executive branch and outlined key elements of which parliaments should be aware and to which they should pay attention.

Annex I: Debt Transparency Heat Map

As discussed in the section above on debt transparency, the Debt Transparency Heat Map is a tool developed by the World Bank to capture debt dissemination practices in IDA countries. The heat map is updated annually based on its three sources of data: public debt statistics, debt management reports and country-relevant debt data.[45] Evaluation is presented on a four-category scale. The dimensions presented in Annex I provide a comprehensive overview of transparency related to non-borrowing matters of public debt.

45 For more information on the Debt Transparency Heat Map methodology, see: *Public Debt Reports Heatmap: Background and Methodology* (The World Bank, January 27, 2022), https://thedocs.worldbank.org/en/doc/8e628be0cec5118cdc0a165b69bf96a6-0240062021/original/Debt-report-heatmap-methodology.pdf.

Category	Dimensions	Description	Criteria	# of Countries in Assessed Group
Public debt statistics dissemination practices	Data Accessibility	Analyzes whether searched information is made publicly available through centralized rather than multiple sources (i.e., documents and websites). The rationale is that the more concentrated the information is in one source, the more accessible it is.	Single document	36
			Single website and multiple documents	7
			Multiple websites	3
			No publicly available debt reporting or incomplete/ lagging debt reporting	30
	Instrument Coverage	External debt is the "portion of a country's debt that was borrowed from foreign lenders, including commercial banks, governments or international financial institutions. These loans, including interest, must usually be paid in the currency in which the loan was made." The high risk associated with external debt instrument coverage pertains to whether governments are reporting, in their medium-term debt strategy (MTDS) or (other documents), on their strategy for the external debt they have taken on (i.e., are they trying to reduce it or how are they addressing it)	Full coverage: external and domestic and guarantees (if applicable)	33
			Partial coverage: external and domestic (if applicable)	9
			Limited coverage: external or domestic debt only	4
			Not available or Incomplete coverage	30
	Sectorial Coverage	Public debt figures reported will vary depending in part on the coverage provided by the reporting organization. International best practices call for debt reporting that covers "general government" and SOEs. This is also referred to as public sector debt. Completeness of sectorial coverage provides a full picture of the public debt situation and is an important indicator of debt transparency.	Full coverage (GG and public corporations)	9
			Partial coverage: complete general government (GG) or complete public corporations	25
			Limited coverage: complete CG	12
			N.A. (no public debt reporting) or incomplete budgetary central (CG)	30
	Periodicity	Frequency in which the government reports on public debt. The recommended best practice is to report more than once per year (i.e., quarterly).	< 1 year (e.g., quarterly update)	30
			Annual basis	16
			> 1 year (e.g., every two years)	0
			N.A.	30
	Time lag	Amount of time that it takes the government to issue debt reports after the end of the fiscal year	< = 3 months	26
			> 3 months	10
			> = 6 months	10
			N.A.	30

Category (continued)	Dimensions	Description	Criteria	# of Countries in Assessed Group
Public debt management	Debt Management Strategy	If a debt management strategy is made publicly available, further analysis is conducted to understand whether the document specifies targets for the main cost risk indicators. Publication of specific targets by source of financing (external/ domestic) discloses additional information about the nature and volume of future debt operations, which may be of strategic importance for different stakeholders (e.g., official lenders versus private investors).	Yes, with targets for domestic and external debt	33
			Yes, with target for total debt	1
			Yes, but no targets	0
			No DMS published	42
Other	Other Debt Statistics and Contingent Liabilities	Data usually published as memorandum items, including central governments guarantees (including names of beneficiaries), account payables, collateralization details, up to the publication of a comprehensive framework on contingent liabilities. If, according to available information, such reporting is not relevant for a specific country, the color grey is assigned to this indicator.	Comprehensive reporting: publication of a framework covering existing CLs	2
			Partial reporting: audited/recognized fiscal arrears and collateralized debt (if applicable)	10
			Limited reporting: guaranteed debt by beneficiary (if applicable)	6
			No reporting or insufficient reporting of existing CLs	53

46 Debt management strategies generally encompass a three- to five-year horizon and are rolling on an annually renewed basis.

Annex II: Loan Agreement Transparency

Similar to the presentation of non-borrowing-related transparency matters in Annex I, this annex presents findings from the World Bank's Debt Transparency Heat Map.[47] This Annex II table presents the four-category scale assessments of the two borrowing-related dimensions.

Areas	Dimensions	Description	Criteria	# of Countries in Assessed Group
Public debt statistics dissemination practices	Information on Recent Contracted Loans	Expected information includes the names of the lenders, the amount and the terms and conditions of the loan.	Full information: the name of the lenders together with the amounts and financial terms[48]	11
			Partial information: names of the lenders and the amount borrowed, but no detailed information on financial terms	9
			Limited information: names of the lenders and/or purposes of the borrowing	5
			N.A (no publicly available debt report) or the information is not provided in debt report	51
Public debt management	Annual Borrowing Plan	An annual borrowing plan strengthens transparency by communicating —for each category of debt instruments (or lenders for external borrowing) — the nominal borrowing amount planned for a given year. The heat map assessment evaluates the comprehensive-ness and timeliness of the publication of the annual borrowing plan.	Full coverage before the fiscal/ calendar year starts	10
			Full coverage within three months	1
			Partial: only for domestic or external debt) with a delay 3 month	15
			No ABP published or a partial plan with a delay > 3 months	50

47 For more information on the Debt Transparency Heatmap methodology, see: *Public Debt Reports Heatmap: Background and Methodology* (The World Bank, January 27, 2022), https://thedocs.worldbank.org/en/doc/8e628be0cec5118cdc0a165b69bf96a6-0240062021/original/Debt-report-heatmap-methodology.pdf.
48 It is the executive branch's responsibility, generally led by the ministry of finance, for making this information publicly available.

Annex III: Case Study: Scrutiny of Public Debt in the Formulation Phase in Kenya

The budget policy statement (BPS), Kenya's version of a PBS, and the MTDS, were tabled in the national assembly of Kenya in February 2020. While the BPS was referred to the sectoral committees "to deliberate on in line with their respective mandates and make recommendations to the BAC, the MTDS was referred to the BAC for examination and discussion."[49]

Reports from the BAC and the parliamentary budget office (PBO) relating to scrutiny of the 2020 budget policy statement (BPS) and medium-term debt strategy (MTDS) highlight how parliament can raise matters of concern around public debt. Although there was to a large extent compliance of the 2020 BPS and MTDS with fiscal and debt transparency requirements, the National Treasury did not present all the information required by law.[50] The BAC noted the following in its report:

- ***Pro-Domestic Borrowing Strategy:*** The Kenyan government's 2020 MTDS proposed a shift towards increased domestic borrowing.[51] While this would reduce the share of external debt, the BAC expressed concern that "the domestic debt portfolio has a higher refinancing risk due [to a] higher proportion of short-term instruments relative to long-term instruments and higher interest rate risk compared to that of the external debt portfolio."[52] This issue was raised in the PBO report. The PBO outlined the risk of shifting from external semi-concessional borrowing to domestic commercial borrowing, calling it "a possible weakness of the medium-term planning of the debt strategy" [53] because the MTDS focuses on "the reduction of semi concessional debt rather than the reduction of commercial debt resulting in an increase in the overall interest rate cost of the debt portfolio."[54] This is explained further in the paragraph below entitled "*Debt Service to Revenue Ratio*."

- ***Debt Service to Revenue Ratio:*** The PBO noted that "The risk associated with public expenditure pressures may be attributed to the rising costs of debt service. Over the period 2013 to 2018, interest payments as a share of tax revenue increased from 14 percent to 26 percent." The BAC also expressed concern over Kenya's debt vulnerability after the IMF reported that Kenya's debt service to revenue ratio "breached its threshold of 30 percent … and is projected to remain above the threshold over the medium term."[55] As mentioned above, the breach of the debt service ratio was brought about by a shift in domestic, non-concessional borrowing in FY 2018/19, which accounted for over 60 percent of overall borrowing. With the concomitant decline in external borrowing at semi-concessional rates, domestic borrowing at market or non-concessional rates increased the overall interest rate of domestic debt portfolio.[56]

- ***The PBO outlined potential risks posed by the breach of this threshold, stating that:*** "This could indicate that for the medium term, external debt demands put pressure on externally generated income and the increase of resources required to finance external debt, could increase the risk of an exchange rate shock."

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49 Kenya National Assembly, *Report of the Budget and Appropriations Committee on the Budget Policy Statement and the Medium-Term Debt Management Strategy for Financial Year 2020/2021* (Parliament of Kenya, March 2020).

50 50 NDI Kenya staff in discussion with the author, January 2022.

51 It was proposed that the domestic to external debt ratio change from 62:38 to 72:28 by increasing domestic borrowing from commercial lenders while decreasing international semi-concessional loans.

52 Kenya National Assembly, *Report of the Budget and Appropriations Committee on the Budget Policy Statement and the Medium-Term Debt Management Strategy for Financial Year 2020/2021* (Parliament of Kenya. March 2020).

53 Under the government's 2020 MTDS, gross external borrowing was set to decline from 38% in FY 2019/20 down to 28%. See: Parliamentary Budget Office (Kenya), *Unpacking of the Budget Policy Statement and Medium-Term Debt Management Strategy 2020* (Parliament of Kenya, February 2020), http://www.parliament.go.ke/sites/default/files/2020-03/Unpacking%20of%20BPS%202020%20final.pdf.

54 Parliamentary Budget Office (Kenya), *Unpacking of the Budget Policy Statement and Medium-Term Debt Management Strategy 2020* (Parliament of Kenya, February 2020), http://www.parliament.go.ke/sites/default/files/2020-03/Unpacking%20of%20BPS%20 2020%20final.pdf.

55 Kenya National Assembly, *Report of the Budget and Appropriations Committee on the Budget Policy Statement and the Medium-Term Debt Management Strategy for Financial Year 2020/2021* (Parliament of Kenya, March 2020).

56 NDI Kenya staff in discussion with author, January 2022.

These impacts could, in turn, produce further negative outcomes by "increas[ing] the refinancing risk of external debt while at the same time jeopardizing the macroeconomic assumptions underpinning fiscal planning for the medium term."[57]

- ***Coverage of Public Debt and Debt Guarantees:*** The BAC noted that practices of accounting for the debt burden would have to change following the decision that county governments would be allowed to borrow, as "estimates of debt burden will soon need to take into account debt guarantees for counties."[58] Otherwise, parliament would not have an accurate understanding of the actual debt burden at the subnational level. It should also be noted that the auditor general mentioned that overall debt reported was inaccurate, arising from unexplained variances in 2019-20.

- ***Debt Guarantees as Contingent Liabilities:*** The BAC called on the national assembly to take note of the level of debt guarantees within the national stock of debt. Despite the already constrained fiscal space of the government, debt guarantees function as a contingent liability whereby "the national government has to step in and shoulder this burden" in case of a guaranteed institution's failure to make payments.[59] The PBO flagged that 158.1 billion Kenyan shillings (1.39 billion USD) worth of guarantees had been provided to seven institutions[60] as of December 2019, with two non-performing institutions[61] calling on guarantees totaling 305.9 million shillings (2.69 million USD).[62] This is an increase from Ksh. 133.79 billion (1.18 billion USD) as of December 2017, Ksh. 41.9 billion (369 million USD) shy of the Ksh. 200 billion (1.76 billion USD) ceiling.

- ***Debt Transparency:*** The BAC called on the National Treasury to provide information on a quarterly basis, outlining the loans contracted by the government, noting that "the House has consistently requested such information be provided but this request hasn't been fully adhered to."[63]

- ***Inconsistency in Reports:*** While it is assumed that the borrowing framework in the MTDS will inform borrowing plans outlined in the BPS, the BAC pointed out that "a careful review of the optimal 2020 debt management strategy proposed in the MTDS is not accurately translated into the framework in the 2020 BPS." The BAC, therefore, called on "the government to send to parliament a reliable and well-evaluated borrowing and debt repayment framework" that will "create certainty on the expected evolution of public debt which will further enhance measures and strategies for debt repayment and … ensure sustainability of public debt."[64]

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57 Parliamentary Budget Office (Kenya), *Unpacking of the Budget Policy Statement and Medium-Term Debt Management Strategy 2020* (Parliament of Kenya, February 2020), http://www.parliament.go.ke/sites/default/files/2020-03/Unpacking%20of%20BPS%20 2020%20final.pdf.

58 Kenya National Assembly, *Report of the Budget and Appropriations Committee on the Budget Policy Statement and the Medium-Term Debt Management Strategy for Financial Year 2020/2021* (Parliament of Kenya, March 2020).

59 Ibid.

60 These institutions are Kenya Power Company, Kenya Electricity Generating Company, Kenya Ports Authority, Kenya Airways, Kenya Railways (IDA Concessionaire), Tana & Athi Rivers Dev. Authority and East African Portland Cement.

61 Tana & Athi Rivers Dev. Authority and East African Portland Cement.

62 Parliamentary Budget Office (Kenya), *Unpacking of the Budget Policy Statement and Medium-Term Debt Management Strategy 2020* (Parliament of Kenya, February 2020), http://www.parliament.go.ke/sites/default/files/2020-03/Unpacking%20of%20BPS%20 2020%20final.pdf.

63 Kenya National Assembly, *Report of the Budget and Appropriations Committee on the Budget Policy Statement and the Medium-Term Debt Management Strategy for Financial Year 2020/2021* (Parliament of Kenya, March 2020).

64 Kenya National Assembly, *Report of the Budget and Appropriations Committee on the Budget Policy Statement and the Medium-Term Debt Management Strategy for Financial Year 2020/2021* (Parliament of Kenya, March 2020).

Annex IV: Kenya's Budget Calendar

As noted in the section of this brief entitled "Oversight Throughout the Budget Cycle," there is some variation from country to country in terms of the specific annual budget calendar. Annex IV below provides an example of Kenya's budget calendar to demonstrate how different stages of the budget cycle fit together.[65]

65 International Budget Partnership, *Kenya's Budget Calendar* (International Budget Partnership, 2015), https://www.internationalbudget.org/wp-content/uploads/ibp_kenya_budget_calendar_2015.pdf.

KENYA'S BUDGET CALENDAR:

National and Country

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