



HOUSES OF PARLIAMENT

# WESTMINSTER WORKSHOP

PARLIAMENTARY FINANCIAL OVERSIGHT  
OF AID EFFECTIVENESS

MONDAY 4 JULY – THURSDAY 7 JULY 2016

LONDON, UNITED KINGDOM

## SUMMARY AND KEY RECOMMENDATIONS



WHAT IS THE ROLE OF PARLIAMENTS IN ENSURING THE EFFECTIVENESS OF AID SPENDING?

WHY SHOULD PARLIAMENTARIANS PLAY A LEADERSHIP ROLE IN FACILITATING COLLABORATION BETWEEN VARIOUS STAKEHOLDERS?

HOW CAN AID TRANSPARENCY AND EFFECTIVE REPORTING LEAD TO BETTER DECISION MAKING ON THE NATIONAL LEVEL?

WHAT ARE THE KEY TOOLS PARLIAMENTARIANS CAN USE TO SCRUTINISE AID FLOWS IN THEIR COUNTRIES?

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## ACKNOWLEDGEMENTS

Westminster Workshop benefited from the insights, comments and suggestions shared by a number of experts in the formulation of workshop concept and content. We acknowledge and thank the following for their valued assistance:

Sir Hugh Bayley, Former Chair of the Parliamentary Network on the World Bank and IMF  
Lord Chidgey, UK Parliament  
Amy Dodd, Director, UK Aid Network  
Simon Gill, Project Director, Budget Strengthening Initiative, Overseas Development Institute  
David Goldsworthy, Head of International Relations and Technical Cooperation, UK National Audit Office  
Meg Hillier MP, Chair, Public Accounts Committee, UK Parliament  
Phil Mason OBE, Senior Anti-Corruption Adviser, Department for International Development  
Stephen McGinness, Clerk, Public Accounts Committee, UK Parliament  
Annalisa Prizzon, Research Fellow, Overseas Development Institute  
Claire Schouten, Senior Programme Officer, International Advocacy, International Budget Partnership  
Jennifer Smith, Policy Lead, Global Partnership for Effective Development Cooperation, Department for International Development

The editors are responsible for any errors.



## 6<sup>TH</sup> WESTMINSTER WORKSHOP: PARLIAMENTARY FINANCIAL OVERSIGHT OF AID EFFECTIVENESS

### FOREWORD

From 4 – 7 July 2016 at the Houses of Parliament, London, CPA UK hosted 73 parliamentarians from 31 Commonwealth and non-Commonwealth countries for the 6th Westminster Workshop. Together they addressed the key global challenge: how to ensure effective use of development finance for successful implementation of the new Sustainable Development Agenda. In light of the changing landscape of development finance, the workshop provided an important forum to identify good practices and the persisting challenges legislators face as they seek to hold their governments to account on the use of development finance.

It is important that at a global level parliamentarians continue to be represented at high level meetings setting the development effectiveness agenda. Only by advocating for greater transparency and timely information on aid flows to be made available to parliaments will alter negative perceptions about parliamentary engagement, giving an enhanced role for parliamentarians in development planning, implementation and scrutiny.

Even more importantly, parliamentarians need to establish practices and systems for ensuring that the high level commitments lead to effective and sustainable development at the national level. As representatives, legislators and scrutineers, parliamentarians have to demonstrate leadership in ensuring effective cooperation between parliaments, governments and development actors.

In this report, we present a summary of key themes discussed throughout the programme. The report also includes a set of 24 key recommendations that came out of the discussions and good practice - sharing between the experts and workshop participants. The recommendations do not aim to provide a one-size-fits-all solution to parliamentary engagement in ensuring aid effectiveness, for each country operates in a unique environment when it comes to development planning and implementation. Rather, we hope that they will offer some guidance for your discussions with colleague parliamentarians in your parliaments on how the role of parliaments can be enhanced and development effectiveness strengthened in your country.

Ian Liddell-Grainger MP  
Chair, CPA UK Executive Committee





## LIST OF ACRONYMS

AfDB – African Development Bank  
AoB – Aid on Budget  
AWEPA – The Association of European Parliamentarians with Africa  
CAPAC – Commonwealth Association of Public Accounts Committees  
DFID – Department for International Development  
GPEDC – Global Partnership for Effective Development Cooperation  
HLM – High Level Meeting  
ICAI – Independent Commission for Aid Impact  
IDC – International Development Committee (UK)  
IFI - Independent Fiscal Institution  
IPU – Inter-Parliamentary Union  
JMT - Joint Monitoring Programme  
JPA – Joint Parliamentary Assembly  
NAO – National Audit Office (UK)  
OBR - Office for Budget Responsibility  
ODI – Overseas Development Institute  
OECD – Organisation for Economic Cooperation and Development  
PAC – Public Accounts Committee  
PBO - Parliamentary Budget Office  
PWYF – Publish What You Fund  
SAI – Supreme Audit Institution  
SDGs – Sustainable Development Goals  
SIDA - Swedish International Development Cooperation Agency  
SWA – Sanitation and Water for All Partnership  
TOSSD – Total Official Support for Sustainable Development  
UKAN – UK Aid Network  
VAWG – Violence Against Women and Girls

## BACKGROUND: TOWARDS THE EFFECTIVENESS OF AID - WHAT IS THE ROLE FOR PARLIAMENTS?

“By working together to promote transparency and accountability, to tackle corruption, to ensure finances are used effectively, we will make better, faster and more sustainable progress towards eliminating poverty.”

Baroness Verma  
Then Parliamentary Under-Secretary of State for International Development, UK  
Welcome Address, CPA UK 6th Westminster Workshop

### The Long Road to Strengthening the Role of Parliaments in Aid Oversight

From the Paris Agenda on Aid Effectiveness in 2005 to the Busan Partnership for Development Effectiveness in 2011 and the First High Level Meeting (HLM) of the Global Partnership for Effective Development Cooperation (GPEDC) in Mexico City in 2014, the global community has increasingly acknowledged the role of parliamentarians in ensuring aid effectiveness and efficiency by holding governments to account on aid spending and the delivery of country-level development plans.

Outcomes from these high level meetings acknowledge the need to include parliaments much more in the aid management processes and strengthen the commitment of donors to build up the technical knowledge and skills of parliamentarians in financial oversight, including both ex-ante and ex-post scrutiny. That acknowledgment provides a mandate for parliaments to request their place at the table.

Although several donor organisations have introduced efforts to support parliamentary capacity building in the area of financial oversight, there has been limited progress at national level in ensuring that parliaments become an integral actor in aid management cycles.

That progress arises from a number of structural and political challenges, including limited transparency and lateness of the release of information about aid agreements; complex data reporting; limited powers of parliaments in budgetary oversight and those of PACs in the scrutiny of aid.

### International Agreements - Time for Action

International negotiations last year delivered renewed high level commitments on sustainable development and climate change as set out in the UN Sustainable Development Goals (SDGs) (September 2015) and Paris Climate Agreement (December 2015). As a result, countries around the world will be developing their National Action Plans (NAPs): defining country specific priorities, improving data collection methods and monitoring and sourcing financing mechanisms to deliver these plans. Ahead of the UN Summit, the Addis Ababa Financing for Development Conference highlighted the existing financing gaps, stressing the need to harness domestic revenue collection, strengthen private investment and encourage multi-stakeholder partnerships. While ODA is still expected to remain a large financing source for development, the resources are not infinite; hence there is an increasing urgency to ensure their efficient and effective use.

This provides a renewed impetus to strengthen the active role of parliaments in scrutinising development finance from planning (ex-ante) to auditing (ex-post), to ensure effective and efficient development outcomes in their countries. At the end of 2016 the global community will hold the Second High Level Meeting of the GPEDC. It is now time to strengthen the voices of parliamentarians, placing them at the forefront of the global aid effectiveness agenda.

## Project Overview: CPA UK's 6th Westminster Workshop

For many years, CPA UK has been supporting parliamentary engagement with the Sustainable Development Agenda, most recently through its International Parliamentary Project on Sustainability, Energy and Development. CPA UK's Westminster Workshop series over the past few years has contributed to strengthening parliamentary financial oversight functions, most notably through its support to the establishment of the Commonwealth Association of Public Accounts Committees (CAPAC).

The 6th Westminster Workshop: Parliamentary Financial Oversight of Aid Effectiveness aimed to identify the key stages for parliamentary interventions and strengthen the knowledge and skills of parliamentarians and parliamentary officials in conducting effective financial oversight of aid flows.

Based on the successful Westminster Workshop concept, the 6th edition included a combination of plenary discussions and practical workshops. The start of the programme set the scene with an overview of the new dynamics in international development finance and the effects of this new aid architecture on effective financial scrutiny of aid. The workshop then continued to explore how to strengthen parliamentary mechanisms required for effective aid oversight – from legislative budgetary oversight to strengthening the work of scrutiny committees.

It is important to acknowledge that each parliament operates in a unique environment, defined by factors such as national development priorities, relationships with donor agencies and the scope of parliamentary powers to scrutinise their aid spending. Nevertheless, similar parliamentary structures and practices allow for a certain degree of comparison.

Attended by Members and Clerks from Public Accounts and other committees with financial oversight responsibilities from across the Commonwealth and beyond, the workshop provided an opportunity for an exchange of experiences and good practice case studies among its participants.

“Does aid work? The experts are divided on this. What is increasingly obvious is that aid works better when systems are in place and institutions empowered to assure transparency and accountability.”

Lord Chidgey, UK House of Lords



# GLOBAL AID EFFECTIVENESS AGENDA AND THE ROLE OF PARLIAMENTS



The workshop opened with an overview of the current global development effectiveness debate and a discussion on the role of parliaments in aid oversight – progress so far and the future for parliamentary engagement.

Rt Hon. Andrew Mitchell MP, former Secretary of State for International Development, stressed the importance of financial oversight of aid effectiveness for the successful achievement of the Sustainable Development Goals (SDGs). Aid effectiveness is inseparable from independent analysis and judgement, both on recipient and donor sides.

Hugo Gorst-Williams, Deputy Head of the Global Partnerships Department at DfID, contrasted the 2015 “year of commitment” with 2016 as a “year of implementation”, which calls for a multi-stakeholder partnership to lay the ground for the effective implementation of the high level commitments. There is a clear role for parliaments, with SDG Goal 16 focusing on accountable and effective governance, and recognising the importance of institutions. The forthcoming HLM of the Global Partnership will be a key opportunity to support the implementation of Agenda 2030. The multi-stakeholder forum will facilitate further discussions on the application of core aid effectiveness principles of country ownership, result-focused, transparency & accountability and inclusive development partnerships. Parliaments have an important role to play in engaging in national and global discussions and ensuring that they keep the momentum of implementation going.

Lord Chidgey of UK Parliament & AWEPA, highlighted how the global discourse has moved from the Paris Agenda (2005) to the Global Partnership meeting in Mexico (2014) to recognise the role that democratically elected parliaments, should play in aid oversight. However, persistent challenges remain for parliaments to be fully included in the aid management processes. Aid would not work without strong institutions and systems in place to ensure transparency and accountability. Therefore, building and strengthening parliamentary capacity is key.

The discussion highlighted the need to ensure that donors take into account context specificities in recipient countries and tailor their priorities and processes accordingly. Lack of information about donor strategies has been identified as the key persistent challenge to effective parliamentary oversight of aid flows.



## KEY POLICY RECOMMENDATIONS

- As the democratically elected voice of the people, parliaments have an important role to play in national and global aid effectiveness discussions, ensuring that they keep the momentum of implementation going. Parliamentarians need to continue to push their governments to ensure parliamentary representation on national delegations to high level forums.
- Parliaments should seek to be recognised as key state institutions responsible for independent analysis and scrutiny of aid loans, and not just merely as stakeholders. They should insist that they are included in the policy dialogue.
- Strengthening parliamentary capacity and ensuring sufficient resources is key to effective parliamentary oversight. Donors should do more to strengthen parliamentary capacity to exercise oversight of aid. Parliaments should proactively assess their capacity and development needs and seek donor support for parliamentary strengthening programmes.

# POST-2015 AID ARCHITECTURE – OPPORTUNITIES AND CHALLENGES



The financing of the SDGs is increasingly complex. ODA is being supplemented by a growing number of new development finance providers including new development banks and private finance. The workshop aimed to explore how the wider choice of development funding sources is affecting aid management in recipient countries.

Chantal Marijnissen, Deputy Head of Unit, DG EuropeAid, European Commission noted that the Addis Ababa Action Agenda marked a shift in thinking by recognising the importance of domestic resources and private funding for the achievement of SDGs. With new actors in the field, there is a more important role for governments and parliaments to ensure that they are able to manage the different flows of financing. Creating relevant policies and an enabling environment for these flows, as well as ensuring follow-up and monitoring of its implementation are very important.

Annalisa Prizzon of the Centre for Aid & Public Expenditure, ODI, discussed the effect of wider choice of financing options for partner country governments. The increasing variety in financial flows comes with different terms and conditions as well as access and complexity in their management. According to a recent ODI study<sup>1</sup>, recipient governments' priorities value additional development assistance especially for infrastructure development; country ownership; alignment of international priorities with their national strategies; speed of delivery and the diversification of funding portfolio. The presence of new actors has strengthened recipient countries' bargaining power, leading, in some cases, to more funding and a quicker delivery. However, it also calls for a more strategic approach towards development financing planning, which strengthens the mandate for parliamentary scrutiny. Going beyond aid negotiations, parliaments have the wider power to ensure macroeconomic performance remains strong to maintain high credit ratings and low interest rates.

Raundi Halvorson-Quevedo of the OECD stressed that increasing diversity of development finance flows calls for a modernised statistical measure that captures concessional (better than market terms) and non-concessional resources and hence provides an overview of the overall financing for sustainable development. The Total Official Support for Sustainable Development (TOSSD) measure, developed by the OECD, aims to facilitate learning and good practice of accessing and combining resources. It will also enable greater collaboration across development partners, leading towards improved quality and impact of resources.

<sup>1</sup> An age of choice for development finance: evidence from country case studies; Annalisa Prizzon, Romilly Greenhill, Shakira Mustapha.



The discussion highlighted the issue of aid transparency and approval of loans in the post-2015 aid landscape. While procedures for loan approval by parliaments remain the same for traditional and emerging donors, the ability of civil society to scrutinise development loans may have been limited with the new wave of emerging donors. By gathering all information about aid flows into one place, TOSSD would allow for stronger external oversight. A concern was raised that the TOSSD could dilute the commitment to 0.7% GNI for ODA but Raundi Halvorson-Quevedo stressed that ODA and TOSSD are complementary measures and the OECD will remain very vigilant in observing how ODA is provided and supported.

“Women perform two thirds of the world’s work, produce half of the food, but earn only 10% of the income and own only 1% of the property”.

Justine Greening, UK Secretary of State, DFID, March 2013

#### KEY POLICY RECOMMENDATION

- The increased choice of instruments and providers of development finance calls for more strategic planning at national level and stronger parliamentary oversight. Parliamentarians should ensure they have the right information to understand the financial options available, scrutinise them and ensure they align with national priorities. Such information should include a broader analysis of debt financing and its long term implications for the sustainability of national debt.



# COUNTRY STRATEGIES AND DONOR-RECIPIENT COLLABORATION



The SDGs agreed by the global community in September 2015 give a renewed impetus for the development of National Action Plans, as well as seeking new sources of finance for their implementation. The donor community is moving towards longer-term development planning and continuously seeking to improve their approaches to the development of country strategies. One of the key aims of the workshop was to look at how to build genuine partnerships between donors, recipient governments and parliaments, which would lead to strengthened national ownership of aid programmes.

Sir Hugh Bayley noted the importance of using parliamentary powers to the full to ensure effective aid oversight. It is the responsibility of parliamentarians to question the terms and renegotiate the conditions of aid when they disagree with the conditionality imposed by donors.

Hon. Olfa Soukri Cherif MP, Vice-Chair of the Parliamentary Network on the World Bank and International Monetary Fund, stressed that parliamentarians need to not only engage in the scrutiny of aid flows, but also facilitate better understanding between citizens and international donors. In order to assess aid effectiveness, it is important to establish the factors for success and failure of aid, analysing and sharing good practice in order to duplicate and scale up these efforts.

Marc Cohen of the African Development Bank discussed how the proliferation and fragmentation of aid is changing donor approaches to development planning. With more players in the field, the increased competition forces donor agencies to be more responsive and efficient; on the other hand this can lead to more lenience in the application of policies and due diligence. Access to diversified sources of financial support available to developing countries today leads to larger transaction costs due to the number of donors involved and raises questions over absorption capacity. Important challenges remain in regard to ownership, with country development strategies primarily designed within donor agencies. This increases the risk of disconnect between donor strategies and recipient country priorities. Better donor cooperation could be part of the solution, but more leadership from national actors is essential.

Matthew Martin reviewed the findings of a recent study<sup>2</sup> prepared by Development Finance International for the Inter-Parliamentary Union (IPU), which highlighted lack of engagement from parliaments in influencing the design of national development strategies. Structural challenges include insufficient planning and budget capacity; audit departments lacking independence and being insufficiently resourced. It is important that the involvement of parliaments in development is systematic and organised. If required, their role should be legally reinforced. National aid policies could provide the necessary step towards strategic aid planning and oversight.

<sup>2</sup> Inter-Parliamentary Union; National aid policies: Key pillars of mutual accountability. A guidance note for stakeholders of development cooperation; 2015. Available from: <http://www.ipu.org/pdf/publications/national-aid-en.pdf>

## KEY POLICY RECOMMENDATIONS

- Lack of information on aid flows has been identified as a key challenge to parliamentary oversight. Parliaments should engage proactively in consultations with the executive and donors and seek to establish processes and systems that would ensure systematic and timely information flows to parliaments (with legal reinforcement, if required).
- There is often limited understanding among citizens of the cooperation between donor and recipient governments, which could lead to misconceptions. As representatives of the people, parliamentarians have to create bridges for mutual understanding between citizens and the international donor community.
- While most parliaments have the power to approve development loans, in many cases they are only consulted at the last stage, limiting their ability to scrutinise the proposals. Acknowledging the need for a fast process to release aid flows, parliaments should seek to develop procedures for parliamentary oversight that allow for effective scrutiny, while complying with donor timescales.
- Donors should present a regular report on their activities to the Parliament of each partner country to which they provide aid.

## CASE STUDY: ROLE OF PARLIAMENTARIANS IN AID EFFECTIVENESS

Back in 2006 when I was an MP in the National Assembly, I was the Chair of the Parliamentary Network on World Bank, East African Chapter. In order to influence World Bank policies in the country, we organised regular meetings for selected MPs or committees with the World Bank officials to examine, review and where necessary critique the Bank's strategy and development policies in Kenya. Those meetings proved very useful, and influenced some of the key strategies and interventions by the Bank, particularly on education, health and other social sectors.

Now I am in the Senate whose primary responsibility is to serve, and protect, the interest of the county governments following the introduction of devolved levels of government in the country in 2013. Apart from their share of revenue collected nationally, the 47 county governments are also entitled to conditional allocations that include funding from donors that are usually channeled through the National Treasury. However, there has been difficulties in utilising these donor funding in counties because of disagreements on the mode of disbursements to the counties. Each county government want a direct bilateral negotiation for aid and have demanded that such funds be directly disbursed to their County Treasury. The National Government and the Bank as well as other donors however want the aid to be negotiated by the National Treasury, and funds disbursed to counties through the National Treasury and the line ministries for the purpose of ensuring better reporting, supervision and accountability.

I had a meeting with World Bank officials and realised that it had billions of dollars available for various programs that it wants to develop together with the county governments. It could not do so because of the above impasse, and the lack of an appropriate framework to govern the timely disbursement of such donor funds to counties by the National Treasury. I have discussed the matter with the latter and proposed that that the Senate Finance, Commerce & Budget committee that I chair would be willing to convene a meeting between the Bank, National Treasury and the Council of Governors to address these challenges. For the Treasury in particular, it would be critical because the pressure to allocate more national revenue to the counties would reduce if counties could access substantial donor funding. For the Bank, the delays in disbursement of their funds in various critical sectors under the mandate of the county governments would be avoided.

The Senate committee members have approved the proposal, and we are now in the process of convening the meeting. In my view, the Senate will have an opportunity to understand and review the terms of aid, the efficacy of the programs and issues relating to accountability of the same. This process will not only unlock the impasse but enhance the capacity of both levels of governments to collaborate more effectively in the aid programs, and create a greater role for the senate on the effectiveness of aid.

BILLOW KERROW  
SENATOR, KENYA SENATE

# AID, NATIONAL BUDGET AND LEGISLATIVE BUDGET OVERSIGHT



Budgetary scrutiny is a key tool for parliamentary oversight of aid. Including aid spending in national budgets provides an effective way of planning national expenditure and delivering priorities of recipient governments<sup>3</sup>. Outcomes from the High Level Meeting (HLM) of the GPEDC in Mexico in 2014 included a clear donor commitment to “strengthen and use country systems as the default approach ... consider budget support in the appropriate mixture of delivery instruments”<sup>4</sup>. However, progress in delivering Aid on Budget (AoB) has been limited and a number of challenges remain – from significant aid flows delivered outside of recipient government structures to weak legislative budget oversight. Part of the workshop programme was dedicated to exploring the good practice in legislative budget scrutiny. Participants discussed what level of parliamentary engagement in this area would be the most effective; what a good budgeting looks like in practice, and what resources are required for parliaments to perform effective budget scrutiny.

## The Role of Parliaments in Budget Oversight

Simon Gill, Project Director, Budget Strengthening Initiative, ODI, discussed how stronger legislative involvement in budget oversight can strengthen the budget process. Parliamentarians should consider their role at each stage of the budgetary process: from formulation to evaluation. Parliaments can have more impact on the budget when they get involved at an early stage during the allocation of funding priorities. A good example is Uganda, where parliamentarians make recommendations at a much earlier stage, discussing specific issues and resource allocation between different sectors. A common challenge here is the usual lack of coordination between different sections of the government and the parliament. When scrutinising the budget, parliamentarians should look at broader issues, such as the balance in regional distribution of funds; the timing of the release of allocations/predictability of funding, and the comparison between allocations and actual expenditure. They should also have a strong role to play in monitoring budgetary trends over time.

## Budget Transparency

Claire Schouten of the International Budget Partnership presented the findings of the Open Budget Survey<sup>5</sup>, which analyses budget transparency, public participation and strength of oversight. Increasing the transparency of budget information has positive knock-on effects on attracting cheaper international credit, improving debt management and reducing corruption and financial waste. Good practice would see the inclusion of information on the amount and composition of debt, and providing macroeconomic assumptions that underlie the budget. The latter is of particular importance to investors who want to understand the fiscal position of a country. Some countries face structural challenges that limit their ability to improve budget transparency. These can include constraints within formal rules and norms, the lack of independence of institutions, capacity constraints, etc.

<sup>3</sup> Inter-Parliamentary Union in collaboration with the Capacity Development for Development Effectiveness (CDDE) Facility; Making Aid Work: Towards Better Development Results - Practical guidance for parliamentarians on the role of parliaments in development effectiveness; 2011; Available from: <http://www.ipu.org/splz-e/busan11/guidance.pdf>

<sup>4</sup> First High-Level Meeting of the Global Partnership for Effective Development Co-operation: Building Towards an Inclusive Post-2015 Development Agenda; Mexico High Level Meeting Communiqué, 16 April 2014; Available from: [http://effectivecooperation.org/wp-content/uploads/2014/07/ENG\\_Final-ConsensusMexicoHLMCommuniqué.pdf](http://effectivecooperation.org/wp-content/uploads/2014/07/ENG_Final-ConsensusMexicoHLMCommuniqué.pdf)

<sup>5</sup> Available from: <http://www.internationalbudget.org/opening-budgets/open-budget-initiative/open-budget-survey/>.



Simon Gill noted that transparency is a useful first step but in isolation will not bring a significant change – it is essential to consider how information is disseminated and used to hold people to account. He presented a case study of the newly developed Ugandan Budget Information Website<sup>6</sup>, which provides easily accessible information on public expenditure, including national and local budgets, and enables public contributions through its feedback mechanism and a call centre. The project is an example of the success of a genuine partnership between government and its agencies, civil society and intermediaries.

#### Support for Parliamentary Budget Scrutiny

To engage effectively with budget formulation and approval, parliamentary committees and individual members need adequate technical support. The workshop provided a platform to discuss the role of Parliamentary Budget Offices (PBOs) and Independent Fiscal Institutions (IFIs).

Although not directly part of parliamentary financial scrutiny, IFIs are involved in the independent examination of budget process and fiscal policy. IFIs are important tools to provide independent analysis and forecasts of the economy and public finances. [Helen Goodman MP a Member of the UK Treasury Committee](#), introduced the work of the Office for Budget Responsibility (OBR) in the UK, which is tasked with verifying the credibility of government forecasts. The Government cannot finance forecasts without them being independently audited.

[David Lloyd](#) explained the work of the House of Commons Scrutiny Unit, which contributes to strengthening the scrutiny role of the House, with a particular focus on financial scrutiny. During every key financial event during the year, the Scrutiny Unit provides a briefing for each committee. The briefings look at what is being proposed, find trends and come up with suggestions that committees might want to follow up on. This provides expertise for select committees to have the confidence to hold government to account effectively.

[Hon. Ndung'u James Mathenge MP](#) discussed the work of the PBO in the Kenyan Parliament. Before the establishment of the PBO, MPs struggled to fully engage with the budget information due to the complex and voluminous format in which budgets are presented. Thus budgets were approved in a “rubber stamp” way. The lack of scrutiny in effect meant that parliamentary oversight was ineffective. The independent and non-partisan PBO aims to reverse this trend. It also reports to relevant committees on any bill being submitted that has an economic and financial impact, and proposes, where necessary, an alternative fiscal framework in respect of any financial year.

<sup>6</sup> Available from: <http://www.budget.go.ug>



Presented by Claire Schouten, Senior Programme Officer, International Advocacy, International Budget Partnership:

The Open Budget Survey was created by the International Budget Partnership in order to monitor key elements of how governments are managing public budgets and finance. The Open Budget Survey monitors 102 countries worldwide, measuring three key elements; budget transparency, budget participation, and budget oversight. In order to address the world's most pressing issues, such as combatting climate change and ending poverty, the world needs to seek wise investment of public resources. In order to facilitate wise investment of public resources it is crucial that national budgets are accountable, efficient and effective. The Open Budget Survey is the only existing independent, comparable measure of the three aforementioned key elements which contribute to accountable, efficient and effective budgets.

To measure budget transparency the Open Budget Survey assesses the amount, level of detail and timeliness of budget information governments are making publically available. Once this has been assessed, each country is given a score ranging from 1 - 100, with 100 signaling the most transparent and 0 the least. All countries are then included on the Open Budget Index which highlights and compares all countries' levels of transparency. There are serious issues worldwide with documents that should be published to aide transparency not being published. Ensuring transparency has the knock-on effect of attracting cheaper international credit, improving debt management and reducing corruption and waste, which are all critical for the development agenda.

When looking at budget participation the Open Budget Survey examines the opportunities governments are providing to civil society and the general public to engage in decisions about how public resources are raised and spent.

In order to monitor budget oversight the Open Budget Survey examines the capacity and authority of formal institutions, such as legislatures and supreme audit institutions, to understand and influence how public resources are being raised and spent.



#### KEY RECOMMENDATIONS

- Aid on Budget (AoB) is the most effective way for parliaments to scrutinise aid flows and their allocations in order to support sustainable and equitable development. Parliamentarians should continue to advocate donors for further progress on strengthening and using country systems, and integrating AoB.
- A reporting requirement should be agreed for off-budget NGO-funded development projects so that parliamentary oversight is informed and lack of transparency addressed by the relevant donor and partner country parliamentary committees.
- Budget transparency leads to better aid management. Parliaments should work to abolish structural challenges that prevent countries from making their budgets more transparent. They should advocate for information to be presented in an accessible way, allowing for wider public engagement with the budget process.
- To engage effectively with budget scrutiny, parliamentary committees and individual members need adequate technical support. Parliaments should assess their needs and seek to ensure, insofar as is possible, that independent budget and fiscal advice is available in the most appropriate format.



# SCRUTINY OF AID EFFECTIVENESS – THE ROLE OF PARLIAMENTARY SELECT COMMITTEES



Westminster-style parliamentary scrutiny committees, when operating effectively, can be a key tool for parliamentary oversight of public expenditure. Through plenary discussions and interactive exercises, the workshop programme looked at several key aspects of committee work, with a particular focus on the procedure for holding inquiries. This provided a forum for sharing diverse parliamentary experiences from across the Commonwealth and beyond, and discussing the good practice standards for committee work. Please see the Annex for a list of key recommendations from the committee-focused sessions.

## How Can PACs Scrutinise Responses to National Crises?

One of the aims of the workshop was to explore the role of Public Accounts Committees (PACs) in the scrutiny of development finance, from both donor and recipient parliament perspectives. The commonly ex-post scrutiny nature of the PAC work may limit their mandate in regard to aid oversight. However, the changing development landscape with increasing financial flows directed to humanitarian crises, as well as developments in PAC practice and procedure are creating new opportunities for their engagement in aid oversight.

Hon. Tonio Fenech MP, Chair of the Commonwealth Association of Public Accounts Committees (CAPAC) and Niall Johnston of the World Bank Group, jointly presented the work of the Global Study Group on PAC Oversight of Responses to National Crises<sup>7</sup> and emphasised the value of shared practice between countries in regard to disaster preparedness. For PACs to be more effective in monitoring the government's actions in emergency situations, their work should include both ex-ante and ex-post reviews. By expanding the role of PACs to include reviews of a state's disaster risk preparedness, relief responses could be made more effective. During an ongoing crisis, the timing of interventions is crucial – if a PAC intervenes too early, it could hinder aid and relief measures. Ideally PACs should initiate the first review of the government's plan of action 6 months after the start of the crisis.

Meg Hillier, Chair of UK PAC, noted the particularly challenging nature of protracted crises. Long-term, increased levels of migration could lead to a "steady-state crisis" that would require a structural intervention, and continuous monitoring and improvement. Project ownership and accountability need to be maintained. DfID is currently dealing with 21 humanitarian crises, accounting for 14% of the Department's budget. The figure is likely to increase.

Tom McDonald, Director, International and Cyber Security Value for Money Audit, UK National Audit Office, noted the challenges of mapping and following international aid finance where there is a multitude of development partners, which is particularly prevalent in humanitarian efforts. It is important that when analysing government responses to national crises, PACs go beyond the financial audit and perform a value for money assessment. This would identify common trends that could be tackled ex-ante.

<sup>7</sup> Further information available from: <http://www.pac-networks.org/Global+Study+Group+on+PAC+Oversight+of+Responses+to+National+Crises>.



**CASE STUDY: Aids, Loans and Debt Management Committee, Parliament of Nigeria**  
 As presented by Hon. Adeyinka Ajayi MP, Committee Chair

The Aids, Loans and Debt Management Committee was set up in 2011 to strengthen parliamentary engagement with overseeing the effectiveness of development finance in Nigeria. Before the establishment of the committee, previously parliamentary oversight on aid spending was mostly uncoordinated and unattended due to the gap in information between donors, governments and parliamentarians. The Parliament had very minimal engagement on scrutinising the impact of aid funds on national development. This oversight function was left for standing (departmental) committees e.g. Health or Education Committees, to scrutinise the aid specifically received by those government departments.

The effectiveness of the committee was initially impaired by the establishment of a sister committee on Donor Agencies and Civil Society. There was confusion and conflict between the mandates of the two committees, which subsequently led to a four-year-long negotiation process, which clarified the mandates and scope of work of each of the committees.

The establishment of the Aids, Loans & Debt Management Committee has significantly improved parliamentary oversight of the overall development spending. However, developing effective working relationships with donor agencies and acquiring aid information remains a challenge.

**KEY RECOMMENDATIONS**

- Parliaments (both donor and recipient) should continue to use Public Accounts and other committees with financial oversight responsibilities as a channel for aid oversight. Committee effectiveness should be continuously reviewed in light of good international practice to ensure they have sufficient powers to hold their governments to account on aid allocation and spending.
- PAC have to play an active role in the oversight of national responses to humanitarian crises. They should move beyond traditional ex-post scrutiny to actively engage in reviewing areas for potential emerging risks in government crisis-management strategies.



# DONOR PARLIAMENT APPROACHES TO AID SCRUTINY



Donor country oversight of ODA has never been more important with the international donor pledge to donate 0.7% of their gross national income to foreign aid. The increasing public scrutiny of ODA spending, requires donor parliaments and governments to demonstrate aid effectiveness and value for money. Increased aid contributions can also create challenges for effective and efficient distribution of funds, calling for a systematic approach to evaluating aid programmes. The workshop provided a forum for donor parliaments to exchange their approaches to aid scrutiny, comparing oversight structures and discussing international good practice.

## United Kingdom

Presented by Rachael Cox, Committee Specialist, UK International Development Committee and Rebecca Lefort, Head of Engagement, Independent Commission for Aid Impact (ICAI)

The UK Department for International Development (DfID) was established in 1997. With the UK commitment to 0.7% aid target enshrined in legislation<sup>8</sup>, in 2014-2015 the Department managed the budget of £10.1 billion. 40% of DfID's budget was spent in bilateral offices across its 28 priority countries, while another 60% was spent on multi-lateral programmes. The House of Commons International Development Committee (IDC) monitors the Department's spending, policy and programming. Made up of 11 MPs from across different parties, the majority of IDC's work revolves around conducting enquiries into specific country programmes, such as the response to the Ebola crisis or the UK's implementation of the SDG's. Once a year the Committee has a session with the Permanent Secretary of DFID to discuss budget oversight. The IDC works closely with the National Audit Office (NAO) and the Independent Commission on Aid Impact (ICAI). While the IDC focuses on strengthening policy, the ICAI provides an in-depth look at the impact of aid. The fundamental aim of their work is to help improve UK aid spending. Adapting to the new aid landscape, ICAI has also started reviewing the impact of aid that is spent outside DFID, through other government departments.

## Sweden

Presented by Hon. Maria Andersson Willner MP, Member, Committee on Foreign Affairs, Sweden

The Swedish Government currently contributes approx. 1% of its GNI to foreign aid, with their aid policy framework focused around two key priorities: (1) that all people have the right to a dignified life without poverty and (2) that all people are not just recipients or involuntary actors, but agents of their own development. 50% of their long term development is conducted bilaterally, and 50% multilaterally with very few countries receiving budget support. The Swedish International Development Cooperation Agency (SIDA) works in 33 countries across Africa, Asia and Latin America, with country selection made by the Swedish government. All reports and statistics on aid are disseminated through SIDA. Sweden's strategy for aid effectiveness is underpinned by long-term relationships with their development partners, based on trust that leads to transparency and accountability. The National Audit Office (NAO), together with the Agency for Public Management, conduct external and internal evaluations of SIDA's work, and report their findings to Parliament. The Parliament maintains control over aid funds and how funding is qualified for each expenditure.

<sup>8</sup> UK Parliament; International Development (Official Development Assistance Target) Act 2015; Available from: <http://services.parliament.uk/bills/2014-15/internationaldevelopmentofficialdevelopmentassistancetarget.html>

## European Union

Presented by Christian Meseth, Administrator, Committee on Development, European Parliament

The EU is collectively committed to achieving the 0.7% aid target; however, its current contribution is around 0.42%. While the EU is often considered to be the biggest donor in the world, providing more than 50% of ODA, this statistic includes a combination of aid flows from EU institutions and its member states. The EU only scrutinises the funds distributed at the EU level, although its institutions often work together with member states on joint programmes.

The EU has two different frameworks for humanitarian aid and development cooperation: The Development Cooperation Instrument (DCI) and the European Development Fund (EDF). The latter is managed by the European Commission, and sits outside of the EU budget with member states contributing to that fund separately to their contributions to the EU. Both of the frameworks have a timeframe from 2014- 2020, with the DCI having a budget of €20 billion and EDF €3 billion.

The Committee on Development of the European Parliament mainly scrutinises EU development policy, but also looks at implementation. There are five working groups that look at thematic and bilateral programmes, as well as trying to monitor the work of other donors. Their scrutiny mainly focuses on evaluating the contribution of programmes towards the aim of poverty eradication. They also analyse the extent to which civil society and national parliaments have been consulted, and work to ensure that cross cutting issues such as climate change, gender rights and democracy are made a priority.

The discussion raised the concerns about bureaucracy in aid management that burden the recipient countries and was disproportionate in small countries. The panel agreed that this was a balancing act – a reasonable process was required that would both ensure that donors provide value for money and are accountable to their public, while also avoiding overburdening the recipient states. Donors should take into account different capacities of recipient country public finance management systems.

### Inter-parliamentary Collaboration

Workshop discussions stressed the importance of fostering understanding and collaboration between donor and recipient country parliaments. Better communication channels and information sharing has the potential to improve aid scrutiny on both sides. Joint advocacy can also help parliaments make their voices heard on the international stage. Hon. Maureen O’Sullivan TD, Member of the Parliament of Ireland and an AWEPA representative, together with Hon. Eneas Comiche MP, Member of the Parliament of Mozambique, outlined the work of AWEPA on the Joint Monitoring Programme (JMT), which aims to create peer-to-peer learning alliances between donor and recipient parliaments with a view of strengthening aid oversight. While successful in initiating the link between the donor and recipient parliaments, the programme, faces various structural challenges, including the high turnover of parliamentarians which affects the ability to retain knowledge. Regional and global parliamentary associations and joint assemblies offer another platform for donor-recipient parliaments to exchange views and discuss common strategies for sustainable development. A good example is the ACP-EU Joint Parliamentary Assembly, which allows developing country parliaments to raise their views on how to ensure that international trade agreements are fair and do not discriminate against the emerging economies.

“It is important to see what is done in best practice by other projects in your region.”

Hon. Olfa Soukri Cherif MP, Tunisia  
Vice-Chair, Parliamentary Network on the World Bank and International Monetary Fund

### KEY RECOMMENDATIONS

- Donor parliaments should develop robust oversight structures for scrutinising their aid spending, including both its value for money, and the alignment of their government programmes with international principles for aid effectiveness. They should also consider the extent to which civil society and recipient parliaments are consulted in development planning and oversight.
- Peer-to-peer learning and exchange of information between all countries involved in aid is key to improving aid oversight. It is important that parliamentarians seek forums and, if required, develop platforms to facilitate inter-parliamentary cooperation for aid effectiveness.



# ANTI-CORRUPTION STRATEGIES OF AID

Over the past twenty years, there has been greater awareness of corruption and its damaging effects on the international development sector. Concerned with ensuring the integrity of their operations, donors have been developing their approaches to tackling corruption in aid spending. This has often resulted in weakened country-ownership as donors move away from using country systems and channelling aid through national budget structures. More extreme cases saw a suspension of funding based on corruption allegations, but is this really the most effective way forward? The workshop discussion on donor strategies on anti-corruption used the UK's DfID as a case study to explore donor agency strategies for protecting their aid resources from corruption and how their presence in developing countries affects anti-corruption efforts.

Baroness Stern CBE noted the corrosive social effects of corruption and stressed the importance of building effective and accountable institutions as the key measure to prevent corruption. She encouraged workshop participants to prioritise work towards the implementation of SDG16 which targets corruption and promotes good governance.

Philip Mason, Head of Anti-Corruption Policy at DfID, outlined the Department's internal anti-corruption strategy built on seven key themes, ranging from developing anti-corruption and counter fraud strategies for each partner country; formalising staff training within the Department; focusing on strengthening risk management in programmes and due diligence of partners; improving collection and use of evidence; more robust policy dialogue and the use of non-aid levers and putting greater emphasis on empowerment and accountability.

Donor responses to corruption allegations can have significant effects on development of recipient countries. Donors currently applying the "zero tolerance" to corruption approach in their work have to carefully assess its possible effects in any specific country context. In regard to DfID's work, some of those most in need of UK ODA support are 'high risk environments', which often raise challenges to the idea of "zero tolerance". DfID looks to, focus on capacity building and safeguards that add value and are proportional to the context in which the programmes are being delivered.

It is important to create the right incentives and systems for staff and partners to be able to report on issues of corruption. We should be celebrating the success of developing country institutions (such as parliamentary Public Accounts Committees) in identifying and dealing with corruption cases. But instead, too often, the donor response is to reduce or cut off aid and this gives out the wrong message to partner countries. However, at the same time donors need to balance this with recognising the calls for firm action from the public in both their home and recipient countries.

Another key challenge is the poor donor cooperation and collective action. Often, competing interests of different donor agencies prevents them from having a harmonized and coherent policy towards corruption. As such, donor methods tend to be reactive rather than preventive.



Donor approaches towards reducing corruption in developing countries should be based on three key pillars: “raising the consequences bar” - donors should early on clearly outline to recipient countries the consequences to be applied in case of corruption; they should also support programmes that directly enable citizens to hold their authorities to account (e.g. creating technologies that allow citizens to raise concerns about a potential corruption case); finally, to be effective, anti-corruption policies require a holistic approach, covering all types of corruption, from grand corruption seeing aid funds being diverted or procurement processes abused, to petty bribery issues.

The discussion highlighted the challenge that parliaments face in effective oversight when donor countries use their own auditors instead of trusting national audit institutions in recipient countries to audit and evaluate ODA spending. This is often a requirement of donor accountability to their public but it was suggested that donors should invest more in strengthening national audit systems in recipient countries by allowing them to take a greater role in the auditing of aid finance.

#### KEY RECOMMENDATIONS

- To ensure that development funds are used effectively and that donor support continues, parliamentarians have to support efforts to combat corruption through building the capacity and integrity of country systems.
- Parliaments should encourage donors to support programmes that directly enable citizens to hold their authorities to account.
- Parliaments should scrutinise their government’s engagement with donors and their strategies for addressing corruption, as well as the effectiveness of co-ordination between donors. This could lead to a more co-ordinated approach when corruption allegations occur, and could help to avoid a reactionary and uncoordinated donor response which has damaging effects on development.





# TRANSPARENCY, AID REPORTING, AND THE USE OF OPEN DATA

## Towards Aid Transparency

Since the Accra Agenda for Action, the international community has continuously reinforced its commitment to aid transparency as a key driver for aid effectiveness. At Busan, all major donors committed to making their aid transparent by 2015. Since then, some of them have led the way in publishing to the International Aid Transparency Initiative (IATI), but many challenges remain. The workshop discussed the importance of aid transparency and how it can be achieved.

Rupert Simons, CEO of Publish What You Fund (PWYF), emphasised the need to improve democratic accountability in aid. Aid transparency and development of effective aid publishing mechanisms are critical to closing the “democratic deficit” gap that has been a feature of the aid architecture for a long time. Data should be presented in an open, machine readable and inter-operable format, which would allow it to be easily integrated into national budget systems for effective oversight, decision making and learning.

IATI, established in 2008, is an open data standard for sharing data on aid and development. Over 400 organisations currently using IATI aid reporting mechanism. Increasingly, non-governmental organisations are starting to use the IATI, which improves the overall picture of aid flows. Findings of the 2016 Aid Transparency Index<sup>9</sup> show that on the whole aid transparency has increased; however, significant disparities remain between different countries. Poor predictability of aid remains a key challenge - few donors publish data in advance of the financial year. There is an increasing number of open data maps and visualisations produced (such as DfID DevTracker<sup>10</sup>), but these initiatives are still mostly donor-led and hence are not tailored for effective use by recipient country stakeholders.

From the donors’ perspectives, as explained by Marc Cohen of AfDB, transparency allows for better aid coordination and reduced transaction costs, which contributes to aid effectiveness. It also builds trust between different development partners. However, aid should be measured not only in financial terms, but also based on actual development impact. It is important to discuss what level of detail is required in aid reporting, finding the right balance that allows effective scrutiny of aid spending without being counter-productive.

The AfDB aims to ensure transparency in all its operations. While publishing to mechanisms such as IATI is very important, the Bank has gone beyond to fully integrate the transparency agenda into its policies and operations. This includes the default approach towards disclosure and access to information about its projects; a confidential remedial recourse mechanism allowing stakeholders to lodge complaints; an assessment of socio-environmental risks of any project to be made publicly available 2-3 months prior to final project approval – all of which are considered critical to ensuring accountability.

<sup>9</sup> Available from: <http://ati.publishwhatyoufund.org/>.

<sup>10</sup> Available from: [devtracker.dfid.gov.uk](http://devtracker.dfid.gov.uk).



David Roach of Catalpa International, noted that it is not enough to make data publicly available, it has to be simple and accessible for the user. There needs to be a shift from simple data entry to data completeness and quality. Technology can make data management more effective and efficient, allowing different donors to coordinate across-sectors in order to obtain data at the household and community level - this depth of information is crucial for demonstrating how aid can be effective in development.

#### CASE STUDY: Myanmar Aid Tracker Project by Catalpa International

Catalpa International was asked by the Government of the Republic of the Union of Myanmar, to provide technical assistance to develop Myanmar's Aid Information Management System (AIMS). The objective was to create an AIMS that would automate aid data collection and make it easier for the government to analyse aid flows. Catalpa has worked closely with Myanmar's Foreign Economic Relations Department to create an effective system.

The main challenge faced in this project was finding a way how to store large amounts of local and international aid data and presenting such data in an intuitive, well presented, yet simple manner.

The project stretched across two phases. In Phase One the basic software was designed and developed. Phase Two saw the web application being extended to include an online reporting form and to allow development partners to submit data through an online interface. During the second phase The International Aid Transparency Initiative (IATI) publishing framework for aid data was also integrated. Meaning all of Myanmar's aid data can be stored in one integrated database.

Myanmar AIMS is now tracking over US\$3.51 billion in aid commitments from over 1,488 individual development partner related activities. The web application is up and running; mapping, graphing and visually representing aid flows by location, sector, program status and commitment status. The web application facilitates basic report generation and includes a simple "print to PDF" feature for visually representing aid flows.

The initial success of the project has resulted in significant interest in expanding this foundation further, the continuation of this project will hopefully enhance the ability of all groups to access aid information in accordance with the Busan Partnership Agreement principle of strengthening the capacities of all relevant stakeholders to make better use of aid information in decision- making and to promote accountability.

#### KEY RECOMMENDATIONS

- Parliamentarians need to advocate for open data on the national and global levels. Key action points could include: ensuring that their governments are signed up to the Open Government Partnership and endorse the Open Data Charter; supporting IATI at the GPEDC HLMs.
- Parliamentarians should explore existing aid publishing platforms and call for improvements where needed to ensure that aid data aligns with national systems, is user friendly and engaging and makes best use of technology.



## MULTI-STAKEHOLDER PARTNERSHIPS FOR SUSTAINABLE DEVELOPMENT

The new SDG Agenda calls for a multi-stakeholder partnership for sustainable development. It is widely agreed that achieving the ambitious goals will require a joint effort, but what does that mean in practice and what would a success story look like? Where should the collaboration start? The final thematic session of the programme explored these questions by looking at case studies focusing on partnerships with non-governmental and private sectors and the civil society.

Amy Dodd, Director of the UK Aid Network (UKAN), noted the distance between international commitments to multi-stakeholder partnerships and national level implementation. Effective development cooperation requires equality among partners, mutual accountability, collaboration, commitment, organisational effectiveness and capacity, equal access to information, and space for civil society to make its voice heard. Using the Sanitation and Water for All (SWA) Partnership as an example, Clare Battle of WaterAid stressed the importance for any global multi-stakeholder partnership to catalyse strong political leadership and sense of accountability at the national level. It is also crucial for common standards for cooperation to be agreed and translated at the sector and local levels.

Claire Schouten of the International Budget Partnership noted that the changing development landscape requires parliaments to evolve beyond their traditional ex-post scrutiny role. The Open Budget Survey findings suggest that traditional avenues of accountability – such as horizontal (parliament-executive-audit institutions) and vertical (citizens electing MPs) accountability – are no longer sufficient for effective budget oversight. With parliaments facing time and technical resource constraints for budget scrutiny, there is an increasing imperative to move towards an “ecosystem approach” of accountability, which considers new types of engagement in the budget process for development partners outside of the state institutions such as the media and civil society.

Darian Stibbe, Executive Director of the Partnering Initiative, noted that the public and private sector have a lot to learn from each other. There is a clear role for the private sector in the delivery of most of the SDGs. However, for business to be a genuine partner in development it must have a progressive outlook beyond the remit of short term gains and into the realm of longer term societal value. While retaining their independence, governments need to foster a more systematic, collaborative and transparent form of engagement with the private sector. It is essential to work towards building trust, institutional capacity, inclusive planning of development priorities and developing platforms for stakeholders to come together.



#### KEY RECOMMENDATIONS

- Parliaments should provide a meeting point for civil society, the private sector and local government dialogue on initiatives as diverse as climate change or tackling corruption.
- To make budgets more representative and efficient, parliamentarians should advocate for an “ecosystem approach” towards budget accountability, actively facilitating engagement strategies for non-governmental actors.
- Business can be the driving force in the implementation of the SDGs. While retaining their independence, parliamentarians should actively oversee that systems for a systematic, collaborative and transparent engagement with the private sector are embedded across government policies.



# LIST OF KEY POLICY RECOMMENDATIONS

## Global Aid Effectiveness Agenda and the Role of Parliaments

**ONE:** As the democratically elected voice of the people, parliaments have an important role to play in national and global aid effectiveness discussions, ensuring that they keep the momentum of implementation going. Parliamentarians need to continue to push their governments to ensure parliamentary representation on national delegations to high level forums.

**TWO:** Parliaments should seek to be recognised as key state institutions responsible for independent analysis and scrutiny of aid loans, and not just merely as stakeholders. They should insist that they are included in the policy dialogue.

**THREE:** Strengthening parliamentary capacity and ensuring sufficient resources is key to effective parliamentary oversight. Donors should do more to strengthen parliamentary capacity to exercise oversight of aid. Parliaments should proactively assess their capacity and development needs and seek donor support for parliamentary strengthening programmes.

## Post-2015 Aid Architecture – Opportunities and Challenges

**FOUR:** The increased choice of instruments and providers of development finance calls for more strategic planning at national level and stronger parliamentary oversight. Parliamentarians should ensure they have the right information to understand the financial options available, scrutinise them and ensure they align with national priorities. Such information should include a broader analysis of debt financing and its long term implications for the sustainability of national debt.

## Country Strategies and Donor-Recipient Collaboration

**FIVE:** Lack of information on aid flows has been identified as a key challenge to parliamentary oversight. Parliaments should engage proactively in consultations with the executive and donors and seek to establish processes and systems that would ensure systematic and timely information flows to parliaments (with legal reinforcement, if required).

**SIX:** There is often limited understanding among citizens of the cooperation between donor and recipient governments, which could lead to misconceptions. As representatives of the people, parliamentarians have to create bridges for mutual understanding between citizens and the international donor community.

**SEVEN:** While most parliaments have the power to approve development loans, in many cases they are only consulted at the last stage, limiting their ability to scrutinise the proposals. Acknowledging the need for a fast process to release aid flows, parliaments should seek to develop procedures for parliamentary oversight that allow for effective scrutiny, while complying with donor timescales.

**EIGHT:** Donors should present a regular report on their activities to the parliament of each partner country to which they provide aid.





## Aid, National Budget and Legislative Budget Oversight

**NINE:** Aid on Budget (AoB) is the most effective way for parliaments to scrutinise aid flows and their allocations in order to support sustainable and equitable development. Parliamentarians should continue to advocate donors for further progress on strengthening and using country systems, and integrating AoB.

**TEN:** A reporting requirement should be agreed for off-budget NGO-funded development projects so that parliamentary oversight is informed and lack of transparency addressed by the relevant donor and partner country parliamentary committees.

**ELEVEN:** Budget transparency leads to better aid management. Parliaments should work to abolish structural challenges that prevent countries from making their budgets more transparent. They should advocate for information to be presented in an accessible way, allowing for wider public engagement with the budget process.

**TWELVE:** To engage effectively with budget scrutiny, parliamentary committees and individual members need adequate technical support. Parliaments should assess their needs and seek to ensure, insofar as is possible, that independent budget and fiscal advice is available in the most appropriate format.



## Scrutiny of Aid Effectiveness - the Role of Parliamentary Select Committees

**THIRTEEN:** Parliaments (both donor and recipient) should continue to use Public Accounts and other committees with financial oversight responsibilities as a channel for aid oversight. Committee effectiveness should be continuously reviewed in light of good international practice to ensure they have sufficient powers to hold their governments to account on aid allocation and spending.

**FOURTEEN:** PAC have to play an active role in the oversight of national responses to humanitarian crises. They should move beyond traditional ex-post scrutiny to actively engage in reviewing areas for potential emerging risks in government crisis-management strategies.



## Donor Parliament Approaches to Aid Scrutiny / Inter-Parliamentary Collaboration

**FIFTEEN:** Donor parliaments should develop robust oversight structures for scrutinising their aid spending, including both its value for money, and the alignment of their government programmes with international principles for aid effectiveness. They should also consider the extent to which civil society and recipient parliaments are consulted in development planning and oversight.

**SIXTEEN:** Peer-to-peer learning and exchange of information between all countries involved in aid is key to improving aid oversight. It is important that parliamentarians seek forums and, if required, develop platforms to facilitate inter-parliamentary cooperation for aid effectiveness.

## Anti-Corruption Strategies of Aid

**SEVENTEEN:** To ensure that development funds are used effectively and that donor support continues, parliamentarians have to support efforts to combat corruption through building the capacity and integrity of country systems.

**EIGHTEEN:** Parliaments should encourage donors to support programmes that directly enable citizens to hold their authorities to account.

**NINETEEN:** Parliaments should scrutinise their government's engagement with donors and their strategies for addressing corruption, as well as the effectiveness of co-ordination between donors. This could lead to a more co-ordinated approach when corruption allegations occur, and could help to avoid a reactionary and uncoordinated donor response which has damaging effects on development.





### Transparency, Aid Reporting and the Use of Open Data

TWENTY: Parliamentarians need to advocate for open data on the national and global levels. Key action points could include: ensuring that their governments are signed up to the Open Government Partnership and endorse the Open Data Charter; supporting IATI at the GPEDC HLMs.

TWENTY-ONE: Parliamentarians should explore existing aid publishing platforms and call for improvements where needed to ensure that aid data aligns with national systems, is user friendly and engaging and makes best use of technology.



### Multi-Stakeholder Partnerships for Sustainable Development

TWENTY-TWO: Parliaments should provide a meeting point for civil society, the private sector and local government dialogue on initiatives as diverse as climate change or tackling corruption.

TWENTY-THREE: To make budgets more representative and efficient, parliamentarians should advocate for an “ecosystem approach” towards budget accountability, actively facilitating engagement strategies for non-governmental actors.



TWENTY-FOUR: Business can be the driving force in the implementation of the SDGs. While retaining their independence, parliamentarians should actively oversee that systems for a systematic, collaborative and transparent engagement with the private sector are embedded across government policies.



# Annex

Wednesday's programme was designed as a practical learning experience for the delegates, a summary of which is below.

## PAC Sessions

Session 11a: Westminster-style PAC hearing exercise. 1030 – 1215, Wednesday 6th July 2016

Chair: Stephen McGuinness, Clerk, Public Accounts Committee UK

Panellists:

Nathalie Larsen, Analyst, DFID Value for Money, National Audit Office

Jon Date, Advocacy Officer, Action Aid

This session explored scrutiny techniques from a donor perspective, using a real life case study on the scrutiny of humanitarian finance. Delegates explored how a PAC conducts oral evidence sessions and looked at the recent PAC enquiry into DFID's management of global crises. Delegates considered how development finance is allocated and monitored effectively in emergency situations around the world. Participants had an opportunity to feed back to the group and discuss ways in which effectiveness of committee hearings can be improved.

### KEY ISSUES RAISED

- 1 There is value in engaging with relevant government departments, consulting bodies and NGOs to help select topics of investigation before choosing to do a report. Building a good relationship with organisations and individuals you are seeking to gain information from is essential to gaining the best most in-depth information to support reports.
- 2 All sessions are recorded and available on the internet. This aids the transparency of parliament and gives added impetus to the soft power committees rely on (see 8).
- 3 In-depth case studies are an important instrument of investigation. To produce a congruous end product it is essential to converse with delivery partners and review documentation and surveys when compiling case studies. Doing this should ensure that departments agree on the information within a report when it is published.
- 4 Independent organisations add value to the PAC report process. Advocacy organisations collaborate with select committees to pressure governments to change policies in light of PAC recommendations. Independent organisations also add value to the PAC report process through providing independent written and oral briefings on subject matters.
- 5 De-politicisation makes PACs straightforward and effective. PAC members scrutinise the implementation and efficacy of policy rather than the policies themselves, making it a technical rather than a political process.
- 6 Process of compiling report is as useful as the report itself. Collecting evidence, holding hearings, pre-panel sessions with experts, briefings and dialogue with relevant departments and stakeholders are all essential in improving knowledge and understanding.
- 7 A consolidated and coherent message for press engagement is essential. The press officer must work closely with all involved to ensure wide ranging embracement and understanding of the PAC's recommendations and ensure a consistent media message.
- 8 Enforcement mechanisms are based on soft power. In the UK there is no legal obligation to attend or comply with PACs however it is in the interests of organisations and individuals to comply and be transparent so as not to tarnish their reputation and affect future opportunities.
- 9 The National Audit Office (NAO) works as the analytical arm of PACs. The NAO's conclusions must be clear and coherent. Ensuring relevant facts and figures are presented in an independent manner to help support and build the committees report.

Chair: Stephen Hammond MP

Panellists:

Ciara Keenan, Parliamentary Relations Manager, UK National Audit Office

Shri Bhartruhari Mahtab MP, Chair, Railway Convention Committee; Member, Public Accounts Committee, India

The session considered whether there is a case to expand the remit of PACs based on the Westminster model so as to encompass the exercise of ex-ante and pre-emptive scrutiny in order to help central governments to identify emerging risks and tackle them before they unfold.

### KEY ISSUES RAISED

1 There is considerable room for identifying risks before they materialise. The opportunity to do so comes through the scrutiny of public accounts and the resulting recommendations for improving the management of public expenditure ex-post. Through doing so it is common for the sustainability of aid programs to be revealed and risks to be identified before they materialise.

2 Scrutiny at an early stage is beneficial as it is important to identify emerging risks. Scrutiny at an early stage could prevent future risks emerging, as, in general, governments seem to be “unintelligent actors” when it comes to large-scale projects i.e. infrastructure projects. It is acceptable for PACs to assess financial feasibility prior to implementation to ensure projects are justifiable and beneficial to tax payers.

3 Traditional and emerging risks are not necessarily mutually exclusive. Traditional risks such as those relating to accountability and financial sustainability, are often convergent with emerging risks such as tax avoidance and risks resulting from complex devolved services.

4 Both emerging and traditional risks can be tackled strategically and practically. One size no longer fits all. Risks can be tackled in numerous ways through numerous channels. Reports are moulded on a case-by-case basis and enriched in numerous ways, including data gathered via pre-panels, round tables, multi-stakeholder conferences and cooperation with select committees.

5 Gathering the views of specific subcommittees is beneficial to PACs work. Alertness is key. Success comes from collaborative relationships and being well informed. Being aware of issues, keeping updated on progress and having specific information is important. Holding evidence sessions with subcommittees and external organisations allows for convening independent information and harvesting the expertise they provide on specific topics.

6 Maximum impact is achieved through specific, time bound and realistic recommendations. Recommendations need to be realistic, time bound and very specific. It should be ensured that follow-ups are undertaken and updates on progress are provided to PACs.

7 Performance audit is crucial. Performance audit is one of the main functions of PACs which have recently been recognised as crucial.



Session 14a: Auditing Major Projects. 1445 – 1545, Wednesday 6th July 2016.

Chair: Richard Bacon MP, Member of the UK Public Accounts Committee

Panellists:

Geraldine Barker, Director, National Audit Office

Hon. Matthew Cooper Waletofea MP, Member, Public Accounts Committee, Solomon Islands

The session considered the impediments commonly encountered in the delivery of major infrastructure projects as well as the “when” and “how” parliamentary select committees can play their auditing functions to improve effective delivery performance.

#### KEY ISSUES RAISED

- 1 Creation of specific sub-organisations has improved the audit of major projects. In the UK the creation of the Major Projects Authority (MPA) to audit and promote public sector plans, as well as the consequential set up the Major Projects Leadership Academy (MPLA) in Oxford (UK) with the purpose of teaching civil servants how to manage large-scale projects have been of great significance in auditing large scale projects.
- 2 Visibility of failure is a crucial issue. It is important to be able to clearly identify where things have gone wrong in the past in order to prevent such mistakes reoccurring. Problems often reoccur due to behavioural flaws. It may be as simple as using colours and visuals to make failures easily detectable, as shown by the example of the U.S ‘Executive Branch Management Scorecard’.
- 3 Identifiable common mistakes from around the world should be learned from. Examining mistakes on a worldwide scale enables warning signs to be identified. It is the role of PACs to urge project executers to remedy them promptly. Poor early planning worldwide is an example.
- 4 Major projects are subject to change. Due to their nature and longevity major projects are invariably complex and subject to changes in the economy, demographics and/or political will. This needs to be kept in mind during the course of major projects. Inadequate timing has the ability to stop a whole project.
- 5 Strong governance structures, commitment to recipients and clarity of budget, deliverables and project scope are all essential. It is essential to have these aspects present in the delivery and audit of major projects to ensure best practice is adhered to and benchmarks are met.
- 6 Lack of transparency, capacity and accountability are all large problems. Lacking these aspects creates significant hindrance to the audit of major projects and therefore to the implementation, completion and success of such projects.

Chair: Hon. Tonio Fenech MP, Public Accounts Committee, Malta; Chair, CAPAC

Panellists:

Ian Bajada, Parliament of Malta  
CPA UK team

The discussion allowed workshop participants to share their experiences and views on what should be the good practice benchmarks for PACs' work and how they can lead to strengthening public accountability processes worldwide. This was to feed in to CAPAC's global consultation on the Good Practice Standards for PACs which was launched in April 2016.

### KEY ISSUES RAISED

1 CAPAC aims to move towards a shared vision and framework for PACs worldwide to achieve strength and advocacy with the legislature. The CAPAC network is an opportunity for effective, transparent and independent exchange of views with an aim of achieving good practice standards.

2 Partisan politics is detrimental to effectiveness of PACs. PACs are most effective when partisan politics is put aside, if ministers are expected to take political responsibility too often it will damage collaborative relationships between government and PAC.

3 It is in the interest of governments to have a strong PAC. A strong PAC allows for increased transparency, accountability and growth of democracy. The role of independent media is crucial in dispersing key findings and ensuring the process is transparent. If media is independent the power of the PAC to bring real change can expect to grow exponentially.

4 PAC membership should reflect the make-up of parliament. In order to achieve democratic legitimacy it is essential that the political membership of PACs mirrors the political membership of parliament.

5 The Chair of a PAC should be from an opposition party. The Chair is responsible for setting the agenda of the PAC. Whilst there are different ways of selecting PAC chairpersons it should always be offered to a member of the opposition party so as not to impede the independence of the PAC in question. As set out in 2) the government will naturally have majority representation on the PAC. This adds importance to the Chair being from an opposition party.

6 Implementation should take importance over policy. This provides a more focused approach for PACs and allows for a more manageable scope of accountability.

7 In the event of a backlog PACs should prioritise and select reports they believe to be of paramount importance and most topical. Reports should be reflective, ideally documenting the reaction to the recommendations in addition to the basic recommendations.



## Non-PAC Sessions

Session 10b: What Constitutes and Effective Parliamentary Select Committee. 0930-1030, Wednesday 6th July 2016.

### Panellists:

Lord Purvis of Tweed, House of Lords Liberal Democrat Spokespersons for Energy & Climate Change; Vice-Chair, All-Party Parliamentary Group on SDGs, UK (Chair and Contributor)  
Hon. Adeyinka Ajayi MP, Chair, Committee on Aids, Loans & Debt Management, Nigeria

This session explored the key features of an effective parliamentary select committee, looking at the conditions, success factors and benchmarks to measure performance.

### KEY ISSUES RAISED

- 1 The ability to hire advisors and support staff can be hugely beneficial. Where possible, parliaments should seek to strengthen committees by developing a body of independent, permanent clerk staff who are able to undertake research tasks and support the work of the committee.
- 2 Parliaments should not solely rely on the work of the executive. Other methods can be fruitful and in order to work effectively it is important for committees to maintain independence from government. The work of select committees can be very important in pushing bills through the parliament and work could be done to strengthen the powers of select committees in other countries.
- 3 It can be beneficial to have a committee that specifically oversees aid oversight. Parliaments may benefit from setting up committees to look specifically at the distribution of aid rather than leaving it to individual government departments, which may also reduce corruption.
- 4 There should be clarity over the responsibilities of committees focussing on aid oversight. In some countries the responsibility can overlap across different departments or committees, so it should be clear who is responsible for the scrutiny of aid spending to ensure efficiency.
- 5 Many have reported that there is still some work to do to bridge the gap between donor and recipient parliaments in the area of aid oversight. This is particularly the case in terms of sharing information and in deciding how aid money is distributed in the recipient countries.

Session 11b: Holding a Committee Enquiry – How to Work with Reluctant Witnesses. 1030-1130, Wednesday 6 July 2016.

### Panellists:

Dawn Butler MP, House of Commons, UK  
Chris Shaw, Clerk, Business, Innovation and Skills Committee

### KEY ISSUES RAISED:

- 1 Preparation is vital to a successful committee enquiry and highlights the importance of the Clerk. The Clerk has to put a significant amount of work in beforehand to prepare the MPs and to ensure that the committee gets all of the information it needs from the testimonies
- 2 In UK the power of enforcement is still not entirely clear. There is still no effective sanction that the House can exercise in order to oblige people to come. Further to this, legal proceedings always take precedence over the work of committees.
- 3 If the parliament in question does not have power of enforcement, there are other measures that can be used to gain information from reluctant witnesses. As people tend not to want to be accused

of hiding information or of being in contempt of parliament, they generally are cooperative. There is a significant reputational risk if someone refuses a summons in a democracy, particularly to those who own businesses as they might otherwise see their share prices fall. The press pressure is another important factor and committees often use this press pressure to its advantage.

4 Sanctions for non-attendance are limited and so committees often find that soft power is a more effective than hard power. Also when a witness is reluctant to divulge information, it may be wise to use less aggressive, less direct and more open questions to witnesses.

5 Good teamwork between committee members can lead to better results. For example a good technique to use is to have two MPs asking questions, so that they each have more time to think during the session and so they can formulate questions in a more coherent way.

Session 14b: Westminster-style Committee Hearing Feedback Session. 1545 - 1645, Wednesday 6th July 2016.

Chair: Lord Bruce of Bennachie, UK

This session gave participants of Session 13b, the Westminster-style Committee Hearing exercise, a chance to provide their feedback, swap insights and gain clarity on the session.

#### KEY FINDINGS

1 The session was well planned. It flowed well, was easy to tease information out of witnesses and the process the committees in the UK use are logical and effective.

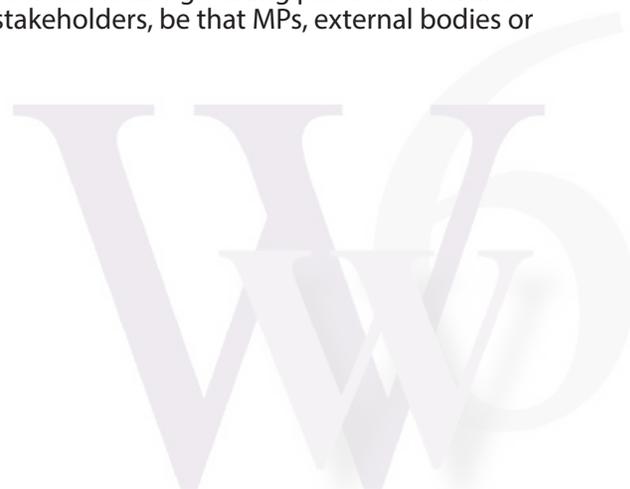
2 It would have been beneficial to also attend a real-life committee hearing. Witnessing a real-life committee would have deepened the understanding of parliamentarians. Seeing a practical situation in action often allows more to be learnt.

3 Lack of politicisation contributes to effectiveness. Political motives can lead to a collapse in effectiveness of committees. The lack of political statements in the mock session and the general de-politicisation of PAC committees in the UK is extremely beneficial. Politics is taken out of reports due to all members having to agree on recommendations prior to publication, recommendations can be critical but must be based on evidence.

4 The Chair being elected by the whole lower house gives them a lot of authority. When a chair has been elected by the whole house, often harvesting cross-party support, it gives them more authority and a heightened ability to gain wide ranging information and support for reports.

5 Committees should not have an outcome before going through the hearing process. Whilst committees can gather a wide range of information through individual research, written evidence and briefings prior to the hearings the committee should not have an outcome in mind prior to the hearings taking place. Written and oral evidence can be presented at hearings from a wide range of stakeholders, be that MPs, external bodies or independent experts.

6 Committee Clerks identify topics the committee cannot explore. There are a limited number of issues that committees cannot explore. For example, the committee cannot investigate anything currently the subject of judicial proceedings.



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## ABOUT CPA UK

CPA UK is one of the largest and most active branches in the CPA community, and delivers a full programme of international parliamentary activities in Westminster and overseas. Governed by an Executive Committee of parliamentarians from all main parties, CPA UK's work includes parliamentary diplomacy and parliamentary strengthening on behalf of the UK Parliament and the wider CPA.

Its activities include conferences, seminars, workshops and interparliamentary exchanges on parliamentary practice and procedure, policy and issues of international interest and concern.

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