Parliamentary Budget Office -

A Step Toward Strengthening the Institutional Framework for Better Parliamentary Oversight and Sustainable Public Finances

Parliamentary Budget Office of Georgia
2015
Independent Fiscal Institution - a permanent agency with a statutory or executive mandate to assess publicly and independently government’s fiscal policies, plans and performance against macroeconomic objectives related to the long-term sustainability of public finances, short-medium term macroeconomic stability, and other official objectives (IMF, 2013).

Additional Functions - (i) contribute to the use of unbiased macroeconomic and budgetary forecasts in budget preparation (through preparing forecasts, or proposing prudent levels for key parameters), (ii) identify sensible fiscal policy options, (iii) facilitate the implementation of fiscal policy rules, and (iv) cost new policy initiatives (IMF, 2013).

Growing international interest in independent fiscal institutions since the 2008-2009 financial and economic crisis.

Core Principles: OECD (Organization for Economic Cooperation and Development) for Independent Fiscal Institutions.
The Role and Mandate of the Parliamentary Budget Office

Parliamentary Budget Office (PBO) - The independent fiscal institution contributing to the parliamentary oversight over the budget processes and thus promoting financially sustainable and economically sound fiscal policies

Independence and Objectivity - Accountability only to the Speaker of the Parliament and the Supervisory Board led by Speaker of the Parliament

Operations: Independent analysis and Assessment of the fiscal and macroeconomic environment as well as functioning of the PFM system
Key Functions of the Parliamentary Budget Office as an IFI

- **Review of Fiscal and Macroeconomic Environment:** Independent analysis, review, and monitoring of government’s fiscal performance as well as macroeconomic environment.

- **Forecasts assessment/provision:** to assess/provide macroeconomic forecasts used for budgetary projections/ provide independent fiscal projections.

- **Fiscal rules monitoring:** to Monitor compliance with numerical fiscal rules.

- **Analysis of Government’s fiscal plans and performance** with ultimate focus on the medium/long-term sustainability of public finances and key fiscal risks.

- **Costing of legislative proposals(policy measures):** to provide costing of measures and reforms affecting public finances.
Principles in Detail:

- Local needs and the local institutional environment should determine options for the role and structure of the IFI.

Local Ownership
Independence and Non-partisanship are pre-requisites for a successful IFI. It always strives to demonstrate objectivity and professional excellence.
OECD Principles for Independent Fiscal Institutions

Principles in Detail:
• The mandate of IFIs should be clearly defined in higher-level legislation.
• IFIs should have the autonomy to determine their own work programme within the bounds of their mandate.
• The resources allocated to IFIs must be commensurate with their mandate.
Principles in Detail:

- Regardless whether an independent fiscal institution is under the statutory authority of the legislative or the executive branch, mechanisms should be put in place to encourage appropriate accountability to the legislature.
Principles in Detail:

- the IFI should have full access to all relevant information in a timely manner, including methodology and assumptions underlying the budget and other fiscal proposals.
Transparency and Communications

Principles in Detail:

• Given that promoting transparency in public finances is a key goal of IFIs, they have a special duty to act as transparently as possible.
• IFI reports and analysis (including a full account of the underlying data and methodology) should be published and made freely available to all.
• IFIs should develop effective communication channels from the outset, especially with the media, civil society, and other stakeholders.
OECD Principles for Independent Fiscal Institutions

Principles in Detail:

• IFIs should develop a mechanism for external evaluation of their work – to be conducted by local or international experts.
Vision, Mission and Values

**Vision:**
Effective fiscal management and responsible budgeting based on well-informed and effective parliamentary oversight.

**Mission:**
To support the Parliamentary oversight over the budget processes through fostering transparency and accountability in fiscal management and promoting medium-long term fiscal sustainability and effectiveness of the PFM system.

**Values:**
- Objectivity and Non-Partisanship
- Competence and Professionalism
- Integrity and Reliability
- Transparency
- Commitment to Permanent Improvement
Support the parliamentary oversight and promote transparency and accountability in fiscal management through the independent review and analysis of fiscal and macroeconomic environment.

Support the effective management of public resources by enhanced role of the PBO in the legislative process.

Establish the role of the PBO as an Independent Fiscal Institution in existing fiscal architecture.

Enhance the institutional capacity of the PBO.

Enhancing the Effectiveness of Our Work and Building the Institutional Capacity
Strategic Goals for 2015-2018

1. Support the parliamentary oversight and promote transparency and accountability in fiscal management through the independent review and analysis of fiscal and macroeconomic environment.

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Enhancing the Effectiveness of Our Work and Building the Institutional Capacity
Core Reports and Publications
Budget and Macroeconomic Analysis

Monthly and annual Reviews on State Budget Execution
Annual Fiscal Policy Review

Opinions on Draft State Budget
Fiscal Sustainability Report

Quarterly and annual macroeconomic reviews

Additional research/publications
Output Gap Estimation
Fiscal Multipliers for Georgia

Opinions on financial impact of legislative proposals (costing)
Reports on the impact of legislative proposals on effectiveness of the PFM system
Ongoing steps
And
Challenges

- Enhancement of Fiscal Policy reporting
- Methodological Basis for assessment of legislative proposals
- Communication strategy for internal/external communications
  - To meet the needs of the key stakeholders
- Focus on employees’ professional development;
  Internal policy for employees performance assessment;
  Internal policy for the PBO strategic planning and performance assessment
Thank You