Effective Budget Process in Pakistan

BUDGET PROCESS GUIDE

for Parliamentarians,
Media & Civil Society Organisations

Parliamentary Centre
Le Centre parlementaire

PILDAT
Pakistan Institute of
Legislative Development
And Transparency

Effective Parliamentary Budget Process in Pakistan

Below is a list of basic steps that can be taken to initiate the strengthening of Parliamentary Budget Process in Pakistan. The political and parliamentary leadership, as well as individual MPs, should seriously consider introducing meaningful reforms well ahead of the beginning of the next budget cycle in order to have a reformed system in place before the beginning of new budget cycle.

Extending the Cycle of Parliamentary Budget Process

Parliament's role in the budget process does not begin after the budget is tabled in the House. The role needs to begin every year alongside of the federal budget cycle.

1. October - February

i. **Scrutiny of Estimates and Demands for Grants**: In October each year when the Ministry of Finance issues a Budget Call Circular to all ministries and departments, each National Assembly Standing Committee (including Defence) should ask relevant ministry/division to **submit detailed reports of expenditure and detailed estimates** or demands for grants. The Committees should review the estimates and demands before the relevant ministries submit those to the Ministry of Finance.

ii. **Pre-Budget Public Hearings by Committees**: In order to bridge the gap between people and the parliament, the National Assembly Standing Committee on Finance as well as other standing committees should begin to hold pre-budget public consultations with relevant experts, stakeholders, interest groups and citizens to receive their input before the budget. The public consultations should be held both in the federal capital and in different areas of the country from October to December each year.

Each standing committee should hold **3 to 5 days public hearings** on ideas, views, suggestions about the next budget from the stakeholders relating to the area of concern / expertise of each committee. The hearings should be **publicised** in the media and media be allowed to cover the hearings. This act alone will be the single most rewarding activity for the parliament and parliamentarians. Each hearing should be well-documented.

Recommendations of the Standing Committee on Finance and other Standing Committees, in the shape of **public reports**, should be sent by the Committees to the Ministry of Finance by February each year.

iii. **Pre-Budget Session**: The National Assembly of Pakistan should hold a Pre-Budget Session at any time before February each year to allow **Parliamentarians to present their recommendations** for inclusion in the budget on the floor of the House. The compiled recommendations should be sent to the Ministry of Finance by the end of February each year to allow the Ministry time for consideration of the proposals.

Parliamentary Budget Scrutiny

During the past decade, the National Assembly of Pakistan has spent only 10 days at an average every year on budget scrutiny after the budget is tabled in the House. This time frame and the process do not allow Parliament the time to scrutinise the budget in detail before its passage.

2. April - June

i. The Federal Budget should be **tabled in the House during April or May** each year allowing the duration of the parliamentary budget scrutiny to be a maximum of ninety (90) or a minimum of sixty (60) days. The budget session should therefore begin on the first working day of May and conclude on June 30.

ii. After the budget is tabled in the House, the House should go on recess and **National Assembly Standing Committees should carry out budget scrutiny**. Committees can meet for up to 3 weeks in order to consider and debate relevant demands for grants and prepare reports of their views to the House. Reports of the Committees should be tabled in the House to kick-start budget debate.

Parliamentary Budget Unit

In keeping with growing international trends, Pakistan's Parliament should consider the **establishment of an independent Budget Analysis Unit within the Parliament** that should be staffed by experts able to provide unbiased information relating to the budget and independent analysis for the benefit of Parliamentarians.

Role of Political Parties in Strengthening the Budget Process

i. Each political party goes to the electorate on the basis of a **manifesto outlining the party's pledges** and preferred policies. Economic priorities form the key ingredient of those pledges.

ii. The members of a political party within the given structures should **communicate with their Parliamentary Party and leadership** to stress on the need to reflect the party's economic priorities and pledges in the national budget.

iii. The parliamentary party and the leadership of each party can hold or initiate **pre-budget discussions and dialogues** with party members to seek the members' views and input.

iv. For a parliamentary group of the party, especially when the party is not in government, it is necessary that **budget briefings and discussions are held involving budgetary experts** after the budget is tabled in the House to ensure the parliamentary party and its individual MPs are not only well-versed with the key details of the national budget but can draw a comparison and analysis of the budget with the party's economic policies and pledges.

Role of Citizens Groups and Civil-Society Organisations

i. Citizens Groups and civil-society organisations in Pakistan today represent a wide variety of issues and segments of the society. It is essential that **different voices of these groups make contributions in the national budget** at the pre-budget stage, the stage of Parliamentary budget scrutiny as well as the oversight of implementation procedures.

ii. The **Parliamentary Committees and individual MPs are the natural allies of Citizens Groups** and Civil Society organisations. Even if Committees do not formally seek public input at the current stage for the future budget, citizens groups and organisations need to be poised to liaise and lobby with relevant committees to raise their concerns and issues during the budget cycle.

iii. Once the budget is tabled in the House, the Citizens Groups and organisations can **evaluate and scrutinise the budget** and **share their concerns on the budget with the relevant committees**, Parliamentarians and the media during the budget scrutiny cycle in the Parliament.

iv. In the final stage, these Groups and organisations can **remain engaged with the Parliamentary Committees** and the Media on how well the executive is implementing its policies as outlined in the budget.

Role of Media in Strengthening the Budget Process

i. Media remains the single most crucial **stakeholder in making the budget process effective in Pakistan**. It is the media spotlight that is necessary even to ensure that the Parliament and the Government continue to discharge their roles and responsibilities in a manner that the electorate requires them to do.

ii. Media has the power to **lend support to the Parliament** as its major ally in influencing budget, budget scrutiny and Parliamentary oversight. It can lend support to Parliament in highlighting its efforts, especially efforts in Committees, to not only communicate those to the public but also to reflect those to the executive in a suitable fashion.

iii. Media can play its role as a key stakeholder in making the Parliamentary budget process more effective as **Parliament's greater control and scrutiny of the public funds** in turn allows greater transparency and access to information for the media.

iv. **Media's support to the citizens groups and organisations is also crucial** as many times media portrayal or coverage of an issue puts the media in the role of a conduit of crucial information to the Parliament as well as the Citizens.

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